



## **TEXAS RACING COMMISSION**

**P. O. Box 12080**

**Austin, TX 78711-2080**

**(512) 833-6699**

**Fax (512) 833-6907**

Texas Racing Commission  
Tuesday, October 11, 2016  
10:30 a.m.  
John H. Reagan Building  
105 W. 15th Street  
Austin, Texas 78701

## **AGENDA**

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

Roll Call

### **II. PUBLIC COMMENT**

### **III. GENERAL BUSINESS**

Discussion and consideration of the following matters:

- A. Reports by the Executive Director and Staff regarding Administrative Matters
  - 1) Budget and Finance Update
  - 2) Report on Wagering Statistics
  - 3) Inspection and Enforcement Reports
- B. Reports by the Executive Director and Staff on Industry Trends
  - 1) Staff Presentation on Program Trainers
  - 2) Presentation by Representative of New Mexico Racing Commission regarding Out of Competition Testing

Discussion, consideration and possible action on the following matters:

- C. Potential Appointment of a Committee on Out of Competition Testing
- D. Legislative Proposal by the Texas Racing Commission to the 82nd Texas Legislature, Regular Session
- E. Approval of Memorandum of Understanding with Texas Veterinary Medical Diagnostic Laboratory for Fiscal Year 2017
- F. Approval of the Internal Audit Plan for Fiscal Year 2017

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

Discussion, consideration and possible action on the following matters:

- A. Action on Application by Manor Downs for License Renewal under Commission Rule 309.52, including Possible Withdrawal of Referral to the State Office of Administrative Hearings
- B. Allocation by the Texas Greyhound Association of Interstate Cross-Species Purse Money
- C. Allocation of Funds for the Texas Bred Incentive Program as provided under Commission Rule 321.505(b)
- D. Allocation of Purses as provided under Commission Rule 321.505(a)
- E. Distribution of Funds in the Escrowed Purse Account among the Various Breeds of Horses under Commission Rule 321.509
- F. Approval of Concession Contract between Sam Houston Race Park and 97, Inc.
- G. Approval of Concession Contract between Valley Race Park and VG Beverage, Inc.
- H. Approval of Agreement between Retama Park and The Bracken Store Café

#### **V. PROCEEDINGS ON RULEMAKING**

Discussion, consideration and possible action on the following matters:

Rule Proposals. If approved by the Commission, these proposals will be published in the Texas Register for public comment.

- A. Proposal to Amend Rule 321.2, Odds Manipulation
- B. Proposal to Amend Rule 321.11, Access to Magnetic Media
- C. Proposal to Amend Rule 321.35, Claim for Payment
- D. Proposal to Amend Rule 321.41, Cashing Outstanding Tickets
- E. Proposal to Amend Rule 321.42, Cashing Outstanding Vouchers
- F. Proposal to Amend Rule 307.62, Disciplinary Action, by Amending Subsection (b), Notice of Hearing
- G. Proposal to Amend Rule 307.62, Disciplinary Action, by Creating New Subsection (j), Discovery

Rule Adoption. This proposal was published in the August 26, 2016, edition of the *Texas Register* and is eligible for adoption.

- H. Adoption of Amendment to Rule 303.102, Greyhound Rules

## **VI. EXECUTIVE SESSION**

The following items may be discussed and considered in executive session or open meeting and have action taken in the open meeting:

- A. Under Government Code Sec. 551.071(1), the Commission may open an executive session to seek the advice of its attorney regarding pending or contemplated litigation, or regarding a settlement offer.
- B. Under Government Code Sec. 551.071(2), the Commission may open an executive session to discuss all matters identified in this agenda where the commission seeks the advice of its attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas. This may include, but is not limited to, legal advice regarding the Open Meetings Act, the Administrative Procedures Act, and the Texas Racing Act.
- C. Under Government Code §551.074(a)(1), the Commission may open an executive session to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the executive director.
- D. Under Texas Racing Act, Tex. Rev. Civ. Stat. Ann. art. 179e, Sec. 6.03, the Commission may open an executive session to review security plans and management, concession, and totalisator contracts.

## **VII. SCHEDULING OF NEXT COMMISSION MEETING**

## **VIII. ADJOURN**

### **III. GENERAL BUSINESS**

- A. Reports by the Executive Director and Staff regarding Administrative Matters
  - 1) Budget and Finance Update
  - 2) Report on Wagering Statistics
  - 3) Inspection and Enforcement Reports

# Texas Racing Commission

FYE 08/31/2016  
Operating Budget Status  
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2016 Annual Budget	FY 2016 Expended Thru 08/31/2016	FY 2016 Unexpended Bal 8/31/2016	With 99% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.1.1.	- FTE's = 4.50 <u>Regulate Racetrack Owners</u>				
Base Appr =	1001 Salaries and Wages	360,810.39	360,684.02	126.37	99.96%
\$ 359,975.00	1002 Other Personnel Cost	9,891.51	9,878.86	12.65	99.87%
Sup Appr =	2001 Prof Fees and Services	-	110.00	(110.00)	
\$ 8,218.11	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 368,193.11	2005 Travel	9,250.00	3,769.56	5,480.44	40.75%
Budgeted =	2006 Rent Building	-	-	-	
\$ 387,021.32	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	7,069.42	6,830.51	238.91	96.62%
18,828.22	CB Computer Equipment	-	-	-	
5.23%	<b>Total Strategy A.1.1.</b>	<b>387,021.32</b>	<b>381,272.95</b>	<b>5,748.37</b>	<b>98.51%</b>
<i>Appropriated</i> A.2.1.	0 FTE's = 0 <u>Texas Bred Incentive</u>				
	ATB Money Expended	3,475,000.00	3,253,116.45	221,883.55	93.61%
3,475,000.00	<b>Total Strategy A.2.1.</b>	<b>3,475,000.00</b>	<b>3,253,116.45</b>	<b>221,883.55</b>	<b>93.61%</b>
<i>Appropriated</i> A.3.1.	(1.80) FTE's = 7.50 <u>Supervise Racing and Licensees</u>				
Base Appr =	1001 Salaries and Wages	447,802.74	443,917.93	3,884.81	99.13%
\$ 692,204.00	1002 Other Personnel Cost	56,923.82	37,781.28	19,142.54	66.37%
Sup Appr =	2001 Prof Fees and Services	25,000.00	25,578.47	(578.47)	102.31%
\$ 9,178.35	2003 Consumables	-	25.98	(25.98)	-
Total Appr =	2004 Utilities	-	-	-	
\$ 701,382.35	2005 Travel	53,000.00	41,551.12	11,448.88	78.40%
Budgeted =	2006 Rent Building	-	-	-	
\$ 586,489.68	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	3,763.12	3,665.81	97.31	97.41%
(114,892.67)	CB Computer Equipment	-	-	-	
-16.60%	<b>Total Strategy A.3.1.</b>	<b>586,489.68</b>	<b>552,520.59</b>	<b>33,969.09</b>	<b>94.21%</b>
<i>Appropriated</i> A.3.2.	- FTE's = 3.30 <u>Monitor Occupational Licensee Act.</u>				
Base Appr =	1001 Salaries and Wages	182,183.65	175,253.47	6,930.18	96.20%
\$ 245,602.00	1002 Other Personnel Cost	18,218.37	17,525.41	692.96	96.20%
Sup Appr =	2001 Prof Fees and Services	1,000.00	875.00	125.00	87.50%
\$ -	2003 Consumables	2,500.00	-	2,500.00	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 245,602.00	2005 Travel	38,199.98	26,608.73	11,591.25	69.66%
Budgeted =	2006 Rent Building	-	-	-	
\$ 245,602.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	3,500.00	1,195.17	2,304.83	34.15%
\$ (0.00)	CB Computer Equipment	-	-	-	
0.00%	<b>Total Strategy A.3.2.</b>	<b>245,602.00</b>	<b>221,457.78</b>	<b>24,144.22</b>	<b>90.17%</b>
<i>Appropriated</i> A.4.1.	0.05 FTE's = 3.15 <u>Inspect and Provide Emerg. Care</u>				
Base Appr =	1001 Salaries and Wages	225,269.80	221,672.43	3,597.37	98.40%
\$ 340,949.00	1002 Other Personnel Cost	12,939.49	10,068.35	2,871.14	77.81%
Sup Appr =	2001 Prof Fees and Services	80,000.00	53,248.67	26,751.33	66.56%
\$ 5,293.32	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 346,242.32	2005 Travel	29,100.00	28,671.07	428.93	98.53%
Budgeted =	2006 Rent Building	-	-	-	
\$ 353,653.59	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	6,344.29	4,047.49	2,296.80	63.80%
\$ 7,411.26	CB Computer Equipment	-	-	-	
2.17%	<b>Total Strategy A.4.1.</b>	<b>353,653.59</b>	<b>317,708.01</b>	<b>35,945.58</b>	<b>89.84%</b>

# Texas Racing Commission

FYE 08/31/2016  
Operating Budget Status  
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2016 Annual Budget	FY 2016 Expended Thru 08/31/2016	FY 2016 Unexpended Bal 8/31/2016	With 99% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.4.2.	(0.55) FTE's = 3.75 <u>Administer Drug Testing</u>				
Base Appr =	1001 Salaries and Wages	205,374.80	193,521.34	11,853.46	94.23%
\$ 283,998.00	1002 Other Personnel Cost	21,778.37	21,676.01	102.36	99.53%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 4,917.68	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 288,915.68	2005 Travel	23,500.00	15,800.78	7,699.22	67.24%
Budgeted =	2006 Rent Building	-	-	-	
\$ 257,369.42	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	6,716.25	1,383.96	5,332.29	20.61%
\$ (31,546.26)	CB Computer Equipment	-	-	-	
<b>-11.11%</b>	<b>Total</b> Strategy A.4.2.	257,369.42	232,382.09	24,987.33	90.29%
<i>Appropriated</i> B.1.1.	- FTE's = 7.10 <u>Occupational Licensing</u>				
Base Appr =	1001 Salaries and Wages	259,474.00	242,169.66	17,304.34	93.33%
\$ 512,164.00	1002 Other Personnel Cost	9,537.37	21,620.54	(12,083.17)	226.69%
Sup Appr =	2001 Prof Fees and Services	-	250.00	(250.00)	
\$ 6,325.58	2003 Consumables	5,000.00	3,273.28	1,726.72	65.47%
Total Appr =	2004 Utilities	-	112.36	(112.36)	
\$ 518,489.58	2005 Travel	26,954.43	29,486.19	(2,531.76)	109.39%
Budgeted =	2006 Rent Building	-	-	-	
\$ 496,884.54	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	4,000.00	2,461.67	1,538.33	61.54%
\$ (21,605.04)	CB Computer Equipment	-	-	-	51.03%
<b>-4.22%</b>	<b>Total</b> Strategy B.1.1.	496,884.54	397,319.42	99,565.12	79.96%
<i>Appropriated</i> B.1.2.	- FTE's = 0 <u>Texas OnLine</u>				
Base Appr =	1001 Salaries and Wages	-	-	-	
\$ 22,500.00	1002 Other Personnel Cost	-	-	-	
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ -	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 22,500.00	2005 Travel	-	-	-	
Budgeted =	2006 Rent Building	-	-	-	
\$ 22,500.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	22,500.00	12,529.00	9,971.00	55.68%
\$ -	CB Computer Equipment	-	-	-	
0.00%	<b>Total</b> Strategy B.1.2.	22,500.00	12,529.00	9,971.00	55.68%
<i>Appropriated</i> C.1.1.	(0.30) FTE's = 4.50 <u>Monitor Wagering and Audit</u>				
Base Appr =	1001 Salaries and Wages	250,217.94	245,957.19	4,260.75	98.30%
\$ 326,775.00	1002 Other Personnel Cost	16,313.26	32,828.88	(16,515.62)	201.24%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 6,102.88	2003 Consumables	1,000.00	-	1,000.00	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 332,877.88	2005 Travel	20,000.00	11,654.66	8,345.34	58.27%
Budgeted =	2006 Rent Building	-	-	-	
\$ 312,387.94	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	24,856.74	11,744.71	13,112.03	47.25%
\$ (20,489.94)	CB Computer Equipment	-	-	-	
<b>-6.27%</b>	<b>Total</b> Strategy C.1.1.	312,387.94	302,185.44	10,202.50	96.73%

# Texas Racing Commission

FYE 08/31/2016  
Operating Budget Status  
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2016 Annual Budget	FY 2016 Expended Thru 08/31/2016	FY 2016 Unexpended Bal 8/31/2016	With 99% of Year Lapsed % of Budget Expended
<i>Appropriated</i> C.1.2.	- FTE's = 3.00 <u>Wagering &amp; Compliance Inspections</u>				
Base Appr =	1001 Salaries and Wages	146,425.23	115,331.82	31,093.41	78.76%
\$ 167,211.00	1002 Other Personnel Cost	3,912.13	2,876.38	1,035.75	73.52%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 3,571.35	2003 Consumables	1,000.00	-	1,000.00	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 170,782.35	2005 Travel	16,000.00	6,647.77	9,352.23	41.55%
Budgeted =	2006 Rent Building	-	-	-	
\$ 169,701.61	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	2,364.25	1,223.43	1,140.82	51.75%
\$ (1,080.74)	CB Computer Equipment	-	-	-	
<b>-0.65%</b>	<b>Total Strategy C.1.2.</b>	<b>169,701.61</b>	<b>126,079.40</b>	<b>43,622.21</b>	<b>74.29%</b>
<i>Appropriated</i> D.1.1.	- FTE's = 7.00 <u>Central Administration</u>				
Base Appr =	1001 Salaries and Wages	449,493.94	414,248.85	35,245.09	92.16%
\$ 742,938.00	1002 Other Personnel Cost	32,707.47	28,113.82	4,593.65	85.96%
Sup Appr =	2001 Prof Fees and Services	17,500.00	17,371.96	128.04	99.27%
\$ 9,190.18	2003 Consumables	12,500.00	7,233.69	5,266.31	57.87%
Total Appr =	2004 Utilities	58,000.00	49,383.19	8,616.81	85.14%
\$ 752,128.18	2005 Travel	15,500.00	7,713.70	7,786.30	49.77%
Budgeted =	2006 Rent Building	86,250.00	86,518.50	(268.50)	100.31%
\$ 751,128.18	2007 Rent Machine	-	809.87	(809.87)	
Difference	2009 Other Operating Cost	79,176.77	70,341.82	8,834.95	88.84%
\$ (1,000.00)	CB Computer Equipment	-	-	-	0.00%
<b>-0.13%</b>	<b>Total Strategy D.1.1.</b>	<b>751,128.18</b>	<b>681,735.40</b>	<b>69,392.78</b>	<b>90.76%</b>
<i>Appropriated</i> D.1.2.	- FTE's = 4.80 <u>Information Resources</u>				
Base Appr =	1001 Salaries and Wages	320,927.16	314,183.62	6,743.54	97.90%
\$ 514,024.00	1002 Other Personnel Cost	12,967.37	25,470.06	(12,502.69)	196.42%
Sup Appr =	2001 Prof Fees and Services	56,000.00	74,871.20	(18,871.20)	133.70%
\$ 6,322.30	2003 Consumables	12,000.00	1,223.76	10,776.24	10.20%
Total Appr =	2004 Utilities	1,200.00	538.99	661.01	44.92%
\$ 520,346.30	2005 Travel	3,500.00	3,135.22	364.78	89.58%
Budgeted =	2006 Rent Building	2,700.00	444.00	2,256.00	16.44%
\$ 521,346.29	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	112,051.76	87,887.80	24,163.96	78.44%
\$ 1,000.00	CB Computer Equipment	-	-	-	
<b>0.19%</b>	<b>Total Strategy D.1.2.</b>	<b>521,346.29</b>	<b>507,754.65</b>	<b>13,591.64</b>	<b>97.39%</b>
<i>Appropriated</i> D.1.3.	(2.60) FTE's = 48.60 <u>Other Support Services</u>				
Base Appr =	1001 Salaries and Wages	-	-	-	
\$ 7,683,340.00	1002 Other Personnel Cost	-	-	-	
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 59,119.74	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 7,742,459.74	2005 Travel	-	-	-	
Budgeted =	2006 Rent Building	-	-	-	
\$ 7,579,084.56	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	-	-	-	
\$ (163,375.18)	CB Computer Equipment	-	-	-	
<b>-2.13%</b>	<b>Total Strategy D.1.3.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
\$ 4,267,460	Regulatory Program Operating Budget	4,104,084.56	3,732,944.73	371,139.83	90.96%
\$ 3,475,000	TX Bred Program Operating Budget	3,475,000.00	3,253,116.45	221,883.55	93.61%
\$ 7,742,460	Total M.O.F. (TXRC Acct. 597 & GR)	7,579,084.56	6,986,061.18	593,023.38	92.18%
	Total All Programs Operating Budget				

# Texas Racing Commission

FYE 08/31/2016  
Operating Budget Status  
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2016 Annual Budget	FY 2016 Expended Thru 08/31/2016	FY 2016 Unexpended Bal 8/31/2016	With 99% of Year Lapsed % of Budget Expended
\$ -	(2.60) FTE's = 48.60				
<i>Appropriated</i>	<u>Direct Expense of Regulatory Programs</u>				
	1001 Salaries and Wages	2,847,979.64	2,726,940.33	121,039.31	95.75%
	1002 Other Personnel Cost	195,189.16	207,839.59	(12,650.43)	106.48%
	2001 Prof Fees and Services	179,500.00	172,305.30	7,194.70	95.99%
	2003 Consumables	34,000.00	11,756.71	22,243.29	34.58%
	2004 Utilities	59,200.00	50,034.54	9,165.46	84.52%
	2005 Travel	235,004.41	175,038.80	59,965.61	74.48%
	2006 Rent Building	88,950.00	86,962.50	1,987.50	97.77%
	2007 Rent Machine	4,000.00	3,271.54	728.46	81.79%
	2009 Other Operating Cost	460,261.35	298,795.42	161,465.93	64.92%
	CB Computer Equipment	-	-	-	0.00%
\$ 4,267,460	Total Direct Expense of Regulatory Program	4,104,084.56	3,732,944.73	371,139.83	90.96%
\$ 3,475,000	FTE's = - Direct Expense of TX Bred Program	3,475,000.00	3,253,116.45	221,883.55	93.61%
\$ 7,742,460	(2.60) FTE's = 48.60 Total Direct Expense of All Programs	7,579,084.56	6,986,061.18	593,023.38	92.18%
\$ -	<i>Un-Appropriated</i> <u>Indirect Expense of All Programs</u>				
	OASI Match	218,367.69	214,711.29	3,656.40	98.33%
	Group Insurance	299,720.36	264,805.02	34,915.34	88.35%
	State Retirement	236,222.16	221,135.66	15,086.50	93.61%
	Benefit Replacement	9,700.00	7,154.64	2,545.36	73.76%
	ERS Retiree Insurance	275,000.00	337,168.59	(62,168.59)	122.61%
	SWCAP GR Reimburse	30,000.00	21,914.00	8,086.00	73.05%
	Unemployment Cost	10,000.00	5,321.50	4,678.50	53.22%
	Other	-	-	-	
\$ 1,079,010	Total Indirect Expense of All Programs	1,079,010.21	1,072,210.70	6,799.51	99.37%
\$ 8,821,470	Total Direct and Indirect Expense of All Programs	8,658,094.77	8,058,271.88	599,822.89	93.07%

Source Of Funds	Agency Method Of Finance	FY 2016 Projected Revenue	FY 2016 Actual Revenue Thru 08/31/2016	N/A	With 99% of Year Lapsed % of Revenue Collected
	<b>Regulatory Program MOF:</b>				
Acct. 597	Cash Balance Carry Forward	\$ 750,000.00	\$ 750,000.00		n/a
Acct. 597	Live Race Day Fees	\$ -	\$ -		
Acct. 597	Simulcast Race Day Fees	\$ -	\$ -		
Acct. 597	Annual License Fees (Active & Inactive)	\$ 4,183,750.00	\$ 3,831,229.96		91.57%
Acct. 597	Outs	\$ -	\$ -		
Acct. 597	Occupational License Fees and Fines	\$ 747,458.00	\$ 660,280.75		88.34%
Acct. 597	Other Revenue	\$ 23,867.00	\$ 21,243.99		89.01%
Acct. 1	GR Funds	\$ -	\$ -		
	<b>Sub-Total Regulatory Prgm. MOF</b>	\$ 5,705,075.00	\$ 5,262,754.70		92.25%
	<b>Texas Bred Program MOF:</b>				
Acct. 597	Cash Balance Carry Forward	\$ -	\$ -		
Acct. 597	Breakage and 1% Exotic	\$ 3,475,000.00	\$ 3,253,116.45		93.61%
Acct. 597	Other	\$ -	\$ -		
	<b>Sub-Total Texas Bred Prgm. MOF</b>	\$ 3,475,000.00	\$ 3,253,116.45		93.61%
All Sources	<b>Total MOF</b>	\$ 9,180,075.00	\$ 8,515,871.15		92.76%
	<b>MOF Estimated to Exceed or (Fall-Short of Covering) Direct &amp; Indirect Expenses of Operating Budget</b>	\$ 521,980.23	\$ 457,599.27		



## Fiscal Year 2016 Operational Budget

Updated: September 12, 2016

Thru: August 31, 2016

### Summary of Operating Revenue

By Revenue Type:	Budget	Collected	Suspended	Uncollected Balance	%
<b>Account 597 - Racing Commission - GRD</b>	\$ 9,180,075	\$ 8,515,871	\$ -	\$ 664,204	7%
<b>Account 1 - State of Texas - GR</b>	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL - ALL REVENUES</b>	\$ 9,180,075	\$ 8,515,871	\$ -	\$ 664,204	7%

### Summary of Appropriated Operating Expenses

	Budget	Expended	Encumbered	Unexpended Balance	%
<b>1001 - Salaries and Wages:</b>	\$ 2,847,980	\$ 2,726,940	\$ -	\$ 121,039	4%
<b>1002 - Other Personnel Cost:</b>	\$ 195,189	\$ 207,840	\$ -	\$ (12,650)	-6%
<b>2001 - Professional Fees and Services:</b>	\$ 179,500	\$ 172,305	\$ -	\$ 7,195	4%
<b>2003 - Consumable Supplies:</b>	\$ 34,000	\$ 11,757	\$ -	\$ 22,243	65%
<b>2004 - Utilities:</b>	\$ 59,200	\$ 50,035	\$ -	\$ 9,165	15%
<b>2005 - Travel:</b>	\$ 235,004	\$ 175,039	\$ -	\$ 59,966	26%
<b>2006 - Rent Building:</b>	\$ 88,950	\$ 86,963	\$ -	\$ 1,988	2%
<b>2007 - Rent Machine and Other:</b>	\$ 4,000	\$ 3,272	\$ -	\$ 728	18%
<b>2009 - Other Operating Expense:</b>	\$ 460,261	\$ 298,795	\$ -	\$ 161,466	35%
<b>4000 - Grants</b>	\$ 3,475,000	\$ 3,253,116	\$ -	\$ 221,884	6%
<b>5000 - Capital Expenditures:</b>	\$ -	\$ -	\$ -	\$ -	0%
<b>TOTAL - ALL APPROPRIATED EXPENDITURES</b>	\$ 7,579,085	\$ 6,986,061	\$ -	\$ 593,023	8%

### Unappropriated Operating Expenses

Type:	Budget	Expended	Encumbered	Unexpended Balance	%
<b>TOTAL - ALL UNAPPROPRIATED EXPENDITURES</b>	\$ 1,079,010	\$ 1,072,211	\$ -	\$ 6,800	1%
<b>TOTAL - ALL EXPENDITURES</b>	\$ 8,658,095	\$ 8,058,272	\$ -	\$ 599,823	7%

### OPERATING SURPLUS / (DEFICIT)

	\$ 521,980	\$ 457,599			
--	------------	------------	--	--	--

### Summary of FTE's

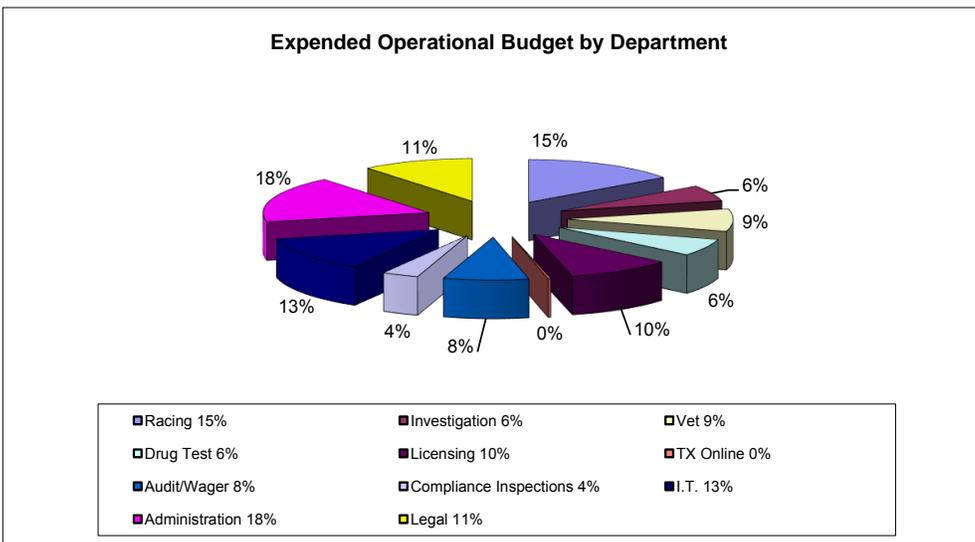
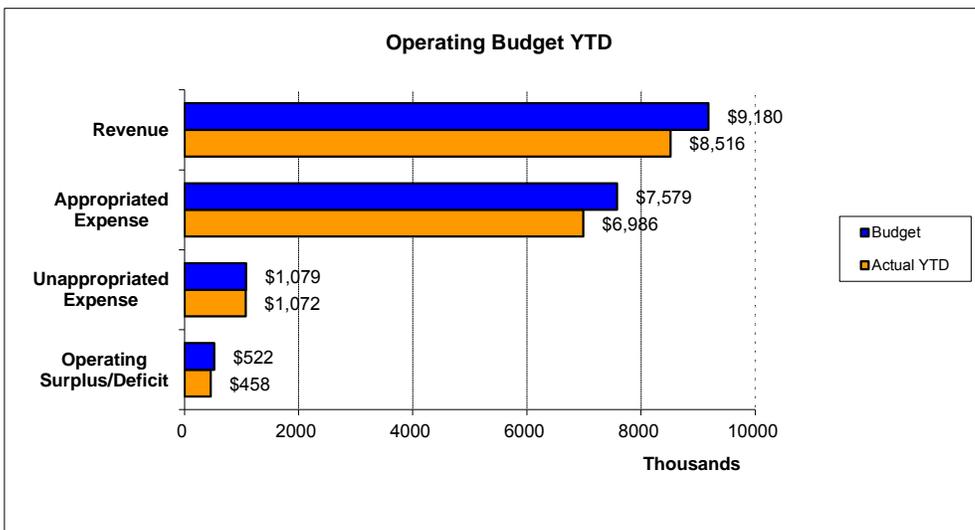
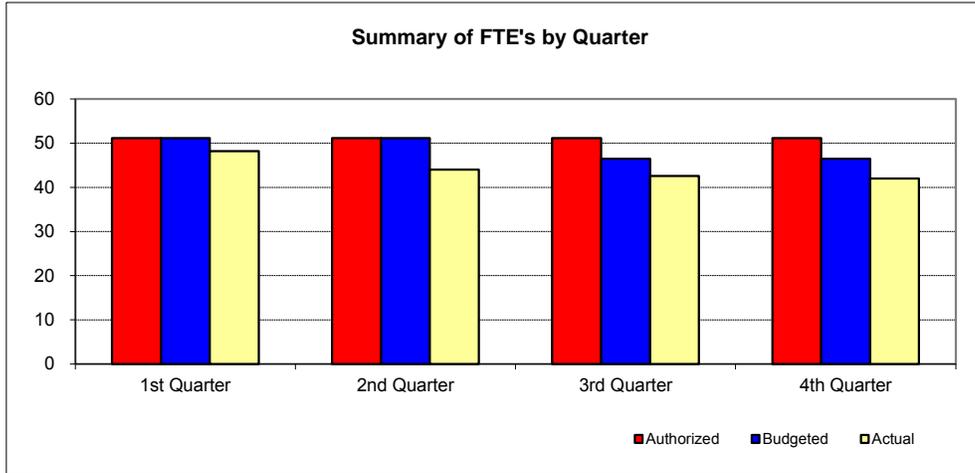
By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	51.20	51.20	51.20	51.20
Budgeted FTE's	51.20	51.20	46.50	46.50
Actual FTE's	48.20	44.00	42.60	42.00
<b>Actual FTE's Over / (Under) Budget</b>	(3.00)	(7.20)	(3.90)	(4.50)
<b>Actual FTE's Over / (Under) Authorization</b>	(3.00)	(7.20)	(8.60)	(9.20)



# Fiscal Year 2016 Operational Budget

Updated: September 12, 2016

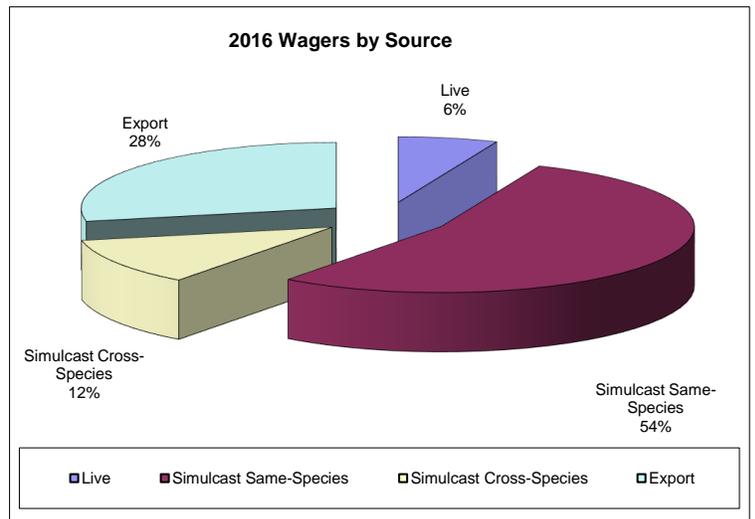
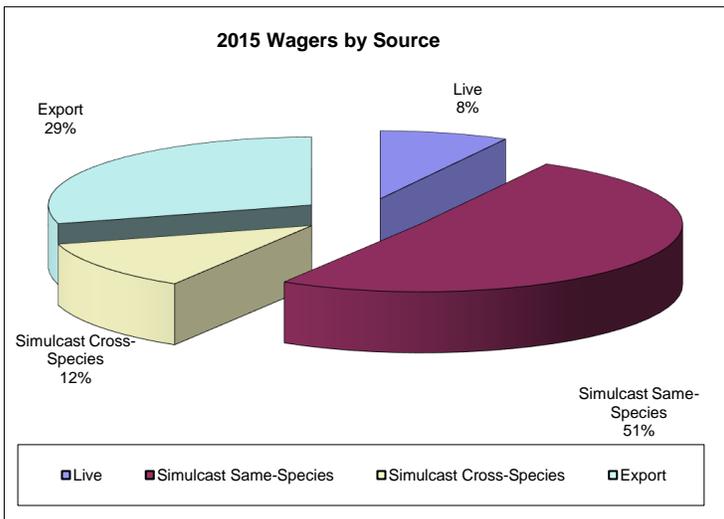
Thru: August 31, 2016





## Texas Pari-Mutuel Racetracks Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races For the Period of January 1 through September 25

	Year 2015			Year 2016			Percentage Change	
	# Days	Wagers (Handle)		# Days	Wagers (Handle)		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<b>Greyhound Racetracks</b>								
Live	186	\$ 4,968,146	\$ 26,710	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Same-Species	690	\$ 20,382,395	\$ 29,540	696	\$ 17,686,014	\$ 25,411	-13.23%	-13.98%
Simulcast Cross-Species	690	\$ 15,689,838	\$ 22,739	696	\$ 15,549,122	\$ 22,341	-0.90%	-1.75%
Export	186	\$ 8,337,244	\$ 44,824	0	\$ -	\$ -	-100.00%	-100.00%
<b>Total Wagers</b>		<b>\$ 49,377,623</b>			<b>\$ 33,235,136</b>		<b>-32.69%</b>	
<b>Horse Racetracks</b>								
Live	155	\$ 22,529,413	\$ 145,351	147	\$ 20,695,576	\$ 140,786	-8.14%	-3.14%
Simulcast Same-Species	956	\$ 156,090,190	\$ 163,274	962	\$ 159,050,772	\$ 165,333	1.90%	1.26%
Simulcast Cross-Species	956	\$ 25,632,848	\$ 26,813	963	\$ 22,312,884	\$ 23,170	-12.95%	-13.58%
Export	147	\$ 93,926,793	\$ 638,958	139	\$ 92,576,249	\$ 666,016	-1.44%	4.23%
<b>Total Wagers</b>		<b>\$ 298,179,245</b>			<b>\$ 294,635,481</b>		<b>-1.19%</b>	
<b>All Racetracks</b>								
Live	341	\$ 27,497,559	\$ 80,638	147	\$ 20,695,576	\$ 140,786	-24.74%	74.59%
Simulcast Same-Species	1,646	\$ 176,472,585	\$ 107,213	1,658	\$ 176,736,786	\$ 106,596	0.15%	-0.58%
Simulcast Cross-Species	1,646	\$ 41,322,687	\$ 25,105	1,659	\$ 37,862,006	\$ 22,822	-8.37%	-9.09%
Export	333	\$ 102,264,038	\$ 307,099	139	\$ 92,576,249	\$ 666,016	-9.47%	116.87%
<b>Total Wagers</b>		<b>\$ 347,556,868</b>			<b>\$ 327,870,617</b>		<b>-5.66%</b>	
<b>Total Wagers Placed in Texas</b>		<b>\$ 245,292,830</b>			<b>\$ 235,294,368</b>		<b>-4.08%</b>	
<b>Total Wagers Placed on Texas Races</b>		<b>\$ 129,761,596</b>			<b>\$ 113,271,825</b>		<b>-12.71%</b>	

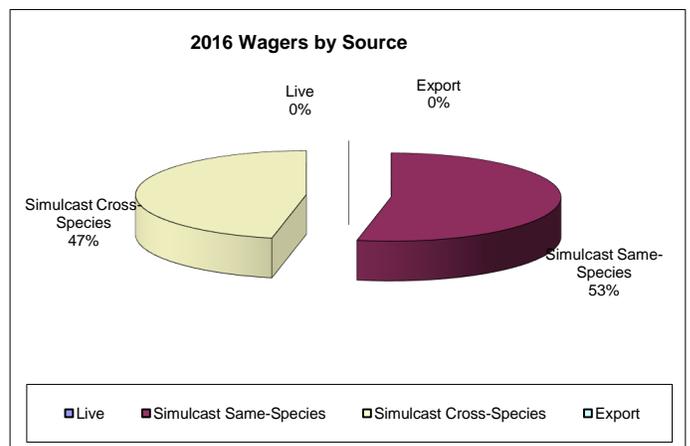
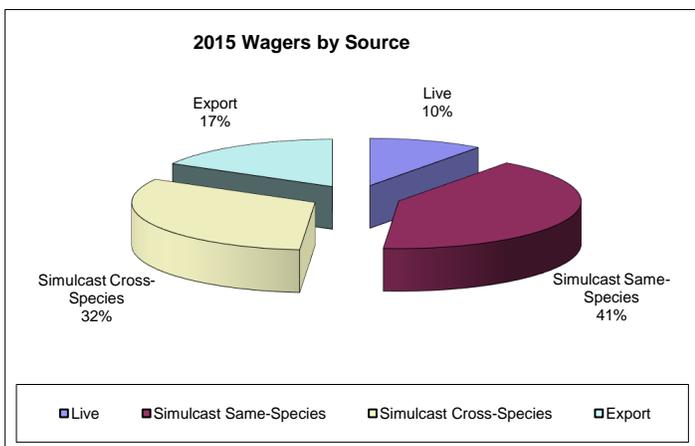




## Greyhound Racetrack Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races

For the Period of January 1 through September 25

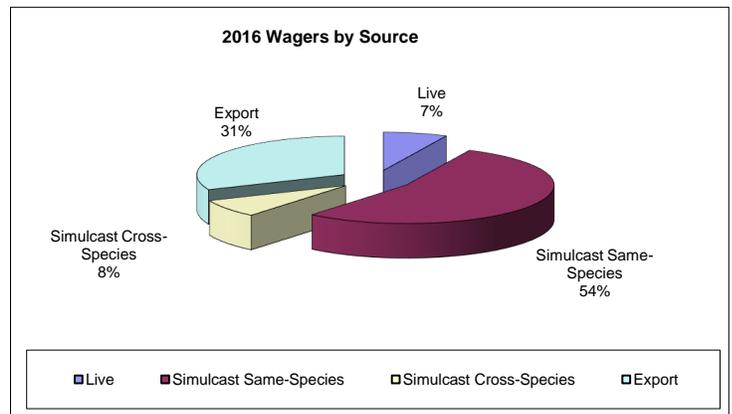
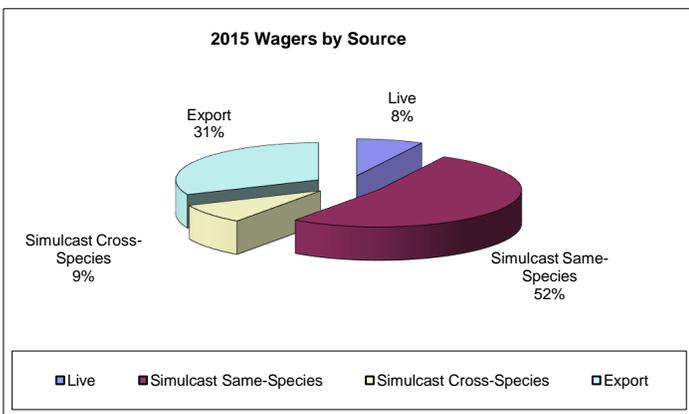
	Year 2015			Year 2016			Percentage Change	
	# Days	Wagers (Handle)		# Days	Wagers (Handle)		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<b><u>Gulf Coast Racing</u></b>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	193	\$ 6,353,792	\$ 32,921	196	\$ 5,181,707	\$ 26,437	-18.45%	-19.70%
Simulcast Cross-Species	193	\$ 3,182,399	\$ 16,489	196	\$ 2,947,516	\$ 15,038	-7.38%	-8.80%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
<b>Total Wagers</b>		<b>\$ 9,536,191</b>			<b>\$ 8,129,223</b>		<b>-14.75%</b>	
<b><u>Gulf Greyhound Park</u></b>								
Live	186	\$ 4,968,146	\$ 26,710	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Same-Species	267	\$ 8,366,567	\$ 31,335	269	\$ 7,715,724	\$ 28,683	-7.78%	-8.46%
Simulcast Cross-Species	267	\$ 8,039,546	\$ 30,111	269	\$ 7,997,369	\$ 29,730	-0.52%	-1.26%
Export	186	\$ 8,337,244	\$ 44,824	0	\$ -	\$ -	-100.00%	-100.00%
<b>Total Wagers</b>		<b>\$ 29,711,502</b>			<b>\$ 15,713,094</b>		<b>-47.11%</b>	
<b><u>Valley Race Park</u></b>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	230	\$ 5,662,037	\$ 24,618	231	\$ 4,788,583	\$ 20,730	-15.43%	-15.79%
Simulcast Cross-Species	230	\$ 4,467,894	\$ 19,426	231	\$ 4,604,236	\$ 19,932	3.05%	2.61%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
<b>Total Wagers</b>		<b>\$ 10,129,930</b>			<b>\$ 9,392,819</b>		<b>-7.28%</b>	
<b><u>All Greyhound Tracks</u></b>								
Live	186	\$ 4,968,146	\$ 26,710	0	\$ -	\$ -	-100.00%	-100.00%
Simulcast Same-Species	690	\$ 20,382,395	\$ 29,540	696	\$ 17,686,014	\$ 25,411	-13.23%	-13.98%
Simulcast Cross-Species	690	\$ 15,689,838	\$ 22,739	696	\$ 15,549,122	\$ 22,341	-0.90%	-1.75%
Export	186	\$ 8,337,244	\$ 44,824	0	\$ -	\$ -	-100.00%	-100.00%
<b>Total Wagers</b>		<b>\$ 49,377,623</b>			<b>\$ 33,235,136</b>		<b>-32.69%</b>	
<b>Total Wagers Placed in Texas</b>		<b>\$ 41,040,379</b>			<b>\$ 33,235,136</b>		<b>-19.02%</b>	
<b>Total Wagers Placed on Texas Races</b>		<b>\$ 13,305,390</b>			<b>\$ -</b>		<b>-100.00%</b>	





## Horse Racetrack Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races For the Period of January 1 through September 25

	Year 2015			Year 2016			Percentage Change	
	# Days	Wagers (Handle)		# Days	Wagers (Handle)		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<b>Gillespie County Fair</b>								
Live	8	\$ 1,214,934	\$ 151,867	8	\$ 1,123,083	\$ 140,385	-7.56%	-7.56%
Simulcast Same-Species	155	\$ 2,789,289	\$ 17,995	157	\$ 2,253,902	\$ 14,356	-19.19%	-20.22%
Simulcast Cross-Species	155	\$ 348,823	\$ 2,250	157	\$ 306,779	\$ 1,954	-12.05%	-13.17%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
<b>Total Wagers</b>		<b>\$ 4,353,046</b>			<b>\$ 3,683,764</b>		<b>-15.38%</b>	
<b>Lone Star Park</b>								
Live	54	\$ 12,509,777	\$ 231,663	55	\$ 11,728,288	\$ 213,242	-6.25%	-7.95%
Simulcast Same-Species	267	\$ 77,338,076	\$ 289,656	269	\$ 78,658,986	\$ 292,413	1.71%	0.95%
Simulcast Cross-Species	267	\$ 4,372,695	\$ 16,377	269	\$ 4,369,459	\$ 16,243	-0.07%	-0.82%
Export	54	\$ 29,682,254	\$ 549,671	55	\$ 31,713,285	\$ 576,605	6.84%	4.90%
<b>Total Wagers</b>		<b>\$ 123,902,802</b>			<b>\$ 126,470,018</b>		<b>2.07%</b>	
<b>Retama Park</b>								
Live	36	\$ 3,004,219	\$ 83,451	28	\$ 2,382,441	\$ 85,087	-20.70%	1.96%
Simulcast Same-Species	267	\$ 27,647,937	\$ 103,550	269	\$ 28,065,509	\$ 104,333	1.51%	0.76%
Simulcast Cross-Species	267	\$ 6,622,042	\$ 24,802	269	\$ 5,354,190	\$ 19,904	-19.15%	-19.75%
Export	36	\$ 9,112,763	\$ 253,132	28	\$ 6,664,543	\$ 238,019	-26.87%	-5.97%
<b>Total Wagers</b>		<b>\$ 46,386,961</b>			<b>\$ 42,466,682</b>		<b>-8.45%</b>	
<b>Sam Houston Race Park</b>								
Live	57	\$ 5,800,483	\$ 101,763	56	\$ 5,461,764	\$ 97,532	-5.84%	-4.16%
Simulcast Same-Species	267	\$ 48,314,888	\$ 180,955	267	\$ 50,072,374	\$ 187,537	3.64%	3.64%
Simulcast Cross-Species	267	\$ 14,289,288	\$ 53,518	268	\$ 12,282,457	\$ 45,830	-14.04%	-14.37%
Export	57	\$ 55,131,777	\$ 967,224	56	\$ 54,198,421	\$ 967,829	-1.69%	0.06%
<b>Total Wagers</b>		<b>\$ 123,536,436</b>			<b>\$ 122,015,016</b>		<b>-1.23%</b>	
<b>All Horse Tracks</b>								
Live	155	\$ 22,529,413	\$ 145,351	147	\$ 20,695,576	\$ 140,786	-8.14%	-3.14%
Simulcast Same-Species	956	\$ 156,090,190	\$ 163,274	962	\$ 159,050,772	\$ 165,333	1.90%	1.26%
Simulcast Cross-Species	956	\$ 25,632,848	\$ 26,813	963	\$ 22,312,884	\$ 23,170	-12.95%	-13.58%
Export	147	\$ 93,926,793	\$ 638,958	139	\$ 92,576,249	\$ 666,016	-1.44%	4.23%
<b>Total Wagers</b>		<b>\$ 298,179,245</b>			<b>\$ 294,635,481</b>		<b>-1.19%</b>	
<b>Total Wagers Placed in Texas</b>		<b>\$ 204,252,451</b>			<b>\$ 202,059,232</b>		<b>-1.07%</b>	
<b>Total Wagers Placed on Texas Races</b>		<b>\$ 116,456,206</b>			<b>\$ 113,271,825</b>		<b>-2.73%</b>	



# Texas Racing Commission

## Report on Racetrack Inspection Activities

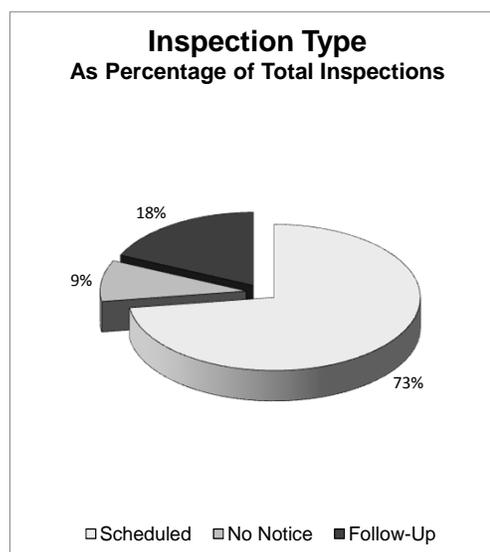
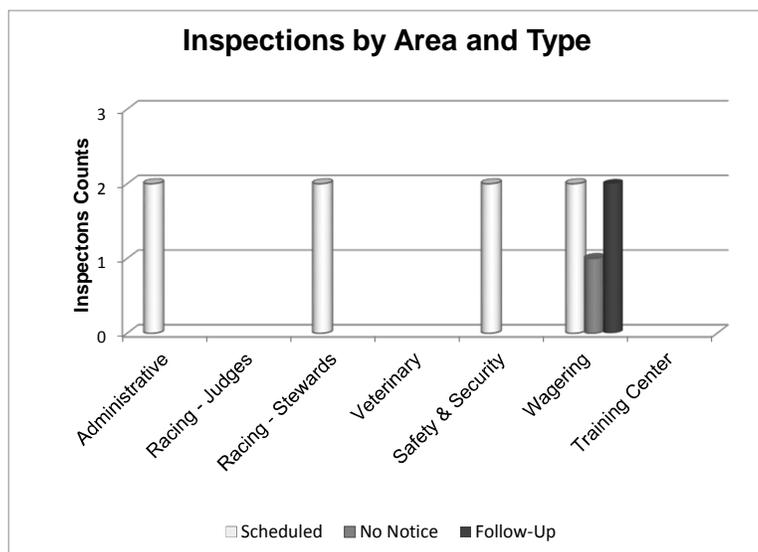
### October 11, 2016

Summary of Inspections Performed For the Period of August 1, 2016 through September 30, 2016					
Track	Area of Inspection	Date of Inspection	Number of Unsatisfactory Items	Track Remediation	Remaining Unsatisfactory Items
Retama Park	Administrative	8/26/2016	2		2
	Wagering	8/26/2016	2		
	Wagering	9/14/2016	0	2 (Follow-up from 8/26/16)	0
	Security	9/1/2016	0		
	Racing	9/7/2016	0		
Lone Star Park	Wagering	9/8/2016	0		
	Administrative	9/8/2016	0		
	Security	9/14/2016	0		
	Racing	9/15/2016	0		
Gulf Greyhound Park	Wagering	9/2/2016	2		
	Wagering	9/14/2016	0	2 (Follow-up from 9/2/16)	0

Inspection Counts by Area and Type				
Area of Inspection	Scheduled	No Notice	Follow-Up	Totals
Administrative	2			2
Racing - Judges				
Racing - Stewards	2			2
Veterinary				
Safety & Security	2			2
Wagering	2	1	2	5
Training Center				
<b>TOTAL INSPECTIONS</b>	<b>8</b>	<b>1</b>	<b>2</b>	<b>11</b>

**Important Notes Regarding Inspections at Racetracks:**

- 1) Scheduled inspections typically occur before the beginning of each race meet. No Notice inspections typically are planned to occur during the middle of a meet, but may occur at any time.
- 2) Follow-Up inspections are performed when a Scheduled or No Notice inspection identifies an unsatisfactory item. The Follow-Up inspection is performed after the association has had an opportunity to remedy any unsatisfactory item initially reported.



## ENFORCEMENT REPORT

Gillespie County Fair & Festivals concluded its 8 day 2016 race meet on August 28, 2016.

Two tracks are currently conducting live racing. Retama Park's Thoroughbred Meet opened on September 2 and will close on November 26. Lone Star Park's Quarter Horse Meet opened on September 16 and will close on November 12.

Gillespie County, Gulf Coast Racing, Gulf Greyhound Park., Sam Houston Race Park, and Valley Race Park are conducting simulcast operations.

### Gillespie County Fair & Festivals

Rulings Activity – Race Meet – July-August, 2016  
Rulings Reported as of October 4, 2016

Human Alcohol Violations	1
Conduct Violations	1
Jockey – Riding Infractions	1
Jockey – Non-Riding Infractions	2
Medication Violations	10
Trainer Infractions	2
Licensing Violations	1
Financial Obligations	1
Contraband	2
Miscellaneous	1
<b>Total # of Rulings</b>	<b>22</b>

E. Approval of Memorandum of Understanding with Texas Veterinary Medical Diagnostic Laboratory for Fiscal Year 2017

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE  
TEXAS RACING COMMISSION  
AND THE  
TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY**

Pursuant to Texas Racing Act (Art. 179e, V.T.C.S) Sec. 3.07(d), the Drug Testing Laboratory of the Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) is to provide drug testing services on race animals for the Texas Racing Commission (TxRC). TxRC and TVMDL enter into this Memorandum of Understanding to delineate the responsibilities of the Parties in administering TxRC's drug testing program for race animals.

**I.  
DEFINITIONS**

Association - A pari-mutuel racetrack licensed by TxRC under the Act to conduct horse or greyhound racing with pari-mutuel wagering.

ELISA – Enzyme-linked immunosorbent assay ("immunoassay")

Equine sample – Blood and/or urine from the same horse collected during the same approximate time-frame (either pre-race or post-race)

Executive Director – the Executive Director for the TxRC or a designee of the Executive Director

GC/MS – Gas Chromatography-Mass Spectrometry

LC/MS – Liquid Chromatography-Mass Spectrometry

**II.  
LABORATORY COVENANTS**

TVMDL agrees to:

1. Provide sufficient security to control access to the TVMDL Drug Testing Lab and to ensure only authorized persons handle samples or gain access to TVMDL processes or to areas where records and samples are stored.
2. Provide, with approval of the Executive Director of the TxRC, all supplies for the collection and shipment of samples, including sample jars, blood tubes, seals, labels, vacutainer sleeves, collection needles, and shipping containers. TVMDL will bill the actual cost of supplies to the association the supplies are shipped to. On request by the TxRC, TVMDL shall provide documentation regarding the cost of supplies. TVMDL shall obtain approval from the Executive Director of the TxRC before changing supplies.
3. Inspect each shipment of samples on arrival at TVMDL for evidence of possible tampering. Any evidence of tampering shall be noted and reported to the Executive Director in writing.

4. Use chain-of-custody procedures to maintain control and accountability of samples at all stages, from receipt to final disposition.
5. Provide secured and appropriate storage conditions for samples while under custody at TVMDL.
6. Maintain and follow approved Standard Operating Procedures within the oversight of the TVMDL Quality Management System.
7. Provide testing for the presence of prohibited substances and controlled therapeutic medications on equine urine samples as follows:
  - a. Instrumental analysis, either LC/MS or GC/MS, on each equine urine sample.
  - b. Specific gravity determination on each equine urine sample.
  - c. Analyses for contemporary performance-enhancing (presumed or actual) drugs of notoriety by appropriate methods (LC/MS, GC/MS, or ELISA) as requested by TxRC.
  - d. Each sample with the presence of a controlled therapeutic medication, as published by TxRC, that exceeds the corresponding maximum permissible concentration shall be reported as positive and the quantitative level of the medication shall be reported to the TxRC.
8. Provide testing for the presence of prohibited substances and controlled therapeutic medications on equine blood samples:
  - a. Furosemide LC/MS screening on each equine serum sample to ensure compliance with TxRC's Bleeders and Furosemide Program. Evidence of non-compliance will be reported to the TxRC. Report as positive for each sample in which the concentration of furosemide exceeded 100 ng/mL and a urine specific gravity of less than 1.010. Report as a letter of notification for each sample in which the concentration of furosemide exceeded 100 ng/mL of furosemide and a urine specific gravity of 1.010- 1.012 or no urine sample was submitted for testing. Report as a letter of notification for each sample in which the horse received furosemide treatment but furosemide was not detected in the sample. Report as a letter of notification for each sample in which the horse did not receive furosemide treatment but furosemide was detected in the sample.
  - b. Test for total carbon dioxide on samples of equine blood as requested by the TxRC. Each sample exceeding the maximum permissible level as published by TxRC shall be reported as positive to TxRC (to include reporting its quantitative level). Alternatively, TVMDL may recommend another laboratory to conduct testing for total carbon dioxide.
  - c. Instrumental analysis, either LC/MS or GC/MS, on each equine blood sample. Additionally, each equine blood sample will be extracted and screened independently by instrumental analysis for the presence of dimethyl sulfoxide (DMSO).
  - d. Analyses for contemporary performance-enhancing (presumed or actual) drugs of notoriety by appropriate methods (LC/MS, GC/MS, or ELISA) as requested by TxRC.
  - e. Each sample with the presence of a controlled therapeutic medication, as published by

TxRC, that exceeds the corresponding maximum permissible concentration shall be reported as positive and the quantitative level of the medication shall be reported to the TxRC.

9. Perform testing for Clenbuterol in equine hair samples by instrumental analysis as requested.
10. Provide testing for the presence of prohibited substance(s) in canine urine samples. Testing shall be by instrumental analysis, LC/MS or GC/MS, on each canine urine sample, with an emphasis on drugs classified as Category I or II by the TxRC Greyhound Medication Classification.
11. Perform confirmatory analysis on samples, whether equine or canine, blood or urine, when a suspicious finding is identified from screening. At least one definitive analytical technique should be employed for the confirmatory analysis (e.g., mass spectrometry).
12. Perform tests as required by the Thoroughbred Owners and Breeders Association for substances in samples from horses that participated in graded stakes races and listed stakes races at the \$75,000 purse level or above.
13. Expedite tests as requested for Quarter Horse trials with a goal of reporting test results to TxRC within seven calendar days of receiving samples.
14. Blood samples labeled as "Vet Work" will be screened by LC/MS for Non-steroidal anti-inflammatory drugs (NSAIDs) or other drugs as requested. Results for Vet Work samples will be reported by Letter of Notification to the Director of Investigations within 120 hours of receipt.
15. Biological samples other than blood and urine (e.g. ocular fluid) will be screened by LC/MS or GC/MS. Turn-around times will be dependent upon the extent of confirmatory testing in the event a sample is deemed suspect from initial screening, but will not exceed ten business days. These samples will be reported by Letter of Notification to the Director of Investigations.
16. With prior approval, perform other testing as requested, utilizing the most effective or appropriate technology or platform.
17. All tested samples shall be stored in secured and appropriate conditions before either disposal of or releasing to a third party (for various purposes). Minimum retention period for a negative sample is 5 calendar days after reporting. Minimum retention period for a positive sample is 1 year after reporting or until all legal proceedings concerning the sample are concluded (whichever is longer).
18. Report negative result(s) to TxRC within 120 hours from sample receipt, if possible, by the method required by the Executive Director. Report positive result(s) to TxRC within three weeks of sample receipt. On request by the Executive Director, TVMDL shall make available to TxRC a copy of the analytical results of any test conducted pursuant to this Memorandum of Understanding.
19. Provide qualified professional personnel to testify in an administrative hearing or other legal proceeding involving a test performed pursuant to this Memorandum of Understanding and participate in and assist with pretrial matters in those proceedings, such as interrogatories and depositions.

20. Notify the TxRC in writing at least 30 days before implementing any change in analytical procedures which in consequence alters the detection sensitivity for any substance classified as Category III, IV, or V in the TxRC Equine Medication Classification.
21. Participate in industry-recognized quality assurance programs.
22. Refrain from disclosing any information relating to a sample to any person other than one designated by TxRC to receive the information.
23. Maintain qualified staff with no financial interest in racehorses, racing greyhounds, or an association or any other conflict of interest within the racing industry. All laboratory personnel must be employees of the Texas A&M Veterinary Medical Diagnostic Laboratory, a member of the Texas A&M University System, and at all times be subject to the rules and policies of the A&M System, as promulgated by the Board of Regents of the A&M System or the TVMDL Director.
24. Consent to background investigation through the TxRC conducted by the Texas Department of Public Safety, including fingerprinting, of all TVMDL staff involved in drug testing.
25. Allow access by TxRC to all records of TVMDL that pertain to drug testing services performed pursuant to this Memorandum of Understanding.
26. Make reasonable efforts to collect payment from each association and notify the Executive Director of any charges that are unpaid 30 days after invoicing.
27. Notify the Executive Director, within 30 days of receipt, of all findings and recommendations made by the State Auditor, an internal auditor of the Texas A&M University System, or another auditor acting on behalf of or under contract with TVMDL or the Texas A&M University System regarding operations of the Drug Testing Laboratory of TVMDL, as they relate to this Memorandum of Understanding.

### III. COMMISSION COVENANTS

TxRC agrees to:

1. Supervise the sample collection site at each association to ensure the site has the necessary personnel, supplies, equipment, facilities, and supervision to provide for the identification of animals and humans and to collect, identify, secure, store, and ship each sample to TVMDL.
2. Submit approximately 3,500 equine samples (urine and/or blood) samples per year and approximately 324 canine urine samples by August 31, 2017. TxRC will make every effort to sample for testing in the frequency of approximately 2.0 equine samples per horse race and 0.9 canine samples per greyhound race. If the number of racing performances changes during the calendar year, the number of specimens may be adjusted accordingly, and the TxRC Executive Director will notify the TVMDL Director as soon as practicable.
3. Require each association to deliver all samples to TVMDL in a secure manner, at the association's expense, in accordance with a delivery schedule approved by TVMDL.

4. Apprise and update TVMDL of all drugs on the permitted list and all changes in medication rules, practices, or procedures in a timely manner.
5. Participate in and fund an industry-recognized quality assurance program.
6. No later than 90 days before the anticipated opening of a racing facility, TxRC shall notify TVMDL in writing of the anticipated race dates for the facility and anticipated number of samples.
7. Employ enforcement measures necessary to ensure that the costs incurred by TVMDL for drug testing services pursuant to this Memorandum of Understanding are promptly paid by each association.

#### **IV. COST OF SERVICES**

Except as otherwise provided by this paragraph, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$215.00 for equine samples (for tests conducted pursuant to Article II, Sections 7 a, b, & d; 8 a, c, & e; 10 and 12; blood and urine if co-received from the same animal is considered a single sample) and \$42.00 for canine samples (pursuant to Article II, Sections 9 and 10). For tests conducted pursuant to Article II, Section 8b, TVMDL agrees to charge and TxRC approves a per-sample charge of \$28.50, unless TVMDL recommends a different laboratory to conduct the testing for total carbon dioxide, in which case the charge shall be separately determined. For tests conducted pursuant to Article II, Sections 7c and 8d, TVMDL agrees to charge and TxRC approves a per-sample charge of \$13.50 (where an existing methodology exists) and a mutually agreed upon test development costs and subsequent per-sample charge (where a methodology must be developed). For tests conducted pursuant to Article II, Section 9, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$85.00. For tests conducted pursuant to Article II, Section 12, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$444.00. For tests conducted pursuant to Article II, Section 14, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$60.00. For tests conducted pursuant to Article II, Section 15, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$55.00. For tests conducted pursuant to Article II, Section 16, TVMDL and TxRC will mutually agree on the per-sample charge depending on the methodology and platform employed for testing.

Pursuant to the Act, Sec. 3.07, the associations are responsible for payment of these charges.

#### **V. EXECUTION**

The Parties agree to use due diligence in the exercise of their responsibilities as outlined in this Memorandum of Understanding. The term of this Memorandum of Understanding is from the date of Commission approval through August 31, 2017. To ensure the continuity of the drug testing program in pari-mutuel racing, all terms of this Memorandum of Understanding continue in effect until a new Memorandum of Understanding is executed. If either Party determines that events have changed and significantly affected a material term of the Memorandum of Understanding, including but not limited to, the closing of a race track or a significant increase in the cost of drug testing or testing supplies, the Parties may renegotiate the terms of this Memorandum of

Understanding.

For the faithful performance of this agreement, this agreement is executed by the undersigned persons in their capacities described below. This agreement takes effect on the date of approval by the Commissioners of the Texas Racing Commission.

TEXAS RACING COMMISSION

\_\_\_\_\_  
Chuck Trout  
Executive Director

\_\_\_\_\_  
Date

TEXAS A&M VETERINARY MEDICAL  
DIAGNOSTIC LABORATORY

\_\_\_\_\_  
Bruce L. Akey, MS DVM  
Director

\_\_\_\_\_  
Date

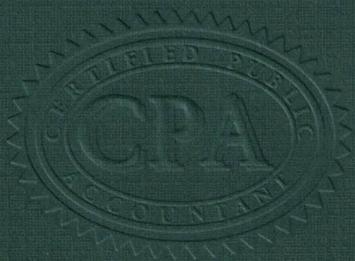
Approved as to form:

\_\_\_\_\_  
Mark Fenner  
TxRC General Counsel

\_\_\_\_\_  
Date

F. Approval of the Internal Audit Plan for  
Fiscal Year 2017

**Internal Audit Plan  
Fiscal Year 2017  
Texas Racing Commission**



**MONDAY RUFUS & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

**Table of Contents**

	<b><u>Page</u></b>
Transmittal Letter	2
Purpose	3
Background Information	3
Internal Audit Plan Methodology	8
Internal Audit Plan	10
Reporting	11
Appendix A: Organizational Chart	12
Appendix B: Risk Assessment	13

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

**MONDAY RUFUS & CO., P.C.**  
**Certified Public Accountants & Advisors**

---

Member: American Institute of Certified Public Accountants

October 4, 2016

Commissioners of the  
Texas Racing Commission  
Austin, Texas

Dear Commissioners:

As required by the Internal Auditing Act (Texas Government Code, Section 2102.008), we have prepared the audit plan for Fiscal Year 2017.

We prepared a risk assessment to determine the areas in the Texas Racing Commission that should be considered for audit. Based on that risk assessment, our audit plan for Fiscal Year 2017 is shown below:

• Licensing Applications and Registrations	150
	-----
<b>Total Hours</b>	<b>150</b>

Your approval of the audit plan is required.

Sincerely,



Monday N. Rufus, MBA, CISA, CPA  
Audit Director  
MONDAY RUFUS & CO., P.C.

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

**I. Purpose**

The Purpose of this internal audit plan is to document the development, risk assessment, scope of assignments, and implementation timetable for fiscal year 2017 internal audit activities. This document will serve as a primary tool to carry out internal audit responsibilities in an efficient manner and prioritize the audit areas based on risk assessments agreed to by the Commissioners of the Texas Racing Commission (Agency). Due to the nature, scope and timing of audit procedures contemplated here, planning for specific aspects of the audits is a continuing process. Accordingly, the plan will be revised as necessary and reviewed at least annually.

This plan has been prepared to meet planning guidelines as required by both generally accepted auditing standards and the standards for the Professional Practice of Internal Auditing as determined by the Institute of Internal Auditors, Inc.

**II. Background Information**

The Texas Racing Commission regulates all aspects of pari-mutuel horse and greyhound racing through licensing, on-site monitoring, and enforcement. Statute and rule require the Commission to:

- License racetracks that offer racing and the people directly involved with pari-mutuel wagering who work at the racetracks or own race animals.
- Allocate race dates, supervise the conduct of all races, monitor the health and safety of the race animals, and conduct drug tests to ensure the animals race without prohibited substances.
- Oversee all pari-mutuel wagering activity, approve simulcasts, test the totalisator systems (complex computer systems that tally and calculate pari-mutuel wagers), and ensure the proper allocation and distribution of revenue generated by pari-mutuel wagering.
- Administer the Texas-Bred Incentive Program, which provides economic incentives to support a healthy and vigorous breeding industry in the state.

The Racing Act allows pari-mutuel wagering on horse and greyhound racing and provides for the strict regulation and control of pari-mutuel wagering in connection with that racing.

Principal responsibilities of the Commission are to:

1. Adopt rules and regulations for conducting racing involving wagering;
2. Administer and enforce all laws, rules, and regulations affecting horse racing, greyhound racing, and pari-mutuel wagering;
3. Adjudicate disciplinary matters arising from the enforcement of those laws and regulations dealing with horse racing and greyhound racing and pari-mutuel wagering; and
4. Regulate and supervise each racing meeting conducted in the state of Texas, the operations of racetracks, and the participants in a race meeting.

# TEXAS RACING COMMISSION

## Internal Audit Plan – Fiscal Year 2017

---

Extensive rulemaking authority is granted to the Commission throughout the Racing Act. The rulemaking authority vested in the Texas Racing Commission is authorized for administration and enforcement purposes.

The Racing Commission consists of seven members appointed by the governor with the advice and consent of the Senate to serve overlapping six year terms. Five members must represent the general public and have general knowledge of business or agribusiness. At least one of those appointed members may be a veterinarian, and being licensed as a veterinarian satisfies the requirement that the person have general knowledge of business or agribusiness. One member must have special knowledge or experience related to horse racing and one member must have special knowledge or experience related to greyhound racing. In addition to the appointed members, there are two ex-officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The Governor appoints the chair and the members elect the vice-chair.

The Commission appoints an Executive Director to supervise the agency's daily activities as a whole and manages the agency's two divisions and its information team. The Agency's operating budget is prepared and approved by the Commission on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature.

The 82<sup>nd</sup> Legislature, Regular Session, passed House Bill 2271 which altered the Commission's method of finance eliminating outstanding uncashed winning tickets as a source of revenue. The Commission is now self-funded from fees assessed to racetracks and occupational licenses from the entities it regulates and is typically appropriated only General Revenue – Dedicated funds. Approximately 50% of the expenditures are passed through the Agency to the official breed registries for the Texas Bred Incentive Programs. Funds collected by the Agency are directly utilized for operations, and not passed on to the State.

The agency's structure consists of two divisions and an Executive group. The Executive group is headed by the Executive Director; a Racing Oversight Division is directed by a Deputy Executive Director; and a Finance Division is directed by a Chief Financial Officer.

### A. Executive Group

- i. Executive Director** - The Executive Director supervises agency activities as a whole and manages the agency's two divisions and its information technology team. The Executive Director oversees development of agency operating policies and procedures and ensures that the agency's regulatory responsibilities are carried out. The Executive Director represents the agency before the Legislature and other governmental agencies and serves a primary role in external relations with industry stakeholders, regulators in other states, and a national regulatory association.

The Executive Director, with the assistance of the General Counsel's staff oversees coordination of the evaluation of racetrack license applications, the race date allocation process, and assesses administrative penalties against

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

racetrack licensees. The Executive Director's office is also responsible for other administrative functions including responding to public information and media requests.

- ii. **General Counsel** – The General Counsel advises the Commissioners and staff on legal and regulatory enforcement issues affecting the agency. The General Counsel coordinates all aspects of Commission meetings and rulemaking proceedings and also represents the agency before the State Office of Administrative Hearings when prosecuting appeals from decisions made by the Board of Stewards/Judges and disciplinary cases initiated by the Executive Director.
- iii. **Finance** – This division is responsible for agency finance and administrative functions to include budget, accounting, purchasing, personnel, human resources, travel coordination and related administrative functions.

Staff members prepare the biennial Legislative Appropriations Request, (LAR), the operating budget, the annual financial report, reports on performance measures, and other administrative reports. Staff members in this area are responsible for the agency's purchasing, personnel, human resources and travel coordination activities.

- iv. **Department of Information Technology (IT)**  
The IT division develops and maintains the agency's network, database and Web site. This division recommends and supports all hardware and software necessary for the day-to-day activities of the Commission. The Commission's custom programs and database operate twenty-four hours a day, seven days a week, providing staff, licensees, the Department of Public Safety (DPS), the Texas A&M Veterinary Medical Diagnostic Laboratory and the general public with up-to-date information regarding all aspects of the Commission's regulatory programs.

B. Divisional Information

The Agency's operational staff is organized into different divisions within Racing Oversight which have specific duties and responsibilities in carrying out the overall mission of the Agency. The racing oversight is focused on enforcement and oversight of day-to-day racetrack operations. The members of this division make up the agency's presence at Texas tracks. The Deputy Executive Director supervises personnel directly responsible for regulating the conduct of live racing and is responsible for the following teams: Licensing, Investigations, Stewards/Judges, Veterinarians/Drug Testing and Para-mutuel Auditors.

- Licensing

# TEXAS RACING COMMISSION

## Internal Audit Plan – Fiscal Year 2017

---

Staff in licensing issue occupational licenses to all people in positions that afford the person an opportunity to influence pari-mutuel wagering and to those who will likely have significant access to the restricted areas of a racetrack. Licensing staff at each racetrack help maintain the integrity of the industry by ensuring that all appropriate participants are licensed and in good standing.

To ensure that all participants in racing are properly licensed, the Commission has more than fifty categories of occupational licenses. Stable and kennel area occupations – jockeys, owners, kennel owners, trainers and grooms – must secure licenses, as must racetrack employees.

- Investigations

The investigators, who must be licensed peace officers, coordinate enforcement of the Commission's Rules and the Texas Racing Act.

Investigations are conducted on animal drug positives, criminal histories returned on license applicants, illegal wagering, use and possession of contraband, drug abuse and narcotics trafficking, and other illicit activities that could affect the integrity of pari-mutuel racing.

Drug testing of licensees suspected of using illegal drugs while performing their duties has become an important aspect of regulating the industry. If a licensee tests positive for an illegal controlled substance or alcohol, the licensee faces a suspension and must seek professional help.

- Stewards/Judges

The division includes stewards at horse tracks and judges at greyhound tracks. The judges and stewards monitor the conduct of live races and enforce the Racing Act and the Commission's Rules of Racing. The stewards and judges have broad authority to resolve matters arising during a race meeting. They may redistribute purses, issue fines up to \$25,000 and suspend licensees for up to five years.

- Veterinarians

The Veterinary Medical Director oversees this division, supervising the veterinarians and test barn supervisors working at the racetracks.

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

Employees in this division inspect all race animals before a competition to ensure they are sound to compete, inspect the stable and kennel areas for animal health and safety issues, and implement the Commission’s race animal drug testing program.

The Veterinary Medical Director also serves as a liaison between the Commission and veterinary-related organizations and agencies, such as the Texas Animal Health Commission, the American Association of Equine Practitioners, and the Texas Veterinary Medical Association.

- **Pari-mutuel Auditors**

The pari-mutuel auditors protect the interest of the wagering public and industry participants by assuring the proper collection and distribution of funds in accordance with the Act and providing reliable information on wagering. The auditors review, verify and report all live and simulcast wagering activity at the racetracks to ensure the public is paid the correct amount on each winning wager. On-site pari-mutuel auditors perform daily audits and verifications of handle, earned purse, paid purse, outs balances, deposit reports and requests for simulcast approval in compliance with the Interstate Horse Racing Act (IHA). The audit staff ensures the daily collection of the escrowed horse purse funds earned from interstate cross-species wagers placed at greyhound racetracks and the allocation of these funds to the various horse racetracks based on Commission-approved formulas.

C. The Agency’s General Appropriations Act authority for fiscal year 2017 is as follows:

	<u>August 31, 2017</u>
License/Regulate Racetracks	\$ 359,975
Texas Bred Incentive Program	3,475,000
Supervise & Conduct Live Races	692,204
Monitor Licensee Activities	243,522
Inspect & Provide Emergency Care	341,149
Administer Drug Tests	284,898
Occupational Licensing Program	513,044
TEXASONLINE	22,500

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

Monitor Wagering and Audit	327,375
Wagering Compliance Inspections	167,631
Central Administration & Other Support Services	756,949
Information Resources	538,500
Supplemental Appropriation made in Riders	<u>635,637</u>
Total	<u>\$ 8,358,384</u>

**III. Internal Audit Plan Methodology**

This section summarizes the methodology used in preparing the fiscal year 2017 internal audit plan. In order to understand the Agency and develop our risk assessment process, we reviewed the Agency's:

- Enabling Legislation
- Strategic plan
- Legislative appropriations request/operating budget
- Prior internal audit reports
- Reports from the State Auditor's Office
- Sunset Commission Report
- Other documents available to us

In planning internal audit procedures, financial, operational, as well as compliance issues are considered in determining processes/systems of interest. Functional areas that cross many divisions and the interaction between divisions are key criteria in the process of identifying areas of interest. Agency financial reports, planning documents, laws, rules, and regulations, in addition to soliciting input from management and commission members, were all considered in developing the list of areas of interest. Upon completion of this list, each area was subjected to our risk analysis process.

The following Agency processes/systems have been considered during the development of the areas of interest list:

- Cash receipts and fee processing
- Cash Disbursements
- Payroll and Personnel Processes
- Reporting – Key Performance Measures
- Budgeting and Reporting
- Licensing application and registrations
- Complaints/Investigation process
- Pari-mutuel Auditing Process

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

- EDP Wagering Reviews/Audits
- Business Continuity/Disaster Recovery
- Information Systems - Security
- Information Technology System Development
- Drug testing
- Inspection Program
- Compliance Administrator
- Racing Administration
- Texas Bred Incentive Program – Associations
- Texas Bred Incentive Program – TxRC's Policies and Procedures
- Equine Research
- Historically Underutilized Businesses (HUB)
- Fixed Asset Management

There are numerous other areas that may be identified during the process of performing internal audit procedures during the year. Continuing input from both the Commissioners and management will be essential in identifying additional or new areas of risk that should be considered in the future.

Our risk assessment was performed through the consideration of various factors, including:

1. Exposure Level (Adverse impact of errors within the process/unit)
2. Complexity of unit (Volatility of activities)
3. Materiality (Financial and Non Financial Impact)
4. Results of last audit (Positive, Some Findings, Negative)
5. Extent of other coverage or oversight (More coverage, Some coverage, No coverage)
6. Quality of internal controls/adherence to laws (Excellent, Good, & Poor controls)
7. Changes in systems and processes (More changes, Some changes, No changes)
8. Normal audit interval (Audited in last 1 year, 2-4 years, >4 years or Never)

All of the above factors were considered in assessing risk and were taken into consideration for each process/system as to their impact on the Agency. Once each area of interest was evaluated, it was assigned a risk factor of high, moderate or low. The following is the result of our risk assessment process.

Processes Identified as High Overall Risk

Licensing Applications and Registrations

Cash Disbursements

Information Systems – Security

Reporting – Key Performance Measures

Texas Bred Incentive Program – TxRC's Policies and Procedures

Texas Bred Incentive Program – Associations

Racing Administration

Business Continuity/Disaster Recovery

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

Personnel Processes

Processes Identified as Moderate Overall Risk

Cash Receipts and Fee Processing  
Inspection Program  
Pari-mutuel Auditing Process  
Complaints/Investigation Process  
EDP Wagering Reviews/Audits  
Historically Underutilized Businesses (HUB)  
Budgeting and Reporting  
Compliance Administrator  
Drug Testing  
Information Technology System Development

Processes Identified as Low Overall Risk

Equine Research  
Fixed Asset Management

**IV. Internal Audit Plan**

The internal audit plan is designed to provide a review of all areas considered risky. Although the plan is structured in this manner, it should not prevent the review of areas on a more frequent basis, in the case of future restructuring or development of new processes/systems. Also, special reviews might be added in the future as requested by the Commissioners or when deemed necessary by the internal audit function after performance of in-depth review of the specific divisions/systems and approval by the Commission.

Internal audit activities will be primarily concerned with documenting, testing and evaluating each division or system's internal control policies and procedures and the quality of performance in carrying them out. This will include reporting conditions and suggestions to management and evaluating management's response and plans for corrective actions. Opportunities for improved efficiency identified as a result of performing internal activities will be communicated to management and the Commissioners as part of the reporting process. Internal Audit reviews for the fiscal year ending 2017 are planned for the following processes/systems:

<u>Fiscal Year 2017</u>	<u>Hours</u>
• Licensing Applications and Registrations	150
	-----
<b>Total Hours</b>	<b>150</b>

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

This audit will take place from October 2016 through August 2017 with final reporting occurring in September 2017. The above plan does not preclude the internal audit function from identifying and assessing risk relating to new divisions or systems added to the Agency.

These processes/systems were identified for review through risk assessment methodology. As discussed above, this methodology included personnel inquiries, identifying financial and non-financial risk, identifying interaction of divisions amongst each other, identifying rules and regulations various divisions must comply with and identifying the volume of transactions and personnel involved with each division.

**V. Reporting**

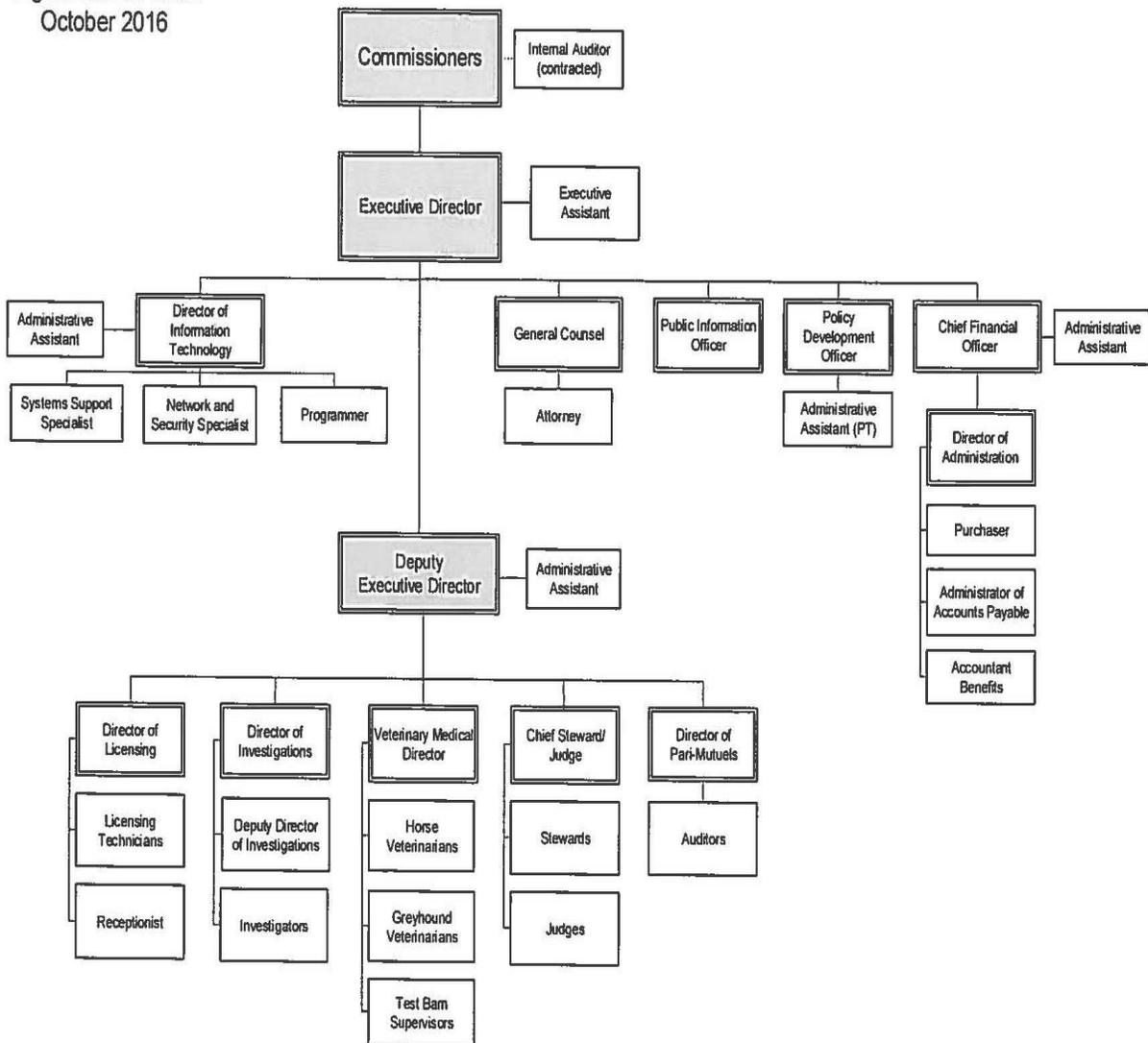
In compliance with the Texas Internal Auditing Act, the annual internal audit report will be filed with the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the State Auditor, the Commissioners of the Agency, and the Agency's Executive Director by November 1, 2017. The annual internal audit report will be in the form specified by the State Auditor.

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

**Appendix A: Organizational Chart**

TEXAS RACING COMMISSION  
 Organizational Chart  
 October 2016



**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2017**

---

Appendix B: Risk Assessment

High = 38 and up  
Med = 30-37  
Low = less than 30

	<u>Weighed Risk</u>
Licensing Applications and Registrations	43
Cash Disbursements	40
Information Systems – Security	39
Reporting – Key Performance Measures	39
Texas Bred Incentive Program – TxRC’s Policies and Procedures	39
Texas Bred Incentive Program – Associations	39
Racing Administration	39
Business Continuity/Disaster Recovery	39
Personnel Processes	39
Cash Receipts and Fee Processing	37
Inspection Program	37
Pari-mutuel Auditing Process	37
Complaints/Investigation Process	35
EDP Wagering Reviews/Audits	33
Historically Underutilized Businesses (HUB)	33
Budgeting and Reporting	32
Compliance Administrator	31
Drug Testing	31
Information Technology System Development	30
Equine Research	28
Fixed Asset Management	28

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

Discussion and consideration on the following matters:

- A. Action on Application by Manor Downs for License Renewal under Commission Rule 309.52, including Possible Withdrawal of Referral to the State Office of Administrative Hearings



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

Date: October 4, 2016

To: Texas Racing Commissioners

From: Chuck Trout, Executive Director

Re: Manor Downs Review and Renewal

---

At its meeting on April 12, 2016, the Commission referred the license of Manor Downs to the State Office of Administrative Hearings (SOAH) for non-renewal proceedings after Manor Downs notified staff that it would no longer pay its annual fees, and was in fact in arrears on its then-due payments. Since that time, Manor Downs has entered into an agreement with PM Texas LLC to sell its ownership interest. PM Texas LLC is the entity holding the licenses of Sam Houston Race Park, Valley Race Park, and Laredo Race Park. In order to return to good standing, Manor Downs has paid all outstanding past due amounts, which totaled \$172,500, and requests that the Commission withdraw the referral to SOAH and approve its application for renewal of its inactive license.

Copies of the letter from Manor Downs and its application for renewal are attached.

Manor Downs, Ltd.  
P.O. Box 141309  
Austin, Texas 78714

2016 SEP 13 AM 10:44

RECEIVED  
TEXAS RACING  
COMMISSION

September 13, 2016

*Via Hand-Delivery*  
Texas Racing Commission  
Attn: Mark Fenner, General Counsel  
8505 Cross Park Dr. #110  
Austin, TX 78754

Re: License Fees

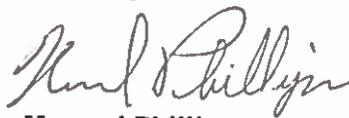
Dear Mr. Fenner:

Enclosed is cashier's check number 059018628 in the amount of \$172,500.00 payable to the Texas Racing Commission. I submit this check in satisfaction of the March 1, 2016, June 1, 2016, and September 1, 2016, license fees for Manor Downs, Ltd.

It is my understanding that your receipt of this check renders it unnecessary for the Commission to refer our pending license renewal application to the State Office of Administrative Hearings, and that the Commission will process our renewal application at its next available opportunity.

Thank you for your courtesies.

Sincerely,



Howard Phillips  
Managing Partner

Received:

Any withdrawal of the license renewal application from SOAH is subject to Commission approval.

By: 

Date: 9/13/16



Chuck Trout



Howard Phillips



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
 Austin, TX 78754-4594  
 Phone (512) 833-6699  
 Fax (512) 833-6907  
www.txrc.texas.gov

2016 SEP 29 PM 3: 39

RECEIVED  
 TEXAS RACING  
 COMMISSION

## APPLICATION FOR RENEWAL

Texas Racing Act § 6.0602 and Commission Rule 309.52 requires the Commission to annually review each inactive license until the Commission either designates the license as active or refuses to renew the license. When completing the form, provide the contact information for the person designated by the association as the primary contact person for the Commission during the review and renewal process. The association's chief executive officer must review and swear to the truth and validity of the information provided in the application and its supplemental documents. Submit the completed form, any supplemental documents, and the initial review of \$5,000 to the Commission at the address above on or before July 1, 2016.

ASSOCIATION NAME

Manor Downs Ltd

ADDRESS OF DESIGNATED RACETRACK LOCATION

9200 Hill Lane  
 PO Box 141309

CITY

Manor  
 Austin

STATE

TX  
 TX

ZIP CODE

78653  
 78714

CONTACT PERSON'S FIRST NAME

Howard

CONTACT PERSON'S LAST NAME

Phillips

CONTACT PERSON'S BUSINESS STREET ADDRESS

7501 Valburn

CITY

Austin

STATE

TX

78731

CONTACT PERSON'S BUSINESS PHONE #

( 512 ) 567-9643

CONTACT PERSON'S FAX #

( )

### RENEWAL CRITERIA

Texas Racing Act § 6.0602(b) identifies the following factors as criteria the Commission shall consider in determining whether to renew an inactive license. Please provide documentation to support the association's statements for each factor.

**Describe the association's:**

Financial stability

We currently are in negotiations for the assets of Manor Downs Ltd with PM Texas LLC.  
 The application requests is currently before the Commissioners.

Ability to conduct live racing.

See Above

Ability to construct and maintain a racetrack facility.

See above

Other good faith efforts to conduct live racing.

*Commission Rule 309.52(d)(3) provides that the Commission will consider actions that demonstrate good faith efforts towards conducting live racing, although live racing is not imminent. Actions the Commission may consider include, but are not limited to, the items listed in section A through F below. The association should also list any other examples of good faith efforts towards conducting live racing that the association would like considered. Provide documentation to support each good faith effort.*

Securing sufficient financial commitments to fund construction of the racetrack facility.

The racetrack already exists.

Securing the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more.

Manor Downs owns the 165 acres

Entering into contracts for the construction of simulcasting and racetrack facilities.

No contracts exist at this time.

Securing Commission approval of the racing facility's construction plans?

Facility previously completed.

Securing permits and utilities necessary for the construction of the racing facility.

Permits and utilities are already in place.

Beginning and sustaining construction of the simulcasting or live racing facility.

Facility already constructed.

Describe any additional actions or information the association wishes to present in support of its application for renewal. Attach additional documents as needed.

Any other examples of good faith efforts that the association would like considered.

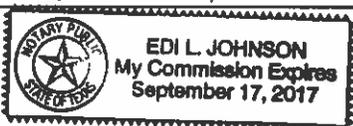
**As required by Commission Rule 309.52(c)(3), I swear that the information in this application and its supplemental documents is true and valid.**

PRINT NAME Howard Phillips	
SIGNATURE <input checked="" type="checkbox"/> <i>Howard Phillips</i>	DATE 9-29-16
TITLE (CHIEF EXECUTIVE OFFICER OR EQUIVALENT) HOWARD PHILLIPS MANAGING PARTNER	

SWORN TO AND SUBSCRIBED before me on the 29<sup>th</sup> day of Sept, 2016.

My commission expires:

9-17-17



*Ed L. Johnson*  
 \_\_\_\_\_  
 Notary Public, State of Texas

B. Allocation by the Texas Greyhound  
Association of Interstate Cross-Species  
Purse Money



*texas greyhound association*

August 11, 2016

Via email: [chuck.trout@txrc.state.tx.us](mailto:chuck.trout@txrc.state.tx.us)

Chuck Trout  
Executive Director  
Texas Racing Commission  
PO Box 12080  
Austin, TX 78711

Dear Mr. Trout,

The Texas Greyhound Association ("TGA") respectfully requests to be placed on the agenda for the October 11, 2016 Texas Racing Commission meeting, for its consideration and approval of the 2016-2017 TGA Cross-Species allocation under TxRC Rule Section 303.102 (d)(2).

Effective, Friday; November 25, 2016, the TGA requests that the escrowed interstate cross-species simulcast monies received under Texas Racing Act Sec 6.091(d)(2), after allowable TGA administrative expenses, be allocated only to Valley Race Park purses through Saturday; February 4, 2017.

Thank you for your consideration.

Sincerely,

Lois Mowery-Orta  
Interim Executive Director

Cc: TGA Board of Directors  
Andrea Young - SHRP

C. Allocation of Funds for the Texas Bred Incentive Program as provided under Commission Rule 321.505(b)



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

sent via email and certified mail

August 23, 2016

Ed Wilson  
President  
Texas Arabian Breeders Association  
PO Box 215  
Forney, TX 75126

Lex Smurthwaite  
Director of Racing  
Texas Paint Horse Breeders Association  
PO Box 163794  
Fort Worth, TX 76161

Rob Werstler  
Director of Racing  
Texas Quarter Horse Association  
706 W. 11<sup>th</sup> Street, Suite D  
Elgin, TX 78621

Mary Ruyle  
Executive Director  
Texas Thoroughbred Association  
4009 Banister Lane, Suite 230  
Austin, TX 78704

RE: 2017 Breed Splits for Accredited Texas Bred Program Funds

Dear Breed Association Representatives:

Please be advised that the Commission will take up the breed split allocations for 2017 for the Accredited Texas Bred program funds at the Commission meeting scheduled for Tuesday, October 11, 2016.

Under §321.505(b) of the Texas Rules of Racing, the Commission shall determine the percentages by which Texas Bred Incentive Program funds generated from simulcasting are divided among the various breeds of horses. Each officially recognized breed registry is afforded the opportunity to present information in writing regarding the criteria listed in paragraph §321.505(b)(2). Alternatively, the Commission may approve an agreement that is signed by all of the official breed organizations and delineates the percentages by which the Texas Bred Incentive Program funds generated from simulcasting are divided among the various breeds of horses.

Please provide either written information you would like the Commission to consider or a signed agreement to the Commission by Friday, September 23, 2016.

Should you have any questions, please feel free to contact me at 512-833-6699.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel Speight", written over a horizontal line.

Joel Speight  
Deputy Executive Director

cc: Chuck Trout, Executive Director  
Mark Fenner, General Counsel  
Curley L. Trahan, Director of Pari-Mutuels

AGREEMENT BETWEEN  
TEXAS ARABIAN BREEDERS ASSOCIATION, TEXAS PAINT HORSE  
BREEDERS ASSOCIATION, TEXAS QUARTER HORSE ASSOCIATION AND  
TEXAS THOROUGHBRED ASSOCIATION

708 SEP 16 PM 1:03  
TEXAS HORSE  
COMMISSION

In an effort to achieve a fair and equitable share of revenue available to the Texas state-bred incentive program for owners and breeders, the following Agreement is made by and between Texas Arabian Breeders Association (TABA), Texas Paint Horse Breeders Association (TPHBA), Texas Quarter Horse Association (TQHA) and Texas Thoroughbred Association (TTA).

As previously allocated for calendar years 2011 – 2016, it is agreed that funds generated at licensed Texas horse tracks for the Accredited Texas-Bred Incentive Program shall be allocated to the respective breeds as follows:

At Class 1 tracks (Lone Star Park, Retama Park and Sam Houston Race Park), the funds shall be allocated 66.67% to Thoroughbreds and 33.33% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

At Gillespie County Fair Grounds, the funds shall be allocated 33.33% to Thoroughbreds and 66.67% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

This agreement shall be in effect for calendar year 2017.

The foregoing is acknowledged and agreed to on this 30 day of August 2016.

Ed Wilson  
Texas Arabian Breeders Association

\_\_\_\_\_  
Texas Paint Horse Breeders Association

\_\_\_\_\_  
Texas Quarter Horse Association

Mary Ruppel, Executive Director  
Texas Thoroughbred Association

AGREEMENT BETWEEN  
TEXAS ARABIAN BREEDERS ASSOCIATION, TEXAS PAINT HORSE  
BREEDERS ASSOCIATION, TEXAS QUARTER HORSE ASSOCIATION AND  
TEXAS THOROUGHBRED ASSOCIATION

In an effort to achieve a fair and equitable share of revenue available to the Texas state-bred incentive program for owners and breeders, the following Agreement is made by and between Texas Arabian Breeders Association (TABA), Texas Paint Horse Breeders Association (TPHBA), Texas Quarter Horse Association (TQHA) and Texas Thoroughbred Association (TTA).

As previously allocated for calendar years 2011 – 2016, it is agreed that funds generated at licensed Texas horse tracks for the Accredited Texas-Bred Incentive Program shall be allocated to the respective breeds as follows:

At Class 1 tracks (Lone Star Park, Retama Park and Sam Houston Race Park), the funds shall be allocated 66.67% to Thoroughbreds and 33.33% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

At Gillespie County Fair Grounds, the funds shall be allocated 33.33% to Thoroughbreds and 66.67% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

This agreement shall be in effect for calendar year 2017.

The foregoing is acknowledged and agreed to on this \_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_  
Texas Arabian Breeders Association

  
\_\_\_\_\_  
Texas Paint Horse Breeders Association

\_\_\_\_\_  
Texas Quarter Horse Association

\_\_\_\_\_  
Texas Thoroughbred Association

AGREEMENT BETWEEN  
TEXAS ARABIAN BREEDERS ASSOCIATION, TEXAS PAINT HORSE  
BREEDERS ASSOCIATION, TEXAS QUARTER HORSE ASSOCIATION AND  
TEXAS THOROUGHBRED ASSOCIATION

In an effort to achieve a fair and equitable share of revenue available to the Texas state-bred incentive program for owners and breeders, the following Agreement is made by and between Texas Arabian Breeders Association (TABA), Texas Paint Horse Breeders Association (TPHBA), Texas Quarter Horse Association (TQHA) and Texas Thoroughbred Association (TTA).

As previously allocated for calendar years 2011 – 2016, it is agreed that funds generated at licensed Texas horse tracks for the Accredited Texas-Bred Incentive Program shall be allocated to the respective breeds as follows:

At Class 1 tracks (Lone Star Park, Retama Park and Sam Houston Race Park), the funds shall be allocated 66.67% to Thoroughbreds and 33.33% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

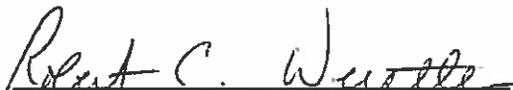
At Gillespie County Fair Grounds, the funds shall be allocated 33.33% to Thoroughbreds and 66.67% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

This agreement shall be in effect for calendar year 2017.

The foregoing is acknowledged and agreed to on this \_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_  
Texas Arabian Breeders Association

\_\_\_\_\_  
Texas Paint Horse Breeders Association

  
\_\_\_\_\_  
Texas Quarter Horse Association

\_\_\_\_\_  
Texas Thoroughbred Association

- D. Allocation of Purses as provided under Commission Rule 321.505(a)
- E. Distribution of Funds in the Escrowed Purse Account among the Various Breeds of Horses under Commission Rule 321.509



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

sent via email and certified mail

August 23, 2016

Scott Staudt  
General Manager  
Gillespie County Fair and Festivals Assn.  
P.O. Box 523  
Fredericksburg, TX 78624

Kevin Whalen  
General Manager  
Retama Park  
One Retama Parkway  
Selma, TX 78265

Scott Wells  
President  
Lone Star Park  
1000 Lone Star Parkway  
Grand Prairie, TX 75050

Andrea Young  
President  
Sam Houston Race Park  
7575 N. Sam Houston Park Way W.  
Houston, TX 77064

Re: Allocation of Purses and Distribution of Escrowed Purse Account

Dear General Managers:

Due to the likelihood of the next Commission meeting being the last of the year, the Commission must prepare to allocate purses under Rule §321.505(a) and funds within the escrow purse account under Rule §321.509 at the meeting currently scheduled for October 11, 2016. Commission staff must receive the proposed division of purses and funds from each Class 1 association and from Gillespie County Fair and Festivals Association in time to prepare for the October meeting.

Rule §321.505(a) requires that, when requesting approval of its proposed division of purses, each association shall present in writing studies, statistics, or other documentation supporting the association's application of the Rule §321.505(a)(4) criteria to its proposal. These criteria are:

- (a) Local public interest in each breed as demonstrated by, but not limited to, the following factors:
  - (i) Live handle by breed;
  - (ii) Simulcast import handle by breed;
  - (iii) Live attendance at the racetracks; and
  - (iv) Sales and market survey information.
- (b) Earnings generated by the association from each breed;
- (c) National public interest in each breed as determined by the live simulcast export handle of each Texas meet;
- (d) Racetrack race date request and opportunities given to each breed; and
- (e) Availability of and ability to attract competitive horses.

In lieu of the studies, statistics, or other documentation described above, an association may submit a signed agreement between the association and the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers and/or breeders. For the Commission to approve the agreement, the agreement must:

- (a) Delineate the percentages by which the association will divide the purse revenue generated from simulcasting among the various breeds of horses; and
- (b) Be signed by the association and all of the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers and/or breeders.

Rule §321.509 requires that, when requesting approval of its proposed division of escrowed purse account revenue, each association shall present in writing studies, statistics, or other documentation supporting the association's application of the Rule §321.509(c) criteria to its proposal. These criteria are:

- (a) Local public interest in each breed as demonstrated by, but not limited to, the following factors:
  - (i) Simulcast import handle by breed;
  - (ii) Live handle by breed; and
  - (iii) Live attendance.
- (b) Earnings generated by the association from each breed;
- (c) Racetrack race date request and opportunities given to each breed;
- (d) Statewide need by breed; and
- (e) National public interest in each breed as determined by the live simulcast export handle of each Texas meet.

In lieu of the studies, statistics, or other documentation described above, an association may submit a signed agreement between the association the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers and/or breeders. For the Commission to approve the agreement, the agreement must:

- (a) Delineate the percentages by which the escrowed purse account revenue received by the association will be divided amongst the various breeds of horses; and
- (b) Be signed by all organizations recognized by the Commission or in the Act as representatives of horse owners, trainers and/or breeders.

Please submit the above described documents no later than the close of business on Friday, September 23, 2016. If you would like to review the materials submitted last year, please see the Commission's meeting packet for December 15, 2015, at: <http://www.txrc.texas.gov/agency/meetings/meetings.php>.

If you have any questions, please call me at (512) 833-6699.

Sincerely,



Joel Speight  
Deputy Executive Director

cc: Chuck Trout, Executive Director  
Mark Fenner, General Counsel  
Curley L. Trahan, Director of Pari-Mutuels  
Steve Ross, Director of Racing Operations, Retama Park

2017 Breed Splits  
Simulcast & Escrow  
Horse Purse

---

Gillespie County Fair

# Association Recommended Allocation of 2017 Simulcast Purse Funds

Association Name: Gillespie County Fair & Festivals Assn., Inc. /  
Fredericksburg Downs, Inc.

*Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	0%
Paint Horse	1.5%
Quarter Horse	68.95%
Thoroughbred	29.55%

*Rule §321.505 (a) (2) stipulates that at least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the ACT as representatives of horse owners, trainers, and/or breeders. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.*

Negotiations Conducted	
√Texas Arabian Breeders' Association	√Texas Paint Horse Breeders Association
√Texas Thoroughbred Association	√Texas Quarter Horse Association
√Texas Horsemen's Partnership	

Prepared by: Pam Gage/ Approval by Lee DeLong, President Date: 9-20-16

# Association Request for 2017 Escrowed Purse Account Distribution

Association Name: Gillespie County Fair & Festivals Assn., Inc. /  
Fredericksburg Downs, Inc.

*Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.*

Type of Distribution Requested <i>(select one)</i>	Percentage Requested
<input checked="" type="radio"/> Monthly	1.6%
<input type="radio"/> Annual	

*Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.*

*Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	3.5%
Paint Horse	3.5%
Quarter Horse	72.075%
Thoroughbred	20.925%

Prepared by: Pam Gage/Approval by Lee DeLong, President Date: 9-20-16



# T.A.B.A. Texas Arabian Breeders Association

**Ed Wilson, President**  
 P.O. Box 215  
 Fomey, Texas 75126  
 (214) 564-9430  
 fax (214) 552-3813

September 21, 2016

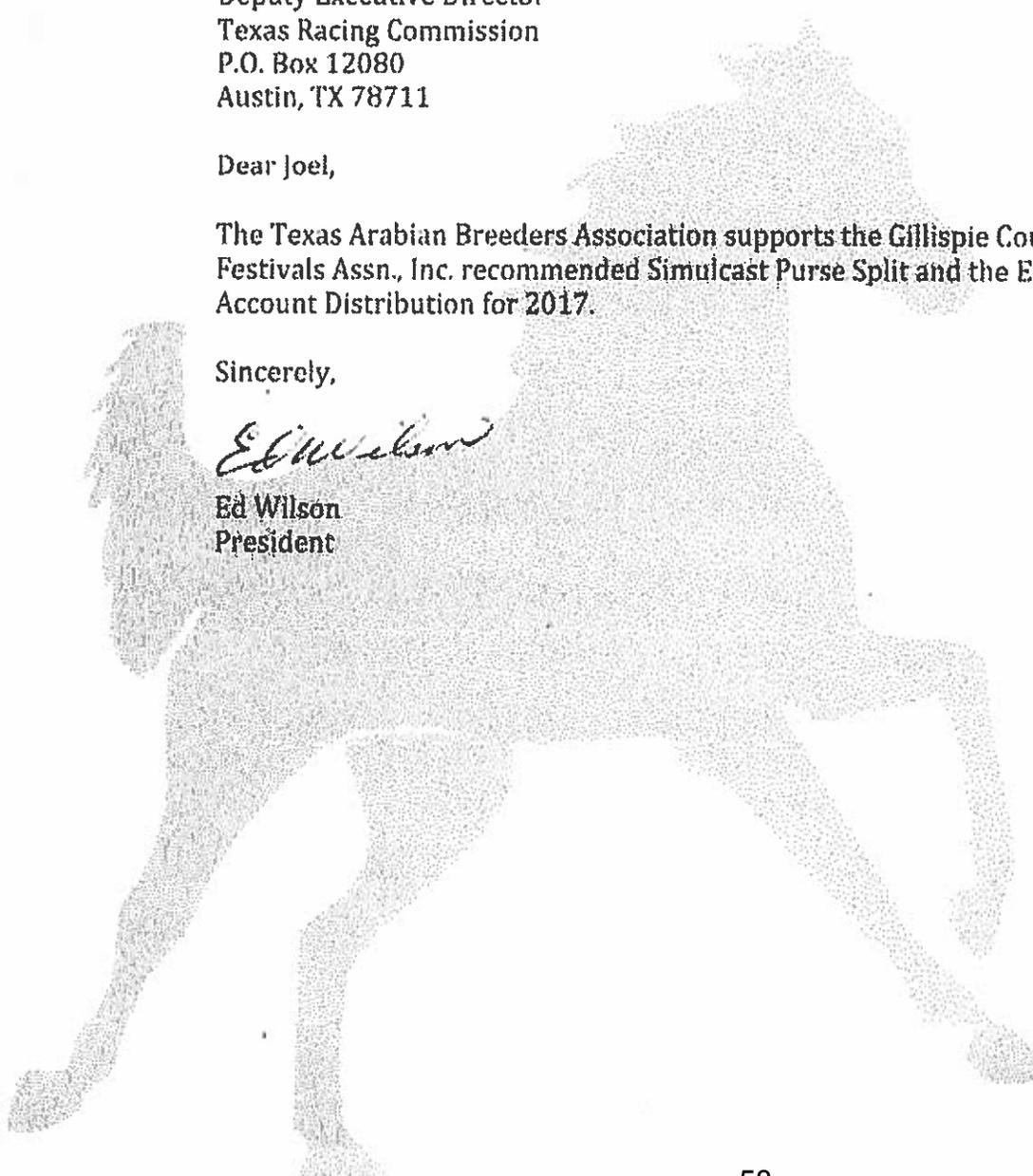
Joel Speight  
 Deputy Executive Director  
 Texas Racing Commission  
 P.O. Box 12080  
 Austin, TX 78711

Dear Joel,

The Texas Arabian Breeders Association supports the Gillispie County Fair & Festivals Assn., Inc. recommended Simulcast Purse Split and the Escrowed Purse Account Distribution for 2017.

Sincerely,

Ed Wilson  
 President





September 21, 2016

- Mr. Ed Wilson, Texas Arabian Breeders' Association
- Mr. Lex Smurthwaite, Texas Paint Horse Breeders' Association
- Mr. Rob Werstler, Texas Quarter Horse Association
- Ms. Mary Ruyle, Texas Thoroughbred Association
- Ms. Marsha Rountree, Texas Horsemen's Association

Re: Gillespie County Fair & Festivals Association, Inc aka Fredericksburg Downs, Inc.  
2017 Escrowed Purse Account Distribution and 2017 Simulcast Purse Funds

Please see the attached "Request for 2017 Escrowed Purse Account Distribution" form, along with the "Recommended Allocation of 2017 Simulcast Purse Funds" form from the GCFFA/Fredericksburg Downs, Inc. We are requesting the same percentages that we have used from 2015 & 2016 and feel that these are fair to all breeds. Please sign as indicated below and return via fax (830-997-4923) or email (pam@gillespiefair.com) at your earliest convenience.

Thank you for your time and please feel free to call should you have any questions or concerns.

Best Regards,

Lee DeLong  
Association President

\_\_\_\_\_  
Texas Arabian Breeders' Association

\_\_\_\_\_  
Texas Paint Horse Breeders' Association

\_\_\_\_\_  
Texas Quarter Horse Association

\_\_\_\_\_  
Texas Thoroughbred Association

\_\_\_\_\_  
Texas Horsemen's Partnership

530 Fair Drive  
State Highway 16 South  
PO Box 526  
Fredericksburg, TX 78624

(830) 997-2359  
fax (830) 997-4923  
info@gillespiefair.com  
www.gillespiefair.com



Wednesday, September 21, 2016

Lee DeLong  
President  
Gillespie County Fair and Festivals Association  
P.O. Box 526  
Fredericksburg, TX 78624

Dear Lee,

The Texas Quarter Horse Association supports the 2017 simulcast and Escrowed Purse Account breed splits submitted by the Gillespie County Fair Association to the Texas Racing Commission.

Sincerely,

Rob Werstler  
Director of Racing

A handwritten signature in black ink that reads 'Rob Werstler'. The signature is written in a cursive, flowing style.

Cc: Joel Speight



September 16, 2016

Chuck Trout  
Executive Director  
Texas Racing commission  
PO Box 12080  
Austin, TX 78711

Dear Mr. Trout,

The Texas Thoroughbred Association is in agreement with the Association Recommended Allocation of 2017 Simulcast Purse Funds and the 2017 Escrowed Horse Purse Account Distribution for Gillespie County Fair Grounds.

Please let me know if you need any further information.

Sincerely,

A handwritten signature in cursive script that reads "Mary Ruyle".

Mary Ruyle  
Executive Director

cc: Joel Speight, TRC  
Pam Gage, GCFG



T E X A S  
H O R S E M E N ' S  
P A R T N E R S H I P

September 10, 2016

Mr. Chuck Trout  
Executive Director  
Texas Racing Commission  
P.O. Box 12080  
Austin, TX 78754

Dear Mr. Trout:

The Texas Horsemen's Partnership, on behalf of the Texas HBPA and the Texas Thoroughbred HBPA is in support of the Allocation of 2017 Simulcast Purse Funds and Escrowed Purse Account Funds remaining at 2016 levels.

It is our understanding that you have notified the race tracks that they must submit their recommendations no later than September 23<sup>rd</sup>, and we have been in contact with all of the associations regarding this matter. In our discussions with the race tracks, we were told by each, that they will request breed splits remain 'status quo' for 2017.

As always, if you have any questions, please contact me.

Sincerely,

Marsha Rountree  
Executive Director  
Texas Horsemen's Partnership

Cc- Andrea Young  
Steve Ross  
Bart Lang

P.O. Box 142533

Austin, Texas 78714

512.467.9799

Fax 512.467.9790

2017 Breed Splits  
Simulcast & Escrow  
Horse Purse

---

Lone Star Park



**LONE STAR PARK**  
at Grand Prairie®

*Our Mission:  
Create Winning Experiences.*

September 20, 2016

Joel Speight  
Deputy Executive Director  
Texas Racing Commission  
P.O. Box 12080  
Austin, TX 78711

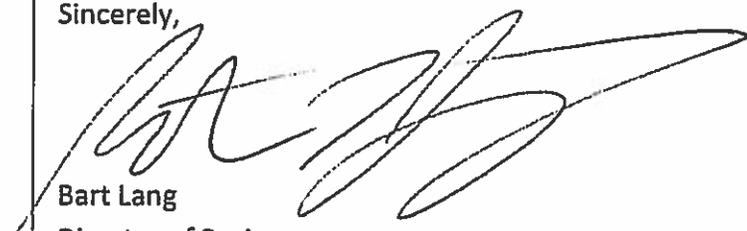
Dear Joel,

Please find attached Lone Star Park at Grand Prairie's  
"Association Recommended Allocation of 2017 Simulcast Purse  
Funds" and "Association Request for 2017 Escrowed Purse  
Account Distribution" forms.

Please let us know if you need any further information.

Thanks for your consideration.

Sincerely,



Bart Lang  
Director of Racing

# Association Recommended Allocation of 2017 Simulcast Purse Funds

Association Name: Lone Star Park at Grand Prairie

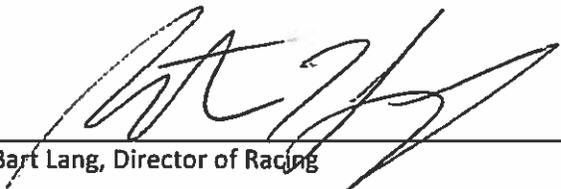
*Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	.8125%
Paint Horse	.4375%
Quarter Horse	18.2875%
Thoroughbred	80.4625%

*Rule §321.505 (a) (2) stipulates that at least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the ACT as representatives of horse owners, trainers, and/or breeders. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.*

Negotiations Conducted	
X Texas Arabian Breeders' Association	X Texas Paint Horse Breeders Association
X Texas Thoroughbred Association	X Texas Quarter Horse Association
X Texas Horsemen's Partnership	

Prepared by: \_\_\_\_\_

  
Bart Lang, Director of Racing

Date: \_\_\_\_\_

9/14/16

# Association Request for 2017 Escrowed Purse Account Distribution

Association Name: Lone Star Park at Grand Prairie

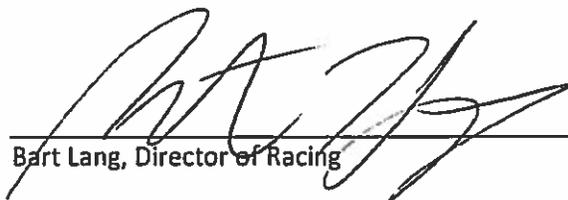
*Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.*

Type of Distribution Requested <i>(select one)</i>	Percentage Requested
<input checked="" type="checkbox"/> Monthly	24.65%
<input type="checkbox"/> Annual	

*Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.*

*Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	3.5%
Paint Horse	3.5%
Quarter Horse	72.075%
Thoroughbred	20.925%

Prepared by:   
Bart Lang, Director of Racing

Date: 9/14/16



# T.A.B.A. Texas Arabian Breeders Association

**Ed Wilson, President**  
 P.O. Box 215  
 Fomey, Texas 75126  
 (214) 564-9430  
 fax (214) 552-3613

September 21, 2016

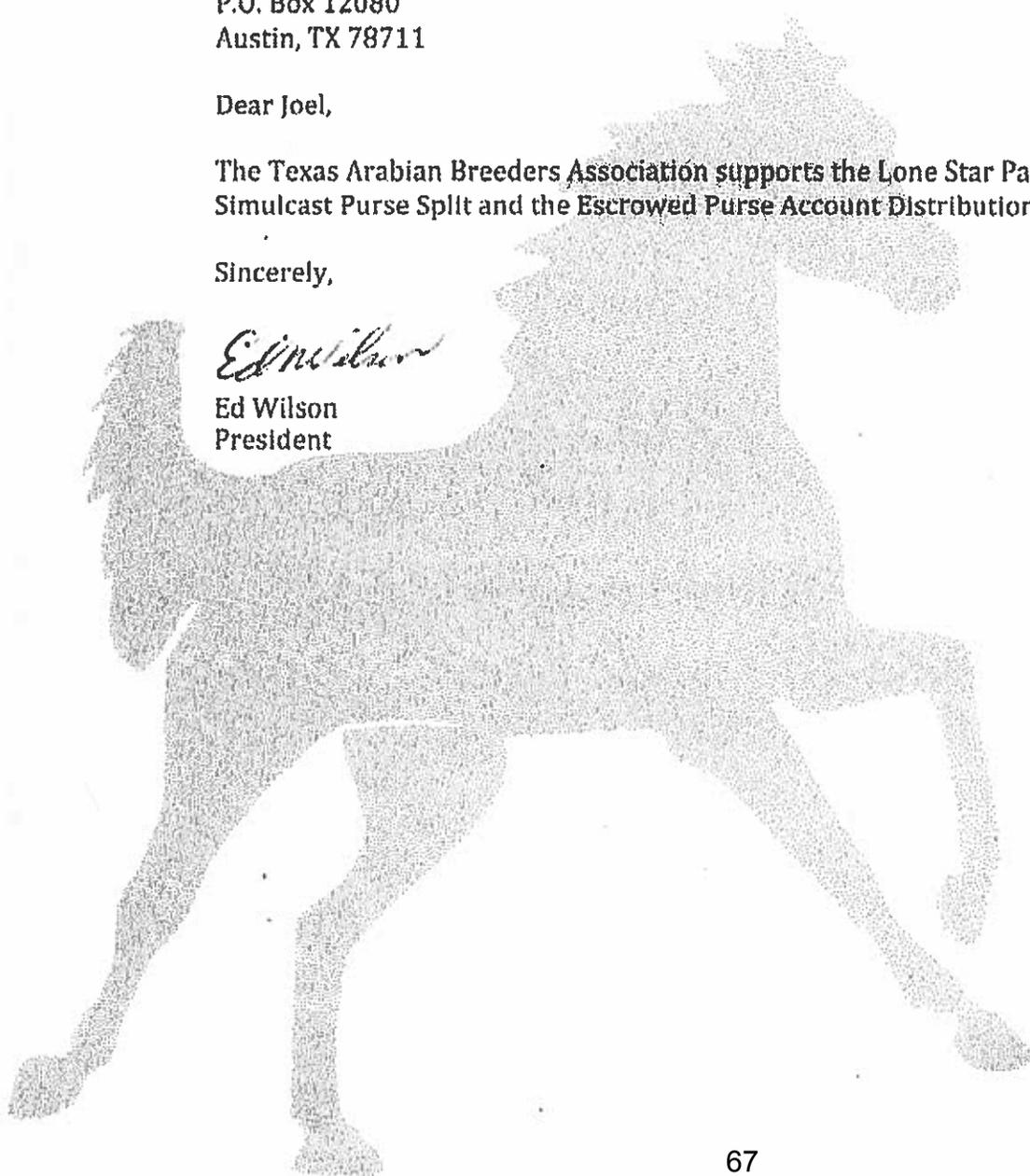
Joel Speight  
 Deputy Executive Director  
 Texas Racing Commission  
 P.O. Box 12080  
 Austin, TX 78711

Dear Joel,

The Texas Arabian Breeders Association supports the Lone Star Park recommended Simulcast Purse Split and the Escrowed Purse Account Distribution for 2017.

Sincerely,

Ed Wilson  
 President



## Curley L. Trahan

---

**From:** Renee Slaughter  
**Sent:** Thursday, September 22, 2016 11:43 AM  
**To:** Curley L. Trahan  
**Subject:** FW: 2017 Breed Splits for Accredited Texas Bred Program Funds

Hi Curley.

I am forwarding this on to you in case you need to reply to Mr. Smurthwaite.

Thank you again for your guidance.

---

**From:** Lex Smurthwaite  
**Sent:** Thursday, September 22, 2016 10:50 AM  
**To:** Renee Slaughter <[renee.slaughter@txrc.texas.gov](mailto:renee.slaughter@txrc.texas.gov)>  
**Subject:** RE: 2017 Breed Splits for Accredited Texas Bred Program Funds

Hello Renee,

Thank you for your email. The Texas Paint Horse Breeders' Association is in agreement with "status quo" regarding the breed splits and purse allocation. The only track that we may need clarification is what Gillespie submitted.

Thank you,

Lex Smurthwaite  
TPHBA

---

**From:** Renee Slaughter [<mailto:renee.slaughter@txrc.texas.gov>]  
**Sent:** Wednesday, September 21, 2016 3:53 PM  
**To:** Lex Smurthwaite  
**Subject:** FW: 2017 Breed Splits for Accredited Texas Bred Program Funds

Good afternoon Mr. Smurthwaite.

This is a friendly reminder regarding the letters for the 2017 Breed Splits and Allocation of Purses which are due this Friday, September 23, 2016.

We received the letter for the Breed Splits back as undeliverable and wanted to ensure that you did receive the email with the attachments.

Please do not hesitate to contact us should you have any questions.

Thank you so very much and have a pleasant afternoon.

Renee Slaughter  
Administrative Assistant to  
Joel Speight, Deputy Executive Director  
Racing Oversight

Texas Racing Commission

(p) 512.490.4016

(f) 512.833.6907

[Renee.Slaughter@txrc.texas.gov](mailto:Renee.Slaughter@txrc.texas.gov)

**From:** Renee Slaughter

**Sent:** Tuesday, August 23, 2016 3:51 PM

**Cc:** Joel Speight <[joel.speight@txrc.texas.gov](mailto:joel.speight@txrc.texas.gov)>; Chuck Trout <[chuck.trout@txrc.texas.gov](mailto:chuck.trout@txrc.texas.gov)>; Mark Fenner <[mark.fenner@txrc.texas.gov](mailto:mark.fenner@txrc.texas.gov)>; Curley L. Trahan <[curley.trahan@txrc.texas.gov](mailto:curley.trahan@txrc.texas.gov)>

**Subject:** 2017 Breed Splits for Accredited Texas Bred Program Funds

Please see the attached letter from Joel Speight, Deputy Executive Director of the Texas Racing Commission.

Thank you.

Renee Slaughter  
Administrative Assistant to  
Joel Speight, Deputy Executive Director  
Racing Oversight  
Texas Racing Commission

(p) 512.490.4016

(f) 512.833.6907

[Renee.Slaughter@txrc.texas.gov](mailto:Renee.Slaughter@txrc.texas.gov)



Wednesday, September 21, 2016

Bart Lang  
Director of Racing  
Lone Star Park  
1000 Lone Star Parkway  
Grand Prairie, TX 75050

Dear Bart,

The Texas Quarter Horse Association supports the 2017 simulcast and Escrowed Purse Account breed splits submitted by Lone Star Park to the Texas Racing Commission.

Sincerely,

Rob Werstler  
Director of Racing

A handwritten signature in black ink that reads "Rob Werstler". The signature is written in a cursive, flowing style.

Cc: Joel Speight



September 16, 2016

Chuck Trout  
Executive Director  
Texas Racing commission  
PO Box 12080  
Austin, TX 78711

Dear Mr. Trout,

The Texas Thoroughbred Association is in agreement with the Association Recommended Allocation of 2017 Simulcast Purse Funds and the 2017 Escrowed Horse Purse Account Distribution for Lone Star Park.

Please let me know if you need any further information.

Sincerely,

A handwritten signature in cursive script that reads "Mary Ruyle".

Mary Ruyle  
Executive Director

cc: Joel Speight, TRC  
Bart Lang, LSP



T E X A S  
H O R S E M E N ' S  
P A R T N E R S H I P

September 10, 2016

Mr. Chuck Trout  
Executive Director  
Texas Racing Commission  
P.O. Box 12080  
Austin, TX 78754

Dear Mr. Trout:

The Texas Horsemen's Partnership, on behalf of the Texas HBPA and the Texas Thoroughbred HBPA is in support of the Allocation of 2017 Simulcast Purse Funds and Escrowed Purse Account Funds remaining at 2016 levels.

It is our understanding that you have notified the race tracks that they must submit their recommendations no later than September 23<sup>rd</sup>, and we have been in contact with all of the associations regarding this matter. In our discussions with the race tracks, we were told by each, that they will request breed splits remain 'status quo' for 2017.

As always, if you have any questions, please contact me.

Sincerely,

Marsha Rountree  
Executive Director  
Texas Horsemen's Partnership

Cc- Andrea Young  
Steve Ross  
Bart Lang

P.O. Box 142533

Austin, Texas 78714

512.467.9799

Fax 512.467.9790

2017 Breed Splits  
Simulcast & Escrow  
Horse Purse

---

Retama Park



September 23, 2016

Mr. Joel Speight  
Deputy Executive Director  
Texas Racing Commission  
8505 Cross Park Drive, Suite 100  
Austin, TX 78754

Dear Joel,

Attached are Retama Park's 2017 requests for allocating simulcast import purse funds and the escrowed purse account among the four breeds that race in Texas; Thoroughbred, Quarter Horses, Arabians and Paints. These two requests represent no change from the 2016 allocations.

For simulcast import purse funds, we are requesting a 76/24 split (after minor breed purse money is removed). As we have done in recent years, we would like to have one set of splits in place for the period of time leading up to and including most of the Quarter Horse meet and a second set of splits for the balance of the year.

The breakdown for the year would be as follows:

- 67% Thoroughbred and 33% Quarter Horse for the period 1/1/17 through 7/31/17
- 91% Thoroughbred and 9% Quarter Horse for the period 8/1/17 through 12/31/17
- The above percentages are after payment of 2% to minor breeds

For the escrowed purse account, we are requesting a percentage, type of distribution, and allocation to each of the four breeds as indicated on the attached form. This distribution would be constant all year. Again, this is no change from the 2016 split.

Please let me know if you have any questions.

A handwritten signature in black ink that reads "Steven M. Ross". The signature is written in a cursive, flowing style.

Steven M. Ross  
Director of Racing Operations  
Retama Park

# Association Recommended Allocation of 2017 Simulcast Purse Funds

Association Name: Retama Park

*Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	1.50%
Paint Horse	0.50%
Quarter Horse	23.52%
Thoroughbred	74.48%

*Rule §321.505 (a) (2) stipulates that at least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the ACT as representatives of horse owners, trainers, and/or breeders. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.*

Negotiations Conducted	
<input checked="" type="checkbox"/> Texas Arabian Breeders' Association	<input checked="" type="checkbox"/> Texas Paint Horse Breeders Association
<input checked="" type="checkbox"/> Texas Thoroughbred Association	<input checked="" type="checkbox"/> Texas Quarter Horse Association
<input checked="" type="checkbox"/> Texas Horsemen's Partnership	

Prepared by: Steven M. Ross Date: 9/23/2016

# Association Request for 2017 Escrowed Purse Account Distribution

Association Name: Retama Park

*Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.*

Type of Distribution Requested <small>(select one)</small>	Percentage Requested
<input checked="" type="checkbox"/> Monthly	32.45%
<input type="checkbox"/> Annual	

*Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.*

*Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.*

Recognized Breeds of Horses	Recommended Allocation Percentages
Arabian	3.500%
Paint Horse	3.500%
Quarter Horse	72.075%
Thoroughbred	20.925%

Prepared by: Steven M. Ross Date: 9/23/2016



**T.A.B.A. Texas Arabian Breeders Association**

*Ed Wilson, President*  
 P.O. Box 216  
 Fomey, Texas 75120  
 (214) 584-9430  
 fax (214) 582-3813

September 21, 2016

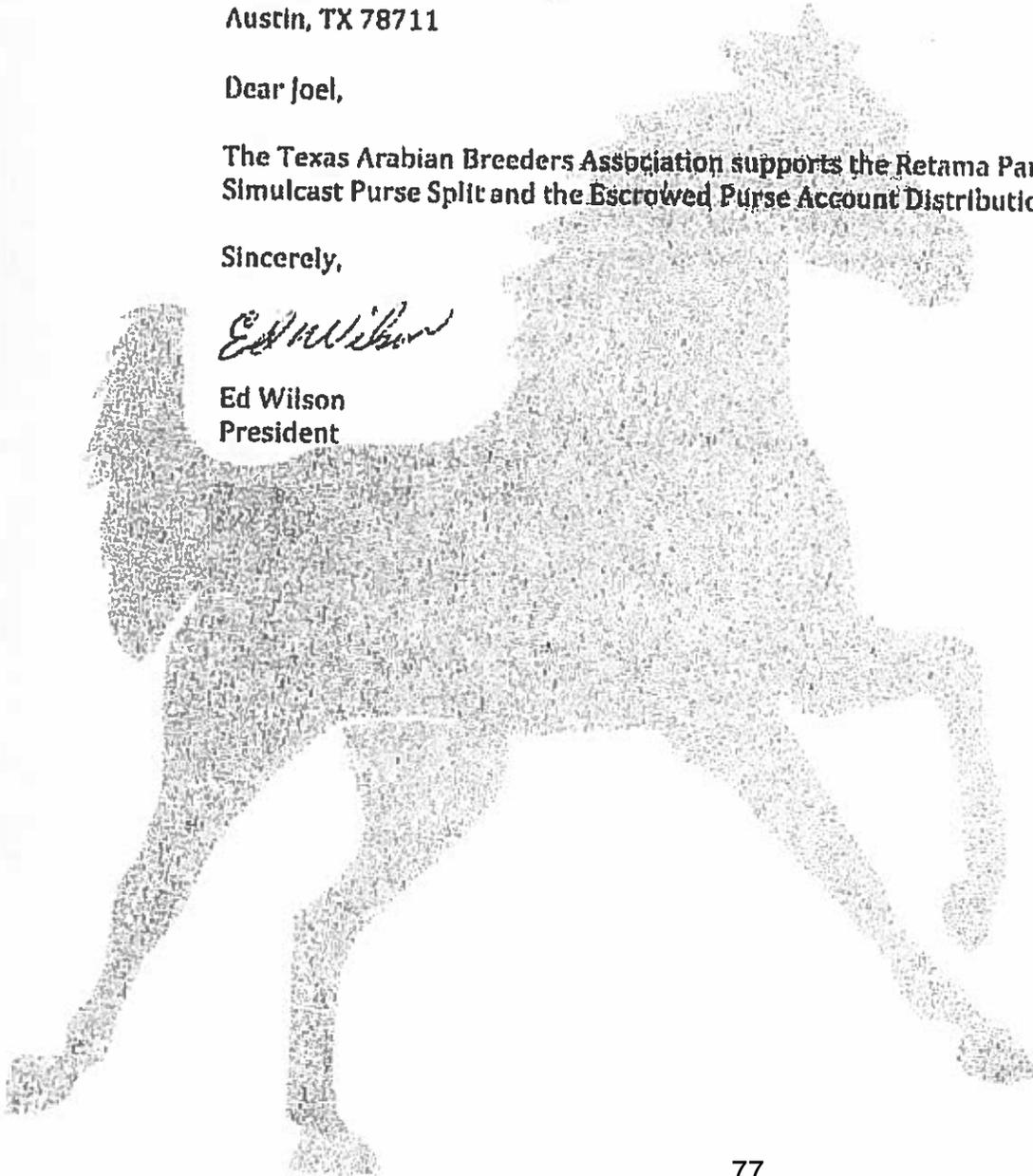
Joel Speight  
 Deputy Executive Director  
 Texas Racing Commission  
 P.O. Box 12080  
 Austin, TX 78711

Dear Joel,

The Texas Arabian Breeders Association supports the Retama Park recommended Simulcast Purse Split and the Escrowed Purse Account Distribution for 2017.

Sincerely,

Ed Wilson  
 President





Steve Ross ·

---

**RE: Retama Park Breed Splits for 2017**

1 message

---

**Lex Smurthwaite**

To: Steve Ross

Ed Wilson  
Marsha Rountree

Mary Ruyle  
Rob Werstler

Thu, Sep 22, 2016 at 10:41 AM

Hello Steve,

We are in agreement with the status quo proposed breed splits you prepared and attached in your email.

Thank you and sorry for the delay in responding.

Lex

**Lex Smurthwaite**

**Texas Paint Horse Breeders' Association**

---



Wednesday, September 21, 2016

Steve Ross  
Director of Racing Operations  
Retama Park  
1 Retama Parkway  
Selma, TX 78154

Dear Steve,

The Texas Quarter Horse Association supports the 2017 simulcast and Escrowed Purse Account breed splits submitted by Retama Park to the Texas Racing Commission.

Sincerely,

Rob Werstler  
Director of Racing

A handwritten signature in cursive script that reads 'Rob Werstler'. The signature is written in black ink and is positioned to the right of the typed name and title.

Cc: Joel Speight



September 21, 2016

Chuck Trout  
Executive Director  
Texas Racing commission  
PO Box 12080  
Austin, TX 78711

Dear Mr. Trout,

The Texas Thoroughbred Association is in agreement with the Association Recommended Allocation of 2017 Simulcast Purse Funds and the 2017 Escrowed Horse Purse Account Distribution for Retama Park.

Please let me know if you need any further information.

Sincerely,

A handwritten signature in cursive script that reads "Mary Ruyle".

Mary Ruyle  
Executive Director

cc: Joel Speight, TRC  
Steve Ross, Retama Park



T E X A S  
H O R S E M E N ' S  
P A R T N E R S H I P

September 10, 2016

Mr. Chuck Trout  
Executive Director  
Texas Racing Commission  
P.O. Box 12080  
Austin, TX 78754

Dear Mr. Trout:

The Texas Horsemen's Partnership, on behalf of the Texas HBPA and the Texas Thoroughbred HBPA is in support of the Allocation of 2017 Simulcast Purse Funds and Escrowed Purse Account Funds remaining at 2016 levels.

It is our understanding that you have notified the race tracks that they must submit their recommendations no later than September 23<sup>rd</sup>, and we have been in contact with all of the associations regarding this matter. In our discussions with the race tracks, we were told by each, that they will request breed splits remain 'status quo' for 2017.

As always, if you have any questions, please contact me.

Sincerely,

Marsha Rountree  
Executive Director  
Texas Horsemen's Partnership

Cc- Andrea Young  
Steve Ross  
Bart Lang

P.O. Box 142533

Austin, Texas 78714

512.467.9799

Fax 512.467.9790

2017 Breed Splits  
Simulcast & Escrow  
Horse Purse

---

Sam Houston Race Park



2016 SEP 20 PM 12: 54

RECEIVED  
TEXAS RACING  
COMMISSION

September 13, 2016

**VIA EMAIL AND REGULAR MAIL**

Mr. Joel Speight  
Deputy Executive Director  
Texas Racing Commission  
P.O. Box 12080  
Austin, TX 78711

Dear Mr. Speight:

Sam Houston Race Park respectfully requests the Texas Racing Commission's approval of the following agreement which addresses the allocation of 2017 simulcast purse funds and the distribution of the 2017 escrow purse account at its next scheduled meeting.

Attached to this letter is an executed agreement between Sam Houston Race Park and the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers and/or breeders. As required, the agreement delineates the percentages by which simulcast purse funds and the escrow purse account revenue received by SHRP will be divided amongst the various breeds of horses. We appreciate the effort of all those involved to come to this agreement.

Please feel free to reach out to me with any questions or concerns.

Sincerely,

Andrea B. Young  
President

Cc: Marsha Rountree, THP  
Rob Werstler, TQHA  
Mary Ruyle, TTA  
Ed Wilson, TABA  
Lex Smurthwhite, TPHBA



2016 SEP 20 PM 12: 55

RECEIVED  
TEXAS RACING  
COMMISSION

September 8, 2016

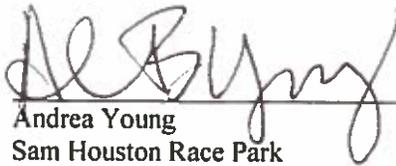
Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following allocation of 2017 Simulcast Purse Funds:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	1.40%
Paint Horse	0.60%
Quarter Horse	21.56%
Thoroughbred	76.44%

Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following distribution of the 2017 Escrowed Purse Account:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	3.50%
Paint Horse	3.50%
Quarter Horse	72.075%
Thoroughbred	20.925%

Further, it is agreed to by the parties herein that 41.3% of the escrowed purse account be distributed monthly by the Commission to Sam Houston Race Park.

  
Andrea Young  
Sam Houston Race Park

\_\_\_\_\_  
Marsha Rountree  
Texas Horsemen Partnership

\_\_\_\_\_  
Rob Werstler  
Texas Quarter Horse Association

\_\_\_\_\_  
Mary Ruyle  
Texas Thoroughbred Association

\_\_\_\_\_  
Ed Wilson  
Texas Arabian Breeders' Association

\_\_\_\_\_  
Lex Smurthwaite  
Texas Paint Horse Breeders' Association



2016 SEP 20 PM 12: 55

RECEIVED  
TEXAS RACING  
COMMISSION

September 8, 2016

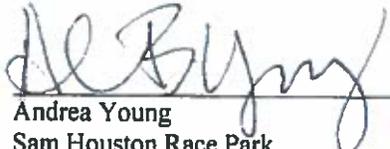
Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following allocation of 2017 Simulcast Purse Funds:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	1.40%
Paint Horse	0.60%
Quarter Horse	21.56%
Thoroughbred	76.44%

Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following distribution of the 2017 Escrowed Purse Account:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	3.50%
Paint Horse	3.50%
Quarter Horse	72.075%
Thoroughbred	20.925%

Further, it is agreed to by the parties herein that 41.3% of the escrowed purse account be distributed monthly by the Commission to Sam Houston Race Park.

  
 Andrea Young  
 Sam Houston Race Park

\_\_\_\_\_  
 Marsha Rountree  
 Texas Horsemen's Partnership

\_\_\_\_\_  
 Rob Werstler  
 Texas Quarter Horse Association

\_\_\_\_\_  
 Mary Ruyle  
 Texas Thoroughbred Association

  
 Ed Wilson  
 Texas Arabian Breeders' Association

\_\_\_\_\_  
 Lex Smurthwaite  
 Texas Paint Horse Breeders' Association



2016 SEP 20 PM 12: 55

RECEIVED  
TEXAS RACING  
COMMISSION

September 8, 2016

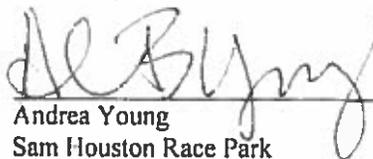
Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following allocation of 2017 Simulcast Purse Funds:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	1.40%
Paint Horse	0.60%
Quarter Horse	21.56%
Thoroughbred	76.44%

Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following distribution of the 2017 Escrowed Purse Account:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	3.50%
Paint Horse	3.50%
Quarter Horse	72.075%
Thoroughbred	20.925%

Further, it is agreed to by the parties herein that 41.3% of the escrowed purse account be distributed monthly by the Commission to Sam Houston Race Park.

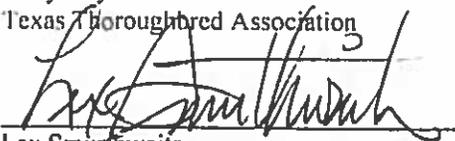
  
Andrea Young  
Sam Houston Race Park

\_\_\_\_\_  
Marsha Rountree  
Texas Horsemen's Partnership

\_\_\_\_\_  
Rob Werstler  
Texas Quarter Horse Association

\_\_\_\_\_  
Mary Ruyle  
Texas Thoroughbred Association

\_\_\_\_\_  
Ed Wilson  
Texas Arabian Breeders' Association

  
Lex Smurthwaite  
Texas Paint Horse Breeders' Association



2016 SEP 20 PM 12: 55

September 8, 2016

RECEIVED  
TEXAS RACING  
COMMISSION

Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following allocation of 2017 Simulcast Purse Funds:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	1.40%
Paint Horse	0.60%
Quarter Horse	21.56%
Mixed/bred	76.44%

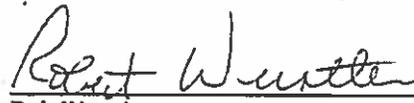
Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following distribution of the 2017 Escrowed Purse Account:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	3.50%
Paint Horse	3.50%
Quarter Horse	72.075%
Mixed/bred	20.925%

Further, it is agreed to by the parties herein that 41.3% of the escrowed purse account be distributed monthly by the Commission to Sam Houston Race Park.

  
 Andrea Young  
 Sam Houston Race Park

\_\_\_\_\_  
 Marsha Rountree  
 Texas Horsemen's Partnership

  
 Rob Werstler  
 Texas Quarter Horse Association

\_\_\_\_\_  
 Mary Ruyle  
 Texas Thoroughbred Association

\_\_\_\_\_  
 Ed Wilson  
 Texas Arabian Breeders' Association

\_\_\_\_\_  
 Lex Smurthwaite  
 Texas Paint Horse Breeders' Association



September 8, 2016

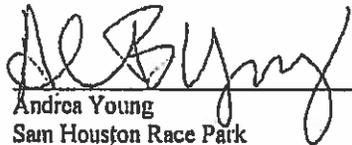
Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following allocation of 2017 Simulcast Purse Funds:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	1.40%
Paint Horse	0.60%
Quarter Horse	21.56%
Thoroughbred	76.44%

Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following distribution of the 2017 Escrowed Purse Account:

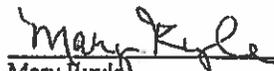
Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	3.50%
Paint Horse	3.50%
Quarter Horse	72.075%
Thoroughbred	20.925%

Further, it is agreed to by the parties herein that 41.3% of the escrowed purse account be distributed monthly by the Commission to Sam Houston Race Park.

  
 Andrea Young  
 Sam Houston Race Park

\_\_\_\_\_  
 Marsha Rountree  
 Texas Horsemen's Partnership

\_\_\_\_\_  
 Rob Werstler  
 Texas Quarter Horse Association

  
 Mary Ruyler  
 Texas Thoroughbred Association

\_\_\_\_\_  
 Ed Wilson  
 Texas Arabian Breeders' Association

\_\_\_\_\_  
 Lex Smurthwaite  
 Texas Paint Horse Breeders' Association

7575 N. SAM HOUSTON PARKWAY W. • HOUSTON TX, 77064 • (281) 807-8700 • shrp.com



2016 SEP 20 PM 12: 55

RECEIVED  
TEXAS RACING  
COMMISSION

September 8, 2016

Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following allocation of 2017 Simulcast Purse Funds:

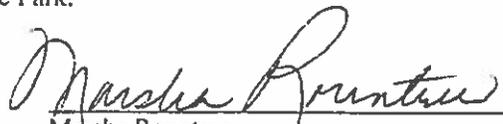
Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	1.40%
Paint Horse	0.60%
Quarter Horse	21.56%
Thoroughbred	76.44%

Sam Houston Race Park and the undersigned organizations recognized by the Texas Racing Commission or in the Texas Racing Act as representatives of horse owners, trainers and/or breeders agree to the following distribution of the 2017 Escrowed Purse Account:

Recognized Breed of Horses	Recommended Allocation Percentages
Arabian	3.50%
Paint Horse	3.50%
Quarter Horse	72.075%
Thoroughbred	20.925%

Further, it is agreed to by the parties herein that 41.3% of the escrowed purse account be distributed monthly by the Commission to Sam Houston Race Park.

  
 Andrea Young  
 Sam Houston Race Park

  
 Marsha Rountree  
 Texas Horsemen's Partnership

\_\_\_\_\_  
 Rob Werstler  
 Texas Quarter Horse Association

\_\_\_\_\_  
 Mary Ruyle  
 Texas Thoroughbred Association

\_\_\_\_\_  
 Ed Wilson  
 Texas Arabian Breeders' Association

\_\_\_\_\_  
 Lex Smurthwaite  
 Texas Paint Horse Breeders' Association

F. Approval of Concession Contract between Sam Houston Race Park and 97, Inc.



August 8, 2016

*Via email and regular mail*

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

Dear Mr. Trout:

Enclosed please find the First Amendment to Alcoholic Beverage Concession and Operating Agreement between Sam Houston Race Park and 97, Inc. We respectfully request that you place this matter on the agenda for approval at the next scheduled Texas Racing Commission meeting.

If you have any questions, please feel free to contact me.

Sincerely,

Andrea B. Young  
President

Cc: Mark Fenner, Texas Racing Commission  
Dwight Berube, Sam Houston Race Park



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

Date: September 29, 2016

To: Chuck Trout, Executive Director

From: Mark Fenner, General Counsel

Re: Review of Concession Contract between Sam Houston Race Park and  
97, Inc.

---

Sam Houston Race Park has requested Commission approval of a FIRST AMENDMENT TO ALCOHOLIC BEVERAGE CONCESSION AND OPERATING AGREEMENT between itself and 97, Inc. This contract was executed on April 26, 2010, and discovered not to have been previously approved by the Commission during the 2016 Ownership and Management Review of Sam Houston Race Park.

The contract amendment makes limited changes to the original contract dated September 19, 1996, which was approved by the Commission on November 1, 1996. Staff has completed its review of the amendment and finds it to be in compliance with the Texas Racing Act and Texas Rules of Racing. Staff has also verified that 97, Inc., and its designated representative are licensed and in good standing with the Commission, and that the Mixed Beverage and Beer and Wine permits of 97, Inc. are current and in good standing with the Texas Alcoholic Beverage Commission.

Please let me know if you have any questions.

G. Approval of Concession Contract between Valley Race Park and VG Beverage, Inc.



August 8, 2016

Via email and regular mail

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

Dear Mr. Trout:

Enclosed please find the Beverage Concession Management Services Agreement between Valley Race Park and VG Beverage, Inc. We respectfully request that you place this matter on the agenda for approval at the next scheduled Texas Racing Commission meeting.

If you have any questions, please feel free to contact me.

Sincerely,

Andrea B. Young  
President

Cc: Mark Fenner, Texas Racing Commission  
Maury Korn, Valley Race Park



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

Date: September 29, 2016

To: Chuck Trout, Executive Director

From: Mark Fenner, General Counsel

Re: Review of Concession Contract between Valley Race Park and  
VG Beverage, Inc.

---

Valley Race Park has requested Commission approval of a BEVERAGE CONCESSION MANAGEMENT SERVICES AGREEMENT between itself and VG Beverage, Inc. This contract was executed on May 1, 2013, and discovered not to have been previously approved by the Commission during the 2016 Ownership and Management Review of Valley Race Park.

Staff has completed its review of the contract and finds it to be in compliance with the Texas Racing Act and Texas Rules of Racing. Staff has also verified that VG Beverage, Inc., and its designated representative are licensed and in good standing with the Commission, and that the Mixed Beverage and Beer and Wine permits of VG Beverage, Inc. are current and in good standing with the Texas Alcoholic Beverage Commission.

Please let me know if you have any questions.

H. Approval of Agreement between Retama  
Park and The Bracken Store Café



---

## RETAMA PARK™

September 25, 2016

Chuck Trout  
Executive Director  
Texas Racing Commission  
PO Box 12080  
Austin, TX 78711

Re: Approval of License Agreement

Dear Mr. Trout,

Attached please find a copy of the License Agreement between the Retama Development Corporation and The Bracken Store Café. This agreement allows Bracken the use of a portion of our facilities for the purposes of operating a restaurant. Retama Park would formally like to request approval of this License Agreement from the Texas Racing Commission at its next scheduled meeting on October 11, 2016.

Please don't hesitate to contact me should you have any questions or concerns regarding this matter.

Respectfully,

Kevin Whalen  
Vice President and General Manager



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

Date: September 29, 2016

To: Chuck Trout, Executive Director

From: Mark Fenner, General Counsel

Re: Review of License Agreement between Retama Park and  
Bracken Café, LLC

---

Retama Park has requested Commission approval of a TRACK KITCHEN LICENSE AGREEMENT between itself and Bracken Café, LLC. This contract was executed on January 18, 2016.

Staff has completed its review of the contract and finds it to be in compliance with the Texas Racing Act and Texas Rules of Racing. Staff has also verified that Bracken Café, LLC, and its representative are licensed and in good standing with the Commission.

Please let me know if you have any questions.

## **V. PROCEEDINGS ON RULEMAKING**

Discussion, consideration and possible action on the following matters:

Rule Proposals. If approved by the Commission, these proposals will be published in the Texas Register for public comment.

- A. Proposal to Amend Rule 321.2, Odds Manipulation
- B. Proposal to Amend Rule 321.11, Access to Magnetic Media
- C. Proposal to Amend Rule 321.35, Claim for Payment
- D. Proposal to Amend Rule 321.41, Cashing Outstanding Tickets
- E. Proposal to Amend Rule 321.42, Cashing Outstanding Vouchers
- F. Proposal to Amend Rule 307.62, Disciplinary Action, by Amending Subsection (b), Notice of Hearing
- G. Proposal to Amend Rule 307.62, Disciplinary Action, by Creating New Subsection (j), Discovery

# TEXAS RACING COMMISSION

## COMMITTEE ON RULES

Date of Request: \_\_\_\_\_

### ***Request for Proposed Change to an Existing Rule or Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: [info@txrc.texas.gov](mailto:info@txrc.texas.gov)

#### **Contact Information:**

Name:	Staff (Pari-Mutuel Department)	Phone(s):	512.833.6699
E-mail address:	info@txrc.texas.gov	Fax number:	512.833.6907
Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 2

Proposed Addition to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Other Rules Affected by Proposal (if any): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: \_\_\_\_\_

**A. Brief Description of the Issue**

This particular rule references rule §307.9. However, rule §307.9 does not exist.

**B. Discussion of the Issue and Problem**

There is a reference in this particular rule to a non-existent rule.

**C. Possible Solutions and Impact**

Revise the rule to reference to correct rule.

**D. Support or Opposition**

The Rules Committee discussed the proposal at its September 27, 2016, meeting and no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

**E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING

SUBCHAPTER A. MUTUEL OPERATIONS

DIVISION 1. GENERAL PROVISIONS

1 **§321.2. Odds Manipulation**

2 The Commission recognizes that the wagering public uses Odds and  
3 Will Pays as a handicapping tool. To maintain the integrity of  
4 the pools, the Commission, therefore, identifies the practice of  
5 canceling wagers that were placed for the sole purpose of  
6 manipulating the posted Odds or Will Pays as being inconsistent  
7 with the honesty and integrity of racing under §307.7, Ejection  
8 and Exclusion, and as a detrimental practice under ~~§307.9~~  
9 §311.6, Denial, Suspension, and Revocation of Licenses.

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: \_\_\_\_\_

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: [info@txrc.texas.gov](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Staff (Pari-Mutuel Department)	Phone(s):	512.833.6699
E-mail address:	info@txrc.texas.gov	Fax number:	512.833.6907
Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 11

Proposed Addition to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Other Rules Affected by Proposal (if any): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: \_\_\_\_\_

## **A. Brief Description of the Issue**

This rule refers to the magnetic media used by the totalisator vendors to store each day's wagering data. Storage mediums now encompass many forms, which may not include magnetic media.

## **B. Discussion of the Issue and Problem**

The use of magnetic media as terminology referring to storage devices is limiting. Totalisator companies use varying methods of recording data of which may not be considered magnetic media, i.e. flash drives, DVDs, CDs, etc.

## **C. Possible Solutions and Impact**

Revise the rule to delete references to "magnetic media" and replace with the words "removable electronic media." This will also align with the verbiage used in the ARCI Totalisator Standards.

## **D. Support or Opposition**

The Rules Committee discussed the proposal at its September 27, 2016, meeting and no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

## **E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING

SUBCHAPTER A. MUTUEL OPERATIONS

DIVISION 1. GENERAL PROVISIONS

1 **§321.11. Access to Removable Electronic [~~Magnetic~~] Media.**

2 (a) An association shall submit a storage plan for all removable  
3 electronic [~~magnetic~~] media storing computer logs to the  
4 executive secretary for approval. This plan must include  
5 sufficient information for the executive secretary to determine  
6 that the information will remain secure, including:

7 (1) Sufficient space for the totalisator vendor to store  
8 all removable electronic [~~magnetic~~] media; and

9 (2) A storage cabinet that will protect the media from  
10 damage.

11 (b) An association shall include in its security plans a means  
12 by which access to the removable electronic [~~magnetic~~] media is  
13 restricted.

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: \_\_\_\_\_

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: [info@txrc.texas.gov](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Staff (Pari-Mutuel Department)	Phone(s):	512.833.6699
E-mail address:	info@txrc.texas.gov	Fax number:	512.833.6907
Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 35

Proposed Addition to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Other Rules Affected by Proposal (if any): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: \_\_\_\_\_

## **A. Brief Description of the Issue**

Two subsections of this rule deal with the regulation of outstanding (Outs) tickets and vouchers, as Outs were at one time a source of revenue for TxRC. Since Outs are no longer a source of revenue for the agency, these specific subsections of this rule are no longer necessary.

## **B. Discussion of the Issue and Problem**

Subsections (d) and (e) of this rule require the approval of the executive secretary prior to a claim being paid by the associations if the ticket or voucher meets the criteria of classification as an Outs ticket or voucher. This was a necessary oversight tool to protect the agency's revenue stream at the time. However, since the associations now retain the uncashed winning tickets and vouchers, there is no need for TxRC to monitor the cashing of Outs tickets and vouchers.

## **C. Possible Solutions and Impact**

Revise the rule to delete the subsections requiring the approval of the executive secretary prior to a claim being paid by the association on an Outs ticket or voucher. This would alleviate an unnecessary burden on the association when dealing with their patrons. If a claim is denied by the associations, the executive secretary still retains the authority to require the association pay the claim, so authority is not lost.

## **D. Support or Opposition**

Prior to the Rules Committee's meeting on September 27, 2016, staff received verbal support from the Sr. Director of Racing Operations at Sam Houston Race Park and from the Mutuel Manager at Retama Park. No opposition comments were received from the initial distribution to the racetracks or tote companies.

At the Rules Committee's meeting, no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

## **E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING

SUBCHAPTER A. MUTUEL OPERATIONS

DIVISION 3. MUTUEL TICKETS AND VOUCHERS

1 **§321.35. Claim for Payment.**

2 (a)-(c) (No change.)

3 [~~(d) In the event a claim is made for a ticket that meets the~~  
4 ~~criteria established in §321.41(a) of this chapter (relating to~~  
5 ~~Cashing Outstanding Tickets), the claim must be approved by the~~  
6 ~~executive secretary before the claim can be paid.]~~

7 [~~(e) In the event a claim is made for a voucher that meets the~~  
8 ~~criteria established in §321.42(a) of this chapter (relating to~~  
9 ~~Cashing Outstanding Vouchers), the claim must be approved by the~~  
10 ~~executive secretary before the claim can be paid.]~~

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: \_\_\_\_\_

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: [info@txrc.texas.gov](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Staff (Pari-Mutuel Department)	Phone(s):	512.833.6699
E-mail address:	info@txrc.texas.gov	Fax number:	512.833.6907
Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 41

Proposed Addition to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Other Rules Affected by Proposal (if any): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: \_\_\_\_\_

## **A. Brief Description of the Issue**

This rule deals with the regulation of outstanding (Outs) tickets. Parts of this rule were originally adopted when Outs were a source of revenue for TxRC. Since Outs are no longer a source of revenue for the agency, these parts are no longer necessary.

## **B. Discussion of the Issue and Problem**

This rule requires the associations to provide the pari-mutuel auditor a tote report listing all Outs tickets cashed each day. In addition to the report, the rule mandates the associations provide the auditor copies of every Outs ticket cashed to match those listed on the tote report. This was a necessary oversight tool to protect the agency's revenue stream at the time. However, since the associations now retain the uncashed winning tickets, there is no need for TxRC to monitor the cashing of Outs tickets.

## **C. Possible Solutions and Impact**

Revise the rule to delete the subsections requiring the associations to provide the pari-mutuel auditor tote reports and copies of Outs tickets. This would save both time and resources for both the associations and TxRC. The associations would be responsible for any monitoring of the cashing of Outs tickets since it is now a revenue stream for the racetracks. Any impact would be minimal.

## **D. Support or Opposition**

Prior to the Rules Committee's meeting on September 27, 2016, staff received verbal support from the Sr. Director of Racing Operations at Sam Houston Race Park and from the Mutuel Manager at Retama Park. No opposition comments were received from the initial distribution to the racetracks or tote companies.

At the Rules Committee's meeting, no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

## **E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING

SUBCHAPTER A. MUTUEL OPERATIONS

DIVISION 3. MUTUEL TICKETS AND VOUCHERS

1 §321.41. Cashing Outstanding Tickets.

2 (a)-(c) (No change.)

3 [~~(d) At the end of each race day, the mutuel manager shall~~  
4 ~~deliver to the pari-mutuel auditor:]~~

5 [~~(1) A list of the outstanding tickets that were cashed on~~  
6 ~~the previous race day; and]~~

7 [~~(2) A photostatic copy of each outstanding ticket cashed~~  
8 ~~on the previous day.]~~

9 [~~(e) In the event a photostatic copy can not be provided, the~~  
10 ~~association will not be held liable for:]~~

11 [~~(1) A reader cashed ticket if the association can produce~~  
12 ~~documentation to support the ticket's existence; or]~~

13 [~~(2) A ticket cashed in accordance with the executive~~  
14 ~~secretary's approval under §321.35(b) or (d) of this chapter~~  
15 ~~(relating to Claim for Payment).]~~

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: \_\_\_\_\_

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: [info@txrc.texas.gov](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Staff (Pari-Mutuel Department)	Phone(s):	512.833.6699
E-mail address:	info@txrc.texas.gov	Fax number:	512.833.6907
Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: 321 Rule: 42

Proposed Addition to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Other Rules Affected by Proposal (if any): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: \_\_\_\_\_

## **A. Brief Description of the Issue**

This rule deals with the regulation of outstanding (Outs) vouchers. Parts of this rule were originally adopted when Outs were a source of revenue for TxRC. Since Outs are no longer a source of revenue for the agency, these parts are no longer necessary.

## **B. Discussion of the Issue and Problem**

This rule requires the associations to provide the pari-mutuel auditor a tote report listing all Outs vouchers cashed each day. In addition to the report, the rule mandates the associations provide the auditor copies of every Outs voucher cashed to match those listed on the tote report. This was a necessary oversight tool to protect the agency's revenue stream at the time. However, since the associations now retain the uncashed vouchers, there is no need for TxRC to monitor the cashing of Outs vouchers.

## **C. Possible Solutions and Impact**

Revise the rule to delete the subsections requiring the associations to provide the pari-mutuel auditor tote reports and copies of Outs vouchers. This would save both time and resources for both the associations and TxRC. The associations would be responsible for any monitoring of the cashing of Outs vouchers since it is now a revenue stream for the racetracks. Any impact would be minimal.

## **D. Support or Opposition**

Prior to the Rules Committee's meeting on September 27, 2016, staff received verbal support from the Sr. Director of Racing Operations at Sam Houston Race Park and from the Mutuel Manager at Retama Park. No opposition comments were received from the initial distribution to the racetracks or tote companies.

At the Rules Committee's meeting, no attendee expressed any comment. The Committee authorized staff to bring the proposal to the full Commission for consideration.

## **E. Proposal**

See next page.

CHAPTER 321. PARI-MUTUEL WAGERING  
SUBCHAPTER A. MUTUEL OPERATIONS  
DIVISION 3. MUTUEL TICKETS AND VOUCHERS

1 §321.42. Cashing Outstanding Vouchers.

2 (a)-(c) (No change.)

3 [~~(d) At the end of each race day, the mutuel manager shall~~  
4 ~~deliver to the pari mutuel auditor:~~]

5 [~~(1) A list of the outstanding vouchers that were cashed on~~  
6 ~~the previous race day; and]~~

7 [~~(2) A photostatic copy of each outstanding voucher cashed~~  
8 ~~on the previous day.]~~

9 [~~(e) In the event a photostatic copy can not be provided, the~~  
10 ~~association will not be held liable for:~~]

11 [~~(1) A reader cashed voucher if the association can produce~~  
12 ~~documentation to support the voucher's existence; or]~~

13 [~~(2) A voucher cashed in accordance with the executive~~  
14 ~~secretary's approval under §321.35(b) or (d) of this chapter~~  
15 ~~(relating to Claim for Payment).]~~

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9 Nov. 2015

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: info@txrc.texas.gov

**Contact Information:**

Name:	Legal Staff	Phone(s):	512-833-6699
E-mail address:	info@txrc.texas.gov	Fax number:	512-833-6907
Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Proposed Addition to (if known): Chapter: 307 Rule: 62(b)

Other Rules Affected by Proposal (if any): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA § 3.02

### **A. Brief Description of the Issue**

Rule 307.62, Disciplinary Hearings, requires the stewards and racing judges to provide written notice to a person who is the subject of a disciplinary hearing at least 10 calendar days before the hearing. However, the rule does not explicitly provide that mailing a notice to the licensee's address of record constitutes sufficient notice of the hearing.

### **B. Discussion of the Issue and Problem**

In many cases, the person is available at the racetrack and notice may be given in person. However, in other cases notice is sent by certified mail to the person's address of record. If the person is a licensee, the Commission's rules require that person maintain an accurate address on file with the Commission and that the person promptly update any changes to the address. However, on occasion, the person receiving notice has not updated the address, may have temporarily left the address without designating a responsible party to pick the mail in the person's absence, or even refused to accept a certified letter from the Commission. In these cases, there may be uncertainty as to whether the required written notice has been given.

### **C. Possible Solutions and Impact**

The proposed solution would amend Rule 307.62 to specify that mailing a hearing notice to the address of record meets the criteria of the rule, even if the letter is returned as being refused or is undeliverable because of a changed address.

### **D. Support or Opposition**

The proposal was discussed at the Rule Committee's meeting on December 1, 2015. One attendee expressed concern that notices may be sent to a person's home address when the person is racing at an out-of-town track and is not at home to receive the notice.

### **E. Additional Research.**

At the Rule Committee's meeting on December 1, 2015, the Committee asked Commission staff to conduct research into how other similarly situated agencies address this issue. Staff learned that racing is rather unusual in that other occupational licensing agencies regulate a community that is fixed in location; only racing licensees move frequently from location to location. Therefore, staff looked to other racing jurisdictions for similar rules and learned that many of them explicitly provide that both hand delivery and mail delivery are acceptable. The proposal has been amended to follow this model. Examples of other states' provisions are provided below.

#### **Idaho Racing Commission**

##### ***IDAPA 11.04.04***

##### ***072. SERVICE OF NOTICE.***

- 01. Hand Delivery. If possible, the Stewards or their designee may hand deliver the written notice of the disciplinary hearing to the licensee who is the subject of the hearing.*
- 02. Mail Delivery. If hand delivery is not possible, the Stewards may mail the notice to the licensee's last known address, as found in the Racing Commission's licensing files, by regular mail and by certified mail, return receipt requested.*
- 03. Disqualification. If the disciplinary hearing involves an alleged medication violation that could result in the disqualification of a horse, the Stewards must provide notice of the hearing to the owner, managing owner or lessee of the horse in the manner provided by Section 072.*

073. **NONAPPEARANCE.**

01. *Nonappearance After Adequate Notice.* Nonappearance of a summoned party after adequate notice is construed as a waiver of the right to a hearing before the Stewards.

02. *Suspension of License.* In compliance with these rules the Stewards may suspend the license of a person who fails to appear at a disciplinary hearing after written notice of the hearing has been sent.

**Kentucky Racing Commission**

**810 KAR 1:029. Hearings, reviews and appeals.**

Section 3. *Authority Hearings.* Before holding any authority hearing provided for under these administrative regulations, the authority shall:

(1) Give written notice to all parties either personally or by mail. If indispensable and necessary parties propose a large class, notice shall be served upon a reasonable number thereof as representatives of the class. Notice as provided in this section shall include a statement of:

(a) Time and place of such hearing as designated by the authority and chairman. No hearing shall be less than five (5) days nor more than thirty (30) days after service of notice, unless at the request of a party and in order to provide a fair hearing;

(b) The legal authority and jurisdiction under which the hearing is to be held;

(c) Specific designation of the particular statute or administrative regulation alleged to have been violated; and

(d) A clear and concise factual statement sufficient to inform each party with reasonable definiteness of the type of acts or practices alleged to be in violation of the statute or administrative regulations promulgated thereunder. In fixing the times and places for hearings, due regard shall be had for the convenience of the parties and their representatives.

**New Mexico Racing Commission**

**15.2.1.9DUE PROCESS AND DISCIPLINARY ACTION:**

**B. PROCEEDINGS BEFORE THE STEWARDS:**

(4) *Notice.*

(a) Except as provided by these rules regarding summary suspension, jockey riding infractions and trial races, the stewards or a racing commission designee shall provide written notice, at least 10 days before the hearing, to a person who is the subject of a disciplinary hearing. The person may waive their right to 10 days notice by executing a written waiver.

(b) Notice given under this section must include: a statement of the time, place and nature of the hearing; a statement of the legal authority and jurisdiction under which the hearing is to be held; a reference to the particular sections of the statutes or rules involved; a short, plain description of the alleged conduct that has given rise to the disciplinary hearing; the possible penalties that may be imposed.

(c) If possible, the stewards or the racing commission designee shall hand deliver the written notice of the disciplinary hearing to the person who is the subject of the hearing. If hand delivery is not possible, the stewards or a racing commission designee shall forthwith mail the notice to the person's last known address, as found in the commission's licensing files, by regular mail. If the disciplinary hearing involves an alleged medication violation that could result in the disqualification of a horse, the stewards or a racing commission designee shall provide notice of the hearing to the owner of the horse in the manner provided by this subsection.

(d) Nonappearance of a summoned party after adequate notice shall be construed as a waiver of the right to a hearing before the stewards. The stewards may suspend the license of a person who fails to appear at a disciplinary hearing after written notice of the hearing has been sent, in compliance with this subsection.

## **Arkansas Racing Commission**

### ***RULES FOR THOROUGHBRED RACING OFFICIALS & DUTIES***

*2094. Whenever the Stewards have reasonable cause to believe that a licensee has committed an act or engaged in conduct in violation of any law or any Rule of the Racing Commission, the following procedures will apply:*

*(a) ...*

*(b) The licensee shall be summoned to a meeting of the Stewards called for the purpose of investigating suspected or alleged violations by the licensee, at which all Stewards shall be present. The licensee may request a continuance for good cause, but a continuance shall not stay any intermediate condition, limitation or restriction.*

*(c) The summons given to the licensee shall be in writing and shall give notice of the date, time, place and purpose of the Stewards' meeting, and shall specify the laws or Rules allegedly violated.*

*(d) ...*

*(e) If a licensee, after receiving notice of a Stewards' meeting, fails to appear as summoned, the licensee will be deemed to have waived any right to appear and present evidence to the Stewards.*

*(f) ...*

## **Oklahoma Racing Commission**

### ***325:1-1-13. Notice to Licensee***

*Whenever notice is required to be given by the Commission or the Stewards, such notice shall be given in writing by personal delivery to the person to be notified; or by electronic transmission, if the recipient has that technology or if the technology is not available to recipient, then by mailing, certified mail, return receipt requested, such notice to the last known address furnished to the Commission; or may be given as is provided for service of process in a civil proceeding in the State of Oklahoma and pursuant to provisions of the Administrative Procedures Act, 75 O.S., § 309.*

## **Rules Committee Meeting – September 27, 2016**

At this meeting, attendees asked for additional options to improve the likelihood that the licensee would be successfully contacted. Options discussed included sending the hearing notice by both regular mail and certified mail, and sending the hearing notice by electronic mail. The Committee agreed to include these options and instructed staff to modify the proposal accordingly and to bring the amended proposal to the full Commission for consideration.

### **F. Proposal**

See next page.

CHAPTER 307. PROCEEDINGS BEFORE THE COMMISSION

SUBCHAPTER C. PROCEEDINGS BY STEWARDS AND RACING JUDGES

1 **Sec. 307.62. Disciplinary Action**

2 (a) (No change.)

3 (b) Notice of Hearing. Except as otherwise provided by the  
4 Rules, the stewards and racing judges shall provide written  
5 notice to a person who is the subject of a disciplinary  
6 hearing at least 10 calendar days before the hearing.  
7 Notice given under this subsection must state the nature of  
8 the charges against the person and the possible penalties  
9 that may be imposed. The stewards and racing judges or  
10 their designee may hand deliver the written notice of the  
11 disciplinary hearing to the licensee who is the subject of  
12 the hearing. Alternatively, the stewards and racing judges  
13 may provide the notice by sending it by both certified  
14 mail, return receipt requested, and regular mail to the  
15 licensee's last known address as found in the Racing  
16 Commission's licensing records. The stewards and racing  
17 judges may also send the notice by electronic mail provided  
18 that the Commission verifies receipt by the licensee. The  
19 person may waive his or her right to 10 days notice.  
20 Nonappearance of a licensee to whom notice has been  
21 provided under this subsection shall be deemed a waiver of  
22 the right to a hearing before the stewards or racing  
23 judges.

24 (c)-(i) (No change.)

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: 9 Nov. 2015

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: info@txrc.texas.gov

**Contact Information:**

Name:	Legal Staff	Phone(s):	512-833-6699
E-mail address:	info@txrc.texas.gov	Fax number:	512-833-6907
Mailing address:	8505 Cross Park Drive, Suite 110, Austin, Texas 78754		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Racing Commission  
(Name of Organization)

Proposed Change to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Proposed Addition to (if known): Chapter: 307 Rule: 62(j)

Other Rules Affected by Proposal (if any): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: TRA 3.02

### **A. Brief Description of the Issue**

There is currently no process for parties to a disciplinary hearing to exchange information prior to the hearing. This can lead to unfair surprises at hearings.

### **B. Discussion of the Issue and Problem**

Legal processes typically allow for formal or informal discovery prior to hearings; however, the disciplinary hearing process has no such provisions. Racing Commission staff is forthcoming with information that a licensee or a licensee's counsel requests, but it is not always possible for agency staff to obtain information from licensees or their counsel before a hearing.

### **C. Possible Solutions and Impact**

Implementing a discovery process for disciplinary hearings would provide a level playing field for the parties.

### **D. Support or Opposition**

The proposal was discussed at the Rule Committee's meeting on December 1, 2015.

### **E. Additional Research.**

At the Rule Committee's meeting on December 1, 2015, the Committee asked Commission staff to conduct research into how other similarly situated agencies address this issue. However, the only Texas agency staff has learned of that holds formal hearings in which the rules of evidence are not strictly applied are unemployment hearings at the Texas Workforce Commission, and the hearing officers at TWC are almost uniformly attorneys.

### **Texas Workforce Commission**

40 TAC §815.18. General Rules for Both Appeal Stages.

This section shall be applicable to appeals both to the appeal tribunal and to the Commission.

#### (1) Issuance of subpoenas.

(A) Subpoenas to compel the attendance of witnesses and the production of records for any hearing of an appeal may be issued at the direction of the Commission or its designee or an appeal tribunal. A subpoena may be issued either at the request of a party or on the motion of the Commission or its designee or the appeal tribunal. The party requesting a subpoena shall state the nature of the information desired, including names of any witnesses and the records that the requestor feels are necessary for the proper presentation of the case. The request shall be granted only to the extent the records or the testimony of the requested witnesses appears to be relevant to the issues on appeal.

(B) A witness subpoenaed to appear before an appeal tribunal, the Commission or its designee, or a court may be paid a fee and mileage for the appearance. The fee shall be \$20 per day, and for miles necessarily traveled to and returning from a hearing, the rate per mile shall be at the rate provided for state employees in the State Appropriations Act, or as otherwise required by law. The fee as provided in this section and the mileage shall be paid from the unemployment compensation administration fund upon proper certification of the appeal tribunal, the Commission or its designee, or the court, and upon certification of the witness that the fees and mileage are just, true, and unpaid.

#### (2) Provision of Agency records.

(A) Upon the request of a party to a proceeding, the Agency shall provide copies of all records pertaining to that proceeding, except for records subject to privileges under state or federal law or regulation. Other Agency records shall be produced only if the party specifies the exact information desired, and the necessity of the records to allow the party to properly present

its claim; the production of records shall be subject to confidentiality limitations and privileges under state or federal law or regulation.

(B) The Agency shall provide copies of the relevant separation and timeliness information in the Agency's custody to both parties with the Notice of Hearing, including:

- (i) all information received from the parties in response to, or in protest of, a claim for unemployment insurance;
- (ii) all fact-finding statements relating to the work separation; and
- (iii) the appeal from the determination of the work separation.

In addition to reviewing TWC's rules, staff reviewed the following excerpts from other racing jurisdiction rules.

### **ARCI**

ARCI-003-015 Proceedings By The Commission

F. Discovery

All motions for discovery shall be subject to the civil procedures statutes of this jurisdiction.

### **Kentucky**

810 KAR 1:029. Hearings, reviews and appeals.

Section 3. Authority Hearings.

(2) The right of any party to subpoena witnesses and documentary evidence through the authority, employing the rights of discovery and use of subpoenas as would be available under the Kentucky Civil Rules of Procedure, pretrial and trial procedures also shall be governed by Kentucky Rules of Civil Procedure.

### **New Mexico**

C. PROCEEDINGS BY THE COMMISSION:

(9) Discovery.

(a) On written request by a party, the presiding officer or the agency director may issue a subpoena to require the attendance of witnesses and the production of books, records, papers, or other objects as may be necessary and proper for the purposes of a proceeding.

(b) A motion for a subpoena to compel the production of books, records, papers, or other objects shall be addressed to the appropriate person, shall be sworn to and shall specify the books, records, papers, or other objects desired and the relevant and material facts to be proved by them.

(c) Discovery on behalf of commission shall only be provided to the licensee or to counsel who has submitted an entry of appearance.

### **Oklahoma**

#### **325:70-1-14. Testimony and Evidence at Hearing**

Every person called to a hearing before the Stewards concerning an alleged rule violation shall be allowed to present testimony, produce witnesses, cross-examine witnesses, and present documentary evidence in accordance with the rules of privilege recognized by law [3A:204 and 3A:204.3].

#### **325:70-1-15. Duty of Disclosure**

It is the duty and obligation of every licensee to make full disclosure at a hearing before the Commission or before the Stewards of any knowledge s/he possesses of a violation of any racing law or of the rules and regulations of the Commission. No person may refuse to testify at any hearing on any relevant matter, except in the proper exercise of a legal privilege, nor shall any person testify falsely. [3A:204 and 3A:203.6]

## **New York**

### **Rule § 4550.4.**

#### **Disclosure.**

(a) When the hearing seeks the revocation of a license previously granted by the commission, either the commission or any party may, upon written demand and at least seven days prior to the hearing, require disclosure of the evidence that the other party intends to introduce at the hearing, including documentary evidence and identification of witnesses; provided, however, that a party shall not be required to disclose information or material otherwise protected by law from disclosure, including information and material protected because of privilege or confidentiality. If, after such disclosure, a party determines to rely upon other witnesses or information, the party shall, as soon as practicable, supplement its disclosure by providing the names of such witnesses or the additional documents.

(b) If a party fails to disclose evidence sought pursuant to subdivision (a) of this section, the hearing officer may, in the hearing officer's discretion, impose sanctions, which may include preclusion of said evidence from introduction at the hearing.

In addition to the rule proposal below, the Texas Racing Commission already has subpoena authority under the Texas Racing Act.

## **Texas Racing Act**

### **Sec. 3.05. Subpoena Power.**

(a) A member of the commission or a duly appointed agent of the commission, while involved in carrying out functions under this Act, may take testimony and may require by subpoena the attendance of witnesses and the production of books, records, papers, correspondence, and other documents that the commission considers advisable. Subpoenas shall be issued under the signature of the commission or its duly appointed agent and shall be served by any person designated by the commission. A member of the commission, or a duly appointed agent of the commission, may administer oaths or affirmations to witnesses appearing before the commission or its agents.

(b) If a subpoena issued under this section is disobeyed, the commission or its duly appointed agent may invoke the aid of a Travis County district court in requiring compliance with the subpoena. A Travis County district court may issue an order requiring the person to appear and testify and to produce books, records, papers, correspondence, and documents. Failure to obey the order of the court shall be punished by the court as contempt.

## **F. Rules Committee Meeting – September 27, 2016**

At this meeting, the Committee discussed potential changes and directed staff to modify the proposal so that the stewards and judges may, and instead of shall, exclude from a hearing any witnesses, documents, and other materials that were not properly disclosed in accordance with the rule.

## **G. Proposal**

See next page.

CHAPTER 307. PROCEEDINGS BEFORE THE COMMISSION

SUBCHAPTER C. PROCEEDINGS BY STEWARDS AND RACING JUDGES

1 **Sec. 307.62. Disciplinary Action**

2 (a)-(i) (No change.)

3 (j) Discovery.

4 (1) Prior to a disciplinary hearing, upon written request  
5 served on the opposing party, a party shall be entitled, subject  
6 to the limitations in §2.15 of the Act, to:

7 (a) the name and address of any witness who may be  
8 reasonably expected to testify on behalf of the opposing  
9 party, together with a brief summary of the subject matter  
10 of each witness's anticipated testimony; and

11 (b) copies of all documents or other materials in the  
12 possession or control of the opposing party that the  
13 opposing party reasonably expects to introduce into  
14 evidence in either its case-in-chief or in rebuttal.  
15 Rebuttal documents, to the extent that they are not  
16 immediately identifiable, shall be tendered to the opposing  
17 party forthwith upon identification.

18 (2) A party may obtain discovery only by making a written  
19 request for the production of witness lists, documents, and  
20 other materials, as provided in paragraph (1) of this  
21 subsection.

22 (3) The stewards and racing judges may exclude from a  
23 disciplinary hearing any witnesses, documents, and other  
24 materials that were not properly disclosed in accordance with  
25 this subsection unless good cause is shown for the failure to  
26 disclose them.

27 (4) Discovery requests under this section shall not be  
28 cause for postponement or delay of a disciplinary hearing or of  
29 the disposition of the proceedings.

Rule Adoption. This proposal was published in the August 26, 2016, edition of the *Texas Register* and is eligible for adoption.

H. Adoption of Amendment to Rule 303.102,  
Greyhound Rules



*texas greyhound association*

June 21, 2016

delivered via email:  
[mark.fenner@txrc.texas.gov](mailto:mark.fenner@txrc.texas.gov)

Mark Fenner  
Texas Racing Commission  
PO Box 12080  
Austin, TX 78711

Dear Mr. Fenner,

The Texas Greyhound Association requests the Texas Racing Commission review the two proposed rule changes listed below:

Chapter 303.102 (b)(1)  
Chapter 303.102 (b)(2)

If you have any questions, please contact me.

Thank you,

David Peck  
President

TGA Board of Directors

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: June 9, 2016

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: [info@txrc.texas.gov](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Laird Morgan	Phone(s):	214-363-0555
E-mail address:	[REDACTED]	Fax number:	214-369-3590
Mailing address:	Suite 230, 850 Central Parkway East, Plano TX 75074		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Greyhound Association  
(Name of Organization)

Proposed Change to (if known): Chapter: 303 <sup>102</sup> (b)(1) \_\_\_\_\_

Proposed Addition to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Other Rules Affected by Proposal (if any): \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: Sections 11.011(l) and Section 9.03 of the Texas Racing Act

## **A. Brief Description of the Issue**

With current race dates approved, plans are being developed for programs limited to Texas Bred futurity/pup racing. The TGA membership has developed a consensus agreement for the proposed short season racing that the best form of allocation of Texas Bred funds is to pay Texas Bred point collectors in a race-first through fourth place. This would provide greater benefit to a larger number of owners and encourage more people to participate in developing Texas bred greyhounds. We want to leave in the authority to return to the traditional payment to winner in the event the programs are not run as anticipated and for when Texas greyhound racing returns to a more traditional schedule with more broad based competition.

## **B. Discussion of the Issue and Problem**

*Provide background on the issue to build context. Address the following:*

- *What specific problems or concerns are involved in this issue?*
- *Who does the issue affect?*
- *What existing model rules relate to this issue?*
- *Provide relevant quantitative or statistical information if possible.*

There may be some individuals opposed to any change. This provision is neutral on the issue of futurity racing vs. graded hound racing.

## **C. Possible Solutions and Impact**

*Provide possible recommendations to solve the problem. Include details on each proposed solution such as:*

- *What solution does this proposal provide?*
- *How will the solution fix the problem?*
- *How will the change affect any entities or stakeholders?*
- *How will you or your organization be affected by the proposed change?*
- *What are the benefits of the proposed change?*
- *What are the possible drawbacks of the proposed change?*
- *Identify possible fiscal impact of the recommended change.*

This rule change to allow wider allocation of the Texas Bred incentive funds will create more administrative effort on the constituents of greyhound racing. Most of increased administrative burden will fall on the TGA which accepts such responsibility.

## **D. Support or Opposition**

*Please identify any affected stakeholder groups that expressed support or opposition. (These stakeholders may include the racetracks, breed registries, owners, kennel owners, trainers, jockeys, veterinarians, or others.)*

- *For those stakeholder groups that have expressed an opinion, please list the points on which they agree or disagree, and the arguments they have expressed.*
- *Are there any affected stakeholder groups that have not been consulted on this proposal?*
- *Please submit any formal letters of support or opposition by stakeholder groups.*

The Board of Directors of the Texas Greyhound Association supports the proposal. The TGA has received encouragement from the track associations (which have not yet seen the specific proposal). The TGA believes this proposal will have the support of all track interests.

## **E. Proposal**

*Provide rule language you are proposing. If you are proposing that current rule language be eliminated, please ~~strikeout~~ the language to be deleted. Please show new language with underlined text.*

**TEXAS RACING COMMISSION  
COMMITTEE ON RULES**

Date of Request: June 9, 2016

***Request for Proposed Change to an Existing Rule or  
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 14 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules.

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, TX 78754-4552  
Phone: 512/833-6699 Fax: 512-833-6907  
email: [info@txrc.texas.gov](mailto:info@txrc.texas.gov)

**Contact Information:**

Name:	Laird Morgan	Phone(s):	214-363-0555
E-mail address:	[REDACTED]	Fax number:	214-369-3590
Mailing address:	Suite 230, 850 Central Parkway East, Plano TX 75074		

Check appropriate box(es):

Personal Submission *OR*

Submission on Behalf of Texas Greyhound Association  
(Name of Organization)

Proposed Change to (if known): Chapter: 303 <sup>102</sup> (b)(2) \_\_\_\_\_

Proposed Addition to (if known): Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Other Rules Affected by Proposal (if any): \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Chapter: \_\_\_\_\_ Rule: \_\_\_\_\_

Statutory Authority for Proposed Change: \_Sections 11.011(I) and Section 9.03 of the Texas Racing Act

## **A. Brief Description of the Issue**

With current race dates approved, plans are being developed for programs limited to Texas Bred futurity/pup racing. The TGA membership has developed a consensus agreement for the proposed short season racing that the best form of allocation of Texas Bred funds is to pay Texas Bred point collectors in a race-first through fourth place. This would provide greater benefit to a larger number of owners and encourage more people to participate in developing Texas bred greyhounds. We want to leave in the authority to return to the traditional payment to winner in the event the programs are not run as anticipated and for when Texas greyhound racing returns to a more traditional schedule with more broad based competition.

## **B. Discussion of the Issue and Problem**

*Provide background on the issue to build context. Address the following:*

- *What specific problems or concerns are involved in this issue?*
- *Who does the issue affect?*
- *What existing model rules relate to this issue?*
- *Provide relevant quantitative or statistical information if possible.*

There may be some individuals opposed to any change. This provision is neutral on the issue of futurity racing vs. graded hound racing.

## **C. Possible Solutions and Impact**

*Provide possible recommendations to solve the problem. Include details on each proposed solution such as:*

- *What solution does this proposal provide?*
- *How will the solution fix the problem?*
- *How will the change affect any entities or stakeholders?*
- *How will you or your organization be affected by the proposed change?*
- *What are the benefits of the proposed change?*
- *What are the possible drawbacks of the proposed change?*
- *Identify possible fiscal impact of the recommended change.*

This rule change to allow wider allocation of the Texas Bred incentive funds will create more administrative effort on the constituents of greyhound racing. Most of increased administrative burden will fall on the TGA which accepts such responsibility.

## **D. Support or Opposition**

*Please identify any affected stakeholder groups that expressed support or opposition. (These stakeholders may include the racetracks, breed registries, owners, kennel owners, trainers, jockeys, veterinarians, or others.)*

- *For those stakeholder groups that have expressed an opinion, please list the points on which they agree or disagree, and the arguments they have expressed.*
- *Are there any affected stakeholder groups that have not been consulted on this proposal?*
- *Please submit any formal letters of support or opposition by stakeholder groups.*

The Board of Directors of the Texas Greyhound Association supports the proposal. The TGA has received encouragement from the track associations (which have not yet seen the specific proposal). The TGA believes this proposal will have the support of all track interests.

## **E. Proposal**

*Provide rule language you are proposing. If you are proposing that current rule language be eliminated, please ~~strikeout~~ the language to be deleted. Please show new language with underlined text.*

(b) Owners' Awards.

Note: The following is a TRC staff-prepared version of the Texas Greyhound Association's proposal developed in consultation with TGA representatives.

This proposal was published in the August 26, 2016, edition of the *Texas Register* for public comment. No comments have been received as of September 20, 2016.

CHAPTER 303. GENERAL PROVISIONS

SUBCHAPTER D. TEXAS BRED INCENTIVE PROGRAM

DIVISION 3. PROGRAMS FOR GREYHOUNDS

1 **Sec. 303.102. Greyhound Rules**

2 (a) (No change.)

3 (b) Owners' Awards.

4 (1) The owner of a registered Texas-bred greyhound is  
5 eligible to receive an owner's award if the greyhound is among  
6 the first four Texas-bred greyhounds to finish a pari-mutuel  
7 race in Texas. ~~that wins a pari mutuel race in Texas is eligible~~  
8 ~~to receive an owner's award.~~ For purposes of this subdivision,  
9 each elimination and final in a stakes race competition is  
10 considered a pari-mutuel race. A dead heat for any the win  
11 position is considered a placement in that position ~~win~~ for each  
12 greyhound involved in the dead heat.

13 (2) TGA will pay owners' awards no later than the last  
14 business day of each month for the previous month's awards. TGA  
15 will issue the check for each award to the person in whose name  
16 the Texas-bred greyhound is registered.

17 (3) Determination of Available Award Funds. Available  
18 Owners' awards for each month are composed of the sum of the  
19 following two amounts:

20 (A) the total amount of money received from the  
21 Commission for the Texas Bred Incentive Program for the  
22 period between the dates that the last Texas greyhound meet  
23 ended and the current Texas greyhound meet began, minus the  
24 statutorily permitted amount for administrative expenses,  
25 multiplied by the ratio of the live pari-mutuel races  
26 proposed for the month to the number of live pari-mutuel  
27 races proposed in the current greyhound meet; and

28 (B) ~~To determine the amount of each award,~~ the total  
29 amount of money received from the Commission for the Texas  
30 Bred Incentive Program during the current greyhound meet

CHAPTER 303. GENERAL PROVISIONS

SUBCHAPTER D. TEXAS BRED INCENTIVE PROGRAM

DIVISION 3. PROGRAMS FOR GREYHOUNDS

1 for the ~~preceding~~ month, minus the statutorily permitted  
2 amount for administrative expenses, ~~shall be divided by~~  
3 ~~the number of pari-mutuel races won by registered Texas-~~  
4 ~~bred greyhounds during the preceding month, plus five. The~~  
5 ~~result is the amount of owner's award to be paid for each~~  
6 ~~registered Texas bred greyhound that won a pari mutuel race~~  
7 ~~in Texas during the preceding month.~~

8 (4) Owners' awards for each live race during a month shall  
9 be paid out as follows:

10 (A) First Texas-bred greyhound - each Texas-bred  
11 greyhound finish for first among Texas-bred greyhounds that  
12 compete in a Texas pari-mutuel race shall receive an equal  
13 share of 50% of the award funds available under paragraph  
14 (3) of this subsection.

15 (B) Second Texas-bred greyhound - each Texas-bred  
16 greyhound finish for second among Texas-bred greyhounds  
17 that compete in a Texas pari-mutuel race shall receive an  
18 equal share of 25% of the award funds available under  
19 paragraph (3) of this subsection.

20 (C) Third Texas-bred greyhound - each Texas-bred  
21 greyhound finish for third among Texas-bred greyhounds that  
22 compete in a Texas pari-mutuel race shall receive an equal  
23 share of 15% of the award funds available under paragraph  
24 (3) of this subsection.

25 (D) Fourth Texas-bred greyhound - each Texas-bred  
26 greyhound finish for fourth among Texas-bred greyhounds  
27 that compete in a Texas pari-mutuel race shall receive an  
28 equal share of 10% of the award funds available under  
29 paragraph (3) of this subsection.

CHAPTER 303. GENERAL PROVISIONS

SUBCHAPTER D. TEXAS BRED INCENTIVE PROGRAM

DIVISION 3. PROGRAMS FOR GREYHOUNDS

1        ~~(5)(3)~~ TGA shall make a reasonable effort to deliver all  
2 owners' awards. If after 12 months after issuing a check for an  
3 owner's award TGA is unsuccessful in delivering the check to the  
4 proper person, TGA shall void the check and add the unclaimed  
5 amount to the total amount to be distributed as owners' awards  
6 for the next greyhound meet. ~~month.~~

7        ~~(6)(4)~~ Each month, one ~~five~~ owner's award shares under each  
8 subparagraph listed under paragraph (4) of this subsection will  
9 be retained to cover errors that may be made by TGA. A person  
10 who believes he or she is entitled to an owner's award must file  
11 a claim with TGA no later than 90 days after the end of the  
12 month during which the race on which the claim is based was  
13 conducted. On receipt of a claim for an owner's award, TGA shall  
14 determine whether the claim is valid. If the claim is valid, TGA  
15 shall immediately pay the owner's award. After the deadline for  
16 filing a claim, TGA shall add the remaining retained owner's  
17 award shares to the total amount to be distributed in the next  
18 greyhound meet. ~~month.~~ If more than one ~~five~~ valid claims ~~are~~ is  
19 filed, TGA shall pay the second ~~sixth~~ and subsequent claims from  
20 the owner's award shares retained from the next and subsequent  
21 months until all valid claims are paid.

22        (7) At the conclusion of the current greyhound meet and  
23 after the TGA has distributed all owners' awards under this  
24 subsection, the TGA shall add any remaining Accredited Texas  
25 Bred Funds to the total amount to be distributed as owners'  
26 awards at the next greyhound meet.

27        ~~(8)(5)~~ An owner's award may not be paid for a greyhound  
28 that is disqualified from a race due to a positive drug test. On  
29 notice to TGA that a race's results are affected by a positive  
30 drug test, TGA shall retain any owner's award due to the

CHAPTER 303. GENERAL PROVISIONS

SUBCHAPTER D. TEXAS BRED INCENTIVE PROGRAM

DIVISION 3. PROGRAMS FOR GREYHOUNDS

1 affected ~~winning~~ greyhound until the Commission's disciplinary  
2 proceedings regarding the positive drug test are final and  
3 unappealable. If the greyhound's disqualification is overturned,  
4 the TGA shall pay the retained owner's award within 30 days of  
5 receiving notice of the final disposition of the proceeding. If  
6 the greyhound's disqualification is upheld, the amount of the  
7 retained owner's award shall be added to the total amount to be  
8 distributed as owners' awards for the next greyhound meet ~~month~~  
9 after the month in which TGA is notified of the final  
10 disposition of the proceeding.

11 (c)-(d) (No change.)