

Washington Horse Racing Commission
Meeting Minutes
Special Meeting
September 9, 2010

The special meeting of the Washington Horse Racing Commission was convened at 9:30 a.m. via telephone conference call. Present were: Paul George, Chairman; Jeff Colliton, Commissioner; Hartly Kruger, Commissioner; Dr. Bud Hallowell, DVM, Commissioner; Kate Reynolds, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Doug Moore, Deputy Secretary.

Also present on the telephone: Adrian Buchan, Vice President Marketing, Northwest Racing Associates.

Item #1. Emerald Downs Request for Handicapping Contest – September 10th, 17th, and 24, 2010.

Mr. Lopez presented the request from Emerald Downs to offer a special handicapping contest on the last three Fridays of the 2010 race meet.

Mr. Buchan spoke on behalf of Emerald Downs and reviewed the rules related to the handicapping contest they are requesting approval to conduct.

Chairman George had a question on when contestants needed to submit their entry forms. Mr. Buchan explained that each contestant had up until post time to enter each race. Commissioner Kruger wanted to know how many participants Emerald Downs anticipated for these three events. Mr. Buchan expected around 200 people per event for a total of 600 for the three Fridays.

Commissioner Kruger moved to approve the handicapping contests. Commissioner Colliton seconded the motion. Unanimously approved.

Meeting adjourned at 9:48 a.m.

Robert J. Lopez, Executive Secretary

Washington Horse Racing Commission
Meeting Minutes
September 17, 2010

The meeting was 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, DVM, Commissioner; Hartly Kruger, Commissioner; Representative Dave Quall, Legislative Ex-Officio member; Kate Reynolds, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Chairman George opened the meeting by introducing Representative Quall and said this would most likely be the last meeting the Representative would be attending. Representative Quall is retiring from the Legislature after eighteen years. Chairman George thanked Representative Quall for his invaluable assistance not only as a Commission ex-officio member, but also as a Legislator.

Representative Quall thanked Chairman George and said he felt the leadership on the Commission was stellar and was amazed at the amount of interest each commissioner has in the horse racing industry. Representative Quall also thanked Ron Crockett because without him, there wouldn't be horse racing in Washington.

Item #1. Approval of the meeting minutes:

a. August 13, 2010.

Chairman George requested three corrections for the minutes two on page 4; one on page 5.

Commissioner Kruger moved to approve the minutes as submitted with the three corrections. Commissioner Hallowell seconded the motion. Unanimously approved.

b. September 9, 2010.

Mr. Lopez made a correction on the ending time of the Special Meeting held on September 9, 2010 to be 9:48 A.M. from 9:18 A.M.

Commissioner Colliton moved to approve the September 9th meeting minutes with the correction. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #2. Commissioners' reports.

Chairman George said he attended the Hall of Fame ceremony and dinner.

Commissioner Hallowell also attended the Hall of Fame ceremony and the Longacres Mile draw. He was also pleased to be chosen to be the honorary steward for the Lads Stakes and presented the trophy to Bonnie Jenne. He also attended the September 7th WTBOA sale and felt there were

positive signs of recovery. Commissioner Hallowell also attended the Washington Cup draw and races.

Commissioner Kruger attended the Longacres Mile draw and visited with employees and had a pleasant afternoon.

Item #3. Industry reports:

a. Emerald Downs.

Mr. Ron Crockett, President, Northwest Racing Associates LP gave the report for Emerald Downs. Mr. Crockett said Emerald Downs was down eight percent overall for the year. Purses are down, but within projections and the purse account is sound. Mr. Crockett provided handouts that will be made a part of the record.

Mr. Crockett reported on an occurrence at Emerald Downs, the jockey colony decided not to continue the program beyond the fifth race on a Friday night that was pretty well attended. Mr. Crockett felt there was no good reason to cancel and the havoc it created with wagers having to be refunded and customers going home angry.

Commissioner Colliton requested specific details on what had occurred.

Mr. Jack Hodge, Vice-President, Northwest Racing Associates LP explained what had taken place and stated the jockey's complaint/problem with the racing surface had been remedied after the fifth race, but the jockey colony voted not to ride and the program was cut short.

Darrell Haire, Western Regional Manager, Jockey Guild said the riders felt the track was surface was inconsistent and a danger to them. Mr. Haire said he felt there was a breakdown in the proper procedure to be taken before a program is cancelled and he would be talking with the rider's to ensure all procedures are followed before a program is cancelled, should this circumstance occur again.

b. WA HBPA.

Mr. Ron Maus, President, WA Horsemen's Benevolent & Protective Association gave the report. He attended their annual meeting and said it was poorly attended. He said some marketing ideas for Friday nights were discussed to help attract people to the race track.

Mary Ann O'Connell, Executive Director, said the members had voted to support a four percent fee increase with the stipulation there would be no fee increases in 2012 and 2013.

c. WTBOA.

Anne Sweet spoke on behalf of the Washington Thoroughbred Breeders and Owners who agreed with Commissioner Hallowell on the positive outcome of the sale. She said she felt the social event prior to the sale and an owner's educational seminar assisted in the favorable outcome.

Item #4. Rules of Racing (Discussion topics only).

a. WAC 260-24-500 Racing officials and their assistants.

Mr. Doug Moore, Deputy Secretary presented this topic for discussion, he said during the season questions have arisen as to who is and isn't a racing officials' assistant. Racing officials are clearly defined in the current rules but do not stipulate who is considered an officials' assistant. Staff proposed the following to be considered: assistant starters; assistant racing secretary; persons working in the race office; security personnel (association); persons working for the mutuel manager excluding mutuel clerks; or any other person designated by the commission. Stakeholder comment had also been received to consider valets to be assistants.

Several comments requested the Commission to not take away any more from the wagering handle by excluding some individuals employed by the association that wager.

Commissioner Hallowell pointed out that some of these assistants have special privileges and responsibilities and cannot partake in handling and ownership of a horse

Mr. Moore explained the changes would deal with buying, selling and claiming of a horse.

b. WAC 260-28-025 Syndicates (New Section).

Mr. Moore said a request had been made to have the WHRC begin rulemaking to consider a new type of ownership entity, a syndicate. Some of the concerns expressed were: when organizing a syndicate; there may be numerous individuals in the group, owning very small shares (less than ten percent) and current rules state they must be considered a stable and each member must be licensed and pay the full license fees and labor and industries premiums. In developing a new ownership category, the hope is to lower the cost of owner fee and L&I fees for participation and hopefully entice people into the industry.

Proposed language would require an applicant to meet several conditions before a person could be allowed this type of license.

MaryAnn O'Connell said this proposal has merit and wanted to form a work group and discuss the ramifications of a syndicate license.

Mr. Moore requested any comments be sent to him in writing.

Item #5. Jockey Fees – Presentation by the Jockey Guild.

Mindy L. Coleman, Counsel for the Jockey Guild and Darrell Haire, Western Regional Manager, Jockey Guild made a presentation to the Commission for supporting a jockey losing mount fee increase and requested assistance from the Commission to resolve the issue. Ms. Coleman had prepared a PowerPoint presentation and it was made a part of the record.

Chairman George stated the Commission did not want to be involved in making a decision and felt it was the obligation of the jockey colony, HBPA and management to come to an agreement on this issue, and then bring it before the Commission for approval.

LUNCH BREAK 11:30 A.M. RECONVENED 12:30 P.M.

Item #6. Hearing before the Commission.

a. Dayson Lavanway WHRC 2010-009.

Chairman George opened the hearing at 12:40 P.M. Present: Dayson Lavanway, petitioner who was not represented by counsel; Gordon Karg, Assistant Attorney General representing staff; Mr. Karg requested 14 exhibits be admitted. Chairman George admitted them. It was the decision of the Commission to sustain steward's ruling EMD 10-119 as to the finding the petitioner violated WAC 260-80-140 however, steward's ruling EMD 10-119 is overturned as to penalty, in part, and the Commission orders probation of Mr. Lavanway's licenses for a period of one year from September 17, 2010 to September 17, 2011. Hearing closed at 1:47 P.M.

b. Jody Baker WHRC 2010-014.

Chairman George opened the hearing at 1:50 P.M. Present were Jody Baker, petitioner who was not represented by counsel; Doug Moore, Deputy Secretary, representing staff. After receiving testimony, it was the decision of the Commission to uphold the ruling of the stewards. Hearing closed at 2:21 P.M.

c. Dan Markle WHRC 2010-016.

Chairman George opened the hearing at 2:24 P.M. Present were Dan Markle, petitioner who was not represented by counsel; Doug Moore, Deputy Secretary, representing staff. Mr. Moore requested eight exhibits be admitted and Chairman George admitted them. Testimony was taken and it was the decision of the Commission to uphold the ruling of the stewards. Hearing closed at 2:50 P.M.

BREAK 2:51 P.M. RECONVENED 2:58 P.M.

Item #7. Advance Deposit Wagering – Changes to Plan of Operation:

- a. TwinSpires; and
- b. YouBet.com

Mr. Lopez said a request had been made by TVG to lower the minimum amount to open an account for advance deposit wagering to \$25 and in accordance with the advance deposit wagering agreement, any changes to the Plan of Operation must be approved by the Commission. Mr. Lopez discovered both TwinSpires and YouBet.com minimum amount was \$25 and that no prior notification had been received from those firms by the WHRC. Mr. Lopez notified the licensees and a letter responding to this was received requesting to make the change.

Mr. Lopez advised the firms to reflect this change in their submission when they appear for their next renewal request. Staff recommended approval.

Commissioner Colliton moved to approve the change to TwinSpires and YouBet.com's plan of operation to change the minimum amount from \$50 to \$25 to open an advance deposit wagering account. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #8. Executive Secretary's report.

a. Wagering recaps.

Mr. Lopez provided the Commissioners with wagering recaps of Emerald Downs for August 2010 broken down by month, year and wagering period.

Mr. Lopez also provided recaps for the 2010 racing year for the Class C race meets.

b. Monthly Financial Statements.

Mr. Lopez explained the revenues and expenditures.

c. 2011-2013 Biennium Budget Update.

Mr. Lopez said the adjustment to the WHRC Maintenance Level Revenue for the 2011-2013 budget reflects a change in the spending authority. At the suggestion of the Office of Financial Management, the WHRC does not spend to the authority allotted, the adjustment shown reflects more closely to the actual expenditure level of the WHRC.

d. Owner's Bonus & Breeder Awards – Quarter Horse race 9/25/2010.

Mr. Lopez prepared a policy to follow regarding licensing, owner/breeder awards/labor & industries premiums for the experimental quarter horse race to be held at Emerald Downs on September 25, 2010. Mr. Lopez requested approval of the policy.

Commissioner Kruger moved to approve the special policy addressing licensing, owner/breeder awards and labor and industries premiums for the two class c races; one quarter horse event and one thoroughbred event at Emerald Downs on September 25, 2010. Commissioner Colliton seconded the motion. Unanimously approved.

e. Results of August 1, 2010 Tournament at Emerald Downs.

Mr. Lopez received a summary report as required breaking down of the results of the approved handicapping contest held on August 1, 2010 submitted by Adrian Buchan, Director of Marketing for Emerald Downs.

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

Mr. Lopez said the checks reflecting the jockey incentive fund distribution had been calculated and would be mailed to the recipients on September 20, 2010.

Mr. Lopez said some of the items scheduled for the October 14 meeting are: XpressBet advance deposit wagering license renewal; 2011 WHRC meeting dates; Emerald Downs end of meet report; Veterinarian end of meet report; one hearing; WHRC 2011 fee increase; and, selection of a new Chairman is scheduled for the November meeting.

Meeting adjourned. 3:20 P.M.

Robert J. Lopez, Executive Secretary