



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

Tuesday, July 7, 2020
10:00 a.m.
By videoconference:
<https://global.gotomeeting.com/join/623912789>
Phone: (571) 317-3112 Access code 623-912-789

AD HOC HORSE INDUSTRY ESCROW ACCOUNT COMMITTEE AGENDA

I. CALL TO ORDER

II. PROCEEDINGS ON RULES

- A. Discussion and possible action to make recommendations to the Commission regarding proposed amendments to the following rules:
 - 1. 16 TAC § 303.301, Definitions
 - 2. 16 TAC § 303.321, Allocations to Breed Registries
 - 3. 16 TAC § 303.322, Limitations on Use of Funds by Breed Registries
 - 4. 16 TAC § 303.325, Quarterly Reports
- B. Discussion and possible action regarding future amendments to 16 TAC § 303.321, Allocations to Breed Registries, to allow the executive director to approve proposals that do not exceed a certain dollar amount

III. PROCEEDINGS ON REQUESTS FOR FUNDING

Discussion and possible action to make recommendations to the Commission regarding requests for funding from the Horse Industry Escrow Account

IV. PUBLIC COMMENT

V. ADJOURN

CHAPTER 303 GENERAL PROVISIONS
SUBCHAPTER G HORSE INDUSTRY ESCROW ACCOUNT
DIVISION 1 GENERAL PROVISIONS

1 303.301, Definitions

2 The following words and terms, when used in this subchapter, shall have the following
3 meanings:

4 (1) Account – the horse industry escrow account.

5 (2) Association – a horse racetrack association.

6 (3) Event -- a planned occasion or activity, such as a competition or other public gathering.

7

8 **DIVISION 3 BREED REGISTRIES**

9 303.321 Allocations to Breed Registries

10 (a) A breed registry is eligible to request funds from the horse industry escrow account if it
11 is listed in Section 2030.002(a) of the Act.

12 (b) Events funded from the horse industry escrow account must serve the public purpose
13 of increasing the development, expansion, or diversification of the economy, employment,
14 growth of enterprise, or tourism of the state.

15 (c) A breed registry requesting an allocation from the horse industry escrow account shall
16 do so using forms approved by the executive director.

17 (d) [(b)] When requesting an allocation from the horse industry escrow account, an eligible
18 breed registry shall indicate the event(s) for which it intends to use the funds and provide
19 the following information for each event:

20 (1) the date(s) or approximate date(s);

21 (2) a detailed description of the event;

22 (3) the dollar amount requested for the event;

23 (4) a detailed explanation of the budget for the event, with any costs related to
24 personnel, the purchase of assets, and other administrative expenses stated separately;
25 and

26 (5) the anticipated economic impact of the event on the horse industry.

27 (e) [(e)] The Commission may approve a request for allocation of funds submitted by an
28 eligible breed registry if, after considering the factors set forth in the Act, §2028.204(b), it

29 finds that the request satisfies the requirement that the funds be used for events to further
30 the horse industry. Requests may be approved in full or in part, at the discretion of the
31 Commission.

32 ~~(f) [(d)] If [In the event that]~~ the total of funds requested by eligible breed registries exceed
33 the funds expected to be available in the account, the Commission may approve requests
34 on a pro rata basis, may approve funding for certain events but not others, or a
35 combination. Priority shall be given to events that the Commission finds likely to have the
36 greatest economic impact in the following areas:

- 37 (1) the state's horse racing industry;
- 38 (2) live racing at the state's racetracks;
- 39 (3) the horse breeding industry;
- 40 (4) the state of Texas as a whole; and
- 41 (5) non-racing horse industry activities.

42 ~~[(e) Notwithstanding subsections (c) and (d) of this section, prior to January 1, 2020, the~~
43 ~~executive director may act on behalf of the Commission to approve requests for allocation~~
44 ~~from the account.]~~

45

46 303.322 Limitations on Use of Funds by Breed Registries

47 (a) A breed registry may use horse industry escrow account funds only for events that
48 further the horse industry. ~~[The Commission may require a breed registry to repay funds if~~
49 ~~the breed registry fails to expend the funds in accordance with Section 2028.204 of the Act~~
50 ~~and this section on the earlier of 45 days after the cancellation of any previously approved~~
51 ~~and funded event or [within] twelve months of the date it receives the funds. All funds~~
52 ~~expended with respect to any canceled event or event that does not otherwise occur shall~~
53 ~~be accounted for and such accounting shall accompany the return of the balance of such~~
54 ~~related canceled event funds.]~~

55 (b) The following types of costs may not be paid with funds allocated from the account:

- 56 (1) capital improvements;
- 57 (2) donations or contributions made to any individual or organization without express
58 approval from the Commission for such contribution or donation;

59 (3) costs of entertainment, amusements, social activities, and incidental costs relating
60 thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging,
61 rentals, transportation, tips, and gratuities;

62 (4) fines, penalties, or other costs resulting from violations of or failure to comply with
63 federal, state, or local laws and regulations;

64 (5) liability insurance coverage not specific to a particular event or series of events for
65 which the Commission has allocated funds from the account;

66 (6) expenses related to litigation;

67 (7) professional association fees or dues for the breed registry or an individual;

68 (8) legislative expenses such as salaries and other expenses associated with lobbying
69 the state or federal legislature or similar local governmental bodies, whether incurred for
70 purposes of legislation or executive direction; or

71 (9) fundraising.

72 (c) The following types of costs may only be paid with funds allocated from the account, in
73 an amount not to exceed five percent of the amount [total] allocated for the event for which
74 it is allocated [~~to the breed registry or of the approved allocation for any event~~], if
75 specifically approved by the Commission:

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

80 (2) the purchase of capital assets.

81 (d) A breed registry may pay a cost out of funds awarded from the horse industry escrow
82 account if it satisfies subsections (a) through (c) of this section and is reasonable and
83 adequately documented.

84 (1) A cost is reasonable if the cost does not exceed that which would be incurred by a
85 prudent individual or organization under the circumstances prevailing at the time the
86 decision was made to incur the cost and it is necessary to achieve the purpose for which
87 the funds were sought.

88 (2) A cost is adequately documented if the cost is supported by Generally Accepted
89 Accounting Principles, the breed registry's accounting records, and documented in
90 accordance with §303.325 of this subchapter (relating to Quarterly Reports).

91 (e) Use of funds allocated to a breed registry from the account shall comply with the
92 current Uniform Grant Management Standards or Texas Grant Management Standards.

93 (f) If a previously approved and funded event is canceled, the funds shall be returned to
94 the Commission within 45 days after the cancelation of the event. All funds expended with
95 respect to any canceled event or event that does not otherwise occur shall be accounted
96 for an such accounting shall accompany the return of the balance of such related canceled
97 event funds.

98 (g) The Commission may require a breed registry to repay any funds not expended in
99 accordance with Section 2028.204 of the Act and this section after the completion of an
100 event.

101

102

103 303.325 Quarterly Reports

104 (a) A breed registry receiving funds from the horse industry escrow account shall submit to
105 the Commission a report every quarter. The report must include:

106 (1) the amount of funds expended toward each event for which funds have been
107 allocated;

108 (2) for each ~~[completed]~~ event completed during the previous calendar quarter, the total
109 amount of funds expended toward the event, ~~[and]~~ a breakdown of the funds expended for
110 that event, and copies of documentation of all amounts expended; and

111 (3) the following certification: "By my signature below, I certify that (1) all of the
112 information in this report is correct, (2) all funds expended from the horse industry escrow
113 account were used in accordance with Section 2028.204 of the Texas Racing Act and the
114 Rules of the Texas Racing Commission, and (3) the breed registry has all documentation
115 required by 16 TAC § 303.324."

116 (b) Quarterly reports shall be submitted to the Commission no later than November 30,
117 February 28, May 31, and August 31 of each year for the previous calendar quarter.



June 23, 2020

Texas Racing Commission
Attn: Jean Cook
Assistant to the Executive Director
Texas Racing Commission
P.O. Box 12080
Austin, Texas 78711

Re: Texas Racing Commission Proposed Rule Changes Posted on June 5, 2020 in the Texas Register
Ms. Cook,

The Texas Racing Commission “Commission” has proposed a series of amendments to 16 TAC §303 to which this letter is in direct reply. The Texas horse industry has a long history and a prominent place in the culture of our state. The Texas horse racing and the equine industry as a whole represents hundreds of millions of dollars in economic impact and thousands of permanent Texas jobs. Statutes enacted following the 86th Texas Legislative session were an indication from the legislature of its strong resolve for growing this important component of our state’s economy. The Legislature created a program by which equine related purchases could be used to foster and grow this important industry. In creating the Horse Industry Escrow Account (hereinafter “HIEA” or “Program”), the intent was to provide the Breed Registries with broad discretion on use of the funds. The Commission’s proposed amendment to the rules regarding the Program seem to limit the potential use of the funds, contrary to what the legislature intended. In addition, we would ask for clarification on the proposed rules.

Please find our comments relative to the currently proposed amendments by Texas Racing Commission.

Proposal:

§303.301. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings:

(1) Account - the horse industry escrow account.

(2) Association - a horse racetrack association.

(3) Event - a planned occasion or activity, such as a competition or other public gathering.

Comments:

The definition, interpretation and application of the term “Event” has substantial implications for the use of funding from the Horse Industry Escrow Account (HIEA). Senator Kolkhorst, the Texas Senate bill sponsor, indicated in a letter to the Commission, that the intent of the legislation is to “allow broad discretion to the Texas Breed Registries defined in the Act to determine the best application of this incentive fund to foster a strong Texas racing industry that would, in turn, allow the preservation of a historic Texas institution.”¹

We believe that the term “Event” was not defined so as to give the Breed Registries a broad scope to achieve the goal of growing a strong Texas equine industry. However, the Commission’s proposed definition unduly narrows the possible utilization of the HIEA funds. Programs such as breeding incentives are critical to the health and growth of the Texas horse industry, and the proposed definition could specifically hinder the HIEA funds from being utilized for these types of programs.

We understand that the Commission may want to develop a definition for the term “Event”, therefore, we respectfully request consideration be given to the following definition set forth in the example here:

(3) Event - a planned occasion or activity, such as a competition, public gathering, or program that fosters, promotes or encourages a strong Texas horse industry

We believe that the above definition more closely adheres to the intent of the statute, allowing for flexibility, creativity, and the resourcefulness of the Texas Breed Registries to utilize HIEA funding to further the horse industry.

Proposal:

§303.322.Limitations on Use of Funds by Breed Registries.

¹ Letter from State Senator Lois W. Kolkhorst to Executive Director Chuck Trout, September 5, 2019, “RE: House Bill 2463 – Legislative Intent” is attached to this submission of comments.

(a) A breed registry may use horse industry escrow account funds only for events that further the horse industry. The Commission may require a breed registry to repay funds if the breed registry fails to expend the funds in accordance with Section 2028.204 of the Act and this section on the earlier of 45 days after the cancellation of any previously approved and funded event or ~~within~~ twelve months of the date it receives the funds. All funds expended with respect to any canceled event or event that does not otherwise occur shall be accounted for and such accounting shall accompany the return of the balance of such related canceled event funds.

(b) The following types of costs may not be paid from 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.

(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 amount ~~total~~ allocated for the event for which it is 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.

(d) A breed registry may pay a cost out of funds awarded from the horse industry escrow account if it satisfies subsections (a) through (c) of this section and is reasonable and adequately documented.

(1) A cost is reasonable if the cost does not exceed that which would be incurred by a prudent individual or organization under the circumstances prevailing at the time the decision was made to incur the cost and it is necessary to achieve the purpose for which the funds were sought.

(2) A cost is adequately documented if the cost is supported by Generally Accepted Accounting Principles, the breed registry's accounting records, and documented in accordance with §303.325 of this subchapter (relating to Quarterly Reports).

(e) Use of funds allocated to a breed registry from the account shall comply with the current Uniform Grant Management Standards or Texas Grant Management Standards.

Comments:

§303.322.Limitations on Use of Funds by Breed Registries, Subsection (a) outlines procedures and timelines for canceled events, but does not provide any information related to a case in which allocated funds are not fully expended on an event that was conducted. In this case, we request clarification and guidance on the appropriate measures to be taken should this situation occur.

We appreciate your consideration of the matters raised in the aforementioned comments and remain committed to providing any additional necessary information or further conversation on these items.

Sincerely,



Val Clark
Executive Director
Texas Quarter Horse Association



Lex Smurthwaite
Executive Director
Texas Paint Horse Breeders' Association



Mary Ruyle
Executive Director
Texas Thoroughbred Association



Ed Wilson
President
Texas Arabian Breeders Association

COMMITTEES:
HEALTH & HUMAN SERVICES, CHAIR
FINANCE
NOMINATIONS
TRANSPORTATION
WATER & RURAL AFFAIRS

THE SENATE OF TEXAS



CAPITOL OFFICE:
GE.4 • P.O. Box 12068
AUSTIN, TEXAS 78711
(512) 463-0118

LOIS W. KOLKHORST

STATE SENATOR
DISTRICT 18

September 5, 2019

Chuck Trout
Executive Director
Texas Racing Commission
P.O. Box 12080
Austin, Texas 78711-2080

Re: House Bill 2463 – Legislative Intent

Dear Mr. Trout:

In 2019, the Texas Legislature passed House Bill 2463 to establish an economic incentive fund, administered by the Officially Recognized Texas Horsemen's Organization and the Officially Recognized Texas Breed Registries, as designated by the Texas Racing Act. It was intended that these incentive funds would be paid to owners and breeders in Texas in a manner to strengthen the Texas racing industry and invigorate the Texas breeding industry. House Bill 2463 was signed into law by Governor Greg Abbott and became effective on September 1, 2019.

I have been informed that the Texas Racing Commission is in the process of promulgating rules to implement House Bill 2463 and there is some dispute as to the type of activities that could receive the incentive funds created in Section 2028.204 (b) of the Act. It was not the legislative intent of House Bill 2463 to narrowly define those activities, but rather allow broad discretion to the Texas Breed Registries defined in the Act to determine the best application of this incentive fund to foster a strong Texas racing industry that would, in turn, allow the preservation of a historic Texas institution.

I hope this clarifies any dispute; however, I am certainly willing to further engage with your agency to clarify this matter if you feel that is necessary.

Very truly yours,

A handwritten signature in black ink that reads "Lois W. Kolkhorst".

Lois W. Kolkhorst.



June 23, 2020

Texas Racing Commission
Attn: Jean Cook
Assistant to the Executive Director
Texas Racing Commission
P.O. Box 12080
Austin, Texas 78711

REC'D TX RACING COM
JUN 29 '20 PM 1:44

Re: Texas Racing Commission Proposed Rule Changes Posted on June 5, 2020 in the Texas Register

Ms. Cook,

The Texas Racing Commission "Commission" has proposed a series of amendments to 16 TAC §303 to which this letter is in direct reply. The Texas horse industry has a long history and a prominent place in the culture of our state. The Texas horse racing and the equine industry as a whole represents hundreds of millions of dollars in economic impact and thousands of permanent Texas jobs. Statutes enacted following the 86th Texas Legislative session were an indication from the legislature of its strong resolve for growing this important component of our state's economy. The Legislature created a program by which equine related purchases could be used to foster and grow this important industry. In creating the Horse Industry Escrow Account (hereinafter "HIEA" or "Program"), the intent was to provide the Breed Registries with broad discretion on use of the funds. The Commission's proposed amendment to the rules regarding the Program seem to limit the potential use of the funds, contrary to what the legislature intended. In addition, we would ask for clarification on the proposed rules.

Please find our comments relative to the currently proposed amendments by Texas Racing Commission.

Proposal:

§303.301. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings:

- (1) Account - the horse industry escrow account.

(2) Association - a horse racetrack association.

(3) Event - a planned occasion or activity, such as a competition or other public gathering.

Comments:

The definition, interpretation and application of the term “Event” has substantial implications for the use of funding from the Horse Industry Escrow Account (HIEA). Senator Kolkhorst, the Texas Senate bill sponsor, indicated in a letter to the Commission, that the intent of the legislation is to “allow broad discretion to the Texas Breed Registries defined in the Act to determine the best application of this incentive fund to foster a strong Texas racing industry that would, in turn, allow the preservation of a historic Texas institution.”¹

We believe that the term “Event” was not defined so as to give the Breed Registries a broad scope to achieve the goal of growing a strong Texas equine industry. However, the Commission’s proposed definition unduly narrows the possible utilization of the HIEA funds. Programs such as breeding incentives are critical to the health and growth of the Texas horse industry, and the proposed definition could specifically hinder the HIEA funds from being utilized for these types of programs.

We understand that the Commission may want to develop a definition for the term “Event”, therefore, we respectfully request consideration be given to the following definition set forth in the example here:

(3) Event - a planned occasion or activity, such as a competition, public gathering, or program that fosters, promotes or encourages a strong Texas horse industry

We believe that the above definition more closely adheres to the intent of the statute, allowing for flexibility, creativity, and the resourcefulness of the Texas Breed Registries to utilize HIEA funding to further the horse industry.

Proposal:

§303.322.Limitations on Use of Funds by Breed Registries.

¹ Letter from State Senator Lois W. Kolkhorst to Executive Director Chuck Trout, September 5, 2019, “RE: House Bill 2463 – Legislative Intent” is attached to this submission of comments.

(a) A breed registry may use horse industry escrow account funds only for events that further the horse industry. The Commission may require a breed registry to repay funds if the breed registry fails to expend the funds in accordance with Section 2028.204 of the Act and this section on the earlier of 45 days after the cancellation of any previously approved and funded event or [within-] twelve months of the date it receives the funds. All funds expended with respect to any canceled event or event that does not otherwise occur shall be accounted for and such accounting shall accompany the return of the balance of such related canceled event funds.

(b) The following types of costs may not be paid from 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.

(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 amount [total] allocated for the event for which it is 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.

(d) A breed registry may pay a cost out of funds awarded from the horse industry escrow account if it satisfies subsections (a) through (c) of this section and is reasonable and adequately documented.

(1) A cost is reasonable if the cost does not exceed that which would be incurred by a prudent individual or organization under the circumstances prevailing at the time the decision was made to incur the cost and it is necessary to achieve the purpose for which the funds were sought.

(2) A cost is adequately documented if the cost is supported by Generally Accepted Accounting Principles, the breed registry's accounting records, and documented in accordance with §303.325 of this subchapter (relating to Quarterly Reports).

(e) Use of funds allocated to a breed registry from the account shall comply with the current Uniform Grant Management Standards or Texas Grant Management Standards.

Comments:

§303.322.Limitations on Use of Funds by Breed Registries, Subsection (a) outlines procedures and timelines for canceled events, but does not provide any information related to a case in which allocated funds are not fully expended on an event that was conducted. In this case, we request clarification and guidance on the appropriate measures to be taken should this situation occur.

We appreciate your consideration of the matters raised in the aforementioned comments and remain committed to providing any additional necessary information or further conversation on these items.

Sincerely,



Val Clark
Executive Director
Texas Quarter Horse Association



Lex Smurthwaite
Executive Director
Texas Paint Horse Breeders' Association



Mary Ruyke
Executive Director
Texas Thoroughbred Association



Ed Wilson
President
Texas Arabian Breeders Association

COMMITTEES
HEALTH & HUMAN SERVICES, CARE
FINANCE
NOMINATIONS
TRANSPORTATION
WATER & RURAL AFFAIRS

THE SENATE OF TEXAS



CAPITOL OFFICE
GE.4 • P.O. Box 12069
AUSTIN, TEXAS 78711
(512) 463-0118

LOIS W. KOLKHORST

STATE SENATOR
DISTRICT 18

September 5, 2019

Chuck Trout
Executive Director
Texas Racing Commission
P.O. Box 12080
Austin, Texas 78711-2080

Re: House Bill 2463 – Legislative Intent

Dear Mr. Trout:

In 2019, the Texas Legislature passed House Bill 2463 to establish an economic incentive fund, administered by the Officially Recognized Texas Horsemen's Organization and the Officially Recognized Texas Breed Registries, as designated by the Texas Racing Act. It was intended that these incentive funds would be paid to owners and breeders in Texas in a manner to strengthen the Texas racing industry and invigorate the Texas breeding industry. House Bill 2463 was signed into law by Governor Greg Abbott and became effective on September 1, 2019.

I have been informed that the Texas Racing Commission is in the process of promulgating rules to implement House Bill 2463 and there is some dispute as to the type of activities that could receive the incentive funds created in Section 2028.204 (b) of the Act. It was not the legislative intent of House Bill 2463 to narrowly define those activities, but rather allow broad discretion to the Texas Breed Registries defined in the Act to determine the best application of this incentive fund to foster a strong Texas racing industry that would, in turn, allow the preservation of a historic Texas institution.

I hope this clarifies any dispute; however, I am certainly willing to further engage with your agency to clarify this matter if you feel that is necessary.

Very truly yours,

A handwritten signature in black ink that reads "Lois W. Kolkhorst". The signature is written in a cursive style with a horizontal line at the end.

Lois W. Kolkhorst.

CHAPTER 303

GENERAL PROVISIONS

SUBCHAPTER G

HORSE INDUSTRY ESCROW ACCOUNT

DIVISION 3

BREED REGISTRIES

303.321 Allocations to Breed Registries

(a) – (f) (No change.)

(g) The executive director may act on behalf of the Commission to approve a request for allocation from the account that does not exceed \$_____.



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: _____

Mailing Address:

Street Address

City

State

Zip Code

County

Physical Address:

Street Address

City

State

Zip Code

County

Section B. Contact Personnel

(1) Name of Primary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name:

First

Last

Mr.

Dr.

Ms.

Other

Position Title:

Email Address:

Phone:

() -

Ext.

Alt #:() -

(2) Secondary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name:

First

Last

Mr.

Dr.

Ms.

Other

Position Title:

Email Address:

Phone:

() -

Ext.

Alt #:() -



TEXAS RACING COMMISSION

1 of 3

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

**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 H1EA-1, General Information)

APPLICANT NAME: TEXAS PAINT HORSE BREEDERS' 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): The Lone Star 870 Battle of the Breeds Claiming Championship

Event Date(s) or Approximate Date(s): Saturday, November 7, 2020

Total Amount Requested For this Event: \$55,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Funds needed by October 1, 2020. Approval of funds needed by July 19, 2020 for marketing purposes and printing of the track condition book

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.

A Three-year-old and older race which includes trials and finals. Features the best Claiming Thoroughbreds, Quarter Horse, Paint Horse and Appaloosas running for a claiming price of \$7,500. This Claiming Championship will provide opportunity for new owners that will breed, raise and race Thoroughbred, Quarter Horse and Paint Horses in Texas.

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 Lone Star 870 Battle of the Breeds Claiming Championship will be held at Lone Star Park Racetrack with \$5,000 to each trial (4) and \$35,000 to the Claiming Championship Finals making a total of \$55,000 to purse money. The purpose of this incentive is interest in the 870 Yard horse with the spirit of fun breed competition. Rarely do you see a race with Thoroughbred, Quarter Horse, Paint Horse and Appaloosas competing. All Quarter Horse, Paint Horse and Appaloosa horses running for a Claiming Price of \$7,500 which will provide additional interest because of the opportunity of new ownership.

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.

Our assessment of the net increase in spending as a result of this event is: 32 horses x 4 people per horse x \$230 (estimated money spent on hotels, food and fuel) x 3 days equals \$88,320. In addition, it is estimated that each dollar spent "rolls over" or changes hands an average of four times in the Grand Prairie area.

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?

Karen Utecht, Treasurer TPHBA and Lex Smurthwaite, Executive Secretary TPHBA will be overseeing the activities of this event.

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	\$55,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$55,000.00

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 (\$55000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.
 \$35,000 to be added to the final purse and \$20,000 to trial races making the total added purse money \$55,000.

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

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 _____ (\$ _____ 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.*



TEXAS RACING COMMISSION

2 of 3

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

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 H1EA-1, General Information)

APPLICANT NAME: TEXAS PAINT HORSE BREEDERS' 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): The Lone Star 870 Battle of the Breeds Claiming Championship

Event Date(s) or Approximate Date(s): Saturday, November 7, 2020

Total Amount Requested For this Event: \$15,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Funds needed by October 1, 2020. Approval of funds needed by July 19, 2020 for marketing purposes and printing of the track condition book

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 Purse Supplement for ATB Thoroughbred, Quarter Horse and Paint Horse is an incentive to breed, raise and race in Texas.

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 purpose of this incentive is to award the top three finishing Accredited Texas-Bred Thoroughbreds, Quarter Horses and Paint Horses in the Lone Star 870 Battle of the Breeds Claiming Championship. This race is for three-year-old and older horses running for a Claiming Price of \$7,500. The goal of the project is to increase the value of breeding, owning and racing of Accredited Texas-Bred Horses and to increase the number of stallions and mares breeding and owners in Texas. These funds will be in addition to the purse amount and will be exclusive for Accredited Texas-Bred horses racing at Lone Star Park.

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 see an increase in the number of Accredited Texas-Bred Racing Stock. We also expect a number of horses will be purchased by new owners in order to race in Texas and be eligible for these purse supplements. We also expect Texas foaled horses that left Texas to race in Oklahoma will return to race in Texas. The expected results will be measured by the number of starters compared to previous 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?

Karen Utecht, Treasurer TPHBA and Lex Smurthwaite, Executive Secretary TPHBA will be overseeing the activities, management and will tabulate the results of this project after the Lone Star Park meet closes.

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	\$15,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$15,000.00

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 (\$15000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

The payout of supplemental purse money for Accredited Texas-Bred (ATB) will be handled by the Lone Star Park bookkeeper, using the rules and guidelines provided by LSP. This \$15,000 supplement will be paid to Trials or Finals, if no Trials are held. The \$15,000 is in addition to any Purse or Added Money. The supplement will be paid out \$5,000 to each breed. With a payout of \$2,500, \$1,500 and \$1,000 to the top three fastest times.

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

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 _____ (\$ _____ 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.*



TEXAS RACING COMMISSION

3 of 3

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

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 H1EA-1, General Information)

APPLICANT NAME: Texas Paint Horse Breeders 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): The Lone Star Paint Horse Claiming Derby

Event Date(s) or Approximate Date(s): Saturday, November 7, 2020

Total Amount Requested For this Event: \$50,000.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Funds needed by October 1, 2020. Approval of funds needed by July 19, 2020 for marketing purposes and printing of the track condition book

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.

A Three-year-old race which includes trials and finals. Features the best Claiming \$7,500 Paint Horses running for a claiming price of \$7,500. A Claiming race will provide opportunity for new owners that we plan will breed, raise and race Paint Horses.

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 Lone Star Paint Horse Claiming Derby will be held at Lone Star Park Racetrack with \$5,000 to each trial (4) and \$30,000 to the Claiming Derby Finals making a total of \$50,000 to purse money.

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.

Our assessment of the net increase in spending as a result of this event is: 28 horses x 4 people per horse x \$230 (estimated money spent on hotels, food and fuel) x 3 days equals \$77,280. In addition, it is estimated that each dollar spent "rolls over" or changes hands an average of four times in the Grand Prairie area.

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?

Lex Smurthwaite, TPHBA Executive Secretary and Pancho Villarreal, TPHBA President, will be attending the races and presenting awards.

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	\$50,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$50,000.00

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 (\$50000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.
 \$35,000 to be added to the final purse and \$15,000 to trial races making the total added purse money \$50,000.

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

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 _____ (\$ _____ 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.*



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Quarter Horse Association

Mailing Address: 14 N Main Street Street Address

Elgin TX 78621 78621 City State Zip Code County

Physical Address: same Street Address

City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Valerie Clark Mr. Ms. Dr. Other

Position Title: Executive Director

Email Address: vclark@tqha.com

Phone: (512) 458 - 5202 Ext. Alt #:() -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Rob Werstler Mr. Ms. Dr. Other

Position Title: Director of Race

Email Address: rwerstler@tqha.com

Phone: (512-458-5202) - Ext. Alt #:() -

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: _____ Mr. Dr.
First *Last* Ms. Other _____

Position Title: _____

Email Address: _____

Phone: () - Ext. Alt #:() - _____

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

X	 <p style="text-align: center;">Signature</p>	 <p style="text-align: center;">Date</p>
---	---	--

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

1 of 5

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNTPROJECT 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): Retama Stakes Program**Event Date(s) or Approximate Date(s):** July 3- 29**Total Amount Requested For this Event:** \$445,000**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*
Immediate**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 2020 Quarter Horse meet at Retama will be the first QH race meet this year. TQHA is providing opportunities to attract more horsemen and horses to the state by providing additional race days with increased purses with focus on the stakes program and an emphasis on Texas-bred horses. The increase stake purse structure will allow Retama to sell their simulcast signal to an increased number of outlets, which will increase handle.

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.

Improving stakes program with an emphasis on Texas-bred races through signature race days:
\$30,000 to the Selma Stakes
\$30,000 to the Towers of America Stakes
\$30,000 to the King William Stakes
\$50,000 to the Miss Retama Stakes
\$100,000 to the TQHA Sales Futurity

\$75,000 to the Sires” Cup Futurity
\$50,000 to the Sires” Cup Derby
\$40,000 to the Live Oak Stakes
\$40,000 to the San Marcos Stakes

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 primary driver of all events is to bring exposure to Texas racing. Fiscal measurements for all proposed elements will be demonstrated in the racing product via entries and handle increases compared to 2019.

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 Rob Werstler, Director of Racing.

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	\$
Purse Supplements/Prizes	\$445,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$445,000.00

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 (\$445000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

- \$30,000 to the Selma Stakes
- \$30,000 to the Towers of America Stakes
- \$30,000 to the King William Stakes
- \$50,000 to the Miss Retama Stakes
- \$100,000 to the TQHA Sales Futurity
- \$75,000 to the Sires” Cup Futurity
- \$50,000 to the Sires” Cup Derby
- \$40,000 to the Live Oak Stakes
- \$40,000 to the San Marcos Stakes

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

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 _ _____ (\$ _____ **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.*



TEXAS RACING COMMISSION

2 of 5

**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 H1EA-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): Texas Summer Showdown**Event Date(s) or Approximate Date(s):** July 24, 2020**Total Amount Requested For this Event:** 240,000**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*
Immediately**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 Purse supplement for Accredited Texas-bred Quarter Horses is an incentive to breed, raise and race in Texas at the Texas Summer Showdown held at Retama Park.

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 Summer Showdown-One night of Stakes races showcasing Accredited Texas-bred's held at Retama Park. The goal of the project is to increase the value of breeding, owning and racing of Accredited Texas-Bred Quarter Horses while attracting new owners and breeders as well as breeding stallions & mares that left Texas for other states.

\$50,000 to the TQHA 250 Stakes

\$60,000 to the TQHA Classic

\$50,000 to the TQHA 550

\$50,000 to the Benny Pennington Memorial Stakes

\$30,000 to the Jones Bloodstock Stakes

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.

TQHA expects to see an increase in the number of Accredited Texas-Bred Racing Stock. We also expect a number of horses will be purchased by new owners in order to race in Texas and be eligible for these purse supplements. We also expect Texas foaled horses that left Texas to race in surrounding states to return to race in Texas. The expected results will be measured by the number of starters compared to previous years and the direct and indirect costs of more horses and related agriculture businesses in the State.

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 Rob Werstler, Director of Racing.

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	\$
Purse Supplements/Prizes	\$240,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$240,000.00

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 (\$240000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

- \$50,000 to the TQHA 250 Stakes
- \$60,000 to the TQHA Classic
- \$50,000 to the TQHA 550
- \$50,000 to the Benny Pennington Memorial Stakes
- \$30,000 to the Jones Bloodstock Stakes

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

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 _____ (\$ _____ **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.*



TEXAS RACING COMMISSION

3 of..5

**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): Sale Futurity Texas Bonus**Event Date(s) or Approximate Date(s):** July 25, 2020**Total Amount Requested For this Event:** \$30,000**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*
Immediate**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.

This bonus pays award money to the owner, breeder and stallion owner of the first three finishers in the TQHA Sale Futurity.

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 purpose of this incentive is to award the top three finishing Accredited Texas-Bred Quarter Horses at the TQHA Sale Futurity. The goal of the project is to increase the value of breeding, owning and racing of Accredited Texas Breds and to increase the number of stallions and mares breeding in Texas. This will also incentivize selling horses at Texas sales.

Owners = \$10,000 split 50% to 1st, 30% to 2nd, 20% to 3rd

Breeder = \$10,000 split 50% to 1st, 30% to 2nd, 20% to 3rd

Stallion Owner = \$10,000 split 50% to 1st, 30% to 2nd, 20% to 3rd

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 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 increased awards will attract new breeders to Texas as well as see the return of many breeders who left the state for larger purses. 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.

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 Rob Werstler, Director of Racing.

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	\$
Purse Supplements/Prizes	\$30,000
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$30,000.00

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 (\$30000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

Owners = \$10,000 split 50% to 1st, 30% to 2nd, 20% to 3rd

Breeder = \$10,000 split 50% to 1st, 30% to 2nd, 20% to 3rd

Stallion Owner = \$10,000 split 50% to 1st, 30% to 2nd, 20% to 3rd

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

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 _____ (\$ _____ **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.*



TEXAS RACING COMMISSION

4 of 5

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNTPROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-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): 2020 QH Meet @ Gillespie - Accredited Texas Bred (ATB) Owners, Breeders & Stallion Owner Awards**Event Date(s) or Approximate Date(s):** July 4-August 23 Gillespie County Fair Meet**Total Amount Requested For this Event:** 187,000**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*
September 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.

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 Gillespie County Fair meet (July 4- August 23). These funds will supplement the current accredited Texas-bred incentive award payouts, mandated by the Texas Racing Act Sec. 2030.004.

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:

\$182,000 ATB Awards:

40% Owner Award

40% Breeder Award

20% Stallion Owner Award

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.

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.

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.

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.

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	\$182,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$5,000.00
	\$
	\$
	\$
	\$
Total Direct Costs	\$187,000
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$187,000

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 (\$182000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

- 40% Owner Award - \$72,800
- 40% Breeder Award - \$72,800
- 20% Stallion Owner Award - \$36,400

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

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 5,000 _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

\$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.

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.*



TEXAS RACING COMMISSION

5 of 5

**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 H1EA-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): Lone Star Stakes Program

Event Date(s) or Approximate Date(s): September 11 - November 28

Total Amount Requested For this Event: \$ 575,000

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

TQHA is providing opportunities to attract more horsemen and horses to the state by providing additional race days with increased purses with focus on the stakes program and an emphasis on Texas-bred horses. The increased stake purse structure will allow Lone Star Park to sell their simulcast signal to an increased number of outlets, which will increase handle.

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.

Improving stakes program with an emphasis on Texas-bred races through signature race days:
 \$200,000 to the Refrigerator Stakes – Premiere race for older horses
 \$100,000 to the Nevill Stakes- Accredited Texas-bred
 \$100,000 to the B.F Phillips, Jr. Stakes- Accredited Texas-bred
 \$100,000 to the Yellow Rose of Texas Stakes- Accredited Texas-bred

Marketing and Advertising of these events:

\$35,000 to the TVG Incentive-Exposure on TVG is an integral part of handle growth. TVG reaches over 200,000 customers. This will increase awareness of the American Quarter Horse product and will increase interest from bettors nation-wide to wager on Lone Star Park races. \$40,000 for radio advertising. Lone Star has a growing Hispanic fan base. These radio ads will strengthen advertising to that crucial demographic.

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 primary driver of all events is to bring exposure to Texas racing. Fiscal measurements for all proposed elements will be demonstrated in the racing product via entries and handle increases compared to 2019.

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 Rob Werstler, Director of Racing.

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	\$
Purse Supplements/Prizes	\$500,000.00
Advertising	\$75,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$575,000.00

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 (\$500000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

Lone Star Stakes Program - \$ 500,000 allocated in the following manner:

\$200,000 to the Refrigerator Stakes – Premiere race for older horses

\$100,000 to the Nevill Stakes- Accredited Texas-bred

\$100,000 to the B.F Phillips, Jr. Stakes- Accredited Texas-bred

\$100,000 to the Yellow Rose of Texas Stakes- Accredited Texas-bred

Advertising (\$75000 total) Provide an explanation of advertising costs.

\$35,000 to the TVG Incentive-Exposure on TVG is an integral part of handle growth. TVG reaches over 200,000 customers. This will increase awareness of the American Quarter Horse product and will increase interest from bettors nation-wide to wager on Lone Star Park races. \$40,000 for radio advertising. Lone Star has a growing Hispanic fan base. These radio ads will strengthen advertising to that crucial demographic.

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 _____ (\$ _____ **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.*



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Thoroughbred Association

Mailing Address: 192 Cimarron Park Loop Suite A
Street Address

<u>Buda</u>	<u>TX</u>	<u>78610</u>	<u>Hays</u>
<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>County</i>

Physical Address: 192 Cimarron Park Loop Suite A
Street Address

<u>Buda</u>	<u>TX</u>	<u>78610</u>	<u>Hays</u>
<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>County</i>

Section B. Contact Personnel

(1) Name of Primary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name: Mary Ruyle Mr. Dr.
First *Last* Ms. Other _____

Position Title: Executive Director

Email Address: maryr@texasthoroughbred.com

Phone: (512) 458 - 6133 Ext. _____ Alt #: (512) 695 - 4542

(2) Secondary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name: Cheri Grant Mr. Dr.
First *Last* Ms. Other _____

Position Title: Accountant

Email Address: cherig@texasthoroughbred.com

Phone: (512) 458 - 6133 Ext. _____ Alt #: () -

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Mary Ruyle Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: maryr@texasoroughbred.com

Phone: (512) 458 - 6133 Ext. _____ Alt #: (512) 695 - 4542

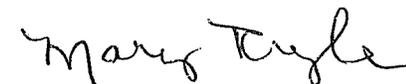
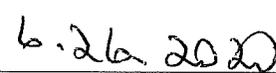
Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

x		
---	---	---

Signature

Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

1 of 1

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 H1EA-1, General Information)

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): Modification to Previously Approved 2020 Thoroughbred Meet at Lone Star Park

Event Date(s) or Approximate Date(s): May - August 2020

Total Amount Requested For this Event: Additional \$200,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
July 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 2020 Thoroughbred meet at Lone Star Park is an opportunity to build upon the early success of the Thoroughbred meet at Sam Houston Race Park before they were forced to close. With the decision by Retama Park to run only Quarter Horses in 2020, there is \$200,000 in previously approved unused purse funds targeted for stakes. Officials at Lone Star plan to offer 4 stakes on Texas Summer Classic Day, August 11 (closing day of the 2020 Thoroughbred meet) that would have been run at Retama Park. Two of these stakes are restricted to Accredited Texas-bred horses and two are for horses sired by Accredited Texas stallions.

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.

This request is a modification to an approved event using \$200,000 originally targeted for the 2020 Retama Park mixed meet.

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.

Texas horsemen will be supported by the track offering 4 of the stakes traditionally run at Retama Park, providing additional earning opportunities to horsemen. The Texas Horse Racing Hall of Fame and the Fiesta Mile each carry a purse of \$50,000. Both divisions in the second leg of the Texas Stallion Stakes Series will each have a purse of \$75,000. Additionally, this meet will provide opportunities to attract more horsemen and horses to the state who have reduced racing opportunities across the US. Increased purses with focus on the stakes program and an emphasis on Texas-bred horses will benefit Texas horsemen.

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 Lone Star Park operations manager Kent Slabotsky, racing secretary Tim Williams and director of racing Matt Vance to oversee all activities. Lone Star staff will provide reports to Ruyle as funds are expended and interim reports on the number of races conducted, field sizes and handle.

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	\$200,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$200,000.00

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 (\$200000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

This \$200,000 (\$50,000 each) will be used to help fund the purses for the Texas Horse Racing Hall of Fame S., the Fiesta Mile S., and both divisions of the second leg of the Texas Stallion Stakes Series, all normally run at Retama Park.

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

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 _____ (\$ _____ 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.