



WHRC Commission Meeting

- Location:** Emerald Downs, 2300 Ron Crockett Drive, Auburn WA 98001, 5th Floor Tribal Council Room and Zoom Video Conference
- Date:** June 9, 2023
- Call to Order:** 9:30 am (PT)
- Adjourned:** 9:59 am (PT)
- Attendees:** Chair Robert Lopez, Commissioner Douglas Moore (via Zoom), Commissioner Dr. Claude Ragle (via Zoom), Ex Officio Representative Joe Schmick (via Zoom), Ex Officio Senator Derek Stanford, WHRC Executive Secretary Amanda Benton

Agenda items

1. Approval of the meeting minutes of April 14, 2023, the May 2, 2023, special meeting, the May 10, 2023, special meeting and the May 24, 2023, special meeting:

Commissioner Moore moved to approve the meeting minutes of the April 14, 2023. Commissioner Dr. Ragle seconded the motion. The meeting minutes of April 14, 2023, were approved. Commissioner Moore moved to approve the meeting minutes for the May 2, 2023, special meeting. Commissioner Dr. Ragle seconded the motion. The May 2, 2023, meeting minutes were approved. Commissioner Lopez had one correction for the May 10, 2023, meeting minutes. The word verdict was changed to finding on page two of the meeting minutes. Commissioner Moore moved to approve; Commissioner Dr. Ragle seconded. The meeting minutes for the May 10, 2023, special meeting was approved. Commissioner Dr. Ragle moved to approve the meeting minutes of the May 24, 2023, special meeting. Commissioner Moore seconded. The meeting minutes of May 24, 2023, were approved.

2. Commissioners' Reports:

Commissioner Moore was asked to sit on the independent review board for medication and crop violations on appeals for HIWU. He also spoke to the executive ethics board, and they see no issues with Commissioner Moore being in this role, if he is not involved with cases from Washington state. After a lot of thought, Commissioner Moore decided to take on the role, also regarding it being beneficial for the industry in Washington state to "have a seat at the table".

3. ADW License Renewal – TVG:

This is an ADW license renewal application for ODS Technologies, L.P. dba TVG & FanDuel Racing. Their initial license was issued July 27, 2004. This is for their 2023 advanced deposit wagering license renewal. The license renewal period would be July 27, 2023, through July 26, 2024. The process was started on April 24, 2023. For the race year 2022, which was September 1, 2021, to August 31, 2022, there were \$71,628,615.50 wagered and the source market fee was \$4,412,898.26. There were some changes to the officers and directors. Amy Howe is the CEO and David Jennings is the CFO. The ARCI records check came back negative. The \$1000 license renewal fee was received May 3, 2023. The account balance for Washington residents was \$560,520.90. The race year handle was down 10% from 2021, which reflects a change of \$7.7 million. The source market fee was up 1.1%, which reflects a change of about \$50,000. They have a \$75,000 bond that remains in full force and effect with Westchester Fire Insurance Company. Their contract with Emerald Downs Racing LLC is valid through May 31, 2026. The changes to the plan of operation are that they added Andrew Moore as the General Manager of Racing and they migrated TVG's tote business from AmTote to United Tote. Their license with the state of Oregon, which is their initial jurisdiction and TVG hub is renewed and effective through June 30, 2026. There were no complaints received against TVG and no pending complaints from governmental agencies were filed in the last year. Tom Cassidy, representing TVG, was on the zoom call to answer any questions. Commissioner Moore was asking if the reduction in the overall handle was due to the COVID pandemic. Tom Cassidy agreed to the assumption. Mr. Cassidy and his team will also investigate their documents to see if there are any other reasons for that. He will let the WHRC know if there are other contributing factors. Chair Lopez entertained a motion to renew TVG's license application. Commissioner Dr. Ragle made a motion, Commissioner Moore seconded. It was moved and seconded to renew TVG's advance deposit wagering license application. Motion carried.

4. Industry Reports:

Emerald Downs

Emerald Downs is ten days into the season and saw a reduction in handle. The live handle was also down from last year. The association is hitting the prime with their promotional schedule in the next coming weeks with three days of racing per week and the Indian Relay races. Emerald Downs' President Phil Ziegler attended the test barn training a couple of weeks ago. Ziegler was impressed by the personnel that HIWU sent to train test barn staff. Emerald Downs' Vice President Race Operations Jack Hodge praised the test barn staff for their dedicated work.

WHBPA

Nothing to report.

WTBOA

Nothing to report.

5. Proposed legislation Racehorse Health and Safety Act of 2023:

Proposed draft legislation titled Racehorse Health and Safety Act of 2023. This proposed draft legislation was sent by ARCI last Monday, with their request if any commissions want to formally support their draft to let them know this week. The purpose of this proposed legislation is to protect the health and welfare of the racing horse and to improve the integrity and safety of horseracing by providing a structure to coordinate the states so that the medication and safety rules are uniform to each equine racing breed. Some highlights of this draft legislation include that it will create an interstate compact to develop and enforce scientific medication control and racetrack safety rules that will be uniform as to each different racehorse breed in the United States. The Board of Directors would be appointed by State racing commissions. Five of the directors would be represented by the five states with the largest number of racing days. The Board would appoint three Scientific Medication Control Committees, one for each breed, and one Racetrack Safety Committee to recommend breed-specific rules to the Board. This act would repeal the Horseracing Integrity and Safety Act (HISA). The WHRC doesn't know if there is enough information for the commissioners to decide to support or not support the Racehorse Health and Safety Act of 2023. The draft legislation is done by the HBPA, but the other parties are unknown.

Chair Lopez was inquiring if any of the commissioners have more information on the beforementioned draft legislation. Commissioner Moore pointed out that the draft legislation would revert to Racing Commissioners and scientific groups. Moreover, there would be term limits, the rule making process would be open and transparent, the funding would be transparent. It would not go through the FTC. Commissioner Moore was aware that the ARCI was asking for state racing commissions to let them know if they support the draft legislation or not. Commissioner Moore thinks that it is too early in the process to make a pro or contra decision regarding the draft legislation.

Chair Lopez reviewed the draft legislation and is opposed to it the way it is currently written. Chair Lopez' concerns are that the draft legislation would give the five states with the most racing days seats at the table. The remaining states would appoint the four other board members, which means that the State of Washington could be part of this compact and yet would not have representation on the board. Executive Secretary Amanda Benton will relay Chair Lopez' concern to Wendy Culbertson of the ARCI.

Commissioner Dr. Ragle also agreed that it was too early to make a determining decision regarding the draft legislation. Moreover, it would complicate more things that it would solve at this point in the process.

6. Executive Secretary's Report

There was one additional information item in addition to the monthly financial reports.

The American Quarter Horse Association (AQHA) sent a letter to advise all Quarter Horse racing regulators and affiliates that effective January 1, 2024, the AQHA will transition to the use of microchips instead of lip tattoos. They are currently working with The Jockey Club information systems entities to transition to identification with a microchip.

Additionally, the WHRC has been informed that Premier Turf Club doing business as PointsBet Racing will be acquired by SBG Enterprises OPCO, LLC, doing business as Fanatics Betting and Gaming. This transition will take effect in August of 2023. Most likely, the WHRC will receive an ADW license application from the new owners.

a. Wagering Recap (April/May 2023) and

Pari-mutuel wagering handle was down 5% in May and 4.7% in April. The total distribution to the WHRC operating account for April and May was down just over \$51,000. The advanced deposit wagering handle was down 7% in April and 11.1% in March. Due to the change in the source market fee percent retained by the WHRC from 5.5% in 2022 to 10% in 2023 the impact to the operating account was an increase of over \$43,000.

b. Monthly Financial Statement (March/April 2023)

In March there was just over \$79,000 less than we received in revenue than budgeted. In April the WHRC received \$36,000 more than budgeted. This left a negative impact of revenue of \$43,000 for the last two months. For the fiscal year the WHRC received \$238,000 less than projected in revenue.

In March, the WHRC spent just over \$2000 more than expected; the WHRC underspent in April by \$19,000. For the fiscal year we underspent just over \$29,000.

The WHRC had an operating loss of \$5000 in March. This was due to the fact that we were still a month behind in our source market fees. In April, the WHRC recorded a \$31,000 profit because the WHRC got caught up on the source market fees.

The current fund balance at the end of April was \$869,360 and the projected fiscal year ending balance is \$798,652.

Chair Lopez was inquiring about the changes in Quarter Horse Racing. There will be two stakes races for Quarter Horses, the challenger races, later this year at Emerald Downs. So far there were no races for Quarter Horses in 2023. Since HISA does not control non-covered horses, the WHRC will regulate and oversee the Quarter Horse Races. Chair Lopez was inquiring about HISA's intentions to regulate the Quarter Horse Races next live-racing season. Executive Secretary Amanda Benton believes that this might be the intention of HISA to expand to all breeds.

Commissioner Moore was inquiring about if the WHRC expects any unplanned expenses within the next months. Executive Secretary Amanda Benton said that any of the increases to our central service cost are unknown, along with the benefits cost. Moreover, costs related to the WHRC's licensing system and equipment upgrades could represent a possible expense.

Chair Lopez was asking about the current status of the WHRC's licensing system. The WHRC has been using the same licensing system for almost 20 years. Chair Lopez is concerned that the licensing system may not resist the life the WHRC needed it to do. Furthermore, the licensing program is written in an outdated programming language, no one is capable of writing anymore. Executive Secretary Amanda Benton agreed with Chair Lopez' concerns about the status of the licensing system. The WHRC is looking into sending out an RFP for a new licensing system as the WHRC has previously looked into the cost of a new system and it might be upwards of \$200,000 to develop. Moreover, Bill Dewey is currently the only person who knows the programming code of the

licensing system and can help with system issues. Chair Lopez is concerned about the fact that the WHRC bases their IT program on one individual. The WHRC needs more maturity in the way they do IT. Commissioner Dr. Ragle agreed with Chair Lopez. Commissioner Moore agreed that there is a need to develop the licensing program in a newer format to protect the WHRC. Chair Lopez would like Executive Secretary Amanda Benton to inquire with ARCI about the possibility of incorporating into their licensing system and if possible, creating a module just for the Labor & Industries. Commissioner Moore had several conversations with Kerry Holloway, who oversees the ARCI system. Ms. Holloway looked at the WHRC licensing system a few years ago and the ARCI might not be able to handle the Labor & Industries part. The WHRC might have to develop a separate system for Labor & Industries.

7. Discussion Items – Commissioners

Nothing to report.

8. Any other business that may be properly brought before the Commission

Nothing to report.

The next meeting of the Washington Horse Racing Commission will be held on July 28, 2023, at 9:30 am at Emerald Downs and via Zoom.



Amanda Benton, Executive Secretary