

Washington Horse Racing Commission
Meeting Minutes
February 8, 2019
9:30 A.M.

Present were: Dr. Everett Macomber, DVM, Chairman; Robert Lopez, Commissioner; Suzanne Becker, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary.

Commissioner Jeff Colliton, excused.

Item #1. Approval of the meeting minutes of January 11, 2019.

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

Item #2. Commissioner's reports

Commissioner Lopez had nothing to report. Chairman Macomber said he'd been in contact with Doug Moore, Executive Secretary by phone the past few days.

Item #3. Industry reports.

a. Emerald Downs report.

Mr. Jack Hodge, VP, Emerald Downs reported 285 horses were on the grounds; weather-wise training has been shut down; the track is frozen. He expects the weather will not change much in the next week and expects some more lost training days. The hope is to be able to train today, the track is scheduled to open at eleven today. He said they have been trying to get some chemical that will aid the track surface to unfreeze, but his contact says they are currently all out. He is hoping to be open for business on Monday. Bob Fraser, VP, Operations, said operationally they will do their best to remain open; probably close early, they are playing it by ear. He said ice is the problem. They are introducing a new promotion this year. They are conducting a bulldogs and beagles race this year, to be held in conjunction with Father's Day and the relay races will be on the same weekend.

b. HBPA. Not present.

c. WTBOA.

Ms. Anne Sweet, Editor, Washington Thoroughbred, reported the awards banquet is February 23rd and invited all to attend.

d. Sun Downs.

Shorty Martin appeared on behalf of Sun Downs. He said the contract between Benton County and Tri City Horse Racing Association was signed yesterday; it is a three year contract. He reported that they are having the same problem with their track being frozen too. He said horses are moving in right now for training.

Item #4. WHRC Officials, Emerald Downs.

Mr. Moore read the WHRC officials for Emerald Downs and Sun Downs. He noted that with Gary Baze resignation, Vince Funk has been moved up to fill the Steward position. Dr. Amy Eilbeck, DVM has agreed to fill the vacancy when Dr. Colette Bergam reports to the Sun Downs meet. Mr. Moore said that most of the usual Kennewick staff is returning again. Mr. Steve McHargue has been hired to fill the position Vince Funk vacated as presiding steward at that meet.

Mr. Moore read the official packet submitted by Emerald Downs; including their Financial Statement audit report from 2017. He said the 2018 audit should be completed by June and will be presented at the first available meeting following submission. Mr. Fraser was present to answer questions. He will forward the current audit when it is completed.

Commissioner Lopez moved to approve the 2019 application for Emerald Downs dates, stake schedules and officials. Chairman Macomber seconded the motion. Unanimously approved.

Item #5. Sun Downs Dates request and officials.

Mr. Moore read the dates request from Tri City Horse Racing Association. The application included their officials and financial statement. Included in the packet was a list of the upgrades that were done by the grants that were provided by Washington Horse Racing Commission (WHRC). Mr. Martin is present and available to answer any questions. Mr. Moore asked if Link Sherman was returning as an association steward. Mr. Martin confirmed he was and had performed this duty for the last two years.

Commissioner Lopez moved to approve the dates request and officials for the 2019 Sun Downs Race Meet. Chairman Macomber seconded the motion. Unanimously approved.

Item #6. Class C Purse Fund – additional funding.

Mr. Moore presented the grant request from Sun Downs, they requested \$25,000 for jockey insurance and additional funds to add to the purse money per day to bring the per day purses to \$15,800.00. Mr. Moore said with the cost savings on cutting some of the items discussed earlier, and the savings expected when the FTEs reduction takes effect for billing by Enterprise Services, the commission should see some increase in the fund balance projections. The grant amounts that were allotted had already been dispersed with the exception of a little over \$26,000.00 that was still available. He recommended that the commission should hold off until next month to see what the fund balance projections will be before approving any additional funding over what has already been allotted. His recommendation is to grant only the jockey insurance amount of \$25,000.00 at this time and consider the remaining request at the March 15, 2019 meeting. Mr. Martin said to grant the jockey insurance now would give him a better idea of where they stand. He said they have already gotten two Quarter Horse Challenge races, but the host association has to match the purse award by the AQHA and that is

bigger this year. Chairman Macomber asked if have had any success raising funds to support themselves. Mr. Martin said he knew of about \$5000.00.

Commissioner Lopez asked Mr. Moore if they approved only the jockey insurance would they be able to hold off on the rest of the grant request until next month. Mr. Moore said yes.

Commissioner Lopez moved to grant \$25000.00 supplement to support the race day jockey insurance for the Sun Downs Meet. Chairman Macomber seconded the motion. Unanimously approved.

Commissioner Lopez spoke about the purse supplement and said he could not support any more grant money other than the \$25000. He would be interested to see what Sun Downs brings back before the commission next month. Mr. Martin said they need to do their part. Mr. Moore asked about reaching out to the Credit Unions, had they attempted that. Mr. Martin said they have gone to some businesses and the wineries to see if they would help but hasn't heard back about that. Chairman Macomber said maybe they should sponsor Corgi races, Mr. Martin said they do that already.

Item #7. Donohue Fund.

Mr. Moore reported the amounts derived from interest on the WHRC accounts that make up the amount for the Donohue Fund that provides money to non-profit race meets and reported a distribution of \$3,616.81 for 2019. Mr. Moore said the 2018 Donohue fund money Sun Downs received had been spent on paddock improvements.

Item #8. Approval annual WHRC year-end report.

Mr. Moore presented the 2018 annual report for approval. Commissioner Lopez inquired about the license numbers. Mr. Moore said they are down again in the Owner category. Chairman Macomber asked about the Emerald Racing Club. Mr. Fraser said it didn't fill last year, but they are hoping to fill this year. The purpose of the racing club is to get people interested in the horse industry and return to the track and into ownership.

Commissioner Lopez moved to approve the 2018 WHRC Annual year-end report. Chairman Macomber seconded the motion. Unanimously approved.

Item #9. Executive Secretary's report.

Mr. Moore said the Commissioners need to take the CJIS training. Ms. Brown will send link to login to do that.

Mr. Moore said a bill was dropped yesterday, HB 1975 that would grant sports betting to the tribes only, he didn't have much information yet. He talked with Dave Trujillo, Director, Gambling Commission who told him that this is not a unified position, his personal feeling is this is a place holder to get the ball rolling for future legislation. The Gambling Commission doesn't see this is going to move very quickly. Mr. Moore said that XpressBet has an update to their Plan of Operation, this is a new mobile app with more detailed handicapping information to increase win rates and handle churn. All account wagering functions are performed by and reported on by XpressBet. Mr. Moore will provide a copy to Mr. Fraser.

Mr. Moore also reported that he had received notice that, the New York Racing Association, board of directors, had fired their current CEO and Mr. David O'Rourke has been named interim new CEO.

a. Wagering recap (January 2019).

Mr. Moore reviewed the wagering for January 2019 down 6.07 percent; through January 31 down .12 percent; and race year comparison down 4.02 percent. Mr. Moore said this was due to weather problems back east causing tracks to close.

b. Financial Statement.

Mr. Moore reviewed the revenues and expenditures. He said even though expenditures shows the WHRC overspent, this was due to paying ARCI dues earlier than last year and with next month's report this difference will be made up. \$31,000.00 was paid to cover the Unemployment Insurance in January and that will most likely affect expenses for January. He reported revenue was significantly down, but actual deposits during the month show there was \$1400.00 more in revenue than last year generated by wagering, and Advance Deposit Wagering, Source Market Fee actually generated more revenue than reported. The Fund balance gained \$4000.00 in December and it is \$631,007 currently. We have cut some of our expenses; the ARCI dues and a larger than normal Assistant Attorney General expense due to an appeal resulted in overspending projections in December. Mr. Moore said the fund balance projection for the end of the biennium is \$497,341.00. He said it had been projected that there may be an additional savings of \$41,000.00 at the end of this fiscal year with more cuts in staffing, and other cost cutting plans.

Mr. Moore said since the last meeting, he had been invited to give an overview of WHRC at the House Commerce and Gaming Committee. After the meeting, he offered to meet with anyone who had more questions and got responses from Representative Kloba, Representative MacEwan, Representative Reeves, Representative Kirby and Representative Morgan to which he provided more information.

Mr. Moore said talked about main expenses being central service costs to Enterprise Services (DES). In his discussion with the Representatives, he explained how the WHRC is funded, how wagering dollars are broken down, pari-mutuel tax. In talking with Representative Kloba, Mr. Moore came up with a possible solution, that agency's that receive no general fund money, have and less than 25 FTEs, and manage their own accounts, that the legislature increase DES's allotments to cover the cost for those agencies and those agencies would not be charged. There are two other agencies that appear to be in the same situation as the WHRC. Mr. Moore said that was estimated that about \$300,000.00 per year in DES services would most likely cover the affected agencies. Mr. Moore asked that money be allotted to DES budget to cover the costs of services to those small agencies. Representative MacEwan, who is on the appropriations committee said he was open to getting that money to cover central service costs for these agencies. He also provided this information to our Legislative Ex-Officio members. Mr. Moore didn't know if will go anywhere but was hopeful.

Chairman Macomber asked if it was any benefit to stay where we are as a non-general fund agency. Mr. Moore said yes, if the WHRC was appropriated, the budget process would be harder and there wouldn't be any more grants. He felt we were better off where we are.

Commissioner Lopez said he thought we should reach out to the Appropriations Committee. Representative Timm Ormsby, out of Spokane and is the Chairman of the committee.

Item #10. Commissioners Discussion.

Commissioner Lopez had nothing. Chairman Macomber had nothing.

Item #11. Any other business that may be properly brought before the Commission.

Mr. Moore said he's gotten an email that Pat LePley would be dropping their bill today or tomorrow. Commissioner Lopez asked if the HBPA bill had changed and Mr. Moore said he hasn't seen any new drafts. Chairman Macomber asked about comments either pro or con and Mr. Moore said he'd heard nothing. Mr. Moore had reached out to Governor's office for advice to give to Commissioners if they could take a formal position on any of the sports wagering bills.

Commissioner Lopez asked about the ARCI meeting in April, two Commissioners would be attending and on a limited basis. Mr. Moore said he and Commissioner Lopez will attend the Compact meeting and Commissioner Colliton would be attending for informational only. Mr. Moore said he'll go Tuesday, December 3 and returning on Friday, December 6 saving on expenses. He said some of the agenda items important to hear. Commissioner Lopez asked if the Registration expenses could be lowered and Mr. Moore said he had talked with Mr. Martin but hadn't heard anything more.

Chairman Macomber asked if there were any further comments hearing none adjourned the meeting at 10:45 A.M.

Doug Moore, Executive Secretary