

Washington Horse Racing Commission  
Meeting Minutes  
March 15, 2019  
9:30 A.M.

Present were: Dr. Everett Macomber, DVM, Chairman; Jeff Colliton, Commissioner; Robert Lopez, Commissioner; Suzanne Becker, Assistant Attorney General; Doug Moore, Executive Secretary; Patty Brown, Confidential Secretary. Also attending was Dr. Claude Ragle, DVM, newly appointed Commissioner who will begin his tenure April 13, 2019.

Item #1. Approval of the meeting minutes of February 8, 2019.

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

Item #2. Approval of the special meeting minutes of February 13, 2019.

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

Chairman Macomber said the special conference call meeting had gone very well.

Item #3. Commissioners' reports.

Commissioner Lopez said he would be attending the Spring ARCI meetings in April and that he would be on vacation and won't be available to attend the April 12, 2019 Commission meeting.

Commissioner Colliton said he was concerned about the Santa Anita shutdown and noted that Mr. Moore would speak on that subject later in the meeting.

Chairman Macomber said he would like to speak on that subject along with Mr. Moore later.

Item #4. ADW License Renewal - TwinSpires.

Mr. Moore presented the renewal application on behalf of TwinSpires and staff recommended approval. Mr. Moore introduced Mr. Omar Amin from TwinSpires who would be able to answer any questions.

Mr. Amin made some general comments and thanked the WHRC for their consideration. Commissioner Lopez asked if TwinSpires had any new plans for the upcoming year. Mr. Amin said they are always

working on new products particularly the application; when talking with customers they had upgraded some things to improve the betting experience, but he was not sure when that would go live. Commissioner Lopez asked if their app would prevent wagering while on the grounds at Emerald Downs and Mr. Amin said he did not know.

Chairman Macomber asked Mr. Amin about marketing not only for the Derby, but for all the year. Mr. Amin said they markets to online customers and they also sponsors various races. The goal is to get new customers into the industry. Chairman Macomber asked about Sports Wagering and Mr. Amin said they've launched in New Jersey under the Churchill Downs name.

Mr. Phil Ziegler, President, Emerald Downs asked about the figures in the renewal application and wanted to know if they were just TwinSpires figures and which sites are included. He wondered if these figures included BetAmerica and wondered if they could be split out by wagering entity. Mr. Moore said the WHRC does receive this information and would get those figures to Mr. Ziegler.

Commissioner Lopez moved to approve the renewal application for advance deposit wagering for TwinSpires. Commissioner Colliton seconded the motion. Unanimously approved.

#### Item #5. ADW License Application – eBet Technologies, Inc.

Mr. Moore presented the application for advance deposit wagering from eBet. He said they are owned by Sportech and this application will take over previously approved 123Gaming. Staff recommended approval. Mr. Ben Kenney was present by conference phone to answer any questions.

Commissioner Lopez asked if this was a new license, or just a change in ownership. Mr. Moore said this would be a new application.

Chairman Macomber asked about their marketing plans. Mr. Kenney said Mr. Rob Earle is in charge of this and will continue with current marketing and promotion plans, same as in past. Mr. Kinney said he wasn't aware of any changes. Mr. Kenney said there some promotions, but did not have the details at this time. Mr. Kenney said he could get them to him. Chairman Macomber said he would like to have that.

Commissioner Lopez moved to approve the Advance Deposit Wagering application for eBet Technologies, Inc. Commissioner Colliton seconded the motion. Unanimously approved.

#### Item #6. Industry reports.

- a. Emerald Downs. Mr. Ziegler presented the Emerald Downs report; he spoke on their ADW partners, and said that only two have marketing partners with Emerald Downs; XpressBet and NYRA. Mr. Ziegler said they've reached an agreement with NYRA to handle contract negotiations on signal rates this year. NYRA will represent Emerald Downs with buying and selling. He said the simulcast contracts will be going through them and hopefully better rates will be gained. He said the horse count is 613; a few new promotions are in the works. He said there most likely will be a promotion going on every day.
- b. WHBPA. Lanna Allen reported the horse count is actually 616, there was a clerical error.
- c. WTBOA. Dana Halvorson, President, reported on the Breeders Awards Banquet; he said it went well. Staff did a great job. They've received some early entries for yearling sale which opens at

the end of March, final entries are May, 3<sup>rd</sup> the sale is in August. Anne Sweet also said for the banquet, she thanked Emerald Downs for all their assistance; XpressBet sponsored the horse of the year and also supports the calendar and thanked them also. Chairman Macomber expressed congratulations to all the award recipients.

Item #7. Adoption hearings:

- a. WAC 260-36-100 Fingerprints.

Mr. Moore said the amendment in this section would exempt applicants over the age of seventy or under the age of eighteen from being automatically required to submit fingerprints. No public comments were received. Staff recommended adoption.

Commissioner Lopez suggested Mr. Moore look at WAC 260-36-085 where it says "...a \$10.00 fee will be added to cover the costs..." and asked if adopted, would need to amend this rule also regarding charging the fingerprint fee. Mr. Moore said he would take a look at this.

Commissioner Lopez moved to adopt the amendment to WAC 260-36-100 Fingerprints. Commissioner Colliton seconded the motion. Unanimously approved.

Item #8. Executive Secretary's report.

- a. Wagering recap. Mr. Moore reviewed the February 2019 wagering reported by date range wagering was down 10.31 percent for the month of February; for the race year there was a small increase of .27 percent; comparison wagering reported for the fiscal year was down 3.59 percent; and for the ADW and SMF comparison January 2018 and January 2019 down 2.73 percent. Mr. Moore said this was mostly due to weather.
- b. Monthly Financial Report. Mr. Moore reviewed the revenues and expenditures. The ending fund balance for January 2019 was up \$7,648 totaling \$638,655. Mr. Moore said with less wagering, increased central service costs and salaries and benefits costs rising it is diminishing the fund balance. Mr. Moore said these service costs are rising again and the expected FTE savings will not be realized. He reported that WATech fees would be dropping \$3,500, but the Labor & Industries (L&I) workers compensation premium was going from \$11,000 to \$57,000 without any reason being given, the fund balance will diminish even more. Mr. Moore said he had reached out to both Budget and L&I they are researching the raise in premiums. Mr. Moore went over the cost savings that had already been implemented. Mr. Moore said our Budget Analyst has projected the fund balance by Fiscal Year 2021 to be \$58,560.

Commissioner Lopez asked if the staff hours have taken into account the salary increase for King county employees. Mr. Moore said on July 1 employees will receive a three percent salary increase and for those employees working in King County, they will receive an additional five percent due to cost of living. Chairman Macomber asked if there had been a challenge to that and Mr. Moore said not to his knowledge. Mr. Moore said he's been working with Representative MacEwan, Stanford, and Schmick, on the Appropriations Committee. It may be possible to receive funds from the General Fund to support the WHRC fund balance to increase revenue. There's no way to increase funds other than the take out from the handle and that would have an adverse affect on the industry. Commissioner Lopez said at this time we will have to wait and see what the final supplemental budget is; and then we may know more about

L&I and central services. It was his recommendation to wait and not make any more cuts until we find out what the budget is after it is in place.

Mr. Moore said he's been working with our prior budget analyst Paul Bitar and he feels we have a good chance to submit a decision packet asking to receive funds to support the WHRC with the Equine Research and Safety program costs. Mr. Moore said that's about \$350,000 a year. The decision package has to be submitted in October, Mr. Moore said will work with Ken Mitchell, our Financial Manager and Kai Matthews our current Budget Analyst.

Mr. Moore said he has received a change to the Watch and Wager plan of operation, it is phasing out telephone wagering and changing how to handle wagering limits by pool type. Mr. Moore said this is Informational only.

Mr. Moore said the WHRC had completed and received a Certificate of Completion regarding an audit on the WHRC fingerprinting process audit. There were no findings; and received a clean bill of health.

Item #9. Tri City Horse Racing additional funding.

Mr. Shorty Martin asked to have this item withdrawn.

Item #10. Tri City Horse Racing – Request to amend race dates.

Mr. Martin said with the winter weather, they were unable to begin training and are about a week behind schedule. Mr. Martin asked to move the opening of the meet forward and begin on April 27 and end the week after the Kentucky Derby; May 12, 2019.

Commissioner Lopez moved to amend the Sun Downs 2019 dates to begin on April 27 and conclude on May 12, 2019. Commissioner Colliton seconded the motion. Unanimously approved.

Item #11. Change of WHRC meeting date – August 2019.

Mr. Moore said the August 12, 2019 meeting date coincides with the ARCI Summer Meetings. Chairman Macomber has travel plans that take up most of August. Mr. Moore said in looking at schedules with no usually scheduled meeting in July, that July 26, 2019 seems to be a good day where all members are available; this will fit perfectly between June and September. Staff recommends approval.

Commissioner Lopez moved to change the August 12 meeting to July 26, 2019. Commissioner Colliton seconded the motion. Unanimously approved.

Item #12. Legislative update.

Mr. Moore talked about HB 1302 that requires the Horse Racing Commission, Gambling Commission and the Lottery to develop problem gambling and gambling disorder informational signs and to establish a statewide self-exclusion program.

HB 1880 establishes the joint legislative task force on problem gambling; requiring the task force to review findings from a problem gambling study on video game and casino gambling addiction and make recommendations on whether more research, current programs, and projected future services are needed or expanded. Mr. Moore said he will be reviewing any policy with the Gambling Commission and if finding merit, the WHRC will draft a similar policy. Commissioner Lopez asked what self-exclusion meant. Mr. Moore said if you believe you have a problem, you can self-exclude yourself from gambling.

Mr. Moore reviewed the status of the sports wagering HB 1975 was heard and passed out of the Commerce and Gaming committee, but apparently has died in appropriations. Mr. Moore said HB 1984, the bill drafted by the HBPA had not receive a hearing in committee; 5965 was introduced in the Senate with no title, containing language only; Senator Rivers did not like HB 1975 because it was too wide open is not moving. Representative Pettigrew gave some reasons in a pod cast for supporting HB 1975 and Mr. Moore offered to meet with him to discuss the industry issues, but did not receive a response. Mr. Moore said he had drafted a letter on the WHRC position and had sent that off to him.

Mr. Moore said the Federal legislation, the Barr Tomko Bill was reintroduced yesterday, banning Lasix and placing medication into USADA's purview and he said there's been no change from the prior bill. It bans race day medication and calls for federal oversight. Commissioner Colliton said with what happened at Santa Anita this presents a major impact on our state.

Item #13, Commissioners' discussion.

Chairman Macomber said the Santa Anita issue is of great concern. Mr. Moore said a total of 22 horses were lost; they've shut down the track and then tried to reopen when the 22nd catastrophic injury occurred. The Stronach group has asked for a ban on Lasix and mandate that whip use is for corrective measures only. They have also asked for a mandate that the use of therapeutic medication has to be given with a veterinarian diagnosis only and increased limitations on Non Steroidal Anti-Inflammatory Drugs (NSAID) use.

Commissioner Lopez asked how about the ban by the association, it is a state rule and it is not a state ban. Mr. Moore said the association can only take away their stalls; with the misuse of whip; they could tell the rider they are not welcome there.

Mr. Moore said that a meeting is scheduled by the CHRB to discuss these very issues.

Mr. Hodge said concerning the WHRC budget issues; the plan is to get an appropriation outside budget; for health and safety of the horses. He said it is important to maintain the necropsy program and pre-race inspections cannot be done away with. These programs make it as safe as possible for the equine athletes. He personally believes the Stronach group had a "knee jerk" reaction and came out with that PR move based on a list of things. Mr. Moore said this reaction had no scientific research that says that the breakdowns were related to Lasix. Mr. Hodge stated that personally, if they do away with Lasix, he is out of the business, it is a very valuable therapeutic to horses. Mr. Ziegler said the only commonality is they worked on a sealed racetrack. Mr. Ziegler said they've also had a PETA endorsement. He thought it was very coincidental their press release and the federal bill reintroduced.

Mr. Moore said Dr. Friedman does a lot of tracking of “at risk” horses; between catastrophic injuries and going on the vets list. Mr. Moore said he would send Dr. Friedman’s information Mr. Hodge and Mr. Ziegler prior to the meeting.

Mr. Ziegler spoke about there’s no real racing season for horse racing, it used to be year-round. Mr. Moore said this may bring back the discussion about a mandatory minimum time between starts.

Chairman Macomber asked about moisture in the track at Emerald Downs. Mr. Hodge said they know the optimum moisture content, but it is a little bit inexact.

Chairman Macomber spoke about the use of Biphosphonates in this situation. He said there is a fair amount of feeling that there is a period where there is extreme analgesia at the site and the restrictive time before the horse can go back and work. He said they have not quarantined horses at Santa Anita after the use of this medication.

Item #14. Any other business that may be brought before the Commission.

Hearing nothing further Chairman Macomber adjourned the meeting.

11:04 A.M.

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Doug Moore, Executive Secretary