

WTBOA Board of Trustees Minutes September 11, 2015

Board members present: William P. Brewer, Mary Lou Griffin, Nina Hagen, Dana Halvorson, Dr. Duane Hopp, Debra Pabst, John Parker, Darrin Paul, Keith Swagerty, Candice Tollett and Steve Zerda. Absent: Jennifer Webber. Staff present: M. Anne Sweet.

The meeting was called to order at 1:16 p.m. at the WTBOA offices by President Brewer.

Previous Board Minutes: Minutes from the June 18, 2015, meeting were presented and reviewed. Griffin noted that since she was not present at that meeting, she did not make the Sales Committee report. The minutes were changed to reflect that Pabst had made that report. *Halvorson moved to approve the minutes as amended. Swagerty seconded the motion and the minutes were approved.*

Finance Committee Report: Treasurer Pabst reported that most of the horses from the sale have been paid for. It was noted that due to the date that the financial reports had been run, at the end of the previous month, as is usual, they were premature in terms of the sales results and did not provide a clear picture to date of the sale results. A more complete picture will be presented in future reports. We did receive payment for the 10 horses that John Brocklebank signed for as agent.

Options for the association's investment accounts are still being reviewed. Zerda is helping to investigate these options and has a proposal coming from Banner Bank. Sweet will be contacting RBC Wealth Management and US Bank.

There will be a change in how employee health benefits are paid. Currently, each staff member has an individual policy through Lifewise. The WTBOA pays most of the premium on each policy, with a portion also taken from employee paychecks. Checks for each policy are issued by the WTBOA. However, the staff have been notified by Lifewise that this is not proper procedure, so Sweet will investigate the possibility of getting group health insurance.

Sale: Griffin reported that agent John Brocklebank had purchased 10 horses for a total of \$383,000. He is a pinhooker whose purchases have included such horses as Brother Derek. In addition, he trains horses in southern Utah which he then sends to southern California or in some cases may pinhook at two-year-old in training sales. Griffin noted that this was a double-edge sword because it was great for the sale, but it took horses away from Emerald Downs. Also, many local bidders felt they had gotten shut out. Forty-two percent of the horses went out of state, compared to 38 percent last year.

On the positive side, there were several buyers at this sale that haven't attended in recent years including Dave Forster, Dave Mowat and Valorie Lund. Atta Boy Roy's yearlings averaged a strong \$18,325 for his first crop of yearlings to sell. It was interesting to note that the top five selling horses were all fillies. Both the gross and the average were up. The median was down, but not too significantly.

The sales committee had a debrief meeting on August 27 with another meeting scheduled for October 20. It was noted that there are some things that need to be fixed. There had been plans for a latte wagon that did not materialize due to a scheduling problem at the coffee company's end. Also, bathroom attendants are needed to keep the barn area bathrooms supplied with toilet paper and paper towels. Sales barn manager Floyd Hughes did not receive access to the barns as early as promised and felt that there could have been more helpful cooperation in regarding this. There were some new protocols for handling reserves which seemed to work well. No "live money only" or "soft" reserves were allowed. Also the reserve forms were handed out ahead of time which was helpful to consignors. It was noted that a dangerous situation occurs when the horse entering the ring and the horse leaving the ring are in the ring at the same time. In the future the person opening and closing the entrance door to the ring will make sure that the previous horse has exited the ring

before letting the next horse enter. One horse from Halvorson's consignment had to be brought back through the ring to be sold later. It had been reported that a horse from Tim Floyd's consignment had fallen on the pavement. The purchaser initially expressed some concerns but kept the horse after having a veterinarian examine it.

Discussion was opened for any input from the Board regarding the sale. Brewer noted that the average for Washington-breds had increased from \$15,907 in 2014 to \$19,233 in 2015, which will be a good statistic to use for advertising. The overall average for the sale was up 15.9 percent. The horses looked great and were well-presented.

Sales Incentive Program (SIP): Brewer reported that the last SIP allowance race has been run and that part of the program is done. The new program will be in effect going forward: a \$2,500 bonus will be awarded to fully nominated two- and three-year-old maiden winners at Emerald Downs at the maiden special weight, allowance or stakes level; and a \$1,000 bonus will be awarded to fully nominated two- and three-year-olds at the \$25,000 and up maiden claiming level. WTBOA membership is now also required, along with the fully completed nomination payment, in order to receive a SIP bonus. Staff member Sue van Dyke had reported that there were some people at the sale who declined to nominate because of the membership requirement. It was later reported that there were two to three who declined, but there were also seven new memberships in conjunction with the SIP payments. Brewer restated his feeling that the membership requirement is justified, since employee time and WTBOA funds are used for administration and promotion of the program.

Northwest Race Series (NWRS): Pabst reported that we need to continue to check and monitor the black-type status of the NWRS races. Brewer has been monitoring and will report on any shortfalls.

Publications/Social Media: Sweet summarized a list of the articles that will appear in the Fall issue of the magazine which is currently being worked on. These include: a summary and results of the sale; a wrap-up of the Emerald Downs stakes races thus far, including the Longacres Mile and Washington Cup; a profile on Jim and Mona Hour; the Hall of Fame class of 2015 inductees and a Hall of Fame profile on Ron Crockett; updated stallion spotlights on Abraaj and Preachinatthebar; a wrap-up of the Equine Art Show; as well as two-year-old maiden winners at Emerald Downs and other usual columns and statistics. Board members present stated that they would like to see more people profiles starting with the annual award winners. Suggested questions for discussion: Why did you breed this horse; what are your principles; and what is your secret to success? For next year's Ask the Experts column in the sale issue of the magazine, it was suggested that past buyers could be included in the Q&A, for example, John Brocklebank and/or Dave Mowat. Suggested topics: Why did you pick the horse(s) that you did; why did you choose to come to Washington or the WTBOA sale?

The new website is still in progress. Sweet will communicate with the designer to see when she anticipates that it will be done.

There was discussion regarding advertising and the cost of advertising. Sweet was asked to investigate what the impact of a 50 percent reduction in advertising rates would be and what it would take to make up the difference. It was also suggested that special consideration could be given to those who donate to the Stallion Season Auction. Once the new website is launched increased advertising presence on the web will be a priority.

Washington Thoroughbred Foundation (WTF): Brewer, Laird and Sweet are still working on negotiating a sublease with Jack Hodge who is representing Emerald Downs and the Muckleshoot Indian Tribe. Brewer has been negotiating on behalf of the WTF. Once that is done he will negotiate a new sub-sublease between the WTF and the WTBOA. The current proposed sublease states that the new rent will be \$1 per year plus a prorated portion of the real estate property tax, which will be proportionate to the footprint of the building. These charges will be billed to the WTF, but then will be passed on to the WTBOA and/or their sub-lessees.

The Muckleshoot Indian Tribe owns the land and the business, which it subleases to Emerald Downs Racing LLC, which then subleases to the WTF, which subleases to the WTBOA, which subleases to the Washington HBPA and Tony Loften/Horse Power Feed.

Washington Horse Racing Commission/Emerald Downs: Brewer reported on the Washington-bred statistics to date at Emerald Downs, which included 16 Washington-bred races in 61 days. Washington-bred entries and starters have consistently been slightly over 50 percent, with Washington-bred winner at or slightly below 50 percent.

Other notes from the September WHRC meeting included that the on-track handle was up at Emerald on Mile Day and that five of the six Washington Cup racing were run. The three-and-up filly and mare stakes did not fill. Emerald promoted a tail-gate party for the Seahawks game, which started at 10am on Washington Cup Day and the game was shown on the new big Jumbotron screen. A card room on the fifth floor at Emerald is being explored and is in the drawing phase. WHBPA President Ron Maus announced that this would be his last meeting as President. The incoming WHBPA President is Pat LePley. Brewer reported for the WTBOA regarding sale statistics including that the gross and the average were up for the sale and that the average for Washington-breds sold was up 20 percent. A letter was approved by the Commission to oppose the USADA bill. The letter will be reviewed by the Muckleshoot Tribe's lobbyist in Washington, DC, before being sent Washington State legislators. Shorty Martin from the Tri-cities area reported that a new Tri-cities racing association is being formed and is getting organized. They are hoping to be open for training at Sun Downs on February 1. Idaho racing's future is in question due to the probable loss of instant racing in that state.

WTBOA Broodmare Club: Brewer has appointed a three-member oversight committee consisting of Webber and Tollett who volunteered their time, as well as himself. They will meet and develop a structure for the program, as well as developing a budget and determining how many club members will be needed in order to move forward. The plan is to buy two in-foal broodmares which will be brought back to Washington to foal. They will be foaled at a professional farm; club members will be educated by professionals along the way; social media will be developed in the form of a blog, Facebook, Instagram and Twitter; farms will be open at certain times for club members to visit. It will a two-year program. Once the mares have foaled they will be bred back to a local stallion and then sold at the WTBOA sale. The following year, the foals will go through the sale as yearlings. Minor funding may be required from the WTBOA such as the expense of setting up an LLC. Brewer will act as pro bono attorney for this process.

Condition Book Committee: This will be the final report of the season. Brewer and Pabst have been attending the committee meetings and the committee has been attentive to their input. Pabst is now also on the WHBPA Board of Directors. As such she will formally become a member of the committee. Brewer has been invited to be involved as a WTBOA representative. Both Pabst and Brewer felt that inroads had been made. Among other things the higher-end horses were not being adequately represented, but this has improved. Other committee members are trainer Greg Moore, trainer Jeff Metz, Pat LePley, trainer Diane Garrison, racing secretary Bret Anderson, his assistant Rene Harris, Jack Hodge and Phil Ziegler.

It was noted that the age conditions for this year's Washington Cup races had been changed. The stated motivation was that the three-year-old races were not good last year, so they were changed to be all three-and-up races but offering both a sprint and a route. The two-year-old races were not changed. This year the Pegasus Training Center distaff distance race had only two entries and was canceled with the \$15,000 sponsorship from that race applied to the Chinook Pass Sprint Stakes. Following the draw, Brewer had gone to Ziegler to ask if they could run the distance race back in 13 days, but Ziegler stated that it would not be run back. It was stated that "the sponsorships [for WA Cup] are running out." Possibly in the future WA Cup may consist of two to three \$35,000 stakes; a \$50,000 Muckleshoot Tribal Classic; and a series of claiming races.

Concern was expressed about whether the distaff distance stakes race having not run would cause it to lose its black-type status, but Brewer had communicated with The Jockey Club and learned that black-type would be lost only after two years of non-running. Discussion ensued regarding the future of WA Cup and where it might be going. It was noted that all other states with strong racing programs have strong state-bred programs as their backbone. WA Cup contributes toward helping to maintain a strong breeding program and therefore to the strength of the entire industry.

Decisions being made about the WA Cup need to consider long-term effects. Brewer, trainer Frank Lucarelli, track investor and longtime breeder Pabst, and board members Paul and Halvorson will schedule a meeting with Ziegler to discuss future changes affecting WA-bred racing and the WA Cup

Next Meeting Date: The next meeting was scheduled for Thursday, October 29, 2015. [The date was later changed to Tuesday, October 27, 2015.]

The meeting was adjourned at 3:39 p.m.