

Washington Horse Racing Commission
Meeting Minutes
September 11, 2015

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

Item #1. Approval of the meeting minutes of August 14, 2015.

Commissioner Macomber moved to approve the minutes with the correction of the title for Mr. Brewer as President for the Washington Thoroughbred Owners and Breeders Association. Commissioner George seconded the motion. Unanimously approved.

Item #2. Commissioner's report.

Commissioner Macomber said he attended Emerald Downs' Mile Day celebration and had enjoyed it. Commissioner George said he was looking forward to Sunday, where he will have the honor to present to the winner of the NW Farms Stakes race; honoring Jerre Paxton along with Wayne Damron. Commissioner George had also been a guest speaker on the Joe Withee radio talk show last Saturday.

A motion to approve travel reimbursement for Commissioner George to travel to and attend the Emerald Downs races on Sunday, September 13, 2015. Commissioner Macomber so moved. Chairman Colliton seconded the motion. Unanimously approved.

Chairman Colliton spoke about the horse Char Clark bred, Stryker PhD.

Item #3. Industry Reports.

a. Emerald Downs report.

Phil Ziegler, President, reported on Emerald Downs activities. He reported that Mile Day in-state handle and attendance increased this year. He said there would be a tailgating party on Sunday; they would also be showing the Seahawks game; and, showing a couple of big races from simulcast on the new big screen from Churchill with a couple of local jockey's riding there. Chairman Colliton asked Sophia McKee, Marketing Director of Emerald Downs about the owners from the Emerald Racing Club; winning three races this year. Bob Fraser, VP Operations, who recently purchased a horse and won for him under Triumph Stables.

b. WHBPA.

Ron Maus, President, said this would be his last meeting for as President. The election which did not happen due to lack of candidates; Mr. Patrick LePley will be the new President representing the WHBPA. He thanked the Commission for the support to continue the industry.

c. WTBOA.

Will Brewer, President, WTBOA, reported on the Breeders Association, annual sale. He said that overall it was a pretty good sale; he said they had a mixed bag regarding numbers; horses sold was down 6.2 from 2014. Overall the gross was up 8.7 percent from last year. He said they fell short of target of 10 percent, but felt the industry was in an upswing. An overall sale price average of \$19,200; up from last year. One person bought \$383,000 worth of the sale stock. Overall for the Breeders it was positive. For Washington-bred races: 54% of the races were Washington-breds; 50% of those were Washington-bred winners. Chairman Colliton asked if any of the buyers were from Eastern Washington and Mr. Brewer said he didn't have that information. Commissioner Macomber asked about any impact for breeding. Mr. Brewer said no, none that he knew of. He said the Jockey Club were just announcing the breeding numbers, but expected them to remain the same. He said that he knew of one stallion from Bar C Farm that had gone to California. He said he didn't know of any new stallions coming to Washington. He did mention one new to breeding; "Atta Boy Roy" got off to a pretty good start.

Chairman Colliton asked Shorty Martin, representing Sun Downs about the Tri Cities situation. He said Nancy Sorick, Secretary was working on the new organization with potential new members. The need to do a better job on who's doing what; and doing a better job getting things in place to come before the Commission for dates next year. He said it's a work in progress. Hopefully the training center will begin on February 1. Commissioner Macomber asked Mr. Martin if any Tri Cities horses are coming over to the Emerald Downs meet. Mr. Martin said a big percentage of the quarter horses are from the Tri Cities and stay there.

Commissioner George asked about the veto on the bill for Instant Racing at Boise. Mr. Martin said that they had taken too long to deal with that; which means that the machines are possibly gone. Mr. Martin said Boise won't run without them.

Item #4. Approval of new satellite location - Vancouver: Silver Star Saloon.

Dick Smith, WHRC, Investigator reported on his investigation of the site. He had reviewed documents regarding the business from the Gambling Commission, Liquor Control Board, Vancouver Police Department and they all reported good relationship with each agency. Mr. Smith said the site would be operational within another week or so. Seeing no problems with the site, staff recommended approval. Mr. Fraser said they would be taking about four signals per day. Commissioner Macomber asked about off season and would they be taking simulcasts. Mr. Fraser said it will be open for satellite wagering. He also said Emerald Downs is looking into an agreement with Roberts Communications to bring in additional signals.

Commissioner Macomber moved to approve the new site Silver Star Saloon in Vancouver, Washington. Commissioner George seconded the motion. Unanimously approved.

Chairman Colliton asked Mr. Fraser if there were any other locations in the future. Mr. Fraser said yes, they were in contact with the Clearwater Casino who has shown some interest. He said hopefully, they will apply before long. Chairman Colliton also asked about the Northern Quest Casino in Spokane, Mr. Fraser said they are updating their HVAC system and should be back open before long. Chairman Colliton said they've been shut since August 13th. He asked if there was a date when will reopen. Mr. Fraser said no date had been set but they should be really close. He said he would email the Chairman when he finds out. Commissioner Macomber asked about Club Hollywood Casino in Shoreline. Mr. Fraser said they are reporting to be a really good site, the owners want to open another one. Commissioner Macomber asked about the Kirkland site and Mr. Fraser reported in to be another good

site. He said some days are great and some not; but it is a really good site. Commissioner Macomber asked if there was any other opportunity for a site in the Vancouver area. Mr. Fraser said only for a possible tribal site, there's a limit to one site per county.

Break 10:22 AM. Reconvened 10:30 AM.

Item #5. Hearing before the Commission: LeRoy Nelson denial.

Present were Commissioner's Jeff Colliton, Chairman, Paul George and Dr. Macomber, Commissioners; Isaac Williamson, AAG, Doug Moore, Executive Secretary. Petitioner LeRoy Nelson, was present and not represented by counsel. With no objections, Exhibits 1-7 were admitted. Testimony was taken and no decision announced at this time. A written order would be completed within 30 days. Mr. Nelson would be notified by mail of the decision of the Washington Horse Racing Commission.

Item #6. Annual review of SMFs (Source Market Fees).

Mr. Moore said the numbers presented here are not final. He is still working with Emerald Downs Controller, Joe Henry reviewing some of the numbers. He said an issue with our Department of Enterprise Services (DES) Accounting department; placing money into the wrong account; which will be remedied and reconciled.

Commissioner Macomber asked about 123Gaming, about how they were performing. Mr. Moore said they are steadily building a following. Mr. Ziegler said it is a small number hopefully it will be successful. He said it's tough to go against the established ADWs. The new WatchandWager provider opened, but nothing to report as yet. Commissioner Macomber asked about how to bet the 123Bet. Ms. McKee explained the procedure and also said the instructions are located in the wagering guide and you can also ask any teller for assistance.

Item #7. Discussion of Federal Legislation to designate USADA for equine testing.

Chairman Colliton said he's been very vocal against bringing in USADA or any other outside oversight as well due to the fact that they are much more costly; not only here but in board meetings with the Association of Racing Commissioners International. A draft copy of a letter stating opposition to the federal legislation to make USADA the equine testing provider was shared with Emerald Downs, Washington HBPA and the WTBOA. Chairman Colliton said this is not the final copy and a final would be provided. Mr. Ziegler said he would like to provide this letter to their federal lobbyist to take a look to review or suggest any changes and he should hear something within next week. Chairman Colliton said there is some news about some incidents with USADA regarding fighters prior to a boxing venue. USADA was allowing one fighter to do something that was questionable. Mr. Moore asked to have a motion that would give authority to Chairman Colliton to sign the letter on behalf of the Commission. Commissioner Macomber moved to formally voice opposition to the Federal legislation making USADA the testing provider for equine testing. Commissioner George seconded the motion. Unanimously approved.

Commissioner Macomber then moved to give authority to Chairman Colliton to sign the letter on behalf of the WHRC. Commissioner George seconded the motion. Unanimously approved.

Mr. Moore formally thanked Ron Maus, MaryAnn O'Connell and others for making this letter possible.

Item #8. Executive Secretary report.

a. Wagering Recap (August 2015); and

Mr. Moore reviewed the wagering reports for August 2015 and reported for Emerald Downs and the satellite sites to be up 5.1 percent for July 1 through August 31, 2015; for the month of August, satellites up 4.1 percent; for the race year down 1.1 percent.

b. Monthly Financial Statement (July 2015).

Mr. Moore reviewed the revenue and expenditures and reported the fund balance at the end of July to be \$919,149.

Commissioner Macomber asked about the formatting of the report and Mr. Moore said this report reflects the biennial balances as reported in the biennial budget, that's why there's only one entry on the report beginning in July.

Adjourned. 11:35 AM

Doug Moore, Executive Secretary