

WTBOA Board of Trustees Minutes June 18, 2015

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

The meeting was called to order at 12:05 p.m. at the WTBOA offices by President Brewer.

Previous Board Minutes: Minutes from the May 21, 2015, meeting were presented and reviewed. *Paul moved to approve the minutes as presented. Halvorson seconded the motion and the minutes were approved.*

Finance Committee Report: Treasurer Pabst reported that our financial reports are looking quite good. Track dues in the amount of \$17,000 for the non-live meet were received from Emerald Downs Racing LLC in early June. It was noted that if that amount is added to the total income showing on the P&L (dated through the end of May), that puts the total income at about \$153,000, compared to \$130,000 that was budgeted. Also, there are similar figures if the same thing is done when comparing the 2015 P&L to 2014's P&L. Noting the bottom line, if the \$17,000 in track dues is added to the net income, 2015 would show a net of a little over \$33,000 compared to \$14,500 net in 2014.

Pabst reported that there will be a modification in the way funds from the Stallion Season Auction are allocated. Those funds will now be split between the Sales Incentive Program (SIP) and the WTBOA Homebred Incentive Program (WHIP), if both of those programs pass as amended/ proposed (see below). In addition to helping fund WHIP, it will help with promoting the Stallion Season Auction if we are able to say that the auction also benefits homebreds, in addition to the sales horses.

Sales Incentive Program (SIP): The current SIP allowance race is not working, as the last two runnings have only produced four runners in each race. This has not helped handle, nor has it helped to distribute funds to a larger group of owners who purchase at the sale. In 2014, the sales incentive allowance race did not go at all. In addition, we are dependent on other organizations to include the race in the Condition Book. The goal is to have a program in which the WTBOA can act independently, as well as distribute money to as many owners as possible. The sales committee has reviewed various scenarios and is recommending the following:

The SIP program would be expanded and opened to three-year-olds in addition to two-year-olds. An increased bonus amount of \$2,500 would be awarded to the owner of an eligible horse breaking its maiden at Emerald Downs at the maiden special weight, allowance or stakes level. A \$1,000 bonus would be paid to the owner of an eligible horse winning at the \$25,000 maiden claiming level and above.

A test scenario estimated this would cost about \$20,000 per year. The buyers' portion of the nomination would now be tied to WTBOA membership, because the WTBOA administers the program, as well as putting time and effort into the Stallion Season Auction. (Consignors also must be WTBOA members, which is a requirement to sell in the sale.) The excess dollars needed to fund the program would come from the WTBOA general fund. A line or box would be need to be added to the sale purchase contract. *After some discussion, Pabst moved to approve the recommended changes to the Sales Incentive Program. Paul seconded and the motion was approved.*

Sale: Pabst reported that the sales committee met on June 9. As of that date, there were 105 summer session yearlings entered, with nine horses in the mixed session. Urban Timber Coffee had been contacted, and they will have a latte wagon on site for Monday and Tuesday morning of sale week. Sweet has contact Bob Fraser at Emerald Downs regarding sale day concessions. They will have a vegetarian lasagna available this year, in addition to what they have offered in the past. There was discussion regarding the need to have someone

understudy with sales barn manager Floyd Hughes, perhaps a backstretch person or maybe a teacher who would have summers off and is also a horse person.

Publications/Social Media: Sweet reported that the Summer issue of the magazine had gone to the printer and was due to be mailed in early July, as scheduled. Staff is currently working on the sale catalog, which is scheduled to go to the printer at the end of June and will be mailed on or around July 10. The new website is in its initial stages of setup and construction.

Washington Horse Racing Commission/Emerald Downs: Brewer reported on the June 12 meeting, during which TVG's simulcasting license was approved for renewal, with some discussion. It was noted that tracks are getting less and less from the source market fee and also that it takes \$320 bet through TVG compared to \$100 bet on track for Emerald Downs to get the same amount of return. Emerald Downs' all-source handle is up 16 percent and attendance is up.

Brewer reported that Washington Champions finished one-two-three in the Budweiser Handicap. Through this date, 53 percent of starters were Washington-breds, with 52 percent Washington-bred entries and 43 percent Washington-bred winners. Only three Washington-bred restricted races have run thus far. Tollett reported that she consistently sees the WA-bred races taken down by the race office at 10 a.m. and that they need to be left up longer. It was noted that Brewer and Pabst are now on the Condition Book committee, so they will try to get this rectified. Paul noted that it needs to become an owners' movement, to get their trainers to get their WA-breds entered.

Brewer also invited all in attendance at the WHRC meeting to attend the WTBOA Annual Membership Meeting, which will feature Emerald Downs President Phil Ziegler as the keynote speaker.

A new club in Shoreline was approved for simulcasting.

Discussion regarding the Washington Cup races followed Brewer's report. The staff will design a poster that will remind owners and trainers that some of the WA Cup Day races have been restructured and also that those races pay through eighth place. This year there will be no three-year-old races. There are two two-year-old races scheduled and the rest are three and up races. This information will also be publicized in the e-newsletter.

Position Paper: Brewer explained that the purpose of the Position Paper is two-fold: 1) In regard to the WTBOA, who we are, where we want to go, and what we have to offer; and 2) a presentation that we can hand to other industry entities in response to the question, "What can we do to help you?" This information will be presented at the Annual Membership Meeting.

Annual Membership Meeting: As noted above, Emerald Downs President Phil Ziegler has accepted as keynote speaker. Muckleshoot Indian Casino General Manager Conrad Granito was also invited, but he may not be able to attend. A flier will be created to send out advertising and promoting the meeting. Brewer will work with staff member Julia Wolters in creating a PowerPoint presentation, which will be based on the Position Paper. It will breeze through the basic committee reports and then focus on announcing the new programs.

Emerald Racing Club Farm Visits: Hagen reported that El Dorado Farms had hosted Emerald Racing Club visitors on Saturday, May 23. She reported that 67-70 people had visited and it was very well-received. They had fun and would like to do it again next year. [Griffin and Pabst had hosted Racing Club members at their farms the previous weekend, which was reported in the previous board minutes.]

WTBOA Homebred Incentive Program (WHIP): Brewer pointed out that the WTBOA lacks offering something for homebreds. Someone who pinhooks receives more in incentives than someone who breeds to

race. The Sales Incentive Program and the Emerald Buy Here/Win Here Program benefit those who buy horses, but there is nothing for those who breed, raise and race homebreds.

Halvorson noted that the WTBOA developed Breeders' Awards. One does not have to be a WTBOA member to earn Breeders' Awards; however, it was developed by the WTBOA.

Paul noted that we need to provide "value" to becoming a member, to enable the organization to grow and gain more power and more voice. We need a program that helps to drive membership. Breeders' Awards and Owners' Bonuses have been gutted to some extent, and we need a program that we can fund on our own, independent of having to request permission from another entity. Concerns were expressed about the impact on the general fund. It was noted that generally speaking, the low balance is about \$150,000, plus \$29,000 in the RBC account. A trial scenario indicated that it might cost the association \$20,000 at most, and the bonuses would not automatically be given every year. The program will be evaluated on a year-to-year basis. Hopefully, the program will help drive memberships, which will help increase funds available so that the program can grow.

Specifics of the new WTBOA Homebred Incentive Program (WHIP) follow:

- A one-time payment of \$1,000 when a WA-homebred breaks its maiden at Emerald Downs, beginning with the 2016 season.
- Two-year-olds and three-year-olds are eligible for the bonus.
- Payment goes to the owner of the horse at the time that the horse breaks it maiden.
- The payment is made by the WTBOA within 30 days of the win.
- The horse must break its maiden at Emerald Downs.
- The horse must be a Washington-bred.
- The horse must *not* have gone through any sale (either sold or RNA).
- The horse must break its maiden at the \$25,000 claiming level or higher.
- The owner(s) must be members of the WTBOA by April 15 of the year in which the bonus is paid. A horse that is managed by a member will also receive the award. For instance, if a racing partnership or syndicate owns the horse, as long as the person who manages the entity is a member, they will receive the bonus.
- The owner of the horse does not have to be the breeder of the horse.
- The program is required to be voted on by the Board of Trustees prior to renewal every year.

Paul moved to approve the WTBOA Homebred Incentive Program as presented. Webber second and the motion was approved.

Brewer requested that the new programs be kept confidential until they could be announced at the Annual Membership Meeting. The meeting will be promoted with the headline that some special new programs will be announced.

WTBOA Broodmare Club: Brewer has discussed the idea of the Broodmare Club with Emerald Downs Director of Marketing Sophia McKee. The WTBOA Broodmare Club will be designed along similar lines as the Emerald Racing Club. McKee was 100 percent behind the idea. Brewer is in the process of putting together figures and bullet points. He would hope to get 50 participants to start with. Details are still in progress and it will be introduced in a conceptual form at the Annual Membership Meeting.

Nominating Committee: Current WTBOA Board of Trustees incumbents are: Hagen, Pabst, Paul and Swagerty. Halvorson, Webber and Zerda have agreed to act as the nominating committee. A list of board member nominees running for the 2016-18 term will be presented at the Annual Membership Meeting. Sales Committee nominees were determined at the June 9 Sales Committee meeting. [New Board nominees, in addition to the incumbents, are: Jim Engstrom (Left Coast Racing), Tim Floyd (Warlock Stables), Steve

Meredith (Lucky Acres Farm) and Todd Nicklos (owner). Sales Committee incumbents are: Brewer, Griffin and Sue Hopp. New Sales Committee nominees are: Connie Belshay, Greg Luce and Marilyn Wulff.]

Survey to Members: A survey was suggested that would help to show the economic impact of the breeding industry. It was noted that Ron Crockett has a report and statistics regarding the overall industry impact. Webber noted that it would probably require a phone campaign to get responses. Perhaps a short survey could be handed out at the Annual Membership Meeting, or an online survey could be developed. The question was raised, what would we be trying to accomplish? The topic was tabled until a future meeting.

Next Meeting Date: The next meeting will be scheduled for just prior to the Annual Membership Meeting or after the sale. [The date was later set for Friday, September 11, following the WHRC meeting that morning, with the Finance Committee to meet at noon and Board meeting to commence at 1 p.m.]

All were encouraged to promote the Annual Membership Meeting to their friends, other members and clients.

Industry Golf Tournament: Paul reminded everyone that the annual tournament would take place on July 27. It is for horsemen, all are welcome, teams of four people. Joe Withee at Emerald Downs will be providing Paul with a flier, which Paul will forward to Sweet to promote via our website and e-newsletter. The tournament will take place at either Auburn or Riverbend Golf Course (to be announced on the flier) and the cost is \$50.

The meeting was adjourned at 1:41 p.m.