

Washington Horse Racing Commission  
Meeting Minutes  
September 12, 2014

The meeting convened at 9:40 A.M. at the Auburn City Council Chambers, Auburn, Washington. Present were: Jeff Colliton, Chairman; Paul George, Commissioner; Dr. Everett Macomber, DVM, Commissioner; Representative Joe Schmick, Ex-officio Member; Matt Kernutt, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Chairman Colliton introduced Isaac Williamson, Assistant Attorney General who has been assigned to represent the Washington Horse Racing Commission; replacing Matt Kernutt, AAG who had been representing the WHRC on an interim basis.

Chairman Colliton also introduced Noah Ullman, Executive Assistant to Senator Fain who attended today's meeting on the Senator's behalf.

Item #1. Approval of the meeting minutes of August 8, 2014.

Commissioner George moved to approve the minutes with two changes clarifying the wording on page 2 and on page 3. Commissioner Macomber seconded the motion. Unanimously approved.

Item #2. Commissioner's report.

Commissioner George said he had nothing to report.

Commissioner Macomber said he had attended the Hall of Fame dinner and said it was an excellent event. He also attended the Longacres mile Draw and attended the Washington Cup Day event at the track. He said he thought it was well attended.

Matt Kernutt, AAG, updated the Commission on a recently released opinion regarding the use of personal cell phone devices by state employees and commissioners. This opinion deals with the Pierce County Prosecutors Office use of personal cell phones and utilizing text messaging for state business that may be considered public records and could be subject to disclosure. Mr. Kernutt urged caution when using personal phone devices when conducting state business.

Item #2. Industry reports:

- a. Emerald Downs.

Bob Fraser, VP Operations, Emerald Downs gave the Emerald Downs report. Mr. Fraser reported attendance to be up 5.8 percent. He attributed this to Sophia McKee and her marketing department on a well done marketing campaign. He reported the Longacres Mile and Washington Cup Day to be well attended. There were some issues on post time and that probably had a little impact because attendance was down a little on Mile day. Mr. Fraser said they are working on next year's stakes schedule to hopefully coordinate with California's Pacific Classic races which coincided with this year's Longacres Mile and had an impact on the attendance and wagering on the race. He said satellites are up 3.4 percent, continuing to show strength. Kirkland is continuing to grow. The Yakima location is showing very strong for Emerald Downs. He reported the horse "Track Attacker" attracted \$631,000 in the show pool earlier in the meet and again attracted \$580,000 in the show pool again on Washington Cup Day. Mr. Fraser reported total handle down 2.5, which is still pretty good, ending the season on a strong point. The horse population and field size resulting in about 6.39 starters per race, is down from last year by about half a horse. The WTBOA horse sale was a positive for the industry. Commissioner Macomber asked Mr. Fraser what it looks like regarding field sizes for next year? Mr. Fraser said the track is trying to come up with some innovative ideas, obviously this is a top item, there is a need for more horses in the state. There are some ideas in the works for sure.

Ms. Sophia McKee, Marketing, Emerald Downs, said they're gaining on attendance, 4728 people attended Washington Cup Day, just shy of 5000. She said upcoming is the thoroughbred showcase for the Prodigious fund. There's a mix of horses coming in for the sale. The horse show is October 9 at Donida Farm. She wanted to mention the judges who are volunteers will be honorary stewards for a day. The 100 day challenge will conclude at the horse show. The Emerald Racing Club's horse, "Dancing Yodeler" has two wins and with over 100 people present for the win photo, it's been very exciting. Their other horse had a tendon injury but eventually came back and then unfortunately fractured the Sesamoid bone in the opposite ankle and will be retired from racing. At the end of the meet, they are hoping to offer them both for sale, there is some interest in injured mare as someone is considering her for a brood mare. For next year the Emerald Racing Club has a waiting list of 90 so far that want to become members. She said there will be a final handicapping contest on the final day September 28th.

b. WHBPA.

Ron Maus, President, said he had talked to Ed Martin, President, Association of Racing Commissioners International (ARCI) at their national meeting in Oklahoma. Mr. Maus said there is a "war" coming between the ARCI and the Jockey Club regarding several matters, regarding medication and Federal oversight. He said there is an interesting group started up in Oklahoma called Racing Free. He said you pay \$300 or more for a horse for a season and the group will pay \$1000 to you if the horse tests clear for the entire year. At the National meeting there was a good presentation on how to grow the fan base. He said they talked about a new treatment that is called Pulse Electromagnetic Fielding for horses that is new to the industry. Might be hearing more about this in the near future.

Chairman Colliton said there is money that can be accessed to assist in combating doping. He said he had received a letter from TOBA, Dr. David Richardson, Chairman of American Graded Stakes committee, basically said that our jurisdiction should adopt the model rules in total.

Commissioner Macomber said the money that is available is executive funds from the White House and USADA has taken most of it.

MaryAnn O'Connell, Executive Director, WAHBPA, said regarding the pulse machine, after arriving at the National HBPA meeting she could hardly stand and she tested it personally, but said she felt nothing at first, by the next day she was pain free. She could hardly believe it.

c. WTBOA.

Anne Sweet reported on the Summer sale. She also said that any of the horses that went through the sale ring would be eligible for a bonus for breaking their maiden at a race at Emerald Downs next year. She said this had a really positive influence on the sale, basically across the board. The sales were up, \$1.3 million compared to \$1.2 last year on yearlings. The mixed sale was down. The median sale price up a bit, \$97.50 compared to \$95 last year, there were fewer no sales and fewer outs, 13 last year and 7 this year. The top sale was \$57,000 for a "Tribunal" filly. The attendance for the sale appeared to be up a bit, it was hard to tell, but the Pavilion was full. The consignors said there was a good flow of people looking at their horses.

Shorty Martin attended the meeting and reported on behalf of Tri City Horse Racing. Mr. Martin said he hadn't been to a meeting to officially thank the Commission for supporting their meet last Spring.

Commissioner Macomber asked if there were any talks going for next year's meet. Mr. Martin said Nancy Sorick is meeting with the County next week to get things going.

Item #4. Emerald Downs Handicapping contests - Review and request.

Ms. McKee said Emerald Downs is offering a contest on closing day with an entry fee of \$1 that requires a \$90 bankroll. The winner will get a spot in Las Vegas handicapping contest.

Mr. Moore said staff had reviewed the rules and layout of the contest and it meets all required criteria. Staff recommended approval.

Commissioner Macomber moved to approve the handicapping contest. Commissioner George seconded the motion. Unanimously approved.

Item #5. Request for reconsideration Order WHRC 2005-013 – Ron Triplett.

Mr. Moore presented the request and on behalf of Mr. Triplett. Mr. Moore said he is not asking for a license, but is asking for access to the areas of the racetrack. If he wished to have access the stable area he would need to be signed in by a licensed trainer, as any other member of the public is required to do. Mr. Moore noted some change to Mr. Triplett's criminal history; driving while license suspended 2013. Mr. Moore went over Mr. Triplett's ARCI ruling history. Mr. Moore said Mr. Triplett is appearing today to answer questions and request for access. Mr. Triplett explained why it would be appropriate to allow him on the grounds.

After hearing testimony, it was approved to amend WHRC Order 2005-013 to grant Mr. Triplett access to the public areas only of the racetrack facility.

BREAK 11:06 A.M. RECONVENED 11:14 A.M.

Item #6. Annual review of SMFs.

Mr. Moore said, as required by rule, it is necessary to review the source market fees (SMFs) yearly. He said as an example, this year the SMF is up 12.3 percent, but that due to TVG quarterly adjustments that may change before the final calculations are completed. Mr. Moore reminded the commission it takes double the handle of ADW to give the same return to the industry as live handle. Mr. Moore recommended no change at this time.

Ms. McKee said Emerald Downs had renegotiated for a more favorable market fee with XpressBet.

Mr. Moore said the fees are not set in stone, he said TVG has a quarterly reconciliation and so does TwinSpires. He's working with Joe Henry, Controller, Emerald Downs, for a final report.

Commissioner Macomber asked how often these are negotiated. Mr. Moore said every year.

Item #7. Final Budget submission review.

Mr. Moore said the WHRC 2015-2017 budget document was submitted last Wednesday, September 10th.

Mr. Moore said at the last meeting there were a couple of questions concerning Tab C, page C-3 numbering. Those numbers were not sequential and looked out of place, but the numbering refers back to the Strategies listed in Tab A, page A-2 resulting in the numbering on C-3 to be correct. Commissioner Macomber had asked about the Revenue Detail, increasing \$10,000 per fiscal year. Mr. Moore said the fiscal year costs reflect an appreciation increase of five percent per year that is required by the Legislature.

Commissioner Macomber also discovered an error under Tab C, page C-5 regarding approval of license fee referring to fiscal years 2012 and 2013 instead of 2016 and 2017. Mr. Moore said this would be corrected.

Item #8. Gary Dougherty funding request review.

Mr. Moore explained the result of the analysis to Mr. Dougherty's request from the last meeting requesting funding for a historical racing industry webpage project. Mr. Moore said that he and Matt Kernutt, AAG had analyzed Mr. Dougherty's presentation. Mr. Moore said that no one thinks this is not a useful project, but he felt that the project narrowly promoted the industry and felt that it would be in the Commission's best interest not to fund this type of project in its current form at this time.

Mr. Dougherty was present and reiterated his wish to receive funding for his historical project.

Commissioner Macomber asked if there was a nonprofit 501c corporation that could possibly take on this project to assist with funding. Mr. Dougherty said that he thought there was. He said the WTBOA is very receptive to this. Maybe the WHRC could write a letter to assist movement of this project. Commissioner Macomber said he is very supportive of this and would like to find a way to see this project to fruition.

Commissioner George said he agrees with the analysis by Mr. Moore and Mr. Kernutt, the WHRC cannot contemplate this project at this time. Commissioner George said he's determined to keep live racing in

Eastern Washington as long as the WHRC can and any funding would go to the nonprofit Class C meets at this point.

Sue Spooner, owner, spoke on behalf of Mr. Dougherty's project. She said he has all this information and it would be a loss if he wasn't able to get it published somehow, and urged the WHRC to strongly consider this project.

Chairman Colliton said the most important words in this analysis are “not at this time” if you could come back and talk to us again, things may change.

Ms. O'Connell asked about the \$50,000, is that a salary, would you have to hire a designer? Mr. Dougherty said he would have to reach out to someone who could better showcase the project. Someone who has some specialty, he would need some help to accomplish this. Ms. O'Connell had some suggestions for him to pursue.

Item #9. Executive Secretary report.

a. Wagering Recap ( August 2014).

Mr. Moore said wagering is down 4.3 percent; and 3.2 percent down for the calendar year and; 5.2 down for the race year.

b. Monthly Financial Statement (July 2014).

Mr. Moore went over the revenue and expenditures. He reported the WHRC fund balance is \$845,764.

Item #10. University of Arizona Racing Symposium travel.

Mr. Moore said the Annual Global Symposium on Racing and Gaming, in addition to the ARCI Model Rules meeting and the ARCI Board of Directors meeting are coming up in early December. Commissioner George will not be able to attend due to his candidacy for the Legislature. Commissioner George said the WHRC needs to have a presence at the meeting. Chairman Colliton said he would attend the Board of Directors meeting and Mr. Moore would attend the Symposium and the ARCI Model Rules meeting.

Commissioner Macomber moved to approve Chairman Colliton and Mr. Moore for the reimbursement of travel expenses when attending the Global Racing Symposium and the Board of Director's meeting and the Model Rules meeting. Commissioner George seconded the motion. Unanimously approved.

Mr. Moore also requested retroactive approval to cover the expenses of Commissioner Macomber while attending the Washington Cup Day. It was inadvertently overlooked at the last meeting. Chairman Colliton moved to approve the expenses for Commissioner Macomber. Commissioner George seconded the motion. Unanimously approved.

It was also request that any commissioner who wished to attend Emerald Downs closing weekend or closing day September 28<sup>th</sup> be approved. Chairman Colliton moved to approve travel expenses for Emerald Downs closing weekend. Commissioner Macomber seconded the motion. Unanimously approved.

Chairman Colliton said the annual training required regarding the open public meetings act and public records will be conducted at the October 7<sup>th</sup> meeting and Commissioners should expect to stay a little longer.

Item #11. November meeting date.

Mr. Moore requested to move the November 14 meeting to November 7th, as Commissioner Macomber will not be available. Chairman Colliton moved to change the November commission meeting date to November 7. Commissioner Macomber seconded the motion. Unanimously approved.

Item #12. Other business.

Anne Sweet, wanted to put on the record that the Longacres Mile was won by a Washington bred and a WTBOA sales horse.

Ms. O'Connell said she would like to invite a Commissioner or staff to attend an HBPA national meeting, the next one is scheduled for January or early February in Phoenix next year.

Chairman Colliton said the April ARCI meeting will be in Deadwood, South Dakota and he and Mr. Moore would like to put in to hold the summer meeting in Seattle. Mr. Moore said there is no cost to commission to host, and we are hoping to host one in 2016.

Meeting adjourned. 11:50 A.M.

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Doug Moore, Executive Secretary