



TEXAS RACING COMMISSION  
P.O. BOX 12080  
AUSTIN, TEXAS 78711-2080  
(512) 833-6699  
FAX (512) 833-6907

Texas Racing Commission  
Wednesday, January 31, 2007  
10:30 a.m.  
Texas Department of Safety  
6100 Guadalupe  
Criminal Law Enforcement, Building E  
First Floor Auditorium  
Austin, Texas 78752

## **AGENDA**

### **I. CALL TO ORDER**

Roll Call

### **II. PUBLIC COMMENT**

### **III. GENERAL BUSINESS**

Discussion, consideration and possible action on the following matters:

- A. Budget and Finance Update
- B. Report on Racetrack Inspections
- C. Report on Online Simulcast Request Project

### **IV. PROCEEDINGS ON RACETRACKS**

Discussion, consideration and possible action on the following matters:

- A. Distribution of the Escrowed Purse Account under Commission Rule 321.509
- B. Allocation Among Various Breeds of Horses of the Texas Bred Incentive Program Revenue Generated by Simulcasting for 2007

# Texas Racing Commission

LBB-4

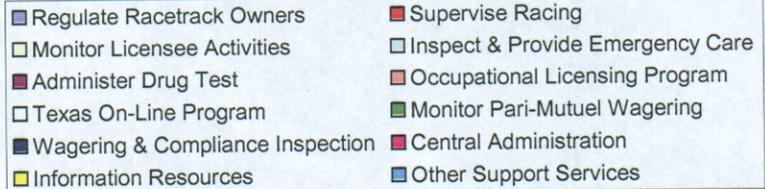
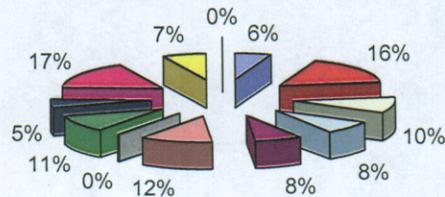
FYE 08/31/2007  
 Cumulative Operating Budget Status  
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2007 Annual Budget	FY 2007 Expended Thru 12/31/2006	FY 2007 Unexpended Bal 12/31/2006	With 33.33% of Year Lapsed % of Budget Expended
\$ 0	FTE's = 76.40				
	<u>Sum Of All Strategies other than A.2.1</u>				
	1001 Salaries and Wages	3,706,873	1,147,610	2,559,263	30.96%
	1002 Other Personnel Cost	144,762	28,087	116,675	19.40%
	2001 Prof Fees and Services	86,593	14,531	72,062	16.78%
	2003 Consumables	29,695	4,559	25,136	15.35%
	2004 Utilities	22,500	5,296	17,204	23.54%
	2005 Travel	197,390	39,544	157,846	20.03%
	2006 Rent Building	105,314	43,594	61,720	41.39%
	2007 Rent Machine	13,500	5,365	8,135	39.74%
	2009 Other Operating Cost	293,346	73,692	219,654	25.12%
	CB Computer Equipment	32,250	2,590	29,660	8.03%
\$ 4,632,223	Total Operating Budget	4,632,223	1,364,869	3,267,354	29.46%
\$ 5,418,494	Strategy A.2.1. TX Bred Incentive	5,418,494	1,526,593	3,891,901	28.17%
\$10,050,717	Total All Strategies	10,050,717	2,891,462	7,159,255	28.77%

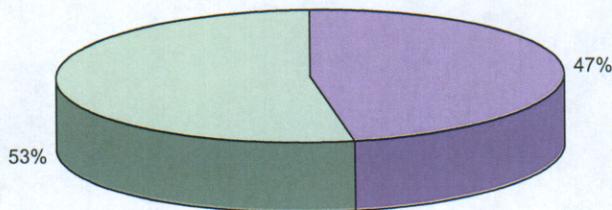
### Expended Operational Budget By Strategy

Regulate Racetrack Owners	\$	81,102
Supervise Racing	\$	238,482
Monitor Licensee Activities	\$	130,887
Inspect & Provide Emergency Care	\$	109,484
Administer Drug Test	\$	102,618
Occupational Licensing Program	\$	159,199
Texas On-Line Program	\$	4,996
Monitor Pari-Mutuel Wagering	\$	145,623
Wagering & Compliance Inspection	\$	64,845
Central Administration	\$	231,503
Information Resources	\$	94,639
Other Support Services	\$	1,489

### Expended Operational Budget



### Expended Appropriations



Operational Budget ATB Budget

### Expended Appropriations

Operational Budget	\$	1,364,869
ATB Budget	\$	1,526,593

# Texas Racing Commission

LBB-1

FYE 08/31/2007  
 Cumulative Operating Budget Status  
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2007 Annual Budget	FY 2007 Expended Thru 12/31/2006	FY 2007 Unexpended Bal 12/31/2006	With 33.33% of Year Lapsed % of Budget Expended
	FTE's = 4.00				
A.1.1.	<u>Regulate Racetrack Owners</u>				
	1001 Salaries and Wages	229,440	76,478	152,962	33.33%
	1002 Other Personnel Cost	4,820	1,580	3,240	32.78%
	2001 Prof Fees and Services	5,000	785	4,215	15.70%
	2003 Consumables	250	21	229	8.38%
	2004 Utilities	-	-	-	
	2005 Travel	5,150	1,616	3,534	31.38%
52.41%	2006 Rent Building	-	-	-	
\$ 10,356	2007 Rent Machine	-	-	-	
\$ 157,718	2009 Other Operating Cost	6,075	622	5,453	10.24%
\$ 82,661	CB Computer Equipment	-	-	-	
\$ 250,735	Total Strategy A.1.1.	250,735	81,102	169,633	32.35%
	FTE's = 0				
A.2.1.	<u>Texas Bred Incentive</u>				
	ATB Money Expended	5,418,494	1,526,593	3,891,901	28.17%
\$ 5,418,494	Total Strategy A.2.1.	5,418,494	1,526,593	3,891,901	28.17%
	FTE's = 12.90				
A.3.1.	<u>Supervise Racing and Licensees</u>				
	1001 Salaries and Wages	752,765	214,157	538,608	28.45%
	1002 Other Personnel Cost	20,752	2,920	17,832	14.07%
	2001 Prof Fees and Services	13,593	5,377	8,216	39.56%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	36,875	10,773	26,102	29.22%
5.58%	2006 Rent Building	-	-	-	
\$ 42,500	2007 Rent Machine	-	-	-	
\$ 775,378	2009 Other Operating Cost	4,875	2,714	2,161	55.68%
\$ 43,232	CB Computer Equipment	32,250	2,540	29,710	7.88%
\$ 861,110	Total Strategy A.3.1.	861,110	238,482	622,628	27.69%
	FTE's = 7.00				
A.3.2.	<u>Monitor Occupational Licensee Act.</u>				
	1001 Salaries and Wages	382,062	121,123	260,939	31.70%
	1002 Other Personnel Cost	9,690	2,480	7,210	25.59%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	24,450	4,530	19,920	18.53%
-3.66%	2006 Rent Building	-	-	-	
\$ 23,299	2007 Rent Machine	-	-	-	
\$ 411,845	2009 Other Operating Cost	3,875	2,754	1,121	71.08%
\$ (15,067)	CB Computer Equipment	-	-	-	
\$ 420,077	Total Strategy A.3.2.	420,077	130,887	289,190	31.16%
	FTE's = 6.80				
A.4.1.	<u>Inspect and Provide Emerg. Care</u>				
	1001 Salaries and Wages	381,897	95,199	286,697	24.93%
	1002 Other Personnel Cost	9,980	3,437	6,543	34.44%
	2001 Prof Fees and Services	23,000	3,659	19,341	15.91%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	14,100	3,910	10,190	27.73%
-10.39%	2006 Rent Building	-	-	-	
\$ 21,807	2007 Rent Machine	-	-	-	
\$ 462,355	2009 Other Operating Cost	7,125	3,279	3,846	46.03%
\$ (48,061)	CB Computer Equipment	-	-	-	
\$ 436,102	Total Strategy A.4.1.	436,102	109,484	326,617	25.11%

# Texas Racing Commission

LBB-2

FYE 08/31/2007  
 Cumulative Operating Budget Status  
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2007 Annual Budget	FY 2007 Expended Thru 12/31/2006	FY 2007 Unexpended Bal 12/31/2006	With 33.33% of Year Lapsed % of Budget Expended
	FTE's = 6.50				
A.4.2.	<u>Administer Drug Testing</u>				
	1001 Salaries and Wages	283,898	94,802	189,096	33.39%
	1002 Other Personnel Cost	11,580	1,800	9,780	15.54%
	2001 Prof Fees and Services	-	210	(210)	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	23,190	2,671	20,519	11.52%
5.36%	2006 Rent Building	-	-	-	
\$ 15,850	2007 Rent Machine	-	-	-	
\$ 293,465	2009 Other Operating Cost	6,375	3,135	3,240	49.17%
\$ 15,728	CB Computer Equipment	-	-	-	
\$ 325,043	Total Strategy A.4.2.	325,043	102,618	222,425	31.57%
	FTE's = 12.80				
B.1.1.	<u>Occupational Licensing</u>				
	1001 Salaries and Wages	421,920	134,570	287,350	31.89%
	1002 Other Personnel Cost	32,880	3,920	28,960	11.92%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	2,500	233	2,267	9.32%
	2004 Utilities	-	-	-	
	2005 Travel	29,250	8,926	20,324	30.52%
3.18%	2006 Rent Building	-	-	-	
\$ 34,121	2007 Rent Machine	11,000	4,880	6,120	44.36%
\$ 484,646	2009 Other Operating Cost	36,625	6,669	29,956	18.21%
\$ 15,408	CB Computer Equipment	-	-	-	
\$ 534,175	Total Strategy B.1.1.	534,175	159,199	374,976	29.80%
	FTE's = -				
B.1.2.	<u>Texas OnLine</u>				
	1001 Salaries and Wages	-	-	-	
	1002 Other Personnel Cost	-	-	-	
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	-	-	-	
	2006 Rent Building	-	-	-	
\$ 23,250	2007 Rent Machine	-	-	-	
\$ -	2009 Other Operating Cost	23,250	4,996	18,254	21.49%
\$ -	CB Computer Equipment	-	-	-	
\$ 23,250	Total Strategy B.1.2.	23,250	4,996	18,254	21.49%
	FTE's = 9.00				
C.1.1.	<u>Monitor Wagering and Audit</u>				
	1001 Salaries and Wages	404,259	134,753	269,506	33.33%
	1002 Other Personnel Cost	10,740	3,360	7,380	31.28%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	21,944	2,806	19,138	12.79%
-7.76%	2006 Rent Building	-	-	-	
\$ 28,160	2007 Rent Machine	-	-	-	
\$ 464,031	2009 Other Operating Cost	19,235	4,705	14,530	24.46%
\$ (36,013)	CB Computer Equipment	-	-	-	
\$ 456,178	Total Strategy C.1.1.	456,178	145,623	310,555	31.92%
	FTE's = 4.00				
C.1.2.	<u>Wagering &amp; Compliance Inspections</u>				
	1001 Salaries and Wages	173,527	57,842	115,685	33.33%
	1002 Other Personnel Cost	5,800	1,880	3,920	32.41%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	21	(21)	
	2004 Utilities	-	-	-	
	2005 Travel	16,431	2,348	14,083	14.29%
-11.00%	2006 Rent Building	-	-	-	
\$ 11,457	2007 Rent Machine	-	-	-	
\$ 211,710	2009 Other Operating Cost	4,125	2,754	1,371	66.77%
\$ (23,284)	CB Computer Equipment	-	-	-	
\$ 199,883	Total Strategy C.1.2.	199,883	64,845	135,038	32.44%

# Texas Racing Commission

LBB-3

FYE 08/31/2007  
 Cumulative Operating Budget Status  
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2007 Annual Budget	FY 2007 Expended Thru 12/31/2006	FY 2007 Unexpended Bal 12/31/2006	With 33.33% of Year Lapsed % of Budget Expended
	FTE's = 7.00				
D.1.1.	<u>Central Administration</u>				
	1001 Salaries and Wages	375,004	125,045	249,959	33.35%
	1002 Other Personnel Cost	29,320	4,750	24,570	16.20%
	2001 Prof Fees and Services	25,000	4,500	20,500	18.00%
	2003 Consumables	26,945	4,265	22,680	15.83%
	2004 Utilities	22,500	5,031	17,469	22.36%
	2005 Travel	23,000	1,780	21,220	7.74%
-0.67%	2006 Rent Building	105,314	43,594	61,720	41.39%
\$ 19,647	2007 Rent Machine	2,500	485	2,015	19.42%
\$ 768,354	2009 Other Operating Cost	173,286	42,052	131,234	24.27%
\$ (5,132)	CB Computer Equipment	-	-	-	
\$ 782,869	Total Strategy D.1.1.	782,869	231,503	551,366	29.57%
	FTE's = 5.00				
D.2.1.	<u>Information Resources</u>				
	1001 Salaries and Wages	278,618	92,151	186,466	33.07%
	1002 Other Personnel Cost	5,780	1,960	3,820	33.91%
	2001 Prof Fees and Services	20,000	-	20,000	0.00%
	2003 Consumables	-	19	(19)	
	2004 Utilities	-	265	(265)	
	2005 Travel	3,000	183	2,817	6.11%
-2.04%	2006 Rent Building	-	-	-	
\$ 16,829	2007 Rent Machine	-	-	-	
\$ 305,291	2009 Other Operating Cost	8,500	11	8,489	0.12%
\$ (6,222)	CB Computer Equipment	-	50	(50)	
\$ 315,898	Total Strategy D.1.2.	315,898	94,639	221,258	29.96%
	FTE's = 1.00				
D.1.3.	<u>Other Support Services</u>				
	1001 Salaries and Wages	23,484	1,489	21,995	6.34%
	1002 Other Personnel Cost	3,420	-	3,420	0.00%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	-	-	-	
0.00%	2006 Rent Building	-	-	-	
\$ 1,884	2007 Rent Machine	-	-	-	
\$ 25,020	2009 Other Operating Cost	-	-	-	
\$ -	CB Computer Equipment	-	-	-	
\$ 26,904	Total Strategy D.1.3.	26,904	1,489	25,415	5.54%
\$ 249,159	Estimated 4% & 3% appropriation rider				
\$ 4,383,063	Operating Budget regular appropriations	4,632,223	1,364,869	2,602,447	29.46%
\$ 5,418,494	Strategy A.2.1. TX Bred Incentive	5,418,494	1,526,593	3,891,901	28.17%
\$10,050,716	Total M.O.F.				
\$10,050,717	Total All Strategies	10,050,717	2,891,462	6,494,348	28.77%

- C. Approval of Change in Ownership of Retama Park
- D. Approval of Change in Ownership of Valley Race Park
- E. Approval of Management Agreement for Valley Race Park

**Discussion and consideration only on the following matter:**

- F. Applications by Laredo Race Park and LRP Group for Class 2 horse racetrack licenses in Webb County

**V. PROCEEDINGS ON RULEMAKING**

Discussion, consideration and possible action on the following rules:

- A. Adoption of Amendment to Sec. 309.8, Racetrack License Fees
- B. Proposed Amendment to Sec. 321.313, Select Three, Four, or Five

**VI. EXECUTIVE SESSION**

Under Govt. Code Sec. 551.071, the Commission may open an executive session to confer with its attorney regarding potential litigation on any matter listed in this agenda.

Under Texas Racing Act, Art. 179e, Sec. 6.03, Vernon's Texas Civil Statutes, the Commission may open an executive session to review a management agreement.

Under Government Code Sec. 551.071, the Commission may open an executive session to confer with its attorney regarding litigation by Trinity Meadows Raceway, Inc., against the Commission in Bankruptcy Case No. 97-41302, Adversary No. 06-04165. The Commission may also discuss this item in the open meeting and take action in the open meeting.

**VII. OLD/NEW BUSINESS**

Schedule next Commission Meeting

**VIII. ADJOURN**

**Texas Racing Commission**  
**Report on Racetrack Inspection Activities**  
 January 31, 2007

Date of Inspection	Track	Type of Inspection	Number of Unsatisfactory Items	Track Remediation Complete	Inspection resolved
6/15/06	Sam Houston	Pari-mutuel	1 (from 6/15/06)	1 resolved 12/1/06	
11/7/06			2 (from 11/7/06)	2 resolved 12/5/06	
10/10/06	Gulf	Enforcement	4	1 resolved 1/18/07	
11/10/06	Gulf	Pari-mutuel	1		
11/17/06	Valley	Enforcement	1	1 resolved	12/14/06
11/21/06	Valley	Pari-mutuel	3	2 resolved 12/1/06	

## SIMULCAST REQUEST ONLINE

The simulcast request online allows for the online entry, review and upon approval the automatic entry of simulcast contracts submitted by racetracks. Previously these requests were faxed to Austin by the racetracks and then manually entered into the agency's database by auditing staff.

This project was completed in time to process the entire end of the year simulcast request approvals. **In the past it took five auditing staff in Austin to process all the requests that would come in at the end of the year. This year with the online simulcast request process it took one person to process all the requests that were submitted and that person did not have to be in Austin.**

The following is a brief description of how the process works.

An Internet address given to the Simulcast Director at each racetrack will take them to the web site below.

The screenshot shows a web browser window displaying the Texas Racing Commission Agency website. The page has a dark blue header with the Texas Racing Commission logo on the left and the word "Agency" on the right. Below the header is a navigation menu with links for "Home", "Agency", "Industry", and "Racetracks". A "Track Jump Page" link is also visible. The main content area features a security warning: "This is a secure system. Exit immediately if you have not been given official, signed authorized access by the Texas Racing Commission. Failure to do so is a violation of the Texas Penal Code, Sec. 1, Title 7, Ch. 33 and is a crime. Unauthorized users will be prosecuted." Below this warning are links for "Simulcast Contract Entry" and "Texas Racing Commission Public Web Site". A list of links includes "2005 Race Dates", "2006 Race Dates", "Commission Meeting", and "Rules". A dark sidebar on the left contains text: "This page is intended as a quick jump page for Simulcast Coordinators to access Simulcast Contract entry and the TxRC public website. If you would like to see something added please e-mail the webmaster." At the bottom of the page, there is a copyright notice: "© 1996-2005 Texas Racing Commission last updated December 13, 2006 Contact the webmaster with questions or problems".

Clicking on the “Simulcast Contract Entry” will take the Simulcast Director to the login screen will come up for them to login.

User Name

Password  **Login**

After the Simulcast Director has enter their “User Name” and “Password” and clicked on the “Login” button will bring up the “Request Log”

Request Log Request User Management Role Management LILA Logout

Sending Racetrack: SELECT A RACETRACK

To:

**Go**

Date Submitted	I/E	Receiving Track Code	Sending Track Code	Request Date	Contract Date	Requested	Reviewed	Approved	Denied	Simulcast ID	Bree
11/30/2006	I	(RETA) RETAMA PARK	(ALD) THE DOWNS @ ALBUQUERQUE	12/05/06 - 12/05/06	12/01/06 - 12/31/06	X	X	X		420	THOF
11/29/2006	I	(RETA) RETAMA PARK	(PLN) ALAMEDA COUNTY FAIR	12/10/06 - 12/12/06	12/01/06 - 12/31/06	X	X			416	THOF
11/28/2006	I	(RETA) RETAMA PARK	(PLN) ALAMEDA COUNTY FAIR	12/15/06 - 01/31/07	12/01/06 - 03/31/07	X	X	X		368	THOF
11/24/2006	I	(RETA) RETAMA PARK	(AQU) AQUEDUCT	11/30/06 - 12/31/06	11/30/06 - 12/31/06	X	X			299	THOF
11/24/2006	I	(RETA) RETAMA PARK	(AQU) AQUEDUCT	11/29/06 - 12/31/06	11/29/06 - 12/31/06	X	X			298	THOF
11/22/2006	E	(RETA) RETAMA PARK	(AQU) AQUEDUCT	12/01/06 - 01/31/07	01/01/06 - 12/31/07	X	X	X		279	THOF
11/22/2006	I	(RETA) RETAMA PARK	(GULF) GULF GREYHOUND	01/01/07 - 12/01/07	12/01/06 - 12/31/07	X					
11/22/2006	I	(RETA) RETAMA PARK	(BHM) BIRMINGHAM RACE COURSE	01/01/07 - 06/30/07	12/01/06 - 06/30/07	X					
11/22/2006	I	(RETA) RETAMA PARK	(ASK) AK-SAR-BEN	12/01/06 - 12/31/07	12/01/06 - 12/31/07	X					
11/21/2006	I	(RETA) RETAMA PARK	(AQU) AQUEDUCT	11/30/06 - 12/31/06	01/01/06 - 12/31/06	X	X			257	THOF
11/20/2006	I	(RETA) RETAMA PARK	(FRG) FAIRGROUNDS	11/23/06 - 12/31/06	11/23/06 - 03/25/07	X	X			209	THOF

The “Request Log” shows the Simulcast Director the signals they have requested to take; the requests that have been reviewed by the commission auditor in the field; and if the request has been approved or denied.

To request a simulcast signal the Simulcast Director clicks on the “Request” button.

Date Submitted	I/E	Receiving Track Code	Sending Track Code	Request Date	Contract Date	Requested	Reviewed	Approved	Denied	Simulcast ID	Breed
11/30/2006	I	(RETA) RETAMA PARK	(ALD) THE DOWNS @ ALBUQUERQUE	12/05/06 - 12/05/06	12/01/06 - 12/31/06	X	X	X		420	THOF
11/29/2006	I	(RETA) RETAMA PARK	(PLN) ALAMEDA COLLEGE	12/10/06 - 12/10/06	12/01/06 - 12/31/06	X	X			416	THOF

The “Request” button takes the Simulcast Director to the “Select Menu”.

Select Menu [Collapse All](#) [Expand All](#) [Reset Tree](#)

- ⊖ SELECT AN OPTION
  - ⊖ HORSE
    - [IMPORT HORSE SIGNAL](#)
    - [IMPORT GREYHOUND INTERSTATE SIGNAL](#)
    - [IMPORT GREYHOUND INTRA STATE SIGNAL](#)
    - [EXPORT SIGNAL](#)
    - [LIVE RATES](#)
  - ⊖ GREYHOUND
    - [IMPORT GREYHOUND SIGNAL](#)
    - [IMPORT HORSE INTERSTATE SIGNAL](#)
    - [IMPORT HORSE INTRA STATE SIGNAL](#)
    - [EXPORT SIGNAL](#)
    - [LIVE RATES](#)

From the “Select Menu” the Simulcast Director selects the type of simulcast signal they wish to request.

Once the simulcast signal type has been selected from the “Select Menu” the request form will come up for the Simulcast Director to complete and submit to the Commission for approval.

Request Log Request User Management Role Management

TEXAS RACING COMMISSION 512 833-6699 FAX 512 833-6907

**HORSE RACETRACK**  
**REQUEST TO IMPORT HORSE SIGNAL**

Any approval of request is expressly conditioned on full compliance by the receiving racetrack with Chapter 321 of the Commission rules and all applicable state and federal laws. Failure to comply with these rules and laws is grounds for denial of the request and/or rescission of approval.

**I. RACETRACKS:**

\* Requesting Racetrack: RETAMA PARK Phone: \_\_\_\_\_  
 \* Contact: Steve Ross Fax: \_\_\_\_\_  
 \* Sending Racetrack: ALAMEDA COUNTY FAIR Phone: \_\_\_\_\_  
 \* Contact: \_\_\_\_\_ Fax: \_\_\_\_\_

**II. REQUEST DATES:**

\* Begin: \_\_\_\_\_ \* End: \_\_\_\_\_

**III. ALLOCATIONS:**

Wager Categories	WPS	M2			M3			
<b>SENDING TRACK'S TAKEOUT RATES</b>	0	0	0	0	0	0	0	0
	%	%	%	%	%	%	%	%
STATE	1	1	0	0	1	0	0	0
	%	%	%	%	%	%	%	%
**POOL	100	100	0	0	100	0	0	0
	%	%	%	%	%	%	%	%
HORSE PURSE	0	0	0	0	0	0	0	0

The request form will calculate the rates for the “Requesting Racetrack” after the Simulcast Director enters the “Sending Track’s Takeout Rates” and the “Simulcast Fee”. After the simulcast request has been submitted the Commission field auditor will review the request and compare the information on the request to the simulcast contract the “Requesting Racetrack” has signed with the “Sending Racetrack”.

Address [http://brc26.brc.state.tx.us/pls/ntmidb-test/f?p=114:6:18177824815279279358::NO:6:P6\\_CONTRACT\\_ID:594](http://brc26.brc.state.tx.us/pls/ntmidb-test/f?p=114:6:18177824815279279358::NO:6:P6_CONTRACT_ID:594) LILA Logout

Request Log Request **Review** User Management Role Management

**TEXAS RACING COMMISSION  
SIMULCAST REVIEW**

HOST: DEL MAR NAME   IMPORT  EXPORT  LIVE  
 GUEST: RETAMA PARK \* BREED  DATE RECEIVED

**HOST / GUEST APPROVALS**

1. REQUESTED DATES: \* BEGIN  \* END   
 2. CONTRACT: SIGNED  \* BEGIN  \* END   
 3. APPROVALS:  
 A. TEXAS HPBA / TGA \* BEGIN  \* END   
 B. HOST HPBA / TGA (HORSES ONLY) \* BEGIN  \* END   
 C. HOST STATE (HORSES ONLY) \* BEGIN  \* END   
 D. SIGNAL TYPE  SIMULCAST  CROSS SPECIES

**COMPLIANCE**

This simulcast request is in compliance with Sec.321.405 and Sec.321.407 of TxRC Rules of Racing for the requested dates.  
 This simulcast request is in compliance with Sec.321.405 and Sec.321.407 of TxRC Rules of Racing for the following dates.  
 Request is not in compliance for the reason(s) indicated:

PREPARED BY

When the Commission field auditor has completed their review they will submit the simulcast review for approval.

Once the Commission field auditor has submitted the review The Deputy Director of Finance & Regulatory Control, the Compliance Audit Administrator or the Pari-mutuel Audit Administrator will approve or deny the request on behalf of the Executive Secretary.

LILA Logout

Request Log Request **Approve** User Management Role Management

**APPROVAL**

SENDING: DEL MAR RECEIVING: RETAMA PARK  
 REQUEST DATE  CONTRACT DATE   
 STATUS  APPROVED  DENIED  
 FROM  TO   
 COMMENTS   
 Approved By  Date

**CANCEL**

When the approval is submitted the Simulcast Director, who requested the simulcast signal, will receive an email telling them if the request has been approved or denied.



**LONE STAR PARK**  
at Grand Prairie

*Our Mission:*  
*Create Winning Experiences.*

November 6, 2006

Ms. Charla Ann King  
Executive Secretary  
Texas Racing Commission  
P. O. Box 12080  
Austin, TX 78711-2080

**Via Facsimile: (512) 833-6907**

Dear Charla Ann:

In response to your request regarding the allocation of the cross-species purse account, and pending the outcome of Tuesday's meeting in Austin, Lone Star Park recommends maintaining the current percentages for 2007. In the case of Lone Star Park, that would be 18.4% of the escrowed account.

If you have any questions with regard to this recommendation, please contact me at (972) 237-1112.

Sincerely,

Drew M. Shubeck  
Vice President & General Manager

DMS/sa

cc: Tommy Azopardi  
Bob Bork  
Bryan Brown  
David Hooper  
Howard Phillips  
Scott Sherwood  
Rob Werstler  
Ed Wilson



November 3, 2006

Charla Ann King  
Executive Secretary  
Texas Racing Commission  
P.O. Box 12080  
Austin, Texas 78711

Re: Escrowed Purse Funds

Dear Charla Ann,

After careful consideration, Sam Houston Race Park would like to recommend an allocation of 57% of the Cross Species Escrowed Purse fund to be awarded to Sam Houston Race Park. This allocation is based on the following comments and Schedules 1 and 2 attached.

1) Purse Levels - In accordance with section 6.09 (f) of the Texas Racing Act, Sam Houston Race Park is requesting an additional allocation of 20 percent of the escrowed purse funds generated from Gulf Greyhound.

Gulf Greyhound will wager approximately \$15,000,000 in cross species handle for the year 2006. A large percentage of these dollars would have been wagered at SHRP if cross species wagering did not exist. SHRP officials estimate this could be as high as 70%. The impact from Gulf Greyhound only affects SHRP due to the proximity of Gulf Greyhound, but does not affect any of the other horse tracks.

2) Racing Opportunities - For the year 2007, SHRP will provide 44% of the racing opportunities in Texas. The 44% of the racing opportunities combined with the additional 20% allocation from Gulf will result in an allocation of 56% (See Schedule 1). This percentage does not provide any consideration of the ownership of Valley by SHRP. If that ownership and operation is considered, the allocation could be higher since SHRP financially supports that racing program.

3) Financial Status - Clearly SHRP has worked hard to increase purse levels at the track. Some of these efforts to increase purse levels resulted in a decrease in live racing days. This has had an impact on the financial status at SHRP which could be partially addressed by a larger allocation thereby

**Houston's Best Bet!**

SAM HOUSTON RACE PARK, LTD.  
7575 NORTH SAM HOUSTON PARKWAY  
77064-3417, (281) 807-8700

C. King  
November 3, 2006

helping further our purse levels. Also, the loss of revenue to Gulf Greyhound has had a financial impact on SHRP.

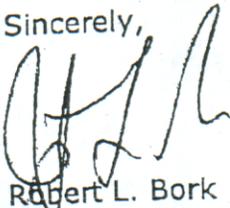
Schedule 2 is attached as a supplement to support the allocation of Cross Species Escrow fund. This schedule clearly reflects that the horse track that provides the most support for Cross Species Simulcasting is SHRP. For the year 2006, 59% of the Cross Species handle at horse tracks were wagered at SHRP. That percentage supports schedule 1 and the allocation SHRP is requesting.

In summary, SHRP is requesting the following allocation for 2007 based on the attached schedules:

- 1) Race Date Allocation - Schedule 1 56%
- 2) Greyhound handle at horse tracks - Schedule 2 59%

As a median percentage, SHRP hereby requests an allocation of the cross species escrow fund of 57%.

Sincerely,



Robert L. Bork  
President & GM

RLB/jlc

cc: Drew Shubeck  
Bryan Brown

Schedule 1

Texas Race Tracks  
Greyhound Handle Wagered at Horse Tracks  
2005 & 2006

	2007	% of Total 2007
Gillespie	8	3%
Manor Downs	18	7%
Lone Star Park	99	38%
Retama Park	21	8%
Sam Houston Race Park	<u>116</u>	<u>44%</u>
<b>Total Race Days</b>	<b><u>262</u></b>	<b><u>100%</u></b>

Escrow Amount	100%
Less Amount for 6.09 (f)	<u>&lt; 20% &gt;</u>
	80%
Percentage of Racing Opportunities	<u>x 44%</u>
Allocation of Escrow Funds	36%
Add Amount from 6.09 (f)	<u>+ 20%</u>
	56%

Texas Race Tracks  
 Greyhound Handle Wagered at Horse Tracks  
 2005 & 2006

	2005	% of Total	2006*	% of Total
Gillespie	\$ 750,091	2%	\$ 524,332	1%
Manor Downs	\$ 3,650,708	9%	\$ 3,022,632	9%
Lone Star Park	\$ 6,847,436	16%	\$ 4,783,310	13%
Retama Park	\$ 6,721,404	16%	\$ 6,082,957	17%
Sam Houston Race Park	\$ <u>24,685,233</u>	<u>58%</u>	\$ <u>21,100,850</u>	<u>59%</u>
<b>Total</b>	\$ <u>42,654,872</u>	<b>100%</b>	\$ <u>35,514,081</u>	<b>100%</b>

\*Wagering thur 10/22/06



Ms. Charla Ann King  
Executive Secretary  
Texas Racing Commission  
PO Box 12080  
Austin, Texas 78711-2080

Dear Charla Ann:

This letter serves as the request by Retama Park for a share of the escrowed purse account funds. Specifically, Retama is requesting 50% of the funds to be distributed in 2007.

The distribution of the escrowed purse account is governed by Sections 6.091 (e) and (f) of the Texas Racing Act. This section was part of the Texas Racing Commission Sunset Bill signed by the Governor in June 1997.

Section 6.091 (e) sets forth three criteria for distribution of the escrowed purse account. The criteria are as follows:

- level of purses
- racing opportunities
- financial status

These three areas are the only points of consideration outlined in Section 6.091 (e). This means that factors such as geographic location of greyhound facilities are not to be considered except as set forth in 6.091 (f).

The remainder of this letter expands on Retama's request as it relates to the three areas outlined in 6.091 (e).

**PURSE LEVELS**

Retama Park has the lowest levels of Thoroughbred and Quarter Horse purses of the three Class I race tracks. In fact, Retama's average daily purse per race is lower than that of Manor Downs. Retama's Thoroughbred purses were 71% lower than Lone Star Park's and 52% lower than Sam Houston Race Park's. Quarter Horse purses were 61% and 51% lower than those achieved at Lone Star Park and Sam Houston Race Park, respectively.

The following summarizes purses of the three Class I horses tracks in 2005:

	<u>Thoroughbred Purses</u>		<u>Quarter Horse Purses</u>	
	<u>Per Day</u>	<u>Total</u>	<u>Per Day</u>	<u>Total</u>
Lone Star Park	213,820	14,325,935	124,993	4,124,771
Sam Houston	105,974	8,689,851	87,793	3,336,125
Retama	96,163	4,135,000	67,857	1,628,570

Source: Texas Racing Commission

The level of Retama's purses for all breeds needs to increase for Retama to attract horses. Retama faces a great deal of competition for attracting Quarter Horses in 2007 and had to cut live race days in order to maintain its average daily level of purses experienced in 2006. Furthermore, Retama will need to build up considerable purse funds during the year to offer appropriate purses in its 2008 Thoroughbred meet. If granted, early 2008 dates will be new to Retama, and it will be very important to have strong purses to maximize the potential for success.

Looking at a direct impact, with additional purse funds, Retama can become more competitive with Quarter Horse purse levels in surrounding states. Exhibit "A" shows a summary of purse levels of the Texas tracks compared with those in New Mexico, Oklahoma and Louisiana. While increasing purses to the higher levels of some of the listed tracks is virtually unattainable, raising purses to those of Delta Downs is achievable. A 20% increase in Quarter horse purses would put Retama at levels near to those of Delta Downs. The total cost of this increase would be:

2006 Earned Purses	1,055,900
Increase	<u>20%</u>
Total Increase	\$211,180

The total needed for a 20% increase in Quarter Horse purses at Retama would come from a combination of a revised set of sharing percentages of the escrowed purse account plus a change in the split between Quarter Horses and Thoroughbreds. This is shown in Exhibit "B". We would change the sharing from 70% (Thoroughbreds) and 30% (Quarter Horses) to 56% (Quarter Horses) and 44% (Thoroughbreds).

Note that these percentages are after payment of 2% to minor breeds.

**RACING OPPORTUNITIES**

Retama Park runs fewer race dates than the other two Class I tracks. The major reason for this is the limited level of purse funds generated by on-track simulcasting. The simulcast market is in part limited by the total population and income levels in the San Antonio area which are significantly lower than the levels in the Dallas and Houston markets.

The following summarizes total race dates for the horse tracks:

	<u>Quarter Horse Race Dates</u>					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Lone Star Park	33	33	na	33	32	32
Sam Houston	43	43	95	38	38	35
Retama Park	31	24	na	24	24	21
Manor (mixed)	28	22	18	16	18	18

	<u>Thoroughbred Race Dates</u>					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Lone Star Park	70	70	82	67	66	67
Sam Houston	84	84	72	82	72	81
Retama Park	51	48	39	43	51	na

Note that in both its Thoroughbred and Quarter Horse meetings, Retama runs less than 9 races per day on average further widening the disparity in racing opportunities. Without additional purse funds, it would not be prudent to increase the number of racing opportunities as this would diminish average purses. Should Retama be granted additional funds from the escrowed purse account, we would work with the breed associations and the horsemen to determine the best use of the additional funds. This could mean more racing opportunities and/or a higher level of average daily purses. The outlined new share and 20% increase in Quarter Horses purses would be our recommendation as shown in the previous section.

### FINANCIAL STATUS

Retama Park experienced financial difficulty early on in its first year of operation (1995) which led to declaration of bankruptcy in 1996. Retama emerged from bankruptcy in March of 1997. Since that time, Retama's financial position has experienced a positive turnaround as a result of:

- significant reductions in staff levels and operating costs
- increases in on-track simulcasting revenues
- a substantial decrease in debt required to be serviced
- enhancements to the facility including construction of a sports bar, players club, turf club and escalator enclosure
- significant investment in marketing and promotions

Despite these important steps and the improvement in financial position, Retama has not provided returns to its investors beyond debt service. Retama continues to operate with a careful watch on expenditures.

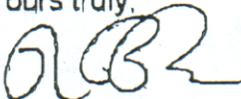
The San Antonio market puts Retama at a disadvantage relative to the other Class I race tracks. A significant portion of the contribution to any track's bottom line is derived from on-track live and simulcast wagering. To a large extent, these wagering levels are driven by the total disposable income of the market. While an increase in the share of the escrowed purse account does not make up for the financial constraints Retama faces, it helps fuel purses which will positively impact our financial status.

### SUMMARY

Following the provisions of Section 6.091 (e) of the Texas Racing Act, we feel that Retama Park is entitled to a 50% share of the funds from the escrowed purse account. Given this share of funds and a change in the split between Quarter Horses (56%) and Thoroughbreds (44%), Retama would be able to raise Quarter Horse purses by about 20%.

We appreciate your consideration of this request.

Yours truly,



Bryan P. Brown  
CEO

cc: Tommy Azopardi  
Terry Blanton  
Bob Bork  
Dave Hooper  
Tooter Jordan  
Howard Phillips  
Scott Sherwood  
Drew Shubeck  
Rob Werstler

EXHIBIT A

Quarter Horse Purse Comparison - Texas and Bordering States

	Stallard Park 2006	Remington Park 2008	Wm Rogers Downs 2008	Ruidoso Downs 2008	Delta Downs 2008	Bam Houston Race Park 2008	Retama Park 2008	Manor Downs 2006	Lone Star Park 2005
2 Yr Old Maiden	\$15,500	\$13,500	\$8,000	\$7,300	\$5,800	\$5,000	\$4,800	\$4,600	\$5,500
3 Yr & Up Maiden	\$16,500	\$13,500	\$8,000	\$7,300	\$5,800	\$5,000	\$4,800	\$4,600	\$5,500
3 Yr & Up \$3,500		\$4,000 Claim		\$4,000 Claim		\$3,400-\$3,600	\$2,800-\$3,000	\$3,800-\$4,200	\$2,800-\$3,600
Claimer	None	\$5,500-\$6,000	None	\$6,200	\$4,300	\$3,400-\$4,000	\$3,400-\$4,000	\$3,800-\$5,000	\$3,400-\$3,700
3 Yr & Up \$5,000	\$7,500 Claim	\$7,500 Claim	\$4,500-\$5,000	Open Claim	\$4,000-\$5,000	\$3,600-\$4,000	\$3,400-\$4,000	\$3,800-\$5,000	\$3,400-\$3,700
11.000	\$8,000-\$6,500	\$8,000-\$6,500		\$7,600		\$4,200-\$4,800	\$3,500-\$3,700	\$4,300-\$4,400	\$4,500-\$5,800
3 Yr & Up			\$5,500-\$6,000	\$8,700-\$9,600	\$4,500-\$5,000				
\$10,000 Claimer	\$7,500								
3 Yr & Up Non									
Winner of 2.3 or									
4 Lifetime &									
Open Allowance	\$19,000-\$30,000	\$13,000-\$16,000	\$11,000-\$13,000	\$10,000-\$12,000	\$6,500-\$8,000	\$5,800-\$6,200	\$5,000-\$5,400	\$10,000-\$11,800	\$6,200-\$7,500

Does not include Additional State Bred Program Monies.  
 \*2008 Lone Star Park Condition Book not available at this time.

**Exhibit B**  
**Summary of Proposed Purse Structure**

**Current Structure**

<b>2006 Funding of Escrowed Purse Account</b>	<b>1,200,000</b>
<b>Retama Share</b>	<b><u>34.7%</u></b>
<b>Total Retama Share</b>	<b>416,400</b>
<b>Share to Quarter Horse Purses</b>	<b><u>30.0%</u></b>
<b>Total Quarter Horse Purse Funding</b>	<b>124,920</b>

**Revised Structure**

<b>2007 Funding of Escrowed Purse Account</b>	<b>1,200,000</b>
<b>Retama Share</b>	<b><u>50.0%</u></b>
<b>Total Retama Share</b>	<b>600,000</b>
<b>Share to Quarter Horses Purses</b>	<b><u>56.0%</u></b>
<b>Total Quarter Horse Purse Funding</b>	<b>336,000</b>

<b>Increase in Quarter Horse Purse Funding</b>	<b>211,080</b>
--	----------------

**To: Charla Ann King**

**Fm: Bryan Brown**

**7 pages including cover**



P.O. Box 141309

Austin, Texas 78714

512/272-5581

November 30, 2006

Charla Ann King  
Executive Director  
Texas Racing Commission  
P O Box 120080  
Austin, TX 78711-2080

Dear Charla Ann:

While there may be some consideration for changing the cross species escrow horse purse account allocation among the tracks, Manor Downs does not think that this is the time to do that. If I may suggest, I would like for this to be a topic when the Tracks and the TxRC staff reconvene this spring to plan 2008 race dates. Therefore, Manor Downs strongly request that the cross species escrow horse purse account allocation remain the same as in previous years.

Respectfully,

Howard Phillips  
President

Gillespie

# GILLESPIE COUNTY FAIR RACE MEET

P.O. Box 526  
Fredricksburg, TX 78624  
Phone: 830-997-2359

Scott Sherwood  
P.O. Box 488  
La Marque, TX 77568  
Phone: 409-986-8563  
Fax: 409-986-6840

October 9, 2006

Charla Ann King  
Executive Director  
Texas Racing Commission  
P.O. Box 12080  
Austin, TX 78711-2080

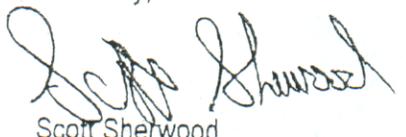
VIA FAX

Dear Mrs. King,

The Gillespie County Fair Race Meet respectfully requests that the distribution of the Texas Racing Commission Escrow Purse Account follow the distribution amounts as prescribed in the Amended Schedule A of the Global Cross Species Agreement for 2006

I am hopeful that the above meets the approval of the Texas Racing Commission. If you have any questions or concerns feel free to contact me at 409-986-9500 extension 2178.

Sincerely,



Scott Sherwood  
Director of Racing

- cc: Tommy Azopardi-THP
- Howard Phillips - Manor Downs
- Brian Brown-Retama Park
- Bob Bork - Sam Houston Race Park
- Drew Shubeck - Lone Star Park
- David Hooper - TTBA
- Rob Werstler - TQHA

## INTER-OFFICE MEMORANDUM

December 8, 2006

TO: Ms. Charla Ann King  
Executive Director

FROM: Thomas Neely  
Enforcement Director

RE: Transfer of Interests in Retama Partners Ltd.

On November 20, 2006 TxRC received a request from Retama Partners Ltd. to approve the transfer of ten (10) interest units from Thomas Arthur Wolf (deceased) to his heirs at 3.33 interest units (.0830%) each as follows:

- Richard William Wolf, DOB: 11/27/44
- Thomas Arthur Wolf Jr, DOB: 11/23/47
- Lucie Wolf Taylor, DOB: 1/14/52

On November 29, 2006 background information on the individuals listed was forwarded to Texas Department of Public Safety Criminal Intelligence Service.

On December 8, 2006 information received from DPS/CIS revealed that there was no information found that would make the individuals named above ineligible to hold an ownership interest.

It is recommended that the Commission approve the transfers as requested.

ENC: Request Letter

Retama Partners Ltd.  
P. O. Box 47535  
San Antonio, TX 78265-7535  
210-651-7120 Fax 210-651-7097

November 17, 2006

Received TxRC

NOV 20 2006

Ms. Charla Ann King  
Executive Director  
Texas Racing Commission  
PO Box 12080  
Austin, TX 78711-2080

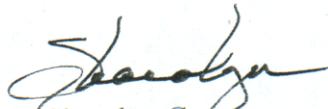
Dear Charla Ann:

Enclosed are the documents required for transfer of the following ownership interests/units in Retama Partners Ltd.

- Thomas A. Wolf, deceased, transferred 10 interests (effective May 1, 2005) as follows:
  - Richard W. Wolf                      3.333 interests/units (.0830% ownership)
  - Thomas A. Wolf, Jr.                3.333 interests/units (.0830% ownership)
  - Lucie W. Taylor                      3.333 interests/units (.0830% ownership)

Please let me know if you need any further information for approval of this transfer by the Texas Racing Commission. Thanks for your help.

Sincerely,

  
Sharolyn Grammer

Enclosures

*Published in the December 29, 2006, issue of the Texas Register and eligible for adoption on or after January 28, 2007. As of January 24, 2007, the agency has received no written comments or questions regarding the proposal. Written comments received after January 24 and before January 31, 2007, if any, will be presented at the Commission meeting.*

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**TITLE 16.ECONOMIC REGULATION  
PART 8. TEXAS RACING COMMISSION**

**CHAPTER 309. RACETRACK LICENSES AND OPERATIONS**

The Texas Racing Commission proposes an amendment to §309.8, relating to the license fees charged to pari-mutuel racetracks. The amendment will create an annual license fee for active pari-mutuel racetracks, increase the annual license fee for licensed but inactive pari-mutuel racetracks, and delete the additional fee charged to an association that conducts the Breeders' Cup races.

Charla Ann King, Executive Secretary for the Texas Racing Commission, has determined that for the first five year period the amendment is in effect there will be no fiscal implications for local government as a result of enforcing the amendment. The amendment will have fiscal implications for state government, in that it will generate additional revenue for the Commission's dedicated account in the state treasury, which is used to fund all agency operations. Ms. King estimates that the amendment will generate an additional \$452,500 in additional revenue during fiscal year 2007, and that the amendment will generate an additional \$790,000 in each subsequent fiscal year.

Ms. King has also determined that for each year of the first five years the amendment is in effect the anticipated public benefit will be that the Commission will fully comply with applicable law by raising sufficient revenue to fund regulatory operations. The exact cost of compliance to a pari-mutuel racetrack will vary, depending on the type and class of racetrack. Under the amendment, the annual license fee for racetracks will be as follows: The annual fee for an active greyhound racetrack will be \$80,000 in fiscal year 2007 and \$175,000 in each subsequent year. The annual fee for an active Class 1 racetrack will be \$27,500 in fiscal year 2007 and \$45,000 in each subsequent year. The annual fee for an active Class 2 racetrack will be \$15,000 in fiscal year 2007 and each subsequent year. The annual fee for an active Class 3 or 4 racetrack will be \$5,000 in fiscal year 2007 and each subsequent year.

Under the amendment, the annual license fee for licensed but inactive racetracks will be as follows: The annual fee for an inactive greyhound racetrack will be \$125,000 in fiscal year 2007 and each subsequent year. The annual fee for an inactive Class 1 racetrack will be \$125,000 in fiscal year 2007 and each

subsequent year. The annual fee for an active Class 2 racetrack will be \$55,000 in fiscal year 2007 and \$75,000 in each subsequent year. The annual fee for an active Class 3 or 4 racetrack will be \$25,000 in fiscal year 2007 and each subsequent year. There is no anticipated economic cost to an individual required to comply with the proposed amendment.

There are no foreseeable implications relating to costs or revenues for small or micro-businesses as a result of enforcing or administering the proposed amendment.

There are no negative impacts upon employment conditions in this state as a result of the proposed amendment.

All comments or questions regarding the proposed amendment may be submitted in writing within 30 days following publication of this notice in the *Texas Register* to Gloria Giberson, Assistant to the Executive Secretary for the Texas Racing Commission, at P.O. Box 12080, Austin, Texas 78711-2080, telephone (512) 833-6699, or fax (512) 833-6907.

The amendment is proposed under the Texas Civil Statutes, Article 179e, §3.02 which authorizes the Commission to make rules relating exclusively to horse and greyhound racing; §5.01, which authorizes the Commission to prescribe reasonable license fees for each category of license; §6.06, which authorizes the Commission to adopt rules on all matters relating to the planning, construction, and operation of racetracks; and §6.18, which authorizes the Commission to prescribe a reasonable annual fee to be paid by each racetrack licensee.

The amendment implements Texas Civil Statutes, Article 179e.

**SUBCHAPTER A. RACETRACK LICENSES**  
**16 TAC §309.8**

**§309.8. Racetrack License Fees.**

(a) - (b) (No change.)

(c) Annual License Fee.

(1) Active License Fee for State Fiscal Year Ending August 31, 2007. An association that is licensed and that is conducting live racing or simulcasting shall pay an annual active license fee. The fee is due to the Commission on April 16, 2007, for the State fiscal year ending August 31, 2007. The active license fee for a greyhound racing association is \$80,000. The active license fee for a horse racing association is:

(A) for a Class 1 racetrack, \$27,500;

(B) for a Class 2 racetrack, \$15,000; and

(C) for a Class 3 or 4 racetrack, \$5,000.

(2) Active License Fee for State Fiscal Years Beginning September 1, 2007, and thereafter. An association that is licensed and that is conducting live racing or simulcasting shall pay an annual active license fee. The fee is due to the Commission on January 31 of each State fiscal year. The active license fee for a greyhound racing association is \$175,000. The active license fee for a horse racing association is:

(A) for a Class 1 racetrack, \$45,000;

(B) for a Class 2 racetrack, \$15,000; and

(C) for a Class 3 or 4 racetrack, \$5,000.

(3) Inactive License Fee for State Fiscal Year Ending August 31, 2007. An association that is licensed but is not conducting live racing or simulcasting shall pay an inactive license fee. The fee is due to the Commission on April 16, 2007, for the State fiscal year ending August 31, 2007. The inactive license fee for a greyhound racing association is \$125,000. The inactive license fee for a horse racing association is:

(A) for a Class 1 racetrack, \$125,000;

(B) for a Class 2 racetrack, \$55,000; and

(C) for a Class 3 or 4 racetrack, \$25,000.

(4) [~~e~~] Inactive License Fee for State Fiscal Years Beginning September 1, 2007, and thereafter. An association

that is licensed but is not conducting live racing or simulcasting shall pay an inactive license fee. The fee is due to the Commission on September 1 of each year. The inactive license fee for a greyhound racing association is \$125,000 [~~\$25,000~~]. The inactive license fee for a horse racing association is:

- (A) [~~(1)~~] for a Class 1 racetrack, \$125,000 [~~\$25,000~~];
- (B) [~~(2)~~] for a Class 2 racetrack, \$75,000 [~~\$20,000~~]; and
- (C) [~~(3)~~] for a Class 3 or 4 racetrack, \$25,000. [~~\$3,500~~; and]

~~[(4) for a Class 4 racetrack, \$1,250.]~~

(d) - (e) (No change.)

~~[(f) Breeders' Cup Fee. Due to the additional travel, personnel,~~

~~and drug testing costs incurred by the Commission in conjunction~~

~~with regulating the Breeders' Cup races, an association that conducts~~

~~the Breeders' Cup races shall pay a fee of \$10,000. The fee is due not~~

~~later than 5:00 p.m. on the 30th day after the date the Breeders' Cup~~

~~races are conducted.]~~

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Filed with the Office of the Secretary of State on December 15, 2006.

TRD-200606773

Mark Fenner

General Counsel

Texas Racing Commission

Earliest possible date of adoption: January 28, 2007

For further information, please call: (512) 833-6699

# TEXAS RACING COMMISSION

## PARI-MUTUEL ADVISORY COMMITTEE

---

### PROPOSED AMENDMENT TO SEC. 321.313 SELECT THREE, FOUR, OR FIVE.

#### HISTORY

The Texas Racing Commission received several patron complaints regarding the payout on a Select 3 pool when there was a dead heat. Currently the rule specifies that the Select 3 pool be calculated as a "win pool". Patrons are requesting that the pool be paid as a "profit split." "Win" pool means that each entry in the dead heat receives an equal price payout. A "Profit split" allows the payouts to be weighted according to the actual amount of money wagered on the winning combination.

The proposed rule is consistent with The Association of Racing Commissioners International model rule regarding dead heats for the Win Three Pools (F) (3) (b) (A) and mirrors the language in the model rule.

#### TECHNICAL INFORMATION

Representatives from the three tote companies (Amtote, Scientific Games, and United Tote) have been consulted regarding this proposed change. The three tote companies are unanimous in their response. The Select 3 pool can be calculated as a "profit split" in accordance with the language in the ARCI Model rule for Win Three Pools.

**Sec. 321.313. Select Three, Four, or Five.**

(a) The select three, four, or five wager is not a parlay and has no connection with or relation to the win, place, and show pools shown on the tote board.

(b) A select three, four, or five ticket is evidence of a binding contract between the holder of the ticket and the association and the ticket constitutes an acceptance of this section. The association may select a distinctive name for the select three, four, or five, with the prior approval of the executive secretary.

(c) The select three, four, or five pari-mutuel pool consists of amounts contributed for a selection to win only on each of three, four, or five races designated by the association with the approval of the executive secretary. Each person purchasing a select three, four, or five ticket shall designate the winning animal in each of the races comprising the select three, four, or five.

(d) A coupled entry or mutuel field in a race that is part of the select three, four, or five shall race as a single betting interest for the purpose of the select three, four, or five pari-mutuel pool calculations and payoffs to the public. If any part of a coupled entry or mutuel field is a starter in a race, the entry or field selection remains as the designated selection to win in that race for the select three, four, or five calculation, and the selection may not be deemed a scratch.

(e) The select three, four, or five pari-mutuel pool may be a carryover pool or a non-carryover pool. The association, with prior approval of the executive secretary, will decide if the select three, four, or five pari-mutuel pool will be offered as a carryover pool or a non-carryover pool.

(f) A non-carryover select three, four, or five pari-mutuel pool shall be distributed in accordance with this subsection. One hundred percent of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of pari-mutuel tickets which:

(1) Correctly designate the official winner in each of the races comprising the select three, four, or five.

(2) If no pari-mutuel ticket is sold combining the winners of all of the races comprising the select three, four, or five, 100% of the net amount in the pari-mutuel pool shall be distributed among the holders of pari-mutuel tickets which include the winners of the next highest number of winners of the races in the select three, four, or five.

(3) If no pari-mutuel ticket is sold that would require distribution of the select three, four, or five pool under paragraphs (1) or (2) of this subsection, the association shall carry over all money wagered in the select three, four, or five pool to the next consecutive select three, four, or five pool.

(4) If the final day of a race meeting is canceled or the select three, four, or five pool has not been distributed, the pool shall be escrowed by the association, and the pool plus all accrued interest shall be carried over and added to the select three, four, or five pari-mutuel pool in the following race meeting on a date and performance designated by the executive secretary.

(5) If one or two of the races comprising a select three is canceled, two or three of the races comprising a select four are canceled, or three or four of the races comprising a select five are canceled, the net amount of the pari-mutuel pool shall be distributed as provided in paragraph (2) of this subsection.

(g) A carryover select three, four, or five pari-mutuel pool shall be distributed in accordance with this subsection. The net pool in the select three, four, or five pool is divided into a major pool and a minor pool. The association shall designate the major pool to consist of 75% of the net amount wagered on the select three, four, or five pool. The remaining 25% constitutes the minor pool. (1) The major pool shall be distributed among holders of select three, four, or five tickets, which correctly designate the winner in each of the races comprising the select three, four, or five. (2) Except as otherwise provided by this section, the minor pool shall be distributed to those ticket holders who failed to correctly designate the winner in each of the races comprising the select three, four, or five, but who correctly selected the winners in the most, but not all of, the races comprising the select three, four, or five. If there are no such tickets, then the minor pool would be added to the major pool and: (A) Paid out to holders of tickets who correctly designated the winner in each of the races comprising the select three, four, or five, but if there are no such tickets, (B) Carried forward to the next select three, four or five pool offered. (3) If no ticket is sold that designates the winner in each of the races comprising the select three, four, or five, the major pool shall be carried forward to the next select three, four or five pool offered to be paid in the major pool. (4) Except as otherwise provided by this section, the major pool shall be supplemented each performance by the amount added to the pool from all previous performances' major pools that have not been won in accordance with paragraph (1) of this subsection. (5) If on the last performance of the race meeting or on a designated mandatory payout performance the major pool is not distributable under paragraph (1) of this subsection, the major pool and all money carried forward into that pool from previous performances shall be combined with the minor pool and distributed to the holders of tickets correctly designating the most, but not all, of the races comprising the select three, four, or five. (6) Except as otherwise provided by this subsection, if one or more of the races comprising a select three, four, or five is canceled or declared a "no race", the amount contributed to the major pool for that select three, four, or five shall be added to the minor pool for that same select three, four, or five and distributed as an extra amount in the minor pool to the holders of the tickets that designate the most winners in the remaining races. All contributions to the major pool from prior select three, four, or five pools shall remain in the major pool, to be carried forward to the next select three, four, or five pool to be paid in the major pool later on the race card or on the next performance.

(h) If all of the races comprising the select three, four, or five are canceled, the association shall refund the pari-mutuel tickets sold on the select three, four, or five on that day. The association shall carry over the remaining amount in the select three, four, or five pari-mutuel pool to the next consecutive select three, four, or five pari-mutuel pool.

(i) If a selection on a select three, four, or five ticket in one or more of the races is scratched or determined by the stewards or racing judges to be a nonstarter in the race, the actual favorite, as shown by the largest amount wagered in the win pool at the time of the start of the race, will be substituted for the nonstarting selection for all purposes, including pool calculations and payoffs. If there are two or more favorites in the win pool, both favorites will be substituted for the non-starting selection.

(j) In the event of a dead heat for win between two or more animals:

(1) -in a select three, four, or five race, all the animals in the dead heat for win shall be considered as winning animals in the race for the purpose of calculating the major or minor pools and the affected pool is calculated as a win pool.

(A) As a profit split to those whose selections finished first in each of the three contests; but if there are no such wagers, then

(B) As a Single price pool to those who selected the first place finisher in any two of the three contests; but if there are no such wagers, then

(C) As a Single price pool to those who selected the first place finisher in any one of the three contests; but if there are no such wagers, then in accordance with paragraph (f) of this section.

(2) in a select four, or five race, all the animals in the dead heat for win shall be considered as winning animals in the race for the purpose of calculating the major or minor pools and the affected pool is calculated as a win pool.

(k) A pari-mutuel ticket for the select three, four, or five pool may not be sold, exchanged, or canceled after the time wagering closes in the first of the races comprising the select three, four, or five, except for refunds on select three, four, or five tickets as required by subsection (h) of this section. A person may not disclose the number of tickets sold in the select three, four, or five pool or the number or amount of tickets selecting winners of select three, four, or five races until the stewards or racing judges have determined the last race comprising the select three, four, or five to be official.