

## **TEXAS RACING COMMISSION**

P. O. Box 12080 ★ Austin, TX 78711-2080  
8505 Cross Park ★ Austin, TX 78754-4552  
(512) 833-6699 ★ Fax (512) 833-6907



# **COMMITTEE ON HORSE RACE DATES**

Friday, August 13, 2010  
10:30 a.m.

Sam Houston Race Park  
Founder's Room  
7575 N. Sam Houston Parkway West  
Houston, TX 77064

## **Agenda**

The Committee will meet to discuss potential horse race dates for calendar year 2011 and the first eight months of 2012. This meeting is being held in conjunction with the Application Period for Race Dates that the Texas Racing Commission opened at its meeting on July 7, 2010. Racetracks must submit their request for dates to the Commission no later than August 18, 2010. The Commission expects to consider the racetracks' requested race dates at its scheduled meeting on September 14, 2010.

This meeting will provide a forum for the associations, breed associations, horsemen's organization, other racing industry stakeholders, and the public to provide input on the proposed calendars that are being submitted by the racetracks.

*Persons with disabilities who plan to attend this meeting and who may need auxiliary aids, services, or special accommodations should contact Bill Childs at (512) 833-6699 at least two (2) working days prior to the meeting so that appropriate arrangements can be made.*

# Committee on Horse Race Dates

August 13, 2010, Meeting

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## Agenda Packet Material Index

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- I. Race Dates for calendar year 2011 and the first eight months of 2012 submitted for consideration:
  - A. Lone Star Park submission
  - B. Brian C. Schartz submission
  - C. Joe Kerby submission
  - D. C. E. Wright submission
  - E. Phil Leckinger submission
  
- II. Information submitted for consideration:
  - A. Sam Houston Race Park submission
    - a. Comparison of Wagering Data
    - b. Field Size Statistics 2010 QH Meet
  - B. Texas Thoroughbred Association submission
    - a. Comparative Statistical Data for LA, NM, OK, and TX
    - b. Statistical Data on ATB Program
    - c. Thoroughbred Breeding Annual Statistical Comparison
  - C. Sharon Kerby submission
  - D. Texas Racing Commission Two Year Handle Analysis (Live Days with simulcast & Non-Live Days with simulcast)
  
- III. Stakeholder comments received
  
- IV. July 16<sup>th</sup> Committee on Horse Race Dates Meeting Report and information submitted during meeting for consideration:
  - A. Texas Racing Commission July 16<sup>th</sup> Committee Meeting Report
  - B. Joe Kerby submission
  - C. Roger Williams submission
  
- V. Financial Statements of Operation (2005 thru 2009):
  - A. Lone Star Park
  - B. Retama Park
  - C. Sam Houston Race Park
  - D. Manor Downs

# Committee on Horse Race Dates

August 13, 2010, Meeting

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## Agenda Packet Material

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Section I. Race Dates for calendar year 2011 and the first eight months of 2012 submitted for consideration.



**LONE STAR PARK**  
*at Grand Prairie*  
A MAGNA ENTERTAINMENT VENUE  
*Our Mission:*  
*Create Winning Experiences.*

2010 AUG -5 PM 4: 24

RECEIVED  
TEXAS RACING  
COMMISSION

August 5, 2010

Mr. Sammy Jackson  
Deputy Director of Regulatory Control  
Texas Racing Commission  
P. O. Box 12080  
Austin, TX 78711-2080

**Via Email**

Dear Sammy:

I'm writing in response to your request for information to include in the packets for the Race Date Committee meeting at Sam Houston. Attached you will find the following:

- Proposed race date calendar for Lone Star Park
- Results of the poll taken by our Racing Office regarding Thoroughbred purse levels
- Thoroughbred purse distribution at various levels
- Thoroughbred percentage of stakes to total purses paid comparison

Please let me know if you have questions or need additional information.

Sincerely,

Drew M. Shubeck  
President & General Manager

DMS:sa

HOST SITE OF THE  
2004 BREEDERS' CUP  
WORLD THOROUGHBRED CHAMPIONSHIPS

1000 Lone Star Parkway  
Grand Prairie, Texas 75050  
(972) 263-7223  
lonestarpark.com

I.A.1

# Lone Star Park at Grand Prairie - 2011 Proposed Race Dates

## JANUARY

Sun	Mon	Tues	Wed	Thurs	Fri	Sat
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## FEBRUARY

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## APRIL

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## JUNE

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## SEPTEMBER

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## DECEMBER

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Thoroughbreds (60)

Quarter Horse (26)

## *Lone Star Park Race Office Polling*

The Lone Star Park racing office polled trainers who did not participate at LSP during the 2010 thoroughbred season. Trainers were asked what it would take for them to participate in 2011. The trainers were asked if they would come for \$175 per day or would it take more?

\$175 enough to return	2
\$200 enough to return	$2 + 7 = 9$
\$230 enough to return	$2 + 7 + 9 = 18$

### Raw Data

- 3 Trainers – not \$175 for sure but the levels were a possibility, sure like the sound of \$230
- 2 Trainers – thought \$200 would be good, but wouldn't move LA bred's over but maybe open horses
- 3 Trainers - \$230 would get whole outfits here, anything less he couldn't say for sure
- 2 Trainers – very excited when the \$260 - \$280 numbers were throw around but would still split for \$230
- 1 Trainer – if the purses were the same as or better then Iowa he would probably be back, so around the \$200 level
- 2 Trainers – consider themselves some of the little people, would probably come back for \$175 depending on personal situations
- 2 Trainers – would still stay at LAD no matter what but he would ship over a lot more at the \$200 level
- 1 Trainer – he said “the more money the better, put me down for the \$230” but then said the purses were not the only reason for him not coming back, other issues included the heat, amount of Tx-Breds he had and no place to go when the meet ended
- 2 Trainers – would like the levels to be comparable to Remington which would be about the \$200 level

# *Lone Star Park Purse Distribution*

Type of Race	2010	2011	
	\$150,000	\$200,000	\$230,000
Open Allowance	\$30,000	\$40,000	\$45,000
Beaten Allowance	\$27,000	\$38,000	\$42,000
3XMCT/\$40,000	\$23,500	\$36,000	\$39,000
2XMCT/\$30,000	\$22,500	\$34,000	\$37,000
1NWMC	\$21,500	\$32,000	\$35,000
Maiden	\$20,500	\$30,000	\$33,000
Trials	\$17,000	\$21,000	\$23,000
Starter - Price	\$19,000	\$22,000	\$25,000
Starter - \$15,000	\$16,500	\$20,000	\$23,000
Starter - \$12,500	\$15,000	\$19,000	\$22,000
Starter - \$10,000	\$13,000	\$17,000	\$19,000
Starter - \$7,500	\$11,500	\$15,500	\$17,000
Starter - \$5,000	\$8,500	\$12,500	\$14,000
\$30,000	\$18,000	\$25,000	\$28,000
\$25,000	\$17,000	\$23,000	\$26,000
\$25,000 NW3	\$11,500	\$15,500	\$18,000
\$20,000	\$15,000	\$20,000	\$23,000
\$20,000 NW3	\$10,500	\$15,000	\$17,000
\$20,000 NW2	\$9,500	\$14,000	\$16,000
\$15,000	\$12,000	\$16,500	\$18,000
\$15,000 NW3	\$9,500	\$15,000	\$17,000
\$15,000 NW2	\$9,000	\$14,500	\$16,000
\$12,500	\$11,000	\$15,000	\$16,000
\$12,500 NW3	\$9,000	\$13,000	\$15,000
\$12,500 NW2	\$8,500	\$12,500	\$14,000
\$10,000	\$10,500	\$15,000	\$17,000
\$7,500	\$8,000	\$13,000	\$14,000
\$7,500 NW3	\$7,500	\$12,000	\$13,500
\$7,500 NW2	\$7,000	\$11,500	\$13,000
\$5,000	\$6,500	\$11,500	\$13,000
\$5,000 Beaten	\$6,000	\$11,000	\$12,000
\$5,000 NW3	\$6,500	\$10,500	\$11,500
\$5,000 NW2	\$6,000	\$10,000	\$11,000
\$4,000	\$6,000	\$10,000	\$11,000
Maiden \$40,000	\$13,000	\$17,000	\$19,000
Maiden \$30,000	\$12,000	\$16,500	\$18,000
Maiden \$25,000	\$11,500	\$16,000	\$17,000
Maiden \$15,000	\$9,500	\$14,000	\$15,000
Maiden \$7,500	\$7,000	\$11,000	\$12,000

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***Percentage of Stakes to Total Purses***

	<u>Overnight Purses Paid</u>	<u>Stakes Purses Paid</u>	<u>Total Purses Paid</u>	<u>% to Stakes</u>	
2009	\$8,435,500	\$2,388,779	\$10,822,279	22.1%	
2010	\$6,812,880	\$1,545,725	\$8,358,605	18.5%	
2011	\$12,248,000	\$1,552,000	\$13,800,000	11.2%	w/supplement (\$230K purses)
	\$6,700,000	\$1,552,000	\$8,252,000	18.8%	w/o supplement

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2010 AUG -5 PM 3: 28

135 Federal Walk  
Kennett Square, PA 19348  
August 1, 2010

RECEIVED  
TEXAS RACING  
COMMISSION  
Texas Racing Commission  
Attention: Commissioner Ronald Ederer  
PO Box 12080  
Austin, TX 78711

Dear Commissioner Ederer:

I am writing so as to insert my comments into the record concerning the proposed consolidation of Thoroughbred racing dates at the Texas Class 1 racetracks beginning in 2011. I recognize that a formal dates request has not yet been made, though the discussions which will ultimately lead to the dates are now ongoing. This letter is intended to be offered in lieu of a personal appearance before the TRC's Committee on Race Dates, as my residential and work commitments preclude me from attending the two scheduled committee meetings.

Before offering my viewpoint on the issues surrounding the dates proposals, let me make a few points about my standing. I have been involved in thoroughbreds for more than 15 years. I started as a small percentage owner of a single horse that had a large partnership ownership. I later became a small owner of a two person partnership that owned several horses at any one time. Toward the end of this second partnership, we expanded from racing horses to start breeding horses. Our breeding operation was located in Texas, where both my partner and I resided at the time. In 2006, we dissolved that partnership, and, over time, I bought out most of my partner's interests in our remaining stock. Because of my role as managing partner, I became familiar with the dynamics of the racing and breeding operation, and I felt that I could successfully build a business in Texas. Today, I have ownership interest in 16 thoroughbred horses. Most of those horses are owned entirely in my own name, though some are owned in partnership. Only four of my horses are of racing age, but as more of the stock matures to racing age and capable of generating income, I expect my operation to expand, and I would like to double my holdings in the next five years. While I am now a Pennsylvania resident, my entire thoroughbred holdings are domiciled in Texas. I employ two Texas-based trainers and a breeding farm located in Texas. All of my horses are Accredited Texas-bred horses, broodmares, or stallions. I view my level of investment as small, but not inconsequential. I expect to spend approximately \$100,000 on my horse business this year, the vast majority of which will be spent in Texas.

It is important that I answer the question, "Why Texas?" as it will inform several of my comments about the floated dates proposals. First, while there are attributes of my operation that appeal to my sense of sportsmanship and are "hobby-like," I build my decisions on sound business principles. I run my operation to try to generate a profit. Texas makes sense to me as a business proposition. First, the costs to breed and race are generally lower than other locales. Second, I view my stock as above average in

I. B. I

comparison to the general Texas breeding program, which should give me an above average opportunity to have success on track with my racing prospects. Finally, there are unique characteristics of the Texas racing program that I fear are jeopardized by the radical and unnecessary proposals to consolidate racing dates. I like to operate in Texas due to the year round racing opportunities. I choose to breed in a state which mandates state-bred races. I choose to breed and race in a state that offers a substantial incentive program. On top of all these factors, I choose to retain hope that there is one day an upside to be realized from the introduction of off-track betting, advance deposit wagering, and/or electronic gaming, though I have built my business plans without assuming any of these will come to pass.

With this as a backdrop, it is altogether regrettable that I am writing to you at all. In my view, there are organizations that I believe should be representing me before the committee. As a member of the Texas Thoroughbred Association (TTA), I have held the view that this organization, by its own charter, should be presenting the views of people like me. I have communicated directly with the entire board of the TTA to try to get informed about the issues as well as to determine the official position of the Association about the extraordinarily deleterious impacts of the racetracks' floated proposals. Although a few individual board members have reached out to provide input, it appears to me that the TTA is unable or unwilling to provide the leadership to represent folks like me to this body. So far as I know, the Board of Directors has made no attempt to formulate or articulate an official position which is appalling given the radical nature of the proposals. I am left to believe that they are either incompetent or complicit in the support of a proposal that will devastate the Texas racing and breeding industry. I, therefore, appeal to you directly today.

I write to you to express my strong opposition to the proposed consolidation of racing dates. While no official proposals have been made, the last suggested calendar would consolidate racing to 60 days at Lone Star Park with average purses of \$230,000 per day and 25 additional days at Retama Park with average purses of \$150,000 and the suspension of thoroughbred racing at Sam Houston Race Park. I have also heard of proposals to offer only mixed meets at Retama and Sam Houston. The floated proposals are extremist proposals that threaten to undermine the viability of breeding and racing in Texas. Moreover, a move to this calendar is completely unnecessary, as a less dramatic adjustment in the calendar can protect the economics for the average horseman.

Please keep in mind that I want to race for as much purse money as possible. Having said that, I built my organization around the economics of Texas racing as they are today. Those with the powerful stables stand to benefit the most from the consolidation of race dates and, by extension, purses. The racing stock that will be attracted to the new purse distribution will NOT be the loyal, dedicated small- and medium-sized outfits that are the lifeblood of the sport in Texas. The consolidation of dates not only means fewer Texas races, but fewer ATB-restricted races, fewer chances to earn ATB breeder and owner awards, and fewer Texas bred stakes opportunities. There are also significant cost elements, as I fully expect higher transportation costs, more licensing expenses and

paperwork, and the possibility of higher training rates as my trainers absorb their higher costs of moving their operations to more distant locations.

In addition to these short-term consequences of a consolidation, I urge this committee to consider the long-term impacts. I am 37 years old, and so I have the luxury of thinking about this industry for the next several decades. The proposed consolidation will retard industry growth in at least two important dimensions. First, the long term health of the industry is dependent on the development of new, younger fans and racing patrons. There is no single better way to promote the sport than to put on a live show. The floating proposals will eliminate the live thoroughbred racing at one of the largest metropolitan locations in the country. Houston's economic and demographic footprint are clearly appropriate for the future of this sport, and live racing is the single best way to develop the fans and patrons of the future. Second, the consolidation proposal will further concentrate the economics of breeding and owning at the very top of the sport. We need more people to feel drawn to owning horses, but giving the average guy a chance to own an average horse and have a shot at not getting destroyed economically is becoming less realistic. Dates consolidation nationwide only makes it harder for those folks to be in the game. I suppose if I owned the best horses in the state, I would probably be arguing the opposite side, but I think there are more guys like me who are fighting for the dollars for the average to slightly above average stock, and what this will do to our racing businesses.

In the end, then, my view is that I would rather run for less money per day and more race dates, especially if the schedule allows for a real, year-round racing circuit in Texas. I have seen the other side talk about "average purses per day," but I can tell you that is a meaningless statistic often used as a red herring in support of others' agendas. What we care about is total purses. We can have a useful conversation about the optimal way to divide it up, but it strikes me as disingenuous that there is not a lot of talk about how to grow that overall pie. There are ways to do so that should be getting substantial support, including ADW and OTB's. I am disheartened to read in the TRC Strategic Plan 2011-2015 that our industry leaders are not strongly advocating those options. Instead, they want to consolidate dates as the answer, and I am convinced that this is a sure way to doom the Texas horse industry. Keep in mind that there is already a large gap between the per day offerings at the three Texas racetracks. The bigger, more powerful stables with the best stock come into Lone Star Park, raid the purses, and then move their operation to other locations once the meet ends. Many of the smaller operators stay with the Texas program and support the circuit all year, and those folks are counting on Retama Park and Sam Houston meetings to make a living. I am fortunate to be able to straddle the fence as the owner of horses that have earned and should continue to earn their keep at all the stops on the circuit. Consolidating the dates will reward those who make Lone Star their only stop on our circuit.

Before I conclude, let me also make a few other points about some of the floated race date plans. First, I am stunned that there is any case to be made that Retama Park hold race dates while Sam Houston stays dark for a thoroughbred meet. This is nonsense for at least four reasons.

I. B. 9

1. Many Texas horsemen consider Sam Houston the best racing surface (both turf and dirt courses) in the state. They consider Retama Park's courses the worst. My sample size is small (limited to the folks I hire), but I have yet to hear a dissenting opinion.
2. Sam Houston generates superior live and export racing handle to Retama Park. The handle is generating the purse account, so why put dates in an inferior location?
3. Sam Houston traditionally operates in the less crowded winter dates, which helps export handle and should help attract additional stables in need of winter racing opportunities.
4. Retama supposedly loses money no matter what they do. Per Bryan Brown's July 7 testimony to the Texas Racing Commission, Retama Park loses money every day they operate, and they lose more money when they have a live meeting. This is a bad situation for Retama Park and the horsemen. I do not understand why it would benefit anyone for Retama Park to run any dates in that situation. Rather than divert Sam Houston's resources, I suggest it is common sense to re-direct their limited resources or forfeit their Class 1 license to someone with a superior operating program at Retama Park.

I also wish to lodge a strong objection to any consideration that Sam Houston Race Park be allowed to not race their 2010-11 race meeting. It is patently unfair to horsemen who have prepared their 2010 business plans with the expectation of this race meet on the schedule. Like the Quarter Horse folks who may now have to plan and contend with the loss of the Manor Downs meeting next spring, I and other owners, trainers, and support staff can prepare if the schedule does not include a 2011-12 meeting, but to even contemplate the loss of the 2010-11 meeting mere months ahead is contrary to the spirit of fairness to all parties. Indeed, Lone Star Park has been able to effectively operate in bankruptcy, so even a claim of financial distress by Sam Houston Race Park ownership would not seem to justify canceling this meet. The substantial loss of racing opportunity at this late date would be devastating. In addition to the loss of the winter racing dates, this meet includes several important keystones of the Texas racing offering that would be lost, including Texas Champions Day, the 3<sup>rd</sup> leg of the Texas Stallion Stakes, and one of our premier races, the Grade 3 John B. Connally Turf Cup.

There is also substantial misleading information about the quality of racing at our Class 1 tracks and the downward spiral effect on Texas purses and subsequent meet quality. Supporters of the plans to consolidate race dates in Texas are trying to justify the plan as an attempt to improve the quality of racing. Their logic is that the low average purses per day have made the Texas racing product unattractive to a national audience. The evidence that I have collected, however, seem to show that the benefits of increasing average purse per day do not outweigh the costs to the Texas racing industry. For evidence, consider the results of two race dates at the recently concluded Lone Star Park meet:

I.B. 4

Date	31-May	18-Jul
Races	11	11
Stakes Races	7	0
Total Purses	\$ 1,023,000.00	\$ 148,000.00
Export Handle	\$ 1,155,865.00	\$ 985,285.00

Source: *Equibase*

Note the large purses distributed on May 31, Lone Star Million Day, which is the richest card on the Texas racing calendar. It would be hard to argue that the "quality" of the racing on that day, with mostly stakes races carded including two graded stakes, was very high. It should also be pointed out that May 31 was also a holiday, which is traditionally a strong day for racetrack attendance nationwide. The comparison day is another 11 race card on an ordinary Sunday, July 18. The card that day did not have a stakes race, and most of the races were for maidens or conditioned claimers.

How "valuable" was the higher quality race card on May 31? Export handle on that card was slightly more than \$170,000 higher. The purse contribution from the added handle would total approximately \$2,200 (using the Export Horse Purse percentage of 1.29% from the "Texas Purse Accounting Basics for Horse Racing: What You Need to Know!" publication by Sammy Jackson published July 12, 2010).

I think this makes crystal clear that the arguments for slashing the race dates do not stand up well to the facts. If we make the absurd argument that the proposed dates consolidation would lead to "high quality" racing on par with the May 31, 2010 race date, over a 60 day meet, the increased contribution to the purse account would be \$132,000. What are the horsemen asked to give up for that incremental purse contribution? Consider just the dates from January 1 to the end of the Sam Houston Race Park meet. These are dates which the tracks are planning to take off the calendar under the floated proposals I have heard about. This year, the live and export handle on those race 49 race dates alone generated \$266,037 and \$772,081 in purse contributions respectively. Once again, this is only the loss from the first 49 racing dates that will disappear from our calendar; the full effect of the floated proposals will be even more dramatic.

I also want to address a couple comments from the July 16, 2010 Committee testimony. First, Mr. Drew Shubeck stated, "During live racing we consume purse dollars. We don't generate purse dollars." (Committee on Horse Race Dates meeting transcript, P. 7) This is a false and misleading statement. The track DOES generate purse dollars during live racing. In fact, they likely generate the MOST purse dollars on a per day basis when they are conducting live racing. This is a function of the higher track attendance and the higher takeout contribution that occurs during a live race. He may have meant that the track is a NET consumer of the purse account on live dates and a NET generator of purse dollars on dark dates. That, however, is a mathematical certainty. To underscore my points then, the track not only generates purse money on live racing dates, they usually generate the most purse money on live racing dates, and this is good cause to encourage tracks to run as many dates as possible.

T.B.5

Mr. Shubeck then states that "We want to maximize the amount of average daily purses that we can pay to horsemen." That statement is an opinion about the way to distribute the purse account. There is nothing magical about average purses per day as a statistic. What horsemen will really care about is the total purses distributed. Average per day is an output statistic that comes from the total purses over the number of dates. It is my opinion that I would prefer more dates at less per day so as to have more of an opportunity to race. I want average daily purses to increase also, but I want that to happen through the reversal of the total purse declines we have seen. Managing to the average daily purse should definitely not be the primary driver of any decision.

Finally, I am not one to simply reject others' ideas without laying out a proposal that seeks to find common ground between my interests and the concerns that others seem to bring to the table. I have read the transcript of the first Committee meeting held at Lone Star Park. I have tried to think of ways that we can put together a schedule that addresses some of my concerns as noted above while achieving some of the goals of other interested parties. Namely, my proposed race schedule would significantly boost the purse levels of Lone Star Park by 25% over 2009 levels. The schedule would incorporate a new mixed meet at Retama Park. Unlike other floated proposals, my suggested schedule has a full thoroughbred meet at the second most important Texas racetrack, Sam Houston Race Park. It also has a sizeable gap from the end of Lone Star Park until the start of a Sam Houston meet in November. That gap, in my view, is the most easily filled gap in the calendar, as horsemen will have the option to move to Remington, soon to be a sister track to Lone Star Park with all the attendant synergies of co-ownership, or Louisiana Downs.

I have enclosed the proposed schedule as an attachment to this letter, and I also include my letter to the leadership of each of the racetracks with my logic and support for my plan outlined. I think that letter should be incorporated into this letter in the record. Most importantly, however, this proposal will work to achieve the desired goals of boosting field sizes and improving the quality of racing in Texas without decimating the Texas breeding and racing industries.

I thank the committee for your careful consideration of these issues. I welcome any follow up questions or comments. If you should require follow up, I can be reached at the address above, via email at [schartz@aya.yale.edu](mailto:schartz@aya.yale.edu), or by telephone at (610) 500-1943.

Best regards,

Brian C. Schartz

Enclosures

Cc: Ms. Charla Ann King

I.B.6

135 Federal Walk  
Kennett Square, PA 19348  
August 1, 2010

Mr. Drew Shubeck  
General Manager  
Lone Star Park at Grand Prairie  
1000 Lone Star Parkway  
Grand Prairie, TX 75050

Dear Mr. Shubeck:

I am writing to propose an alternative view of the racing dates proposals that have been floated recently. I realize that an official dates proposal has not been made, but the rumors are circulating that we may be looking at a radically different racing schedule starting this fall and beyond. As an owner of a smaller Texas breeding and racing operation, I have been disturbed by the proposals I have heard about, as it will have a major negative impact on the business that I have been building over the last six years. Rather than simply complain about the proposals, I want to offer you an alternative solution that represents a compromise position. I have read your Race Dates Committee testimony, and I think there are elements of my proposal that address some of the tracks' concerns while also helping the hard working people who supply a great deal of the Texas racing product. In the end, I am going to come out fine no matter what happens, as I always have the option of moving my investments to another state. However, I, like many others, want Texas racing to grow, thrive, and be the home base of my operation. The floating proposals represent a clear and present danger to that vision.

I have addressed my letter to you, as it appears to me from your testimony that you are at the front and center of the discussions to alter the racing calendar. Please note that I have also sent copies of this letter to the lead representatives of Sam Houston Race Park and Retama Park, and I will include this letter and schedule as part of a broader submission to the Texas Racing Commission Committee on Race Dates to be inserted into the record.

My schedule has the following key concepts:

- Protection of a reasonable year-round Texas racing circuit. The reality of the situation is that we cannot keep a full, year-round circuit exclusively in Texas, but we can leverage the new relationship with the new ownership of Lone Star Park to build something akin to the Maryland-Virginia circuit which includes a highly synergistic relationship between those two racing states.
- Inclusion of a substantial purse increase (25% over 2010 levels) for our marquee meet at Lone Star Park.
- Protection of the keystone racing events on the Texas circuit, including
  1. All Texas graded stakes races
  2. The Texas Stallion Stakes series
  3. The key fall (historically Retama-run) stakes races, the El Joven and La Senorita
  4. The unique and attractive elements of the Manor Downs meet

I.B.7

- A single extended break in the thoroughbred calendar which overlaps with the Remington Park meet so that Texas owners and trainers have a natural stop on the circuit which minimizes the disruption and expenses related to moving an operation from meet to meet.
- I set a total purse budget based on the last numbers listed in a TTA website update (which was based on 60 days at \$230k at LSP and 25 days at \$150k at Retama, totaling \$17.55 million)

With that as a structure, starting in Fall 2010:

**Sam Houston** runs a single continuous meet starting on Breeder's Cup weekend and ending on the last weekend in February. The meet runs 3 days per week except for Thanksgiving week and 4 Monday cards after the New Year to allow continued study of the Monday racing concept. Total dates: 52 dates at \$110k per day

Rationale: I think it is wise to have live racing on Breeder's Cup day which makes it the logical starting point. More importantly, starting in 2011, SHRP would pick up the key fall races from the Retama calendar. I would run the 6f TSS on opening weekend (Friday, not Saturday since the Breeder's Cup will be the draw on Sat). You can keep the 2yo turf races (La Senorita and El Joven) on the calendar as a feature of Thanksgiving weekend. I could also see swapping the TSS and 2yo turf races, but they should be spread apart enough to allow horses to enter both. Then you retain Texas Champions Day the second week of December. In the winter, you want to keep the Connally Turf Cup as well as the 1 mile TSS races.

**Retama** runs a mixed meet of 18 days (3 days per week) starting in March and ending in the middle of April. Thoroughbreds are guaranteed 4 races per race day, and they run 12-13 total races per day. Average purses are \$45k per day.

Rationale: As much as I hate mixed meet as a concept, this is one of those "compromise" points. My thought is that we condition this on Retama approaching the meet as a replacement for the Manor meet. That unique meet had something to offer both the quarter horse and thoroughbred camps in Texas which will be sorely missed due to their closure. I think Retama Park could do some unique things that would retain the essence of what made Manor Downs special and then take it to a whole new level. Retama Park has 3 huge advantages over Manor Downs: 1. Export simulcast potential, 2. Lights, 3. A turf course. For the thoroughbreds, you would want to protect the best parts of the Manor meet: I would keep the Futurity and the Texas restricted stakes race. I would scrap the "Distance Cup" in favor of a Filly and Mare race, and then I would add a turf stake to the menu. You end up with four \$50k stakes events. If you take out \$200k for those 4 events and you average 45k/day, you have \$610k to spread over 68 races, or \$8970/race. That is going to make maiden and allowance races look ugly compared to Retama's past, but it looks really good compared to Manor Downs. I believe there are things that can be done to really make this mixed meet pop if management is willing to be aggressive and thoughtful about how to promote the meet. For example, they could card one night a week as "all turf" with a pick 4 linking all the races and then get TVG to promote it. The big, early futurities will also be of interest to the televised racing networks.

**Lone Star** then picks up with their 61 day meet next year (1 extra day since July 4 will be a



Monday). I would, however, start and end the meet one week later. That would reduce overlap with the Retama and Oaklawn meets. It also would shorten the gap between LSP and Remington Park on my new calendar. Average purses would be 180k per day. That is a 25% increase over this year's purse level. If the stakes program gets tweaked some, it should allow a reflation of the middle level claiming and allowance purses needed to upgrade the meet.

Rationale: This meet is the least impacted from the traditional schedule. I support adjustments to the start times to get the Lone Star Park export signal out of the crowded weekend afternoon slots. 25% increase to the 2010 MSW purse gets us back to 25k. It can be more meaningful to mid-level claimers, where I think we should aspire to a broader set of 14-18k purses. Holding stakes purses flat would help reallocate between the overnights and the stakes programs.

Then Texas goes dark (ex-Gillespie) until Sam Houston picks up on Breeder's Cup weekend. To fill the gap, horsemen would have to make one "move" to Remington Park from August until November. Trainers would have the option of going to Sam Houston, Fairgrounds, or Oaklawn after Remington. Since there is common ownership of Remington and Lone Star Park, they may help us make that a more clear "circuit stop." In fact, maybe they put together a "Red River Racing Series" for TX and OK bred similar to the Sunshine Millions for CA and FL bred (except not run on the same day like they do the Sunshine Millions).

The total Texas purse distribution described above totals \$17.51 million, so there is still room to modestly bump some of the racing program up.

There are certain issues not addressed here that will need to be worked through.

- The racetracks must be willing to ship purse money across the different tracks regardless of where it is generated.
- My schedule is established from a Thoroughbred perspective, and the Quarter Horse schedule will still need to be overlaid on this proposal in a satisfactory manner.
- There are several open questions about what happens if (when) the world gets better. Namely the sources of "upside" could include
  1. A turn in the economy that helps handle recover
  2. New ownership repositions and improves the Lone Star Park product driving better handle
  3. Alternative gaming options pass in Texas

In the end, the racing schedule for 2010-2012 could be just a one year event until we get the relief that we need from the economy and/or Texas legislature. I want to keep the Texas breeding and racing program as vibrant as possible while we await that upturn, and I think this is a reasonable approach to doing so. At the same time, I think it addresses many of the issues the tracks raised at the Committee on Race Dates meeting at Lone Star Park in July. I do not believe I am asking the racetracks to make a devastating economic compromise if you were to adopt something along the lines of my proposal. Similarly, I urge you to not make a rash decision that would have a correspondingly devastating impact on the numerous dedicated, loyal Texas owners, breeders, trainers, and all of our related business associates.

I. B. 9

The maximization of race dates within the new budget realities is important to keep the structure of the Texas breeding and racing operations intact. I also intuitively believe that more purse money is generated by live racing, and cutting dates will lead us into a vicious cycle that will result in the death of Texas racing. Finally, live racing is key to the development of the racing fans who are the future handle-driving bettors and owners in the sport.

While the race dates are at the top of the agenda at the current time, I hope that you might also consider, once dates are allocated, convening a committee of horsemen to re-think certain elements of the Texas racing program. In particular, I think there needs to be consideration of building a condition book that better attracts owners and trainers to a better racing product in Texas. I also think there needs to be a major revamping of the stakes program at the Texas circuit. The overall stakes program has been devastated over the last couple years, and I think there needs to be a coordination of the stakes program across all the meets to provide a natural and logical flow so as to attract and retain the best horses at our meetings.

I welcome your thoughts and input regarding my ideas. Too often in this process, people like you and I have been painted as adversarial. I know that the reality is that our fortunes are largely aligned, and I sincerely hope that you consider my letter in the spirit of building a better future for all the parties involved. The only certainty is that nobody will end up entirely satisfied by the best outcome, but that is the nature of compromise. I regret that I cannot attend the meeting in Houston, but I hope that we might be able to share ideas to build our respective businesses in the near future.

Best regards,

Brian Schartz

Enclosure

Cc: Ms. Andrea Young  
Mr. Bryan Brown  
Mr. Michael Chang  
Mr. Ronald Ederer  
Ms. Charla Ann King

I.B.10

January

[illegible]

**March**

[illegible]

May

[illegible]

July

[illegible]

September

[illegible]

November

[illegible]

T-bred	SH dates=52	LS Dates=61	Total TB only=131	2009 Comparison:	TB Only: 141

Mixed: 22	Ret dates =18	Gill dates=8	Total mixed= 26	Mixed: 22
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I.B. 11

August 13, 2010

Racing Dates Working Committee

Thank you for allowing me to present some additional updates and supporting materials to my previous proposal. My name is Joe Kerby, and my wife and I own and operate Key Ranch in Salado, Texas. I have been a participant and been employed in the industry for over thirty three years in Oklahoma and Texas. There are many people involved with Key Ranch that put their faith, money, and support in our ability to make a Thoroughbred Breeding Farm function and to produce a quality racing product in this environment. So, when we say that the loss of year round racing and 48% of the race dates will have a catastrophic effect on the industry, it is because it threatens our home, families, investment, and our way of life. The passion, determination, and intelligence that the group of people I represent goes past the borders of Texas and will remain engaged after the race dates are determined.

I feel the process negotiating race dates has not been open and transparent. It was the responsibility of the associations or the TRC to inform their boards and the general public that negotiations were going on since November. There have been no public statements by these organizations that receive funding from the purse accounts or the Texas bred fund to identify and acknowledge the people, places, alternative proposals, and topics in these negotiations. The only documents seen are inaccurate and deceptive and are certainly not open and transparent. It would appear to us that we are debating rumors, innuendo, and a working proposal that does not work, rather than clear statements about the tracks and associations proposals.

The people that will be impacted the most, the Texas horsemen and the state of Texas have been purposely kept in the dark about these proceedings. With the positive statements made at the conclusion of SHRP by Andrea Young there was absolutely no indication that this subversion of our industry was well underway. When we address our concerns to legislators they are asking for the tracks proposals to compare with ours. There have been none to this point! I feel that the racetracks and associations are simply trying to run out the clock on the Texas horsemen and industry, as one legislator stated they are trying to use the horsemen to blackmail the legislator and that will not work.

I formally request that a thirty day period for debate over the proposed race dates begins when all the race tracks present a formal proposal to debate. I cannot find where it is not within the commission's authority to do so, and it would appear to be the fair, open, and transparent thing to do.

The racetracks and associations have had since November to put together their plan, talking points, and have their publicity departments to put their agenda in the press. We have had a few short weeks to prepare a rational, logical argument, with real solutions to real problems in the industry. Months versus weeks are not fair, open, and transparent!

Race dates committee meeting on August thirteen.

In order to satisfy the request for the introduction of materials to the meeting we will try to answer some of the basic questions that were asked at the last meeting and correct some statements that I made in the transcript.

1<sup>st</sup> According to Mr. Chang, Global did not purchase a company from MEC to expand their signals, they will manage that themselves. Mr. Shubeck went into detail the different entities that he was working with in expanding the signal opportunity for Lone Star.

2<sup>nd</sup> The percentage of purse distribution is the same as simulcast wagering and not 10% as I stated in the transcript. We have provided more information in the package on IRM's since there is still some misconception of what the games will do. My point of educating the public on race betting is rather simple, when you put a simpler type of racing form in front of the patron with the basic information that was provided the day of the actual race, you are instructing those people on how to handicap a race. It is a game of skill and it is not a cheap slot machine. It has been determined by court precedence and the approved copyright from the US government states it is not a slot machine.

3<sup>rd</sup> The mixed meet format is problematic, especially when looking through the prism of investing purse money to generate more purse money. I cannot find a mixed meet at a major track that can stand without being subsidized by additional gaming. The format does not lend itself to expanding the signal, recruiting patrons except the fair meeting betters, and does not provide enough opportunity maintain a stable at the track. While the justification for consolidating purses at Lone Star is to improve the sale of the signal, you would be virtually be killing the ability to sale the signal from SHRP and Retama Park. You are giving up 80 days of signal sales in order to slightly improve the sale at Lone Star for 60 days. The loss to purse accounts will be in the millions.

Additional supporting documents include an interview conducted recently with Ray Paulick and Corey Johnsen. Corey not only talks about the impact of instant race machines, but more importantly the importance of a year round racing circuit in Ky to their industry as a whole. His estimate that even with the limited population of Ky the IRM's could add 20 to 30 million to their purses.

The second supporting document contains comments from Marsha Rountree in the Houston Chronicle stating that the Houston mixed meet will be a justification for SHRP to continue simulcasting and not in putting on a quality performance for the patrons of the track. Again, the HBPA does not acknowledge the loss of millions of dollars to the purse account for Texas horsemen by this change in format.

Third supporting document is the Interview with TED president Tommy Azopardi in an interview with The Horsemen's Journal in the spring of 08. Again, they acknowledge the importance of live racing requirements to the horsemen and again it is contradicted by their working proposal.

The final additional supporting document contributes to another decline in simulcast handle in 2008 at Lone Star during the eight month standoff and negotiations between Account Wagering companies and Lone Star. The trend that is referred to as the basis for the ever changing crisis of the tracks does not take into account the events that occurred during those years that had an impact on the overall circuit. Barring another 911, hurricane, ADW turf war, track bankruptcies, loss of 48% of the purse generating race dates, etc there should be around 19 to 20 million dollars in purse money to distribute in 2011-12.

## 2011 - 2012 Race Dates Proposal

Thank you for allowing me the opportunity to speak before the Texas Horse Racing Commission. I, Joe Kerby, along with my wife, Sharon, have owned and managed Key Ranch, a Thoroughbred breeding farm in Salado, Texas since 1997. Before coming to Texas, I managed and developed the Thoroughbred breeding farm and the Barren Mare Program for Oklahoma State University. I represent many members of the Thoroughbred community both in Texas and beyond.

I would like to present a proposal for 2011 – 2012 racing dates. Justification for my proposal is largely evidenced through a response to the outline entitled "Time to Act". The outline was distributed during the TTHBPA meeting at Lone Star Park on July 1 of this year. (*Included and attached supporting documentation is marked by an asterick\**)

### Response to the "Time to Act"\* Proposal

#### *Time to Act*

#### *Why is it important Now?*

- **Be Proactive** – We totally agree - Maximize the available resources for the industry as a whole
- **Avert Crisis** – Unsure as to what crisis this refers. No specific crisis is identified in the "Time to Act" proposal; however, there is indeed a crisis looming through the loss of year-round racing in Texas. It will cost the state billions of dollars from the loss of money spent for:
  - Breeding
  - Boarding
  - Training
  - Veterinary care
  - Production of feed and hay
  - Employment at farms, tracks, and supplemental industries
  - Accreditation fees and memberships
  - Advertising
  - Travel and Tourism
  - Tax revenue for the state
  - Overall negative impact on the agricultural economy of Texas, including the loss of funds for the Texas Accredited program
- **Texas Tracks will Close under Status Quo** – No reason for tracks closing is stated in the "Time to Act" proposal. Would the tracks close by choice? Is this motivated by greed? What is the *real* status quo of the tracks? Annual reports submitted by the tracks to the Texas Horse Racing Commission only provide information on racing activity. They do not contain any information as to cash flow or financial status of the tracks. If it is true that the tracks are suffering financially, we have no proof. How much profit is enough, anyway? Does depreciation of assets factor into their "losses"?

How dependent are Texas tracks upon handle for their profitability? Retama Park continues to reap considerable revenue from its training center. Retama saw increases in live and export handle of 23.7 % in 2008,

and 22.13% in 2009, as a result of transferring race dates from Sam Houston Race Park due to Hurricane Ike. Along with profits from the dramatic increase in handle, Retama was handed \$750,000 of our purse money to cover expenses incurred as a result of the transfer of race dates. Lone Star and SHRP generate profits from sales in food, beverages, liquor etc. If less race dates turns losses into profits (unlikely given the fixed cost nature of a racetrack), why not cut the dates even further? Because it is simply not true. Moreover, continuing to cut race dates will only further erode the fan base of the sport. Perhaps Texas tracks would make more profit with a reduction in race days, but at what cost to the overall Thoroughbred industry?

We do know that many Texas farms will close under the "Time to Act" proposed 48% reduction in race dates. A loss of racing opportunity, combined with the resultant reduction in funding for the ATB program, will discourage owning, training, and breeding Thoroughbreds in Texas.

Reducing race dates will reduce handle, and will further reduce funds for the Accredited Texas Bred program. The ATB program is essential for the continuance of Thoroughbred breeding in the state of Texas. Although breeders of Texas-breds are continually receiving a lesser share of ATB awards in comparison to that of ATB owner awards, most are still dependent upon ATB awards to balance their investments. The value of a Texas-bred horse diminishes as the ATB awards diminish. ATB sponsored purses have become a drop in the bucket. In 2005, ATB sponsored purses for Thoroughbreds in the amount of \$359,000. By 2009, that amount of ATB sponsored purses was down to \$75,200. This is a decrease of 79%! The number of Thoroughbred race dates during the same time period decreased from 216 to 165.

#### **What about Legislation?**

- **No Certainty about Additional Revenue Streams** – While we agree there is no certainty, we feel the continued negligence by failing to consider and pursue Advance Deposit Wagering and/or additional forms of gaming other than slots is outrageous and irresponsible.
- **Present Consistent & United Industry Position** – Contribution to the industry from horsemen is fundamental and essential to all aspects of horse racing in Texas. A united industry position must justly include position of the horsemen. A just position is one that is offered without interference from subterfuge and blackmail.
- **Looking to Help Ourselves** – Agreed!
- **Not Looking for Handout or Bailout** – Texas horsemen have not been the recipients of any handouts or bailouts. On the other hand, Retama Park has received \$1.5 million of our purse money\* directly from the Texas Thoroughbred HBP. \$750,000 of our purse money (the "Initial Advance") was given to Retama Park in November, 2008, as a "transfer from the Association to Retama for defraying of expenses associated with the additional race dates". The race dates to which this refers were dates picked up by Retama Park in the wake of Hurricane Ike. Retama is not required to repay these funds unless there is a "Control Change" within five years. The other \$750,000 of our purse money (the "Final Advance") was loaned in November, 2009, with no specific reason, and "shall be repaid by Retama over ten years in ten equal annual installments, with no interest charged". These funds were in addition to the transfer of purses for races to be run at Retama Park in lieu of running at Sam Houston Race Park. Bottom line – we lost \$1.5 million from our purses in 2008 and 2009 through this questionable transaction alone. Granted, we expect to see the relatively small amount of \$75,000 per year returned to purses over the next ten years. Was this a handout or a bailout? Where is the justification? How many days of racing did we lose from this transaction?
- **Additional Gaming Should Supplement, not be the Foundation for, Racing in Texas** – Absolutely agree! The foundation for racing in Texas should be opportunity and incentive to breed, train, and race horses in Texas. A reduction in race dates lessens these opportunities.

#### **Process to Date**

- **Meeting with Industry Leaders Started in January** – Evidently, these "industry leaders" include track representatives, and members of the TTHBPA. Why were these meetings so secretive? According to the Texas

Horse Racing Commission, a "Horsemen's Organization" is defined as: "an organization recognized by the Commission that represents horse owners and trainers in negotiating and contracting with racetracks on subjects related to racing and in representing and advocating the interests of horse owners and trainers before administrative, legislative, and judicial forums". Do these "industry leaders" include any horsemen's organizations? If the TTHBPA is supposed to be a horsemen's organization, it fell short in advocating the interests of horse owners and trainers when it voted to support the "Time to Act".

- **Various Proposals made by Tracks to Horsemen** – What are these "various" proposals? When and where were they offered? Part of the HBPA mission is to "Disseminate vital information on critical issues to horsemen and promote exchange of ideas and information". If the HBPA is aware of these "various proposals", why have they not been conveyed to horsemen?

The "Process to Date" is flawed, and has created a huge number of horsemen who believe they are disenfranchised, and have no confidence they will have a place to run their horses. This will, in turn, take away the need for them to even produce a Texas-bred horse. The industry will suffer because of the poor judgment of those involved in the "Process to Date". Personally at this time, I cannot in good faith recruit a new stallion to come to Texas until these issues are settled.

### ***Texas and Neighboring States - Pie Charts***

The pie charts illustrated in the "Time to Act" proposal are based upon purses for all breeds in Texas. The charts appear to accurately depict Texas' small share of the overall pie. The 2008 purses are considerably larger than those in 2003. Of course, the addition of slots has boosted purses in Louisiana, Oklahoma, and New Mexico.

Although not readily recognizable from the charts, the purses in Arkansas have risen from \$10.62 million in 2003 to \$15.3 million in 2008. In 2009, Oaklawn Park raised its purses twice during its 54 day meet. Oaklawn does not have slots. They do offer other alternative forms of gambling which have not been pursued in Texas.\*

Another fact not obvious in the charts is that the average daily purse in Texas actually rose between 2003 and 2008. In 2003, the average daily purse was \$125,530. In 2008, the average daily purse was \$129,504. The addition of Advance Deposit Wagering alone would enormously fatten our share of the pie, and would definitely increase the average daily purse.

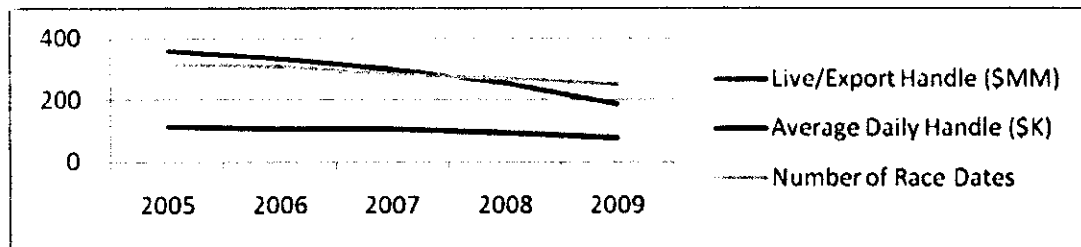
### ***Texas Handle***

The dramatic impact of Hurricane Ike in September of 2008, and the effect on the overall handle for the 2008 and 2009 racing seasons was not mentioned and was not factored into the information presented in the "Time to Act" proposal.

### ***Significant 5-year Decline***

- **2009 fell by nearly 20%** - This figure includes a 66.24% drop in the handle at Sam Houston Race Park. This drop occurred during the same time the track lost race dates due to Hurricane Ike. Retama Park picked up some of those dates, and saw a rise of 22.13% in handle in 2009. In 2009, Lone Star Park dropped 13.69%, Manor Downs dropped 5.56%, and Gillespie County Fairgrounds dropped 11.36%. The latter three figures are in line with the drop in the overall economy during that same time frame. There was a nationwide drop in handle at other tracks, as well.
- **\$241 MM lost since 2005** - A lack of earnings is not a loss.
  - The graph is based upon "All Sources Handle", which includes simulcast handle. Simulcast handle is not directly dependent upon live racing dates.
  - The number of live race dates fell by 21% during the same time period
  - When live and export handles (which are produced from live racing) are examined during the same time, the graph appears as follows:





Between 2005 & 2008, live and export handle fell from \$360 million to \$187 million. The average daily handle fell from \$115,000 to \$76,000. During the same time frame, the number of live races fell from 312 to 247. The total drop in live and export handle from 2005 - 2009 was \$173.2 million. Although disturbing, this is \$67.8 million less than the inflated drop represented in the "Texas Handle" graph in the "Time to Act" proposal.

The year 2009 did indeed see a significant drop in handle. Once again, the impact from Hurricane Ike must be taken into consideration, as SHRP saw a decline of 66.24% in handle due to lost race dates. And it should be noted that Retama has ALWAYS handled lower than SHRP, so the transfer of dates was a net loser for all the parties. (IF you are going to cut dates, explain to me why we would ever want SHRP to go to zero while Retama gets any dates?)

A suffering national economy also impacted the 2009 handle across the country. And yet, even with a 16% reduction of race dates from 2008, the average daily handle in Texas only fell 11% from 2008 to 2009.

**Domino Effect** – What started this "downward spiral"? Was it less handle / less purses / or less race days? We propose this scenario:

- More Race Days
- More Handle
- More Purses
- Upward Spiral

### ***The proposed Circuit: Thoroughbreds***

A Texas circuit for racing Thoroughbreds is essential to our state industry. Elimination of a Texas circuit would be disastrous to horsemen, and to the various Texas agricultural industries it supports. In a letter dated October 28, 2008, Tommy J. Azopardi (then Executive Director of the Texas Horsemen's Partnership) stated: **"The TTHBPA believes that it is imperative to do whatever is necessary to preserve winter racing in Texas or risk a further exodus of Thoroughbred horses and horsemen from the state and accelerate the decline in our industry"\***.

- **Lone Star Park: Host Majority of Live Race Days** - If the sale of Lone Star does not go through, we will be racing at a bankrupt track? What is the total number of race days proposed in "Time to Act"? If 60 is the majority, the total number proposed must be less than 120 days, which is less than half of our current race dates.
- **Lone Star Park: 60 Days** – Acceptable number of days to run at Lone Star Park, but a far cry from an acceptable total number of race dates in Texas.
- **Lone Star Park: \$238,000 per Day** – This means a total of \$13.8 million in purses. In 2009, Thoroughbreds ran for a total of \$19.3 million, spread across 247 race dates. The vast majority of Texas horsemen would prefer to run at less money per day with more opportunity to race. There is nothing magical about average per day, especially when the number of days is shrinking.

The out-of-state circuit proposed in "Time to Act" includes Sunland Park, which will only have roughly three races a day available to Texas Thoroughbreds at mixed meets. Running at Sunland does not contribute to Texas purses or ATB funds, and is yet another reduction in available racing opportunity for horsemen.

Racing outside of Texas generates no Texas-bred funds. The Texas Thoroughbred Association is mandated by the Texas Racing Act to administer the Accredited Texas-Bred (ATB) Program. The ATB Program was designed to enhance and promote the Texas breeding and racing industry, in part by providing incentive awards for Thoroughbred owners and breeders. How can the TTA support the "Time to Act" proposal?

## Goals

- **Maximize Handle**

- Purses, Tracks, & State all depend on Handle – Exactly how dependent are the tracks strictly upon handle? The racetracks are largely fixed cost businesses. It is, ironically, in their best interest to run as many dates as possible. I would argue that if they cannot make money now, it will be harder to make money with less dates. It appears that the track profits made from operating a legitimate live meet do not compare to the profits made by simulcasting while offering the minimum number of days for live racing. Is this greed? If the tracks do not want to run at all, they should be forced to give up their licenses.

Increase in race dates =

- increase in handle
- increase in purses
- increase in Texas Bred funds

- **Create Competitive Purse Structure**

- Target Daily Purses to Compete Regionally – Does this mean we want to lure out of state horses to compete for purses? If so, how many of our racing opportunities do we want to offer to other states?

- **Improve Quality of Texas Racing** – Please define "quality". This area is subjective in nature.

- **Higher Purses Attract Better Quality** – Again, please define "quality".
- **Safety Improves with Better Quality** – Does this mean that "better quality" horses don't flip in the gates or break down on the track? Even Kentucky Derby contenders have been hesitant to load, or fractious in the gate, or broken down on the track. Show me that more horses are breaking down in Texas than other jurisdictions.
- **Better Quality Increases Handle** – Apparently there is an assumption that "better" horses generate more handle. Lone Star Park's Grade III races, with their large purses, handle far less than an allowance race bet at places like Gulfstream Park or Churchill Downs, or the New York and California tracks. Quality horses do NOT beget handle. Reality is that bettors prefer to bet on full fields of reasonably matched horses. Write races that will be more attractive to bettors, and handle will increase.
- **Low Quality Racing Damages the Racing Industry** – what does this mean?
- **Reverse Downward Spiral** – More race dates = higher handle = higher purses. Need more race dates!
- **Create Self Perpetuating & Self Sustaining System** – Need more race dates!
- **Provide Solid Base of Competitive Race Dates to allow Growth** – Need more race dates!

### **An Equitable Proposal for Racing in 2011 and 2012:**


- Lone Star Park - 65 days at \$180,000 per day = \$11.7 million in purses
- Retama Park - 30 days at \$80,000 per day = \$2.4 million in purses
- Sam Houston Race Park - 52 days at \$110,000 per day = \$5.72 million in purses
- Gillespie County Fair - 8 days at \$18,000 per day = \$144,000 in purses

Total Purse Distribution is \$20 million in purses with 155 days of racing. In both years, \$75,000 of our available purse money will come from the return of purse funds from the 2009 loan to Retama Park. We expect Global to expand the export handle, which should increase purse funds.


Since the primary goal is to maximize racing opportunity with available purse money, any increase in the available purse money would shift to the next meet, and add additional days at the established purse level of that track.

Nobody likes the current level of purses, and we'd all like them to be higher. The fact of the matter, however, is that we have all adjusted our racing and breeding stock to reflect the status quo. Cutting dates dramatically ends up driving the people who have set up a TX-appropriate structure to have to contemplate abandoning Texas altogether, which will mean those at the top end gain, those at the bottom lose, and the system as a whole has lost. If you radically disrupt the status quo, you don't know what you will get for an industry. I can easily make the case that Texas loses racing altogether if the "Time to Act" proposal goes through.

In summary, we believe that a reduction in race dates will spell disaster for Texas racing and breeding. The implementation of pari-mutuel horse racing in Texas was largely granted due to its positive economic impact to the state, and in particular gains for the agricultural industry. Changes in the breed-back rule have definitely lessened the degree to which the Texas agricultural industry has benefited. The drastic proposed reduction in racing opportunity would even further diminish any benefit to the agricultural industry, and would devastate Texas Thoroughbred breeding and racing. It appears the tracks want the benefits from gaming without having to provide the live racing that is so critical to our the Thoroughbred industry in Texas, and are trying to see if they can get away with it.



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• MIKE SMITH ON J. AMEN THE BLAZE, IT'S ALMOST LIKE AN OUT-OF-BODY EXPERIENCE  
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## By Mike Smith

Chase Johnson led an investment team that purchased Kentucky Downs racetrack near the Tennessee border in 2007. The former head of Lone Star Park in Texas also invested in breeding stock when he moved to Kentucky and purchased part of Richard Hill Farm with Nathan Fox. Last week, Johnson talked about a wide range of issues facing the industry (which goes to read), to part two of the Paulick Report Forum, Johnson discusses the recent approval of instant racing machines by the Kentucky Racing Commission and what revenue from these machines—currently in place at Calder Park—can do for Kentucky's horsemen.



**What can instant racing do for Kentucky's Thoroughbred industry and what can't it do?**

It can provide us with an important placeholder that allows the year-around crowd in Kentucky to watch and be somewhat competitive. I believe that racing in Kentucky needs to be at the top in terms of games and that industry impact in North America. Instant Racing will not get us to that level. I think it's in the best interests of the entire sport, the entire industry, for Kentucky to be strong, to be a role model, and to have the proper impact on the industry. Instant Racing can't get us there.

**How much money can instant racing generate for Kentucky's horsemen?**

I look at California and the gross gaming revenue generated by instant racing. If you take that number and multiply it by seven or eight, we are generating between \$20 million to \$30 million in games and

betting awards, once we get all the books up and operating with the instant racing machines. That's enough money to allow us to have a fairly healthy year-around crowd.

**What impact will it have on your track, Kentucky Downs?**

We've had preliminary discussions with horsemen's group, and I hope that Kentucky Downs can generate enough game money that after a certain level, you have racing days. We would need the remaining contributions to other tracks so that it would line up the rest of the racing circuit.


I could make the case of let's keep it all—but I've said that before the state does, the better we do. We're going to be more successful at Kentucky Downs if the rest of the circuit is successful. We have to remain focused on the rest of the industry being successful. If that's the case, Kentucky Downs will be fine.


**What will the takeout and the rate be?**

A critical part of the instant racing success formula is the state tax rate. We have an ongoing dialogue with the governor's office, the racing commission, and the legislature. Instant Racing is very different than VLTs, slot machines, or casinos, in that it's more expensive to operate. Understandably, because there are only 300 instant racing machines in operation compared to hundreds of thousands of slot machines around the world, the economics of scale tell you it's going to be more expensive to operate these games and develop new games. Rather than a simple random number generator that you find in slot machines, you've got a very sophisticated

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## HORSE RACING NOTEBOOK

### 'Mixed' meet an option

By MIA LINDGREEN  
Pamela Chavira

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San Houston Race Park might hold a "mixed" meet next summer.

When Texas Horsemen's Partnership officers and members gather with track officials today at Lone Star Park, then convene a Friday session at San Houston Race Park, discussions will include blending thoroughbreds into SHRP's 2011 quarter horse season.

The mix would meet two, perhaps three, thoroughbred races into each quarter horse program.

Members want to dump SHRP's 2011 thoroughbred season and consider doing so into a higher-level event at Lone Star. That would create at least two possible fresh-stained meet lines. It would prevent the financial track from going more than a year without thoroughbred racing. It could also give Texas owners and trainers a venue for racing two-colored thoroughbreds.

No matter what happens during the two meetings, THP and its members will not play their trump card.

THP, which represents all racing breeds, is empowered to shut down simulated signals — both outgoing and incoming.

SHRP, Lone Star and Polaris races are seen and bet at locations around the world. On a typical day, meeting simulcasts enable SHRP to present races from 25 or 30 tracks as distant as Australia. SHRP customers wager into a common money pool with the host track and all other tracks receiving the host's signal.

When the three claim 1 Texas track are not running two races, meeting simulcasts account for most of their income.

If THP cannot reach what it considers a fair agreement with the three tracks, it can close them, at least temporarily, by cutting off simulcasts.

Martha Flechter, THP's executive director, promised there would be no such action.

"Our expectation from that authority, but we would not use it," Flechter said. "The other possibility is SHRP and Polaris race dates at Lone Star is not that certain."

"Sometimes our members get angry over an issue. They tell us, 'We should just pull the signal.' But pulling a signal would accomplish nothing good. Simulcast revenue provides purse money for live racing. No one wants to see a Texas track fail. If that happened because of a pulled signal, our members would be hurting themselves."

Asked what she would consider "serious" enough to pull a simulcast signal, Flechter identified a situation in which harassment were shown what they considered a fair share of simulcast revenue.

At least one other issue demands attention at today's and Friday's meetings, which are closed to news people. Their efforts toward closed negotiations to executives at Lone Star, the track's leaders continued to withhold information from racing fans.

Flechter then agrees to discuss what they could, officials agreed to any nothing. The effort toward was also before owners revealed the simulcast earnings. Once word got out, it was clear no longer could serve.

Someone at these secret meetings should have said, "What about our fans? These are the fans who show up faithfully, root for horses, bet on their and purchase food and drink. Don't we owe them something? Like a partial explanation of where things are?" If anyone spoke like that, the words failed to reach disinterested ears.

Secret negotiations began in January. Fans have been entirely and ungraciously excluded from the information flow.

Had this situation existed in the NFL, MLB or NBA, a contingency plan would have kicked in once news of the negotiations leaked. Instead, track officials have offered nothing substantive to those who keep them in business.

Now it's time for racing officials to consider their fans as they develop future answers to two fair questions. Why not offer as much information as possible? Why not do it now?

#### Major races for SHRP

The \$240,000 San Houston Futurity will be North America's third richest race this week as well as the biggest race for quarter horses.

To be run on a Friday program that starts at 7 p.m., the Futurity and the \$115,000 San Houston Derby are featured.

Only the \$1 million Queen's Plate Stakes at Woodbine and Maryland's \$750,000 United Nations Handicap offer larger purses than SHRP's Futurity. The purse even exceeds that of Belmont's celebrated, \$200,000 Suburban Handicap.

SHRP also offers programs tonight at 7 and Saturday at 5 p.m.

http://www.chron.com/story/sports/race/7088715.html

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Judge's ruling rocky in Galv. gay marriage case (124)  
Dead crimes now subject questions for the White (122)  
Officers accused of taking nude photos in prostitution arrest (122)  
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All Texas state agencies will race (100)(122)

Venezuela jockey finding with last out of last of SHRP

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### TED Makes Strides Towards 2008 Legislative Goals

Affiliate News - Spring 2008 / The Horseman's Journal - Spring 2008

Texas for Economic Development (TED), the racing industry's coalition to bring about legislative changes to improve the economic situation for Texas racing, is off to an ambitious start in 2008. The group, to which the THP belongs, has set some aggressive goals to ensure success when the Texas legislature reconvenes in January 2009. TED reached an important objective in January when it raised \$1.2 million that can be used in political races.

"We have to get serious about electing more individuals to the legislature that understand our issues and are concerned about our industry and the benefits we provide to the state," asserted TED President Tommy J. Azopardi.

The money will be used to back candidates that are in favor of pari-mutuel racing and are willing to support video lottery terminals (VLTs) at Texas racetracks. The selection of candidates will be made regardless of their party affiliation or other political agendas; it will strictly be based on their willingness to support our issue and their ability to win the race.


"It is disappointing and alarming how many legislative members either don't know or don't care about the horse and greyhound industry or the jobs they create," commented Azopardi. "We are going to put everything we have toward defeating the elected officials who refuse to allow their constituents to vote on this critical issue that stands to provide \$1.5 billion to the state in voluntary revenue – revenue that is currently crossing our borders and benefiting our surrounding states."

Texas for Economic Development recently hired Daniel Becka to focus exclusively on the legislative races and coordinate the grass roots activities of the individuals around the state interested in passing our legislation. Becka is an energetic individual with an understanding of the job through working in the political arena, and he has a familiarity with many members of the legislature. He brings with him a wealth of knowledge about the grass roots process through hands-on experience, and he is well versed in working with diverse membership groups to achieve a unified political presence.

Becka will be working with the horsemen to insure they are given opportunities to serve in the process and become an active part of the election of candidates and, subsequently, the legislative agenda. He will also be focused on developing relationships with other organizations that have similar memberships. We already know that organizations such as the National Cutting Horse Association (NCHA) and the American Quarter Horse Association (AQHA) stand to benefit from the passage of the industry's bill. These groups have expressed a willingness to help coordinate our activities in order to show stronger numbers in support of this economic development.

This is an exciting time in our legislative quest. For the first time since the industry began trying to pass VLT legislation, we have all contentious issues resolved. The amount of revenue that has been agreed upon will ensure racing in Texas will have by far the highest purses in the country. The revenue that is dedicated to purses has been divided between the various breed interests in a manner that is acceptable to all parties, and the simonist split of traditional wagering have been agreed upon for a term that will carry the industry past the 2008 legislative session. In fact, all of these elements and others important to horsemen – such as live racing requirements and improvements to the live racing facilities – have been incorporated into the bill that is supported by TED.

Finally, the licenses for new racing facilities that were causing a distraction and



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# ***BloodHorse.com / Horse Racing News***

Home > News > Texas Fires First Shot Over ADW Revenue

## **Texas Fires First Shot Over ADW Revenue**

By Tom LaManna

Updated Friday, April 11, 2008 7:46 PM

Posted Thursday, April 10, 2008 8:46 PM

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Account wagering companies that take bets on races from Lone Star Park must agree to a new formula that gives an equal share of pari-mutuel revenue to the racetrack, horsemen, and the wagering provider.

The formula is part of a contract devised by the Thoroughbred Horsemen's Group, a coalition of almost 20 horsemen's groups around the country. The Texas Horsemen's Partnership, which negotiates contracts with Lone Star, is a member.

The Texas Horsemen's Partnership in an April 10 release said its board of directors voted unanimously to require any advance deposit wagering company that seeks to accept bets on races at Lone Star to enter into a licensing agreement with the THG. Formed in December and comprised of 18 horsemen's organizations with contracts at 52 racetracks in North America, the THG advocates a reformation of the revenue model for account wagering.

<http://www.bloodhorse.com/horse-racing/articles/44544/texas-fires-first-shot-over-adw-reve...> 8/2/2010

I.C.13



Lone Star is owned by Magna Entertainment Corp., which operates the XpressBet account wagering system. TrackNet Media Group, a partnership between MEC and Churchill Downs Inc., which owns TwinSpires.com, has not yet agreed to the THG deal for Lone Star.

The Lone Star meet began April 10. XpressBet was unable to offer wagering on the track's races, and offered an explanation on its Web site: "XpressBet had planned to bring you racing from Lone Star Park (April 10) for the opening card, but contractual difficulties have prevented us from doing so. At this writing, Lone Star will not be available, but there's still time for things to change. And, of course, we hope they do."

Lone Star probably won't be the only track impacted by the THG contract. Meets at CDI-owned Calder Race Course and Churchill Downs begin in late April, and groups that represent horsemen at the those tracks are THG members.

"We're very concerned that the current revenue model for account wagering is dysfunctional, and that the revenue stream is not adequately divided in order to fund racing," Tommy Azopardi, executive director of the Texas Horsemen's Partnership, said in a statement.

Azopardi said when patrons at Lone Star bet on live racing, seven cents per dollar is returned to purses, but when patrons bet through an account wagering company, purses get only two cents per dollar, a 71% reduction in purse revenue. Since account wagering represents the most robust growth sector in racing, fewer dollars every year are going back to bolster racing, which is the main product sustaining racetracks, horsemen, and the account wagering providers, he said.

"This is an alarming trend," Azopardi said. "The Texas horsemen are not going to participate in that anymore. We're standing on principles and we joined the THG because we want to try to fix this broken revenue model."

"We are focused on increasing the revenue for racing," said Carl Moore, president of the Texas Horsemen's Partnership board. "There is no way the horsemen can support account wagering without being sure that live racing—which is the backbone for racetracks, wagering providers, and horsemen—is adequately supported with resulting revenue."

The THG estimates that 25% of account wagering revenue is allocated to purses, compared with 40%-50% from on-track and inter-track wagering. Racetracks and purses together receive only about half of the revenue generated by account wagering, according to THG studies, compared with more than 80% of the revenue produced by on-track and inter-track wagering.

"Wagering at our racetracks on both live and simulcast races continues to decline across the nation, while wagering over the Internet on the same races continues to increase," THG president Bob Reeves said. "We must be very careful as these wagering patterns shift to protect the revenue contributed to our racetracks and purses."

# Common Sense Race Dates Proposal

C. E. Wright  
Argyle, Texas

# Review Of Tracks Proposal

- Lone Star park to Run 60 Day Thoroughbred meet
  - Purses supplemented by SHRP
- Lone Star to run ~40 Quarter Horse meet at existing purse levels
- SHRP and Retama to run short “mixed” meets

# Problems with Track Proposal

- From TTA News Archive 10/08/2008

“I can’t tell you how critical it is to have these race dates; if not in Houston, they must be somewhere else in Texas,” Hooper said. “If we lose race dates, more owners and breeders will quit this business, so we can’t afford to lose these days.” - Dave Hooper TTA Executive Director discussing potential loss of race days at Sam Houston due to Hurricane Ike

# More Problems

- Export signal sales weak or no-existent from mixed meets.
  - Neither Manor nor Gillespie are able to sell their signal
- Negative impact on ATB program
  - Stallion series
  - Stars of Texas Day
  - Loss of Texas bred races

# Purse generation - SHRP

- SHRP generated over \$6 mil in purses in 2009 without Spring TB racing
- Simulcast generated the major portion of the handle
- Live and export handle are only generated with live racing

2009

<u>Total Handle</u>	<u>Factor</u>	<u>Purse</u>
Live - \$6228	0.0749	\$466
Simulcast - \$76917	0.0728	\$5600
Simulcast Cross species \$21948	0.0125	\$274
Export - \$23309	0.0129	\$301

**Total**

**\$6641**

H.D.S

Comparison of SHRP Handle  
01/01/2009 -04/04/2009 vs. 01/01/2010 – 04/04/2010  
49 days of Live TB Racing in 2010

	<u>2009</u>	<u>2010</u>
Live	\$0	\$3,551
Simulcast	\$20,746	\$18,253
Simulcast-X	\$6,617	\$5,936
Export	\$0	\$59,851
<b>Total</b>	<b>\$27,363</b>	<b>\$87,591</b>

H.D.C

# Simulcast Handle

## Lone Star Park

L.O.T

2009							2010	
		# of days	<u>Total handle,</u>	<u>Average</u>	<u>Total Handle,</u>	<u>Average</u>		
			<u>Thousands \$</u>	<u>Daily Handle,</u>	<u>Thousands \$</u>	<u>Daily Handle,</u>		
dark	01/01-04/04	94	\$35,055	\$373	\$27,667	\$294		
live	04/05-7/11	98	\$36,412	\$372	\$34,394	\$351		



## Conclusions

- Live Racing Maximizes Handle which generates future purses
  - When tracks are dark bettors stay home and bet via ADW
  - Live racing generates live handle and export fees
- Purse accounts should be invested to maximize future purse generation
- The transfer of purse funds from SHRP to Lone Star would not generate replacement purse funds for future years.
- Live racing generates jobs, investment, and owner interest.
- Lack of live racing will accelerate the loss of Texas owners and breeders.
- A year round racing calendar is needed.

# 2011 Calendar - Thoroughbreds

Sam Houston - 35 Days

Lone Star - 60 days

Retama - 16 days

Total - 111 Days over 40 weeks

## January 2011

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## February 2011

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

## March 2011

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
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20	21	22	23	24	25	26
27	28	29	30	31		

## April 2011

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

## May 2011

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
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22	23	24	25	26	27	28
29	30	31				

## June 2011

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	
5	6	7	8	9	10	11
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19	20	21	22	23	24	25
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## July 2011

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
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24	25	26	27	28	29	30
31						

## August 2011

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
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21	22	23	24	25	26	27
28	29	30	31			

## September 2011

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3		
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

## October 2011

Su	Mo	Tu	We	Th	Fr	Sa
						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## November 2011

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

## December 2011

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

C. E. Wright August 2, 2010

J.D.B.

## FW: Race Dates Proposal

caking [caking@txrc.state.tx.us]

To Sammy Jackson [sammy@txrc.state.tx.us]

Date Mon 8/9/2010 2:55 PM

Attachments 2011 Race Date Proposal 8-9-2010.doc; att0001.htm

---

**From:** Phil Leckinger

**Sent:** Monday, August 09, 2010 1:07 PM

**To:** Charla Ann King

**Subject:** Race Dates Proposal

Hello Charla Ann,

It was a pleasure to speak with you this morning and I appreciate the conversation. Thank you also for your overview of the best way to manage process and change from your experience.

I had previously sent a version of the attached outline for a race date proposal that was based on the information the tracks provided at the July 2 meeting at Lone Star Park.

It does not appear that I will be able to be present at the meeting on Friday at Sam Houston. Unfortunately, I have some travel obligations with work.

This is no doubt a defining time for our industry. I hope that the Racing Commission is able navigate with the tracks and associations for solutions that go beyond the slots or nothing agenda, so that we can focus on the industry- breeding, race dates, purses, trainers, etc., and fulfill the promise that the industry made to the state when parimutuel racing was reinstated.

Please let me know if you have any questions.

Best regards,

*Philip J. Leckinger*

Sourcingpartner, Inc.

1400 Lavon Drive, Suite 200

McKinney, Texas 75069

Phone: 972-562-8002

Fax: 972-562-4303

Cell: 214-649-8629

I. E. 1

Philip J. Leckinger  
12332 E. FM 922  
Tioga, Texas 76271  
(214) 649-8629

TO: Texas Racing Commission

From: Philip Leckinger

August 9, 2010

Dear Racing Commission,

Below are a series of race date options for the three class one tracks in Texas for the balance of 2010 and 2011. The options were compiled based on information that was presented by the THP and the racetracks at a meeting held at Lone Star Park on July 2, 2010. I realize that since that time there have been minor modifications, but without a formal proposal being presented by the racetracks, I feel these options fairly represent the total amount available for purses that the racetracks indicated would be available.

With any reduction in race dates, I believe there has to be additional consideration given to the Accredited Texas Bred horse and protection for access to stalls of the trainers that have supported the Texas racing circuit through 2010.

Please let me know if you have any questions concerning the information as presented. I appreciate your consideration.

Sincerely,

Philip J. Leckinger

**2011 Race Date Proposal**

For 2010 the Texas Racing Commission approved 150 racing dates as the three Texas Class 1 Tracks. This was divided as follows:

Lone Star- 60  
Retama- 34  
Sam Houston- 56

I.E. 2

Retama Park is now going to go before the racing commission and ask for a reduction in dates for 2010 to 16, leaving 134 days of live racing.

### **Track Proposal**

81-85 Total Days- 44-48% reduction in dates.

Lone Star -56-60 days at \$230k per day (\$12.88m to \$13.8m in purses)

Retama- 25 days at \$150k per day. (\$3.75m in purses)

Total Purses Proposed- \$16.63- \$17.55m

Note: during the race track presentation at Lone Star Park the purse amount has dropped in the most recent week from \$18m to \$15m for 2011.

Alternative Options for total purses of \$16.63 to \$17.55m as proposed above, by the tracks. (Greatest amount of purse dollars are secured from live handle.)

141 Days based on the available purse money above would provide for \$117,900 to \$124,500 per day, if spread evenly, far above the average for 2010.

### **Option 1**

Run the number of dates as already assigned by the Texas Racing Commission for Sam Houston 2010-2011 dates. I am assuming the same 56 for Houston. Retama is going to request fewer, this would provide 137 dates.

Lone Star – 65

Houston- 56

Retama- 16

### **Option 2**

120 Days- 23% reduction in dates from 2010.

Lone Star- 65- \$170,000

Sam Houston- 40- \$130,000

Retama- 15- \$110,000

J.E. 3

Addition of one Texas Bred race per card for 3 total.

### **Option 3**

110 Days

If Retama chooses not to run:

Total Days: 110- 27% reduction in dates.

Lone Star- 65- \$180,000 per day

Sam Houston- 45- \$130,000 per day

Addition of 1 additional Texas Bred Race (3 total) and the addition of 1 Texas Bred Sired race for 50% of the racing programs. (55)

### **Option 4**

105 Dates- 30% reduction in dates.

Retama and Sam Houston do not run.

Lone Star to conduct a split meet.

65 traditional days and 40 to be run in Sam Houston time frame.

Spring Meet- 65 - \$180,000

Fall/Winter- 40 - \$150,000

Addition of 1 additional Texas Bred Race (3 total) and the addition of 1 Texas Bred Sired Race per card. 4 total races per card would be written specifically for Texas Breds.

If Option 4 is agreed upon, tracks must guarantee that in 2012 the number of race dates will be equal to or greater than the total dates run in 2002.

### **Assumptions**

Purses are all based on the amount the tracks are stating will be available. More live days should produce more live handle. Purses are up substantially at all three tracks, which should help promote more simulcast handle for each track.

Preserves and increases the number of Texas bred races.

I.E. 4

All trainers currently stabled would not be refused stalls.

Texas breds will be given preference for all open races.

Retama must provide some sort of security assurance that it will run the dates as provided to TRC at time of acceptance of the racing dates.

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