

Washington Horse Racing Commission  
Meeting Minutes  
August 10, 2018  
9:30 AM

Present were: Jeff Colliton, Commissioner; Robert Lopez, Commissioner; Representative Joe Schmick, Legislative Ex-Officio Member; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Commission Chair Dr. Everett Macomber excused.

Also attending from the Olympia office: Ken Mitchell, WHRC Financial Manager; and Kai Matthews, WHRC Budget Analyst from the Department of Enterprise Services.

Commissioner Lopez chaired the meeting in Dr. Macomber's absence.

Item #1. Approval of the meeting minutes of June 8, 2018.

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

Item #2. Commissioners' reports.

Commissioner Lopez said he attended the ARCI summer meetings in July. He attended meeting regarding equine medication, national medication compact and an overview of the industry nationally. Commissioner Lopez said Maryland and Delaware have adopted establishing the Compact. Kentucky and West Virginia may join very soon. There was talk regarding the annual meetings in Tucson. Sports Betting was discussed and talk about a concept of the ARCI positioning themselves into a more of a leadership role in sports betting discussions. Commissioner Lopez also attended the Longacres Mile draw; this year the Mile only had five horses entered.

Commissioner Colliton said he also attended the July ARCI meetings and noted there was quite a bit about sports betting and the industry. He said he'd heard that Buffalo Wild Wings is looking at bringing sports betting in their industry. He had also heard that Idaho has a petition or initiative to bring back horse racing. Mr. Moore said it was to legalize historical racing machines. Mr. Moore said he thought the Attorney General will challenge that immediately and said he thought it was a long shot. Commissioner Colliton said there was an article about past Commissioner and Chairman Paul George in the paper regarding all he had done for the industry and the city of Yakima.

Mr. Moore said a service for Paul George was to be held in Yakima on Monday August 13 at 2:00 P.M.

Item #3. ADW license renewal - Watch and Wager.com.

Mr. Moore presented the Watch and Wager.com license renewal application. Mr. Ed Comins, Managing Director for Watch and Wager.com was present via phone to answer any questions. Mr. Moore said after reviewing Watch and Wager.com information staff recommended approval. Commissioner Colliton moved to approve the renewal request for Watch and Wager.com. Commissioner Lopez seconded the motion. Unanimously approved.

#### Item #4 Industry Reports.

- a. Emerald Downs. Phil Ziegler President, reported on the Longacres Mile activities. He said pre-Longacres Mile activities were keeping them busy, a Run the Mile marathon is scheduled and there is a \$25 entry fee and the funds raised go to the Little Bit therapeutic riding center. Mr. Ziegler also said US Postal Service was coming out on Sunday; it is the biggest group event of the year. Also Costco is scheduled to be out on Saturday. Mr. Ziegler said Last Sunday was Corgi racing, they had 13,000 people attend; it was a packed house. Handle on track was up over last year; and out of state was up quite a bit. Every single reserved seat was sold out in advance. He said the next big weekends are for the Washington Cup series races.
- b. HBPA. Lanna Allen, HBPA. Ms. Allen said a talk was given by regarding the necropsy program. Ms. Allen said their board will have some replacements on it but there would not be an election due to only one person running for each category. The board changes will take effect in October.
- c. WTOBA. Anne Sweet, Editor, said they were getting ready for the sale August 21. She reported this to be a smaller sale than last year. They held their annual membership meeting July 1. They had very low attendance and may rethink the timing for next year. Dr. Claude Ragal gave a presentation on equine respiratory diseases and advanced techniques on dealing with standing surgeries, less invasive for horses of which he is a pioneer. She noted there was a small attendance which she felt was unfortunate.
- d. Sun Downs. Mr. Moore had spoken with Shorty Martin, Sun Downs Racing Secretary and said Tri City Horse Racing Association was still working on obtaining a new contract with Benton County. Mr. Moore said the Fair Board is working on a new rail of which the county is funding with input from Tri City. Mr. Moore said that he and Commissioner Lopez were schedule to travel to Kennewick and meet with Tri City Board of Directors next week to discuss funding and their future.

#### Item #5. Annual License fee review.

Mr. Moore said Ken Mitchell, WHRC Financial Manager was in attendance to review the license fee study. Mr. Mitchell reviewed the study; methodology; and costs associated to determine if adjustments are needed and Mr. Mitchell said in conclusion that he felt no license fee adjustments were needed at this time. Mr. Moore commented that the Washington State Patrol just informed the WHRC the cost of processing fingerprints was being adjusted up but this did not have a significant impact. Commissioner Lopez asked if the Crossmatch fingerprint software upgrade fees were included in the figures. Mr. Moore said they were not. Commissioner Lopez recommended the fees be included and any adjustments be made.

#### Item #6. Final review of 2018 Budget submission.

Mr. Moore presented the draft WHRC 2019-2021 Biennial Budget request. Mr. Moore noted some updates to the narrative; but essentially the budget presented was as has been submitted in the past. Mr. Mitchell gave a presentation on the details and methodology used in preparing the WHRC biennial budget. Kai Matthews, WHRC Budget Analyst, who works with the Department of Enterprise Services, was present to give an overview of the central services costs to the WHRC provided by the Small Agency Financial Services Division.

Mr. Mitchell said the Commission needed to approval on Section A2-A4. He said the biggest concerns were on A13 financial projections. Mr. Moore said projections are very close; and the need to take a look at these seriously.

Commissioner Lopez recommended that on page A-2 under Strategies section 1-C an explanation on what the term syndicate means; the word may have detrimental connotations to some and he felt a definition may be needed.

Commissioner Lopez also asked if oversight on Lasix administration could be added to goals; for protection of the health of equine participants.

Commissioner Colliton moved to approve the 2019-2021 WHRC Biennial Budget request with the aforementioned changes. Commissioner Lopez seconded the motion.

Mr. Moore had prepared a list of potential cost savings. Commissioner Lopez requested Mr. Moore bring the list back to the September meeting to give Chairman Macomber a chance to participate in the discussions. Commissioner Lopez also suggested the list be added to the goals and targets.

Unanimously approved.

Item #7. Executive Session – Legislation. Adjourned at 10:28 A.M. Reconvened at 10:55 A.M.

Commissioner Lopez said the need for an executive session was to discuss the draft medication compact language. Mr. Moore explained equine medication compact; currently two states have adopted it; Maryland and Delaware; but there aren't any working on by-laws in place at this time. The Compact would entail three sections, thresholds, prohibited medications and penalty classifications. The Compact does not dictate what those penalties would be and they would be left up to each state. Currently medication thresholds vary from track to track; and with federal legislation, this would take medication out of the hands of each state and USADA would take over testing. The costs for testing through USADA is prohibitive for the state of Washington. Having this compact in place would remove Washington from federal participation. Mr. Moore said he is requesting the Commission to allow him to seek stakeholder comment. Mr. Moore said legislation is submitted the need to start the process is now; legislation must be submitted to the Governor's office by September 20 in order to proceed.

Commissioner Lopez moved to give Mr. Moore authority to begin the process by submitting the requested legislation to the Governor's office and stakeholders. Mr. Moore would then bring this back to the commission at the September meeting. Commissioner Colliton seconded the motion.

Commissioner Colliton said he would follow-up on where they are on the by-laws and should know more by the September meeting.

Unanimously approved.

Commissioner Lopez said they have not taken a position as a commission with regard to the federal legislation as written; that we need to express our opposition. Commissioner Colliton moved to oppose and inform respective federal representatives of the opposition of the Washington Horse Racing Commission to the proposed federal legislation as written. Commissioner Lopez seconded the motion. Unanimously approved.

Mr. Moore said he would bring back stakeholder comments to the September meeting and regarding the Model Rules Medication Compact by-laws, he would follow-up on where the by-laws are at this time and whether or not Washington can have a “seat at the table” in the preparation of those by-laws also at the September meeting.

Item #9. Executive Secretary’s report.

Mr. Moore requested approval for Commissioner Lopez to travel to Kennewick to attend a meeting with Tri City Horse Racing Association. Commissioner Colliton moved to approve. Commissioner Lopez seconded the motion. Unanimously approved.

Mr. Moore said he’s been meeting monthly with Lottery and the Gambling Commission and sports betting had been mentioned. He informed them that the WHRC would to be involved and they have agreed. Mr. Moore said he obtained an update on Sports Gambling by Brian Constantine, Legal and Legislative Manager with the Gambling Commission. (Copy made a part of the record) This update is given to assist the commission on where this issue is at this time. Currently there are two states that now have sports betting in place; they are Delaware and New Jersey. Mr. Moore said he’s only touching on these two because they have horse racing venues. He said 12.5 percent goes to vendors; remaining 87.5 percent of net revenues are allocated 50% to the state; 40% to the racetrack/casino and 10% to horse racing purses. Mr. Moore said if the Commission would like to have Mr. Considine come and give a presentation, Mr. Moore suggested possibly September or October, he would contact Mr. Considine.

- a. Wagering Recap June/July 2018.

Mr. Moore recapped the wagering for June/July 2018.

- b. Monthly financial statement (May/June 2018).

Mr. Moore reviewed the revenues and expenditures for May and June 2018. Mr. Moore said the fund balance at the end of July was \$733,794 with a projected balance of \$649,000 by the end of the fiscal year June 30, 2019.

Mr. Ziegler commented with the eight less race days at the start of the meet, he wondered if there were any operational efficiencies gained by not having those earlier race days. Mr. Moore said no, the WHRC staff was hired anyway. Mr. Ziegler said the OTBs are softening quite a bit and were mostly going to ADWs; that seems to be the trend.

Item #10. Any other business that may be properly brought before the Commission.

Commissioner Lopez announced the next meeting to be September 14, 2018, at the Auburn Council Chambers, at 9:30 A.M. Meeting adjourned.

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Doug Moore, Executive Secretary