

Washington Horse Racing Commission
Meeting Minutes
November 10, 2011

The meeting convened at 9:30 A.M. at the Auburn City Council Chambers, Auburn, Washington. Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Dr. Bud Hallowell, Commissioner; Representative Joe Schmick, Ex-officio Member, Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Item #1. Approval of the meeting minutes of October 13, 2011.

Commissioner Colliton moved to approve the minutes as submitted. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #2. Commissioner's report.

Chairman George said he had watched the Breeder cup races. He also mentioned that he had heard that Boise's Les Bois Park will begin racing on Kentucky Derby weekend for 36 days of racing. Chairman George and Robert Lopez will be traveling to Tucson the first part of December to attend the Racing Symposium and Racing Commissioners International Winter Meeting.

Commissioner's Colliton and Hallowell had nothing to report.

Item #3. Industry reports:

a. Emerald Downs.

Mr. Ron Crockett, President, Northwest Racing Associates LP, discussed simulcasting for the 31 days since the close of the 2011 race meet. Mr. Crockett said they were down a little overall from last year.

Commissioner Colliton asked about Portland Meadows. Mr. Crockett said that he tracks Portland Meadows and they are down significantly. He said there are only about 700 to 800 horses on grounds. He said they had picked a good day to run, Wednesday, with not much else to offer for betting, they're in good position to have a better wagering handle.

Commissioner Hallowell asked Mr. Crockett if the Washington Horse Racing Commission (WHRC) printed an explanation on how the handle is divided when wagering on the simulcast pools, would that knowledge assist the wagering public. Mr. Crockett said no, it would be a more of a negative to do this. Mr. Crockett said Emerald Downs does horribly during the non-live season. That's just the way it is. Mr. Crockett said his negative cash flow as of October 31 is \$7.093 million in the red since opening in June 1996. He said the group sales continue to be decent. He said the regular patrons are hanging in somehow and continue to come.

b. WHBPA report.

Mr. Ron Maus, President, Washington Horsemen's Benevolent & Protective Association (WHBPA) hadn't much to report on. Mr. Maus said he is continuing to run a couple of things by Mr. Crockett for next year to work on by a different approach to the mutuel handle distribution. There have been a few discussions with BC racing. He said he may need the WHRC's support for a couple of ideas in the near future but nothing specific at this time.

c. WTBOA.

Ms. Anne Sweet reported for the Breeders. Mr. Halvorson, President of the WTBOA is at the sales in Kentucky and couldn't attend the meeting. She said they are working on several projects: a membership drive; the North West race series for 2012 and 2013. The Stallion Register is being worked on.

Chairman George asked about Northwest Stallions, if Mr. Bob Pulse still had a few. Ms. Sweet said yes: "PreachingattheBar"; and, Steve Meredith have a new stallion: "Gold Alley" that he is advertising. Ms. Sweet said they are trying to revive the WA Thoroughbred Foundation. Ms. Sweet reported the WTBOA is financially stable at the moment.

Item #4. Report on Washington Bred Owners' Bonus & Breeder Awards 2011.

Mr. Lopez reported the progress of the distribution of the checks for the owners and breeders were all mailed on by November 9 and only a few were being retained for receipt of the W9 form or address correction. Mr. Crockett asked what the percentages were and noted that all together if you were an owner and a breeder you received about a twenty five percent distribution.

Mr. Fred Pabst, Blue Ribbon Farm asked about the how owner's bonus was figured and said he felt it had been done incorrectly. Mr. Pabst thought the fund should have been divided into two pools (April 15th through June 19th, and June 20th through September 25th) and the owner's bonus calculated separately and then distributed separately.

Mr. Lopez said the payment factor is based on the total amount of the dollars in the WA bred owner's account pool at the end of the race meet, and the total earnings. Because 'total' amounts are used in these calculations Mr. Lopez believes the law prevents the WHRC from computing the payment factor any other way.

Item #5. Class C racing 2012 – Discussion and purse update.

Mr. Lopez discussed the Class C purse account and explained how much was currently in the fund and the amount he estimated would be added in November and December from the gross receipts from the pari-mutuel handle.

Commissioner Colliton said the letter provided the answers corresponding to the questions he had asked on behalf of the Class C race meets from the meeting he had with them.

Mr. Lopez said he had drafted a letter and updated the agency's race date application form and planned to send them to the four Class C race tracks sometime next week, and was asking if the Commission had any concerns with the letter/application.

Chairman George opened this item for public comment from Class C tracks:

Mr. Lopez said a letter had been received from Senator Mike Hewitt urging the Commission to give two racing days each to Waitsburg, Dayton and Walla Walla in the fall.

Ms. Cory Hewitt had sent a letter stating that all the Class C race meets want to run in 2012 and are working on obtaining the funds and completely understand what is expected of each association to be able to be considered for 2012 dates.

Chairman George asked about the Walla Walla Fall Fair, how had it done without horse racing what was done to fill the gap. Ms. Hewitt said a mounted shooting competition and 'Dutch Oven' (BBQ competition) competition were added. Ms. Hewitt said that Waitsburg and Dayton were hit the hardest without horse racing; there was mass exodus after their respective parades no one stayed on to attend the festivities without the horse racing.

Shorty Martin said the Los Alamitos Challenge Championship had two horses that won and were from Sun Downs.

Mr. Cliff Schellinger, President, Tri City Horse Racing Association had met with the Sun Downs Training Center personnel and they are concerned where the racing will be; that if there's no racing at Sun Downs they won't be able to continue to hold on to horses that come there to train. Mr. Schellinger stated that he as much as anybody would like to see Waitsburg and Dayton have a meet as much as anyone. Mr. Schellinger questioned the feasibility of the other associations to make it with racing in Idaho next year. He said he was afraid there'd be no riders and horses if Sun Downs doesn't run. He said he put in for all three challenge races, had to, last month due to the deadline to request. The trials for the Quarter Horses are set up for the first weekend if they get the days requested and the finals will be on Kentucky Derby weekend. The Pot of Gold Futurity is on the 22nd of April. Mr. Schellinger said the AQHA matches what is put in by his association. Mr. Crockett asked about the daily average purses. Mr. Schellinger said the minimum was \$1300.

Mr. Jack Hodge, VP, Northwest Racing Associates LP, asked about Montana. Mr. Schellinger said the Montana Commission has no money, the associations went to the fair to try to get a portion of the beer money and the fair won't share, and they won't split the gate money. Last year they made between \$125-150,000 per day in handle, but they're having a hard time getting a meet going.

Commissioner Colliton appreciated the fact that the Class C meets need a decision but said that can't happen until the February 10th Commission meeting.

Chairman George said to send the letter out and urged those who received it to take notice of the dates.

Mr. Schellinger said the insurance was \$3000 per day for last year; he said he had been notified that there will be a substantial increase in 2012.

Chairman George asked Mr. Schellinger who had rented the Benton County Fairgrounds for training. He said that Malon Cowgill and Robert Lawrence rent the facility from the county. He said they are really struggling with the expenses. Tri City Horse Racing Association only operates the track during race meet. They rent from the training center for five weeks.

Chairman George thanked the Class C representatives for attending; everyone knows what they are up against.

BREAK. 10:41 A.M. Reconvened 10:58 A.M.

Item #6. Executive Secretary's report.

a. Proposed 2012 Industrial Insurance Rates (Horse Industry Account).

Mr. Lopez said the proposed 2012 L&I rates are up significantly for 2012. He said L&I will be adopting the rates mid-December and be effective January 2012. Representative Schmick asked what the experience rating was for the horse industry. Mr. Lopez said to his understanding there is no experience rating.

Mr. Crockett asked what has been paid at the racing facility and what was paid by the farms. He requested information detailing where the claims are from, what the farms have claimed and what was claimed at the race track.

Mr. Lopez said he would work with the HBPA to obtain this information.

b. Wagering Recap.

Mr. Lopez gave the October 2011 wagering recap percentages by month, year, and wagering period. He said the race year handle is down about 3%.

c. Monthly Financial Statement.

Mr. Lopez said revenue is down \$10,000 from expected. He explained the revenues and expenditures. Mr. Lopez said a couple of expenditures would be coming up, a new photo finish camera at \$11,000 is needed and the Cross Match fingerprint system needs replacing which will cost between \$4-5000; in addition, there are some computers that need to be replaced.

Mr. Lopez said the Governor has mentioned a 10 percent across the board cut for larger agencies and for smaller agencies a 5 percent. At this time, it is for General Fund agencies only, but said he will monitor this.

Item #7. Any other business that may be properly brought before the Commission.

Representing breeders, Mr. Fred Pabst said he had a \$105,000 horse sell at the last sale. He felt it was the best sale in some time. He said he feels the breeding industry is becoming extinct or semi-extinct. He said he had to buy back five horses that didn't sell at the sale. He said he can't continue to do that. A more serious situation is the number of Stallion's has dropped dramatically.

Chairman George hearing nothing further adjourned the meeting. (11:25 A.M.)

Robert J. Lopez, Executive Secretary