TEXAS RACING COMMISSION
P. O. Box 12080
Austin, TX 78711-2080
(512) 833-6699
Fax (512) 833-6907

Friday, May 22, 2020
9:30 a.m.
By videoconference:
https://global.gotomeeting.com/join/357597709
Phone: (786) 535-3211 Access code 357-597-709

AD HOC HORSE INDUSTRY ESCROW ACCOUNT COMMITTEE AGENDA

I. CALL TO ORDER

II. PROCEEDINGS ON REQUESTS FOR FUNDING

Discussion and possible action to provide feedback to breed registries regarding requests for funding from the Horse Industry Escrow Account that were considered by the Commission on May 19, 2020

III. PUBLIC COMMENT

IV. ADJOURN

TEXAS RACING COMMISSION FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS ARABIAN BREDERS ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Arabian Juvinal Stakes at Lone star Park

Event Date(s) or Approximate Date(s): October 24, 2020

Total Amount Requested For this Event: 29,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
September 1, 2020

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

Arabian owners in the Dallas area will be invited to the races at Lone Star Park to meet and enjoy the races and learn about the Arabian Racing opertunities that are now available. Our promotional activities will bring new owners and enthuist to the track but it is essential we have an activity to draw them to the track. TABA will provide finger foods and non alcohalic beverages to provide a common area for them to meet and discuss Arabian Racing and learn to enjoy the Sport of Racing.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The Texas Arabian Breders Association has hired an experienced Promotional Manager to manage the social media blast, advertisement, e-mail blast, etc to get Arabian Owners or racing enthuis to the Races. These promotional activities will be taking place in the weeks prior to and thru the event at the track.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

We expect to introduce Arabian racing to some that are not familiar with it. To make Arabian owner realize the enjoymentof having their horse race, The fellowship from meeting with other Arabian owners attracts new Arabian race Horse owners and develops new race fans.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Ed Wilson

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;
(2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
(3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
(4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
(5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
(6) expenses related to litigation;
(7) professional association fees or dues for the breed registry or an individual;
(8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

(1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to

borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and

(2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	$2,000.00
Purse Supplements/Prizes	$25,000.00
Advertising	$1,500.00
Donations (include most recent IRS Form 990 for any non-profit)	$
Other Direct Expenses (itemize below):	$
	$
	$
	$
	$
Total Direct Costs	**$28,500.00**
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	**$500.00**
Total	**$29,000.00**

Event Production Costs ($2000 **total**) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*
This is to provide a place for Owners and enthuist to meet. TABA will provide finger foods and non-alcohalic beverages to participants. Getting people to the track is essential for them to experience the enjoyment of owning a race horse or just becoming a race horse fan.

Purse Supplements/Prizes ($25000 **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*
$12,500 is being added to the track purse for each of the two Graded Stakes Races.

Advertising (**$1500 total**) *Provide an explanation of advertising costs.*
We will be paying our Promotional Manager for providing publicity and promotion upto and thru the event.

Donations (**$0 total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (**$500 total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

Planning, making arrangements, preparing application	$200
Share of Audit: 1/6 of projected audit cost	$300

TEXAS RACING COMMISSION FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS ARABIAN BREDERS ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Arabian Stakes Night at Lone Star Park

Event Date(s) or Approximate Date(s): November 20, 2020

Total Amount Requested For this Event: $29,500

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
September 1, 2020

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

Arabian owners in the Dallas area and enthuist from all previous events will be invited to the races at Lone Star Park to meet and enjoy the races. The goal is increase the number of Owners, and develop racing fans to attend the races. Providing a common place to meet is esential. Finger foods and non alcohalic beverages will be provided. Meeting with owners and race enthuist demonstrates the enjoyment of owning a race horse and choosing horse racing as part of their entertainment activities.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The Texas Arabian Breders Association has hired an experienced Promotional Manager to manage the social media blast, advertisement, e-mail blast, etc to get Arabian Owners or racing enthuis to the Races. participation at these events demonstrates the effect of our promotional effort.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

We expect to introduce Arabian racing to some that are not familiar with it. To make Arabian owner realize the enjoymentof having their horse race. The fellowship from meeting with other Arabian owners. Attract new Arabian Race Horse owners and develop new race fans, this is essential to grow the Horse and racing industry.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Ed Wilson

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;
(2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
(3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
(4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
(5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
(6) expenses related to litigation;
(7) professional association fees or dues for the breed registry or an individual;
(8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

(1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to
borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
(2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	$2,500.00
Purse Supplements/Prizes	$25,000.00
Advertising	$1,500.00
Donations (include most recent IRS Form 990 for any non-profit)	$
Other Direct Expenses (itemize below):	$
	$
	$
	$
	$
Total Direct Costs	**$29,000.00**
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	**$500.00**
Total	**$29,500.00**

Event Production Costs ($2500 **total**) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*
This is to provide a place to meet other Arabian enthuist and provide finger foods and non-alcohalic beverages and enjoy the races. Arabian racing information will be available. Getting people to the track to see and enjoy racing is essential to expald the industry.

Purse Supplements/Prizes ($25000 **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*
$12,500 is being added to the track purse for each of the two Graded Stakes Stakes races.

Advertising (**$1500 total**) *Provide an explanation of advertising costs.*
We will be paying our Promotional Manager for providing publicity and promotion activities.

Donations (**$0 total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (**$500 total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

Planning, making arrangements, preparing application	$200
Share of Audit: 1/6 of projected audit cost	$300

TEXAS RACING COMMISSION FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS QUARTER HORSE ASSOCIATION (TQHA)

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 4-H Judging Team

Event Date(s) or Approximate Date(s): Texas State 4-H Horse Show (July 2020); AQHA Youth World Show (August 2020), and AQHA Quarter Horse Congress (October 2020)

Total Amount Requested For this Event: $9,450

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Funding can not be provided in multiple phases due to the up-front cost of ordering the prizes.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

4-H is a vital youth program and partnering with 4-H would encourage ongoing participation and exposure to quarter horse related activities. In addition, this partnership would potentially increase TQHA memberships and future participants in TQHA shows and activities.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Funding under this request would incorporate three (3) events:

1. AQHA Youth World Show in Oklahoma City, Oklahoma – August 2020
2. AQHA Congress in Columbus, Ohio – October 2020
3. Texas State 4-H Horse Show in Bryan/College Station, Texas – July 2020

A 4-H judging team judges specific horse classes to learn confirmation and form to function in an ideal horse. They compete on a local level in their county, then move on to larger events such as the Fort Worth Stock Show against other counties in the state of Texas with the big goal of competing against other 4-H teams in the nation at the AQHA World Show and AQHA Congress. Each state can only send two 4-H teams (one team being a state 4-H team i.e. TQHA) out of state. The 4-H members that participate under TQHA Team Texas banner are TQHA youth members.

For the judging contests at the AQHA World Show and AQHA Congress, scholarship money would be awarded to each team member as well as an award jacket. Scholarships & jackets are sent to the county 4-H club before the event to help cover costs.
For the State 4-H Horse Show, scholarships would be awarded to the highest placing TQHA member riding a registered AQHA horse in each of the six major divisions (judged western, speed, roping, hunter flat, hunter over fences and stock horse). Scholarship money will be sent to the State 4-H/ Extension Horse Program to distribute.

Anticipated Project Results/Economic Impact on the Horse Industry
Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.
The value of the 4-H youth program is often focused on the leadership, citizenship, and life skills that members receive as they participate in the program. Many 4-H members contribute to the well-being of their communities through individual efforts and as a member of a local club, but those with animal-related projects also contribute to the economic health of their rural communities and agriculture.
Few other youth development programs can make the direct economic contribution to their local communities that 4-H members make each and every year in addition to leadership skills that will benefit the horse industry in future years.

Project Oversight
Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?
Project oversight will be provided by Val Clark, Executive Director of the TQHA.

Project Budget
This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;
(2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
(3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
(4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
(5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
(6) expenses related to litigation;
(7) professional association fees or dues for the breed registry or an individual;
(8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:
(1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to
borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
(2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	$0.00
Purse Supplements/Prizes	$0.00
Advertising	$0.00
Donations (include most recent IRS Form 990 for any non-profit)	$9,000.00
Other Direct Expenses (itemize below):	$0.00
	$
	$
	$
	$
Total Direct Costs	$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	**$450.00**
Total	**$9,450.00**

Event Production Costs ($0 **total**) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*

Purse Supplements/Prizes ($ **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*

Advertising ($**0 total**) *Provide an explanation of advertising costs.*

Donations ($**9000 total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*
Judging Team:
TQHA Scholarship for each team member - $500 x 4 members = $2,000

Award TQHA logoed jackets for the team attending AQHA World Show and Congress = $1,000 to market the Texas Quarter Horse Association

State 4-H Horse Show:
$1,000 scholarship to the winner of each division = $6,000

Other direct expenses – first category _____ ($**0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ ($**0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ ($**0 total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets ($**450 total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*
$450 total to cover TQHA staff (Membership/Youth - 10 hours @ $15/hour - processing and communicating with the 4-H Club & winning team members after initial results from the Agrilife Extension office; Ordering custom jackets per Congress team member, shipping jackets.
Controller/accountant - 8 hours @ $37/hour -Identifying and paying scholarship recipients; reporting to

Agrilife Extension & TQHA Show committe

TEXAS RACING COMMISSION FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS QUARTER HORSE ASSOCIATION (TQHA)

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2020 QH Meet @ LONE STAR PARK - Accredited Texas Bred (ATB) Owners, Breeders & Stallion Owner Awards

Event Date(s) or Approximate Date(s): 2020 Texas pari-mutual races

Total Amount Requested For this Event: $973,135

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Due to the need to create new and incorporate into existing software, build the financial structure and advertise the program, TQHA respectfully requests $100,000 upon approval and the remainder of the funds in November.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

TQHA proposes increasing incentive money to the owners, breeders and stallion owners of accredited Texas-bred horses that finish first, second or third in a Texas pari-mutuel race during the 2020 Lone Star Park QH meet (September 11-November 28). These funds will supplement the current accredited Texas-bred incentive award payouts, mandated by the Texas Racing Act Sec. 2030.004.

In an effort to increase national exposure and increase simulcast handle to these races, TQHA will partner with Lone Star Park with promotions geared toward American Quarter Horse racing for increased media exposure and marketing during the meet to attract patrons.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.
Texas- bred horses finishing within the top 3 places in a Texas pari-mutual race at Lone Star Park will be eligible for the following enrollment incentive breakdown:

$900,000 ATB Awards:
40% Owner Award - $360,000
40% Breeder Award -$360,000
20% Stallion Owner Award -$180,000

$55,000 Daily Racing Form promotion (DRF) (based on # of days racing):
TVG and other opportunities for increased exposure for live and simulcast wagering (150 racetracks worldwide); Added coverage for big race day events

Anticipated Project Results/Economic Impact on the Horse Industry
Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.
By increasing Accredited Texas Bred awards to owners, breeders, and stallions of Accredited Texas Bred horses, Texas will be in a much better position to be able to compete with surrounding states where state bred awards are supplemented by Slot machine revenue.

The addition of the Accredited Texas Bred Owner, Breeder and Stallion Owner Awards will incentivize the increase of ATB horses over the next breeding cycle and beyond. The increased ATB awards will attract new breeders to Texas as well as see the return of many breeders who left the state for larger purses. TQHA estimates an increase of 50% of horses accredited as Texas breds. Texas will benefit from the direct and indirect costs related to participate in the Agriculture and Equine industry, in particular rural Texans. Funds will be put back into the Texas economy through such purchases as horse feed, bedding, equipment, grooming products, insurance, facility expenses, veterinary services, farrier services, and labor, fuel etc.

With increased national exposure to these races through TVG, fiscal measurements will be demonstrated in entries and handle increases in comparison to the 2019 meet. TVG has over 201,000 active customers in top 20 U.S. markets

Project Oversight
Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?
Project oversight will be provided by Val Clark, Executive Director of the Texas Quarter Horse Association along with Rob Werstler, Director of Racing. TQHA will create and install new software enhancements for thorough reporting of the ATB award project that will be readily available for review.
Reports will be provided to the TQHA Board of Directors, TQHA's independent auditing firm and TRC's Quarterly & Annual Performance Measures.

TQHA's Rob Werstler will work directly with Lone Star Park management to oversee all promotional activities. Lone Star Park will provide reports to TQHA as funds are expended and interim reports on the said affect of.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;
(2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
(3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
(4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
(5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
(6) expenses related to litigation;
(7) professional association fees or dues for the breed registry or an individual;
(8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

(1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to
borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
(2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	**$**
Purse Supplements/Prizes	**$900,000.00**

Advertising	$60,000.00
Donations (include most recent IRS Form 990 for any non-profit)	$0.00
Other Direct Expenses (itemize below):	$3,335.00
	$
	$
	$
	$
Total Direct Costs	**$963,335.00**
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	**$9,800.00**
Total	**$973,135.00**

Event Production Costs ($ **total**) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*

Purse Supplements/Prizes ($900000 **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*

40% Owner Award - $360,000
40% Breeder Award -$360,000
20% Stallion Owner Award -$180,000

Advertising ($**60000 total**) *Provide an explanation of advertising costs.*
$5,000 TQHA Direct costs:
Advertisements - magazines - TRACK, Speedhorse, Stallionesearch.com
Online - Constant Contact, use of advertising platforms on FaceBook
Update the Website to be a more effective communication tool to inform members and improve their user experience
Update will include gathering analytics and intelligence of the users and optimize performance and integrate with other channels
$55,000 - LSP Daily Racing Form promotion (DRF) (based on # of days racing):
TVG and other opportunities for increased exposure for live and simulcast wagering (150 racetracks worldwide); Added coverage for big race day events

Donations ($**0 total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ ($**3335 total**) *Provide a detailed description of any other category of direct expenses.*

Data Analysis
Collect and store data on past and new numbers
Process, present, design reporting to ensure quality and accuracy
Monitor performance to identify improvements

Other direct expenses – second category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (**$9800 total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

$1200 - Checks, envelopes, IRS Reporting, copier paper, postage for checks; postage for letters to ATB recipients who need additional paperwork to complete transaction such as SS#, etc

$1,100 total - TQHA staff time Personnel -

• Race Programs Coordinator - 20 hours x 18/hour = $360

Data entry – calulation of percentages of dark day and live meets; review ownership of horse with AQHA, verification of payment for each vendor, Calculating & Producing incentive pay-out - Printing, mailing, signing checks

•Controller/Accountant - 20 hours x 37/hour = $740

Separate fund Reporting for TRC, Board of Directors, Internal Revenue Service, auditors

Software Upgrade - $7,500

• Create software to accommodate calculating new funds separate from current simulcast funds
• Create software for the TRC reporting that reflects this money as separate from current pay-out.
• Improve performance to adapt the current product to a modified environment
• Upgrade software of hardware capabilities beyond original specification. The enhancements will allow software and hardware product performance scalability.

TEXAS RACING COMMISSION FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS QUARTER HORSE ASSOCIATION (TQHA)

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2020 QH Meet @ RETAMA - Accredited Texas Bred (ATB) Owners, Breeders & Stallion Owner Awards

Event Date(s) or Approximate Date(s): 2020 Texas pari-mutual races

Total Amount Requested For this Event: $400,160

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Due to the need to create new software and enfold into existing program, build the financial structure and advertise the program, TQHA respectfully requests $60,000 upon approval and the remainder of funds in August.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

TQHA proposes increasing incentive money to the owners, breeders and stallion owners of accredited Texas-bred horses that finish first, second or third in a Texas pari-mutuel race during the 2020 Retama Park QH meet (July 3- September 5). These funds will supplement the current accredited Texas-bred incentive award payouts, mandated by the Texas Racing Act Sec. 2030.004.

In an effort to increase national exposure and increase simulcast handle to these races, TQHA will partner with Retama Park with promotions geared toward American Quarter Horse racing for increased media exposure and marketing during the meet to attract patrons.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.
Texas- bred horses finishing within the top 3 places in a Texas pari-mutual race at Retama Park will be eligible for the following enrollment incentive breakdown:

$350,000 ATB Awards:
40% Owner Award
40% Breeder Award
20% Stallion Owner Award

$35,000 Daily Racing Form promotion (DRF) (based on # of days racing):
TVG and other opportunities for increased exposure for live and simulcast wagering (150 racetracks worldwide); Added coverage for big race day events

Anticipated Project Results/Economic Impact on the Horse Industry
Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.
By increasing Accredited Texas Bred awards to owners, breeders, and stallions of Accredited Texas Bred horses, Texas will be in a much better position to be able to compete with surrounding states where state bred awards are supplemented by Slot machine revenue.

The addition of the Accredited Texas Bred Owner, Breeder and Stallion Owner Awards will incentivize the increase of ATB horses over the next breeding cycle and beyond. The increased ATB awards will attract new breeders to Texas as well as see the return of many breeders who left the state for larger purses. TQHA estimates an increase of 50% of horses accredited as Texas breds. Texas will benefit from the direct and indirect costs related to participate in the Agriculture and Equine industry, in particular rural Texans. Funds will be put back into the Texas economy through such purchases as horse feed, bedding, equipment, grooming products, insurance, facility expenses, veterinary services, farrier services, and labor, fuel etc.

With increased national exposure to these races through TVG, fiscal measurements will be demonstrated in entries and handle increases in comparison to the 2019 meet. TVG has over 201,000 active customers in top 20 U.S. markets

Project Oversight
Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?
Project oversight will be provided by Val Clark, Executive Director of the Texas Quarter Horse Association along with Rob Werstler, Director of Racing. TQHA will create and install new software enhancements for thorough reporting of the ATB award project that will be readily available for review.
Reports will be provided to the TQHA Board of Directors, TQHA's independent auditing firm and TRC's Quarterly & Annual Performance Measures.

TQHA's Rob Werstler will work directly with Retama Park to oversee all promotional activities. Retama Park will provide reports to TQHA as funds are expended and interim reports on the said affect of.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;
(2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
(3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
(4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
(5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
(6) expenses related to litigation;
(7) professional association fees or dues for the breed registry or an individual;
(8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

(1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to
borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
(2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	**$**
Purse Supplements/Prizes	$350,000.00

Advertising	$40,000.00
Donations (include most recent IRS Form 990 for any non-profit)	$0.00
Other Direct Expenses (itemize below):	$3,335.00
	$
	$
	$
	$
Total Direct Costs	**$393,335.00**
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	**$6,825.00**
Total	**$400,160.00**

Event Production Costs ($ **total**) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*

Purse Supplements/Prizes ($350000 **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*

40% Owner Award - $140,000

40% Breeder Award - $140,000

20% Stallion Owner Award - $70,000

Advertising ($**40000 total**) *Provide an explanation of advertising costs.*
$5,000 TQHA Direct costs:
Advertisements - magazines - TRACK, Speedhorse, Stallionesearch.com
Online - Constant Contact, use of advertising platforms on FaceBook
Update the Website to be a more effective communication tool to inform members and improve their user experience
Update will include gathering analytics and intelligence of the users and optimize performance and integrate with other channels
$35,000 - Retama Daily Racing Form promotion (DRF) (based on # of days racing):
TVG and other opportunities for increased exposure for live and simulcast wagering (150 racetracks worldwide); Added coverage for big race day events

Donations ($**0 total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (**$3335 total**) *Provide a detailed description of any other category of direct expenses.*
Data Analysis
Collect and store data on past and new numbers
Process, present, design reporting to ensure quality and accuracy
Monitor performance to identify improvements

Other direct expenses – second category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (**$6825 total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

$1000 - Checks, envelopes, IRS Reporting, copier paper, postage for checks; postage for letters to ATB recipients who need additional paperwork to complete transaction such as SS#, etc

$825 -TQHA Personnel

- Race Programs Coordinator 15 hours x 18 = $270

Data entry – calulation of percentages of dark day and live meets; review ownership of horse with AQHA, verification of payment for each vendor, Calculating & Producing Pay-out - Printing, mailing, signing checks

- Controller/Accountant 15 hours x $37 = $555

Separate Reporting of funds - TRC, Board of Directors, Internal Revenue Service, auditors

$5000 -Software Upgrade

- Create software to accommodate calculating new funds separate from current simulcast funds
- Create software for the TRC reporting that reflects this money as separate from current pay-out.
- Improve performance to adapt the current product to a modified environment
- Upgrade software of hardware capabilities beyond original specification. The enhancements will allow software and hardware product performance scalability.

TEXAS RACING COMMISSION FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS QUARTER HORSE ASSOCIATION (TQHA)

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): TQHA State Championship Year-End Awards

Event Date(s) or Approximate Date(s): 2020 Point-Year (December 1 - November 30)

Total Amount Requested For this Event: $51,775.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Approval is needed immediately to announce and market the program to exhibitors to increase the amount of shows they attend in anticipation of Year End Award program. To adequately plan award items according to budget with the up-front cost of ordering the prizes and awards, Funding is needed by July 2020

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The Texas Quarter Horse Association currently has a limited budget and program to recognize year-end high point winners that show at the TQHA Horse Show Series Approved Shows.

In order to be eligible, owners and riders must be TQHA members to accumulate points. Points are accumulated when exhibitors show and place in their respective classes and divisions throughout the showing calendar year (December 1 – November 30) at approved shows in Texas. A list of eligible shows can be found at www.tqha.com. On average, over 400 TQHA members actively participate in this program with division awards being given to 1st and 2nd place. Due to the existing budget constraints, the value of the awards has been limited to a dollar value of $40 - $60.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The leadership of TQHA recognizes the substantial financial commitment of owners and riders who wish to show Quarter Horses. It can be estimated that an average participant spends approximately $141 per day of their horse show between food, lodging, and other taxable purchases (Highland Market Research, LLC 2019). To that end, TQHA wishes to expand its existing program to recognize and encourage the members that are committed to showing their Quarter Horses on the TQHA circuit. It is anticipated that the expansion of the program would increase the number of participants and TQHA members and incentivize people to keep their dollars recirculating in the Texas economy, as opposed to driving to other States for their horse show experience.

It is envisioned that these funds would allow the association to spread awards down through five (5) placings with more valuable and coveted items like monogrammed championship jackets. Winners of the youth divisions would be eligible to receive scholarships valued at $500.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

To be eligible for TQHA year end awards, exhibitors must be current in their TQHA membership. Based on initial feedback, it is anticipated that TQHA memberships may increase 20 – 30%. In addition, TQHA will benefit from increased entries within all divisions at the statewide approved shows. The ripple effect of this increase will flow into the local shows and thus local economies through increased purchases on items eligible for sales, hotel/motel and mixed beverage taxes.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project oversight will be provided by Val Clark, Executive Director of the TQHA. It is anticipated that a year-end review regarding the overall entry numbers will be conducted by TQHA.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;
(2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
(3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
(4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
(5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
(6) expenses related to litigation;
(7) professional association fees or dues for the breed registry or an individual;
(8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

(1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to
borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
(2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	$1,300.00
Purse Supplements/Prizes	$45,000.00
Advertising	$2000.00
Donations (include most recent IRS Form 990 for any non-profit)	$0.00
Other Direct Expenses (itemize below):	$1200.00
	$1,500.00
	$
	$
	$
Total Direct Costs	**$51,000.00**
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	**$775.00**

Total	**$51,775.00**

Event Production Costs ($1300 **total**) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*
Year End Award Banquet - invitation & information mail-out for banquet, awards magazine for recipients at dinner (250 - 300 count), name badges for attendees

Purse Supplements/Prizes ($45000 **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*
May include, but not limited to, monogrammed championship jackets, trophies, buckles, other championship memorabilia to be determined by the Texas Quarter Horse Association in the event of funding approval. Cash prizes are also being considered depending on points awarded.

Advertising (**$2000 total**) *Provide an explanation of advertising costs.*
Paid FB ads
Constant Contact Enews Blasts
Magazine advertising - Equine Chronicle, Southwest Horse Trader
Mail-out fliers to each show member

Donations (**$0 total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (**$1200 total**) *Provide a detailed description of any other category of direct expenses.*
Equitek point program software - $100/ month
Greg Bahry

Other direct expenses – second category _____ (**$1500 total**) *Provide a detailed description of any other category of direct expenses.*
AQHA show points - $15/ show #. 100 show #s (1-6 show #s per show)
AQHA charges $15 per show # to download results from their website. The overall figure of $1500 is based on how many show #s there are to download. This used to be a free service of AQHA to Affiliates. It currently is not.

Other direct expenses – third category _____ (**$0 total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (**$775 total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted*

costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.

TQHA staff - membership/youth - 35 hours x $15 per hour - Calculating points per exhibitor and publishing; Getting bids on product per each category; Choosing most suitable awards for budget & discipline; Purchasing process until delivery; Notifying award winners

Contract labor at banquet: $250 flat fee - Catagorizing & Organizing awards for recipients at Award Banquet; setting display; assisting with awards ceremony

FOR MULTIPLE PROPOSALS, PLEASE NUMBER THEM SEQUENTIALLY HERE (i.e. 1 of 2, 2 of 2, etc.)

TEXAS RACING COMMISSION

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form HIEA-1, General Information)

APPLICANT NAME: TEXAS QUARTER HORSE ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): TQHA Yearling Sale

Event Date(s) or Approximate Date(s): July 25, 2020

Total Amount Requested For this Event: 148,480

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
**Immediate approval is needed to appropriately and successfully plan event.
Funds are needed in July.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The TQHA Yearling Sale is a flagship event for the Texas Quarter Horse Association. It is a horse sale restricted to racing Accredited Texas bred Quarter Horse yearlings which results in the very purpose and foundation of supporting breeding, selling and training of horses bred in Texas. Horses that go through the sale ring are eligible to enter an ATB Futurity race the following year. So this sale not only encourages breeding and selling in Texas, but racing those horses in Texas rather than out of state.

Due to COVID-19, the Quarter Horse industry and horsemen are financially hurting. This application helps horsemen in giving them a rebate to relieve some of the financial hardship that many are going through - similar to the Federal relief programs. Horsemen have been reluctant to consign their horses this year in the TQHA sale because of Covid -19. TQHA hopes that this rebate will incentivize consignors to keep their horses in the TQHA sale rather than choose sales that are later in the year when the ecomony and assurance of buyers has settled. (TQHA is the first QH race horse sale of the calendar year in the nation). This application also allows for TQHA to adapt and adjust to new Corona Virus restrictions for the safety of sellers and buyers. The costs are extra and above what TQHA normally incurs.

Consignors are very tentative about selling their horses in the TQHA sale because of economic instability. Selling prices will be down. TQHA would like to offer a pro-rated rebate (consignor rate is $650/horse) to each horse consigned that goes through the sale ring based on the amount of horses consigned.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

As mentioned above, this race horse sale is restricted to Texas accredited horses only. It supports breeders in Texas as it gives value to their horses within the state; and allows buyers to purchase and own a Texas bred with the intent to run in Texas. Horses that go through this sale are eligible to run the following year in the prestigious Sale Futurity so there is incentive to not only sell in this sale, but to own a horse to run in this race! The sale is scheduled for July 24&25 in San Antonio with buyers from in & out of state. This year the sale will be different than previous years, to adapt to the restrictions and safety measures necessary for Covid 19. Horses will be featured live online so that bidders will be able to make bids from a remote location on the horses due to Covid 19 distancing. A sale software program specific to horse sales will be leased to document sellers and buyers for a timely & correct financial response. Sale expert contract labor is needed in order to run this sale. Due to Covid-19, this sale has many challenges this year. An incentive to keep consignors from choosing sales later in the year in other states and increased technology to adjust to new restrictions are desperately needed. TQHA is proposing a prorate based on # of horses: approximately $400 rebate per consignment based on 250 head or $500 rebate if 200 head. This is out of the realm of TQHA's typical annual sale. This is the only QH race horse sale in the state of Texas. If Texas does not have the commerce of horses, our industry is not furthered and rather than being stagnant during difficult times, declines. TQHA began advertising this sale with updates in March. We feel an aggressive advertising campaign is necessary for the confidence of sellers and buyers in addition to giving updates in an ever changing environment. The incentives and costs listed are above the normal costs of running this sale and TQHA anticipates that they are unique only to 2020.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

This sale will keep the Accredited Texas Program viable for breeders and owners in Texas. Not only will it continue to hold the value of Texas breds and give them an avenue to race in 2021, but it is also a very needed commerce outlet for ranches and horse owners as they struggle financially with the Covid-19 crisis. In a normal year, the consignment fee is acceptable, but this year owners cannot afford to consign their stock so a rebate is especially needed. The economic impact of keeping horses breeding and racing in Texas has a direct impact on the many aspects of agriculture, racing, and all the individuals employed by this industry which includes and is not limited to ranches and their employees, vets, farrier, feed/tack stores, trainers, track employees, etc.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?
Project oversight will be provided by Val Clark, Executive Director of the Texas Quarter Horse Association and Rob Werstler, Director of Racing.
The TQHA Finance Committee currently holds weekly meetings to assess and adjust as needed due to Covid-19. They will continue meetings until the completion of the sale.
Reports will be provided to the TQHA Board of Directors, TQHA's independent auditing firm and TRC's Quarterly & Annual Performance Measures.

Project Budget
This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;
(2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
(3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
(4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
(5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
(6) expenses related to litigation;
(7) professional association fees or dues for the breed registry or an individual;
(8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

(1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to
borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
(2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	$23500.00
Purse Supplements/Prizes	$100,000.00
Advertising	$10,000.00
Donations (include most recent IRS Form 990 for any non-profit)	$
Other Direct Expenses (itemize below):	$14,980
Sale Software Program lease	$4,000.00
*Sale catalog with online phone app - $20 per horse - 245 horses	$4,900.00
Contract labor	$4,080.00
Covid-19 Protections put in place	$2,000.00
Total Direct Costs	**$148,480.00**
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	$0
Total	$148,480.00

Event Production Costs ($23500 **total**) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*
*Superior Sales online bidding platform - video and live bids - $2000/ hour x 9 hours = $20,000
*Auction screens, mics, sound system(additional equipment needed for spacing – i.e. TV screens, and live streaming) -$3000
*Golf Carts Help with unloading due to crowding -$500

Purse Supplements/Prizes ($100000 **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*
Rebate to consignors if horse goes through sale ring:
Prorate based on # of horses5 approximately $400 rebate based on 250 head or $500 rebate if 200 head

Advertising ($10000 **total**) *Provide an explanation of advertising costs.*
Additional advertising above 2019 - including Covid pre-cautions and changes at the sale in procedures

Donations ($ **total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _ _____ (**$10080 total**) *Provide a detailed description of any other category of direct expenses.*
Sale Software program lease - Esales - $4000
Covid-19 Set-up materials (masks, check-out shields, distant stations, sanitizer, etc) - $2000

Contract labor - additional staff to handle Covid restrictions -2 additional check-out staff, off-duty police to direct consignors & buyers during sale; additional security lines at gate check out , additional horse identifier and runner- $4,080
*Sale catalog with online phone app - $20 per horse - 245 horses

Other direct expenses – second category _ _____ ($ total)
Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _ _____ ($ total) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets ($0 **total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

Priority #7
8 of 15

TEXAS RACING COMMISSION FORM HIEA-2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form HIEA-2, Project Narrative)

APPLICANT NAME: TEXAS THOROUGHBRED ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Texas 4-H Horse Project: County Grant Program (a 10-year project)

Event Date(s) or Approximate Date(s): Expansion of Ongoing Programs Beginning August 2020

Total Amount Requested For this Event: $110,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Needed by August 15, 2020

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The Texas 4-H Horse Project encompasses over 3,600 youth who participate in educational events and competitions at the county, district and state levels. Competition events include horse shows, educational presentations, horse judging, hippology, quiz bowl and record book.

County Extension Agents plan and implement equine educational opportunities for youth through local schools, county fairs and other venues to help promote involvement in equine activities. These "grass-roots" programs are the foundation of AgriLife Extension and have the greatest potential for creating a lasting and personal impact on youth and the Texas horse industry as a whole. With monetary support, counties can either begin a county 4-H Horse program where none has existed before or provide support for existing programs.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.
With monetary support, counties can either begin a county 4-H Horse program where none has existed before or provide support for existing programs. In order to distribute proposed funding to county programs, an application process would be implemented whereby applications would be reviewed by a committee of Extension Horse Specialists and 4-H personnel, with funds awarded according to merit of requests. Preference to be given to support of innovative programs and those with potential for greatest impact. Multi-county programs are encouraged to facilitate collaboration among groups and increase the reach of programs.

Grant Application Questions include:
Which area of focus does this request support? Engaging Volunteers, Marketing & Technology, Projects & Operations, Expanding Outreach, Program Development, Strengthening Clubs.

Please describe the need for which you are requesting funding.
Please provide the anticipated costs for which you are requesting funds.
Please provide back up on how you came up with the figure you are providing.

Anticipated Project Results/Economic Impact on the Horse Industry
Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.
Participants will include new and existing youth and their families through generation of new horse programs and expansion of current programs. Conservative estimates would be an impacted 150 participants each year and 55 - 60 counties each year.
Ongoing program participation will result in increased interest and direct participation in the horse industry, with related increases in sales of equine goods and products, tack and equipment, veterinary and farrier services, feed, hay, bedding, transportation, etc. The state comptroller can provide comparative statistics for these items.

Project Oversight
Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?
TTA Executive Director Mary Ruyle will work directly with Texas 4-H Youth Development Foundation Executive Director David White who will collaborate with the grant committee and County Extension Agents to provide regular, detailed reports as funds are expended.
Reports will be provided to the TTA Board of Directors. The firm of Alexander and Lievens, PC will include this initiative in their annual financial audit of TTA. Documentation will also be included as part of the TTA's quarterly and annual Performance Measures Report to the Texas Racing Commission.

Project Budget
This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required

to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

(1) capital improvements;
(2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
(3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
(4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
(5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
(6) expenses related to litigation;
(7) professional association fees or dues for the breed registry or an individual;
(8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

(1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
(2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	$
Purse Supplements/Prizes	$
Advertising	$
Donations (include most recent IRS Form 990 for any non-profit)	$110,000.00
Other Direct Expenses (itemize below):	$
	$
	$
	$
	$

Total Direct Costs	**$**
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	**$**
Total	**$110,000.00**

Event Production Costs ($ **total**) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*

Purse Supplements/Prizes ($ **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*
$

Advertising ($ **total**) *Provide an explanation of advertising costs.*

Donations ($**110000 total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*
Continuance and sustainability are vital to the program's long-term impact. Funding in the amount of $110,000 will enable the existing Texas 4-H County Grant Program to provide this important new phase to fully establish an innovative and effective program over the next 11 years. All funds will go the the Texas 4-H Youth Development Program and a copy of their most recent form 990 will be sent via mail.

Other direct expenses – first category _____ ($ **total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ ($ **total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ ($ **total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets ($ **total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*