

MINUTES
WV RACING COMMISSION
Tuesday, January 13, 2015
WV Lottery Conference Room

The WV Racing Commission met on January 13, 2015 to conduct business and consider administrative matters. Roll call was taken and present was Chairman Jack Rossi. Commissioner Bill Phillips and Commissioner Greg McDermott were present via conference call. Counsel was represented by Kelli Talbott.

Approval of November 18th, December 4th and December 16th minutes

The Commissioners and legal counsel received the minutes from the November 18th, December 4th and December 16th meetings prior to this meeting. Mr. Phillips requested a modification be made to the December 16th minutes to include his comments made on an issue during public comments. Motion was made by Mr. McDermott to approve the minutes, seconded by Mr. Phillips. Motion passed.

Executive Director's Report
John Myers

John Myers stated at the previous couple of meetings there was a request to approve the simulcast export and import contracts for the Charles Town track and the Racing Commission still had not received the letter of approval from the HBPA. That letter has since been received and he wanted to notify the Commission of such. The FOIA report for the last quarter shows 3 additional FOIA's received in the month of December. Cancellation of races is starting to occur due to inclement weather.

The study that has been ongoing at Charles Town regarding the December 13th incident is still not available but he hopes to have the report today from the Investigator. Mr. Myers stated he feels the Investigator was very thorough in his investigation. In addition to interviewing every constituent, he has gone back to California to get some benchmarking before he gives his recommendations. Mr. Myers felt it was best to wait and get a complete report from the Investigator and discuss with the Chairman and have a separate meeting with that full report than to give a partial report on it today. Mr. Myers added the Racing Commission has already taken a few initiatives from our standpoint to do some things procedurally to improve. Chairman Rossi stated he suggests that more than likely when the report is received in its final form, the Commission will have a special meeting to discuss the report in detail so the Commission can implement the necessary enhancements or revisions for all tracks.

Auditor's Report and FY 2015 Schedule of Audits
Becky Carnefix

Becky Carnefix stated the capital improvements update for the month included Mountaineer submitted 4 projects for reimbursement and was paid a total of \$43,596.85. The detail of the projects paid and the amounts paid for each of the projects is included in the Commissioner's binders. Also included in the binders is a quarterly status report as of

December 31, 2014 for the outstanding projects approved and the funding available for each of the four tracks.

Supplemental purse awards for 3QFY14 claims for race dates January 2014-March 2014 have been processed and will be sent to the Auditor's office for payment tomorrow. Total eligible claims for Mountaineer totaled \$17,190.80 and they were paid out at the full 10%. Total eligible claims for Charles Town totaled \$297,606. Funds available for Charles Town was \$63,248.51, resulting in a payout of 2.125%.

A mailing was sent out on January 9th to all participants for the Thoroughbred Development Fund at Mountaineer and Charles Town. This mailing included race results for the entire 2014 calendar year and was sent for verification of information in preparedness for the annual distribution on February 15th.

A copy of the audit project schedule for FY'15 has been provided to the Commissioner's for their review.

Accountant's Report

John Myers stated the pari-mutuel comparison for the month is in the Commissioner's binders. In addition, there is a chart showing the change in pari-mutuel handle for the neighboring states.

The specs for the RFQ for the annual audit are also included in the Commissioner's binders. Our current contract has expired and it has not been put out to bid yet. Chairman Rossi stated he has looked over the specs and he thinks they are fine and the Commission should approve them. Motion was made by Mr. Phillips to approve the RFQ specs, seconded by Mr. McDermott. Motion passed.

Legal Update – Attorney General's Office

Kelli Talbott stated she filed a brief in the Supreme Court last week on the Commission's behalf in the Reynolds case. There is another case pending in the Supreme Court which is the Christopher Groves case. There are two hearings in Charles Town tomorrow, Mr. Jackson and Mr. Watson.

Election of Commission Chairman for 2015

Motion was made by Mr. Phillips to reappoint Mr. Rossi as Chairman, seconded by Mr. McDermott. Motion passed.

Capital Improvement Request – Mountaineer Casino, Racetrack and Resort - \$53,620 to demolish and construct a new winners circle scale building

Becky Carnefix stated she has reviewed the request and Mountaineer has included the narrative explaining the benefits and necessity of this project and she recommends it for approval. Mr. Phillips made the motion to approve, seconded by Mr. McDermott. Motion passed.

Mardi Gras Casino request for approval of 2015 Juvenile Stakes Race

John Myers stated there were some issues with the scheduling of this race last year due to the kennel cough but this request gets it back to its normal schedule. Motion was made by Mr. McDermott for approval, seconded by Mr. Phillips. Motion passed.

Mardi Gras Casino request for approval of 2015 Open Stakes Race

Motion was made by Mr. McDermott for approval, seconded by Mr. Phillips. Motion passed.

Wheeling Island request for approval of 2015 Stakes Race schedule

John Myers stated this request is for the Stakes Races for the entire year instead of for each race individually and there would be 6 Stakes Races held between February and November. There is a description of each race in the Commissioner's binders. Motion was made by Mr. McDermott for approval, seconded by Mr. Phillips. Motion passed.

Approval of records retention schedule for WVRC

John Myers stated the retention schedule the Racing Commission currently had on file with the Department of Culture and History was dated August 1988 so it was in need of being updated. The recommended retention schedule is included in the Commissioner's binders. This has been reviewed by Ms. Talbott and modifications were made based on her recommendations. Some other states were also used as a means of benchmarking in the preparation of the recommended retention schedule as well as the Department of Administration's guidelines for record retention. He is asking for approval by the Commission of this recommended retention schedule. Chairman Rossi stated he thinks this is a good step on behalf of the initiative the Commission staff took. Mr. Phillips asked what is being done to encourage more use of electronic technology to retain records? Mr. Myers responded there have been discussions between himself, Larry Carraher and Commission staff at the tracks as to how we can electronically file and store documents there instead of retaining actual paper documents. Currently the Racing Commission is identifying what equipment would be needed and what type of communication lines would be needed in order to make that work. In the headquarters office, Larry Carraher has set up an Archives type of system where files can be scanned directly to that and stored there electronically.

Motion was made by Mr. Phillips to approve the recommended records retention schedule, seconded by Mr. McDermott. Motion passed.

Randy Funkhouser request to address the Commission regarding recommendation to work with the horsemen and racetrack management to review revenue producing measures to infuse money into the WV racing industry

Randy Funkhouser stated the purse funds have been declining severely and along with that it has caused a reduction in racing days and the number of races run per day. This has certainly caused a lot of problems at all of the tracks. At the October 15th meeting there was a resolution to reduce racing days and it was approved. At that meeting Commissioner Phillips

suggested that all racing stockholders need to discuss and be educated on revenue raising ideas that were previously discussed by the Commission. Those specifically discussed were advanced deposit wagering, historic racing and EquiLottery. On December 16th Joe Funkhouser wrote a public comment letter to the WV Racing Commission that gave information concerning at least 15 revenue generating ideas that have been successfully implemented in other jurisdictions. His basic question is has the WV Racing Commission considered sending a resolution to the Legislature to increase racing revenue and prevent the continued decline of race days and purse funds? If not, why not or is it being considered in the future and if so, when? And how can the racing stockholders assist in that? Enclosed in that letter were a lot of articles and footnotes as to where to go on the internet to get this information. Everywhere these suggestions have been implemented it has raised revenue. Is the Racing Commission considering this? The Commission is not only here to regulate racing but also to maximize the revenue in WV from racing.

Mr. Phillips stated it's vital we take a look at the future of racing. We need to be more proactive. The step the Chairman took after the October meeting was a positive step when he asked Counsel to convene all the parties and work on legislation related to the number of live racing days. In August the Commission endorsed advanced deposit wagering and historic racing and the historic racing has had a tremendous impact on the states that have adopted that and it has been very positive. The Commission has to take a formal action regarding some sort of a process.

Mr. Funkhouser stated he hopes all the Commissioner's received a copy of the letter his son sent to the Commission outlining what is being done in other jurisdictions. He's not sure all of those items will work here in WV but all constituents need more revenue and these are some things that should be thought about to generate it.

Chairman Rossi asked what constituents have received this letter other than the Commission? He thinks this information needs to get out to all of the constituents and the Commission will call a special meeting to discuss just this issue.

Mr. McDermott stated this certainly sounds like a question that is worthy of great consideration in a special meeting. He thinks the idea of a special meeting based on this question that Mr. Funkhouser has presented sounds like a good idea.

Mr. Phillips stated he thinks an educational session for all parties would be extremely beneficial. However, he thinks the Commission needs to go beyond that because time is of the essence and things are deteriorating very quickly in this industry. An educational session or special meeting would be perfect and hopefully the public will learn from it as well.

Mr. Phillips made a motion that the Commission form a task force to look at the future of racing, and that this group be made up of persons to be determined by the Executive Director in consultation with the Commission, and that the task force have the authority to develop its mission beyond the future of racing and to choose a Chair from its members, and a formal report be presented by this task force to the Commission not later than April 1st.

Chairman Rossi stated since there was no second to this motion, perhaps they can take this motion with them to the special meeting they are going to have. Mr. McDermott stated that was his thought. He feels like he hasn't had the opportunity to reflect on the motion and would like to have that opportunity.

Chairman Rossi stated he will have John Myers schedule the special meeting and the sooner the better.

Mr. Phillips stated he thinks the communications from Joe Funkhouser should be made a formal part of the minutes from today's meeting. Chairman Rossi added he would request that information be circulated so all the constituents have it. Mr. Phillips added this letter should be put on the Racing Commission's website as well.

Public Comments

Jami Poole, President HBPA Mountaineer Park, read a letter to the Commission from a Board Member stating the horsemen and management of the tracks must come together in good faith and with an understanding from both sides in giving the racing in WV a good future. The HBPA and himself have been in several meetings with Mountaineer management and they have worked together as a team and feel they have a plan that best fits both parties. He appreciates Mountaineer management working with them. Chairman Rossi stated the Commission applauds him for that and encourages them to push forward. Mr. McDermott stated he appreciates the positivity. Mr. Phillips stated he agrees and added he thinks it's time the HBPA at both Charles Town and Mountaineer further work together as well as the two tracks to begin addressing some of these issues.

Mike Vales, owner/trainer at Mountaineer Park, stated he addressed the Commission last month and this is exactly what he wanted to accomplish. He thinks they are trying hard but there are still things to accomplish. Everything is about the reduction of race days and this is what is concerning the horsemen. There is no proposal to run 210 days and they want to run their 210 days. He is asking the Racing Commission to oversee these negotiations. He'd like a simple report from the HBPA and management at the next meeting showing their progress because this needs to be started March 1st not July 1st when half of the money has already been used and they can't make it until the end of the year. Based on the proposal now, they will not race in November and December.

Next meeting – tentatively February 17, 2015

Chairman Rossi stated the next regularly scheduled meeting is tentatively February 17th, but they have committed to scheduling a meeting as soon as possible to discuss Mr. Funkhouser's issue and another meeting for a review of the incident at Charles Town.

Adjournment

Mr. McDermott made the motion to adjourn, seconded by Mr. Phillips. Meeting adjourned.