

Washington Horse Racing Commission
Meeting Minutes
November 13, 2015

Present were: Jeff Colliton, Chairman; Paul George, Commissioner; Dr. Everett Macomber, DVM, Commissioner; Representative Joe Schmick and Representative Strom Peterson, Legislative Ex-Officio Members; Isaac Williamson, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Item #1. Approval of the meeting minutes of October 9, 2015.

Commissioner Macomber moved to approve the minutes with the technical changes as specified by Commissioner George. Commissioner George seconded the motion. Unanimously approved.

Item #2. Commissioner reports.

Commissioner Macomber said he had spent the month reviewing paperwork relating to the proposed bids regarding the new testing lab contract. He said Mr. Moore would be reporting on the progress of that.

Chairman Colliton mentioned he'd been participating in conference calls with regard to the teams from all the jurisdictions regarding medication model rules. He thanked Commissioner Macomber's assistance with all that.

Chairman Colliton said this would be Commissioner George's last meeting. Commissioner Colliton said he'd had a great time serving with Commissioner George over the last eight plus years and appreciated his expertise. Chairman Colliton said that Sunday, November 15th would be his last service day. Mr. Robert Lopez, newly appointed to the Commission, will take over on November 16th.

Chairman Colliton presented Commissioner George with a plaque in appreciation of his service to the Washington Horse Racing Commission and a letter from Governor Jay Inslee in appreciation of his public service.

Commissioner George made a few comments and thanked everyone.

Item #3. Industry Reports:

a. Emerald Downs.

Phil Ziegler, President, Emerald Downs, reported on Emerald Downs activities; Breeder 's Cup; and talked about the upcoming holidays and how busy the catering department would be. Mr. Ziegler said the highlight this year was "American Pharaoh".

b. HBPA.

MaryAnn O'Connell, Executive Director, reported that their new board was in place with Mr. Patrick LePley, as President. Debbie Pabst and Blaine Wright were elected new to the Board. She said she's been working on model rules and on the Federal legislation.

c. WTBOA.

Anne Sweet, Editor, reported they've been working on year end statistics. She said the October Blood Horse magazine had reported there were 336 mares bred compared to 275 from last year. She said they've been working on the stallion register too; there were twenty-one stallions registered 2014 and there are twenty-three for 2015. She said they were excited for "Music of my Soul's" first full stud season along with "Primal Instinct" and "Giacomo" in Oregon; she said there were a couple down in California also. She said there are a few Kentucky mares coming back to Washington to breed.

d. Class C. Sun Downs in Kennewick.

Shorty Martin, Racing Secretary thanked Commissioner George for all his service and support. He said the new board of directors for Tri City are working on a three year contract with Benton County for the race track. He mentioned a few Interesting items are coming on medication for quarter horses; especially the addition of hair testing. Commissioner George asked if there would be a meet in Boise. Mr. Martin said there are no plans for racing in Boise in 2016. Commissioner Macomber asked how the costs would be covered for the hair testing. Mr. Moore said the WHRC would not be charged for hair testing. Mr. Moore said they would be looking specifically for Clenbuterol. Commissioner Macomber said it could be tested up to six months back for detection purposes.

Item #4. ADW license hearing – Lien Games/Bet America.

Mr. Moore presented the proposed license application to the Commission. Mr. Moore stated the investigation had found nothing to preclude Lien Games approval, staff recommended approval.

Mr. Kevin Hall was present to answer questions. He said they are headquartered in Fargo, North Dakota. Mr. Ziegler supported the approval. Commissioner Macomber asked what kind of growth they were expecting. Mr. Hall said they are a little flat at present. In 2008 Lien Games went from a zero platform to \$100 million. Commissioner Macomber asked if they would be moving to smart phone application processes in the future. Mr. Hall said that is one of the concepts. Commissioner Macomber asked Mr. Ziegler or Mr. Hodge what the percentage was that 's going back to the horsemen. Mr. Ziegler said the source market fee is a 10 percent agreement, that is consistent with the other agreements in place in Washington. Ms. McKee, Director of Marketing said everything is moving to web. It benefits Emerald Downs when the bettors use the BetEmerald app, but this app cannot be used outside of the racetrack grounds. Commissioner Macomber asked Mr. Hall if Lien Games had a rewards program specifically for the horsemen. Mr. Hall said all of the handle goes to the horse industry in North Dakota by legislation.

Chairman Colliton asked if North Dakota had been approved for live horse racing. Mr. Hall said this past Thursday they were approved for live racing.

Commissioner Macomber moved to approve the Advance Deposit Wagering license application from Lien Games. Commissioner George seconded the motion. Unanimously approved.

Item #5. Emerald Racing LLC - Dates request - 2016.

Mr. Moore read a letter received on November 6, 2015, from Phil Ziegler, President, requesting seventy days of racing commencing April 9, 2016 and concluding on September 11, 2016. Mr. Ziegler said the number of dates proved to be sustainable and detailed the specific post times and special days such as the twentieth anniversary celebration on June 20th and July 3rd, Sunday, there would be fireworks on that evening and the track would be closed on the actual fourth of July. He said they were experimenting on four Saturdays in July, the post time would be 6:30 PM. Mr. Ziegler said that would give better exposure on TVG and other venues to be able to broadcast Emerald Downs signal. He said the stakes schedule is being worked out and would possibly be set next month. The Kentucky Derby broadcast would start at 1 PM on May 7th.

Commissioner Macomber moved to approve the 2016 Emerald Downs dates request. Commissioner George seconded the motion. Unanimously approved.

Item #6. LeRoy Nelson - request for reconsideration.

Mr. Moore reviewed Mr. Nelson's case and Mr. Nelson was present to request a reconsideration of the Order of September 29, 2015.

Mr. Nelson sent a letter requesting to lift the revocation imposed on him. Mr. Larry Nelson was also present to support his brother's request. He said his brother LeRoy was a good person all his life; he was in the wrong place at the wrong time. The Washington Horse Racing Commission has had the biggest affect on his life and would like to help his get back his dignity.

Chairman Colliton said based on the request, we upheld the stewards decision, this was not a unanimous decision for reconsideration for modifications to that order. Chairman Colliton said there was no decision at this time, discussions would be held with counsel and that within thirty days you would be notified of the decision.

Item #7. Owner/Breeders Awards update.

Mr. Moore said the owners and breeders awards are scheduled to be mailed out by next week.

Item #8. Executive Secretary's report.

Mr. Moore said he was currently working on drafting language for Clenbuterol medication for quarter horses. He was working on new thresholds from the model rules, and some other rule changes. He said he would be sharing the proposed language with Ms. O'Connell for her input.

- a. Wagering recap (October 2015).

Mr. Moore reviewed the comparative statement for the month of October 2015. Mr. Moore said the revenue was up a bit due to the Breeder's Cup, resulting in a positive variance percentage of 16.70.

Mr. Moore reviewed the wagering range from July 1 to October 31 to be up ending at 7.84 percent.

- b. Monthly financial statement (September 2015).

Mr. Moore reviewed the revenues and expenditures resulting in the fund balance of \$839,176. He said that a quarterly meeting with Cornelia Kirkpatrick, WHRC Budget Analyst resulted in the WHRC to be under spent in projections.

Mr. Moore said the equine medication testing contract bids were reviewed and the winning bid would be announced next Tuesday with notification to the unsuccessful bidders and to the successful bidder.

Mr. Moore included a spreadsheet detailing the WHRC expenditures prepared by Cornelia Kirkpatrick, Small Agency Financial Services accountant.

Mr. Moore said he had read an article from ARCI regarding the synthetic drug AHD 7921 which is a form of morphine that New York picked up from a test. He said the information on this would be shared with the other testing labs.

Item #9. Any other business that may be properly brought before the Commission.

Commissioner Macomber had a question from the previous minutes, XpressBet is proposing an awards program, and he asked Ms. McKee if Mr. Chabrier had reached out to her. Ms. McKee said she had heard from Mr. Chabrier and that he would meet with her at the symposium in December. She would report back at the January meeting.

Ms. Sweet thanked Commissioner George on behalf of the Washington Thoroughbred Owners and Breeders Association.

Mr. Martin wanted to mention that the award for the best quarter horse in the world is a three year old raised in Kennewick named "Heza Dasha Fire".

Mr. Moore requested approval for travel and expenses related to attending the ARCI Annual Meeting in March 2016 to be held in New Orleans. Mr. Moore said that he and Chairman Colliton would be attending.

Commissioner George moved to approve the request to travel and reimburse expenses to attend the ARCI March 2016 meeting in New Orleans. Commissioner Macomber seconded the motion. Unanimously approved.

Meeting adjourned (11:15 AM).

Doug Moore, Executive Secretary