



TEXAS RACING COMMISSION

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Texas Racing Commission
Wednesday, September 20, 2017
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:

Reports by the Executive Director and Staff regarding Administrative Matters

- A. Budget and Finance Update
- B. Report on Wagering Statistics
- C. Enforcement Report

IV. PROCEEDINGS ON MATTERS RELATED TO AGENCY FUNDING

The Commission will discuss methods of addressing agency funding for Fiscal Years 2018 and 2019. The discussion may include the delegation by the Chairman of related matters to the Ad Hoc Committee on Finance for further consideration. The Commission will also discuss, consider and possibly take action on the following matters:

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

- A. Proposal of Amendment to Rule 309.8, Racetrack License Fees
- B. Proposal of Amendment to Rule 311.5, License Categories and Fees

V. PROCEEDINGS ON RACETRACKS

Discussion, consideration and action on the following matters:

- A. Action on Applications by Inactive Racetrack License Holders for License Renewal under Commission Rule 309.52
 - 1) Manor Downs
 - 2) Laredo Downs
 - 3) Valle de los Tesoros
- B. Request by Retama Park to Amend its 2017 Live Racing Schedule
- C. Designation by the Commission of an Application Period for Race Dates under Commission Rule 303.41

VI. PROCEEDINGS ON DRUG TESTING MATTERS

Discussion, consideration and possible action on the following matter:

Approval of Memorandum of Understanding with Texas Veterinary Medical Diagnostic Laboratory for Fiscal Year 2018

VII. 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 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.

VIII. SCHEDULING OF NEXT COMMISSION MEETING

IX. ADJOURN

III. GENERAL BUSINESS

B. Reports by the Executive Director and Staff regarding Administrative Matters

- 1) Budget and Finance Update
- 2) Report on Wagering Statistics
- 3) Enforcement Report

Texas Racing Commission

FYE 08/31/2017

OBS-1

Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2017 Annual Budget	FY 2017 Expended Thru 7/31/2017	FY 2017 Unexpended Bal 8/31/2017	With 91.7% 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	353,310.39	318,387.99	34,922.40	90.12%
\$ 359,975.00	1002 Other Personnel Cost	10,311.51	8,216.71	2,094.80	79.68%
Sup Appr =	2001 Prof Fees and Services	-	199.00	(199.00)	
\$ 8,218.11	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 368,193.11	2005 Travel	5,750.00	1,618.30	4,131.70	28.14%
Budgeted =	2006 Rent Building	-	-	-	
\$ 376,680.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	7,308.10	4,947.68	2,360.42	67.70%
8,486.90	CB Computer Equipment	-	-	-	
2.36%	Total Strategy A.1.1.	376,680.00	333,369.68	43,310.32	88.50%
<i>Appropriated</i> A.2.1.	0 FTE's = 0 <u>Texas Bred Incentive</u>				
	ATB Money Expended	3,475,000.00	2,809,334.70	665,665.30	80.84%
3,475,000.00	Total Strategy A.2.1.	3,475,000.00	2,809,334.70	665,665.30	80.84%
<i>Appropriated</i> A.3.1.	(1.90) FTE's = 7.40 <u>Supervise Racing and Licensees</u>				
Base Appr =	1001 Salaries and Wages	418,862.00	369,839.59	49,022.40	88.30%
\$ 692,204.00	1002 Other Personnel Cost	19,625.92	16,183.05	3,442.87	82.46%
Sup Appr =	2001 Prof Fees and Services	25,000.00	23,430.12	1,569.88	93.72%
\$ 8,232.86	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 700,436.86	2005 Travel	60,000.00	48,205.08	11,794.92	80.34%
Budgeted =	2006 Rent Building	-	-	-	
\$ 528,348.01	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	4,860.10	3,811.33	1,048.77	78.42%
(172,088.85)	CB Computer Equipment	-	-	-	
-24.86%	Total Strategy A.3.1.	528,348.01	461,469.17	66,878.84	87.34%
<i>Appropriated</i> A.3.2.	0.15 FTE's = 3.45 <u>Monitor Occupational Licensee Act.</u>				
Base Appr =	1001 Salaries and Wages	257,186.59	236,558.17	20,628.42	91.98%
\$ 243,522.00	1002 Other Personnel Cost	18,519.76	16,463.74	2,056.02	88.90%
Sup Appr =	2001 Prof Fees and Services	2,000.00	1,751.12	248.88	87.56%
\$ -	2003 Consumables	1,000.00	1,396.23	(396.23)	139.62%
Total Appr =	2004 Utilities	-	-	-	
\$ 243,522.00	2005 Travel	45,000.00	38,545.71	6,454.29	85.66%
Budgeted =	2006 Rent Building	-	-	-	
\$ 327,473.45	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	3,767.09	3,640.49	126.60	96.64%
\$ 83,951.45	CB Computer Equipment	-	-	-	
34.47%	Total Strategy A.3.2.	327,473.45	298,355.46	29,117.99	91.11%
<i>Appropriated</i> A.4.1.	0.50 FTE's = 3.60 <u>Inspect and Provide Emerg. Care</u>				
Base Appr =	1001 Salaries and Wages	216,150.55	199,472.96	16,677.59	92.28%
\$ 341,149.00	1002 Other Personnel Cost	7,125.25	5,259.78	1,865.47	73.82%
Sup Appr =	2001 Prof Fees and Services	115,000.00	116,276.69	(1,276.69)	101.11%
\$ 2,121.60	2003 Consumables	200.00	48.08	151.92	24.04%
Total Appr =	2004 Utilities	-	-	-	
\$ 343,270.60	2005 Travel	25,000.00	16,361.54	8,638.46	65.45%
Budgeted =	2006 Rent Building	-	-	-	
\$ 367,903.39	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	4,427.59	3,948.60	478.99	89.18%
\$ 24,632.79	CB Computer Equipment	-	-	-	
7.22%	Total Strategy A.4.1.	367,903.39	341,367.65	26,535.74	92.79%

Texas Racing Commission

FYE 08/31/2017

OBS-2

Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2017 Annual Budget	FY 2017 Expended Thru 7/31/2017	FY 2017 Unexpended Bal 8/31/2017	With 91.7% of Year Lapsed % of Budget Expended
<i>Appropriated</i> A.4.2.	(0.60) FTE's = 3.70 <u>Administer Drug Testing</u>				
Base Appr =	1001 Salaries and Wages	179,350.08	158,318.45	21,031.63	88.27%
\$ 284,898.00	1002 Other Personnel Cost	1,176.75	1,011.62	165.13	85.97%
Sup Appr =	2001 Prof Fees and Services	16,000.00	16,000.00	-	100.00%
\$ 3,489.82	2003 Consumables	500.00	148.81	351.19	29.76%
Total Appr =	2004 Utilities	-	-	-	
\$ 288,387.82	2005 Travel	18,170.67	12,073.58	6,097.09	66.45%
Budgeted =	2006 Rent Building	-	-	-	
\$ 221,351.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	6,153.50	2,601.88	3,551.62	42.28%
\$ (67,036.82)	CB Computer Equipment	-	-	-	
-23.53%	Total Strategy A.4.2.	221,351.00	190,154.34	31,196.66	85.91%
<i>Appropriated</i> B.1.1.	(0.80) FTE's = 6.30 <u>Occupational Licensing</u>				
Base Appr =	1001 Salaries and Wages	238,029.71	205,957.75	32,071.96	86.53%
\$ 513,044.00	1002 Other Personnel Cost	8,211.15	7,431.65	779.50	90.51%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 3,025.75	2003 Consumables	2,700.00	2,734.86	(34.86)	101.29%
Total Appr =	2004 Utilities	-	-	-	
\$ 516,069.75	2005 Travel	32,400.00	25,087.20	7,312.80	77.43%
Budgeted =	2006 Rent Building	-	-	-	
\$ 465,523.15	2007 Rent Machine	1,700.00	1,667.18	32.82	98.07%
Difference	2009 Other Operating Cost	182,482.30	84,114.85	98,367.45	46.09%
\$ (50,546.61)	CB Computer Equipment	-	-	-	
-9.85%	Total Strategy B.1.1.	465,523.15	326,993.49	138,529.67	70.24%
<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	14,742.00	7,758.00	65.52%
\$ -	CB Computer Equipment	-	-	-	
0.00%	Total Strategy B.1.2.	22,500.00	14,742.00	7,758.00	65.52%
<i>Appropriated</i> C.1.1.	(0.55) FTE's = 4.25 <u>Monitor Wagering and Audit</u>				
Base Appr =	1001 Salaries and Wages	247,260.87	228,551.47	18,709.40	92.43%
\$ 327,375.00	1002 Other Personnel Cost	8,737.77	8,010.78	726.99	91.68%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 5,405.48	2003 Consumables	1,000.00	-	1,000.00	0.00%
Total Appr =	2004 Utilities	-	-	-	
\$ 332,780.48	2005 Travel	18,914.56	7,682.43	11,232.13	40.62%
Budgeted =	2006 Rent Building	-	-	-	
\$ 291,341.44	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	15,428.24	10,832.40	4,595.84	70.21%
\$ (41,439.03)	CB Computer Equipment	-	-	-	
-12.66%	Total Strategy C.1.1.	291,341.44	255,077.08	36,264.36	87.55%

Texas Racing Commission

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OBS-3

Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2017 Annual Budget	FY 2017 Expended Thru 7/31/2017	FY 2017 Unexpended Bal 8/31/2017	With 91.7% of Year Lapsed % of Budget Expended
<i>Appropriated</i> C.1.2.	(1.00) FTE's = 2.00 <u>Wagering & Compliance Inspections</u>				
Base Appr =	1001 Salaries and Wages	79,900.06	74,241.63	5,658.43	92.92%
\$ 167,631.00	1002 Other Personnel Cost	2,119.50	1,931.19	188.31	91.12%
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 1,948.78	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 169,579.78	2005 Travel	1,930.00	37.00	1,893.00	1.92%
Budgeted =	2006 Rent Building	-	-	-	
\$ 85,648.56	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	1,699.00	742.49	956.51	43.70%
\$ (83,931.22)	CB Computer Equipment	-	-	-	
-50.07%	Total Strategy C.1.2.	85,648.56	76,952.31	8,696.25	89.85%
<i>Appropriated</i> D.1.1.	- FTE's = 7.00 <u>Central Administration</u>				
Base Appr =	1001 Salaries and Wages	419,251.36	367,167.38	52,083.98	87.58%
\$ 756,949.00	1002 Other Personnel Cost	26,329.19	24,656.82	1,672.37	93.65%
Sup Appr =	2001 Prof Fees and Services	20,175.00	15,356.49	4,818.51	76.12%
\$ 6,897.68	2003 Consumables	11,300.00	10,042.24	1,257.76	88.87%
Total Appr =	2004 Utilities	48,800.00	41,483.75	7,316.25	85.01%
\$ 763,846.68	2005 Travel	10,000.00	6,981.28	3,018.72	69.81%
Budgeted =	2006 Rent Building	97,678.31	95,803.84	1,874.47	98.08%
\$ 712,966.00	2007 Rent Machine	1,900.00	1,086.10	813.90	57.16%
Difference	2009 Other Operating Cost	77,532.13	62,200.26	15,331.87	80.23%
\$ (50,880.68)	CB Computer Equipment	-	-	-	
-6.72%	Total Strategy D.1.1.	712,966.00	624,778.16	88,187.84	87.63%
<i>Appropriated</i> D.1.2.	- FTE's = 4.80 <u>Information Resources</u>				
Base Appr =	1001 Salaries and Wages	296,062.76	234,907.37	61,155.39	79.34%
\$ 538,500.00	1002 Other Personnel Cost	29,910.04	11,736.29	18,173.75	39.24%
Sup Appr =	2001 Prof Fees and Services	91,094.15	62,014.00	29,080.15	68.08%
\$ 2,411.73	2003 Consumables	2,950.00	1,806.42	1,143.58	61.23%
Total Appr =	2004 Utilities	200.00	9.99	190.01	5.00%
\$ 540,911.73	2005 Travel	3,500.00	1,099.46	2,400.54	31.41%
Budgeted =	2006 Rent Building	444.00	407.00	37.00	91.67%
\$ 544,928.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	97,216.05	67,015.92	30,200.13	68.94%
\$ 4,016.27	CB Computer Equipment	23,551.00	13,268.80	10,282.20	56.34%
0.75%	Total Strategy D.1.2.	544,928.00	392,265.25	152,662.75	71.98%
<i>Appropriated</i> D.1.3.	(4.20) FTE's = 47.00 <u>Other Support Services</u>				
Base Appr =	1001 Salaries and Wages	-	-	-	
\$ 7,722,747.00	1002 Other Personnel Cost	-	-	-	
Sup Appr =	2001 Prof Fees and Services	-	-	-	
\$ 41,751.81	2003 Consumables	-	-	-	
Total Appr =	2004 Utilities	-	-	-	
\$ 7,764,498.81	2005 Travel	-	-	-	
Budgeted =	2006 Rent Building	-	-	-	
\$ 7,419,663.00	2007 Rent Machine	-	-	-	
Difference	2009 Other Operating Cost	-	-	-	
\$ (344,835.80)	CB Computer Equipment	-	-	-	
-4.47%	Total Strategy D.1.3.	-	-	-	
\$ 4,289,499	Regulatory Program Operating Budget	3,944,663.00	3,315,524.57	629,138.42	84.05%
\$ 3,475,000	TX Bred Program Operating Budget	3,475,000.00	2,809,334.70	665,665.30	80.84%
\$ 7,764,499	Total M.O.F. (TXRC Acct. 597 & GR)	7,419,663.00	6,124,859.27	1,294,803.72	82.55%
	Total All Programs Operating Budget	7,419,663.00	6,124,859.27	1,294,803.72	82.55%

Texas Racing Commission

FYE 08/31/2017

OBS-4

Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Program Description	FY 2017 Annual Budget	FY 2017 Expended Thru 7/31/2017	FY 2017 Unexpended Bal 8/31/2017	With 91.7% of Year Lapsed % of Budget Expended
\$ -	(4.20) FTE's = 47.00				
<i>Appropriated</i>	<u>Direct Expense of Regulatory Programs</u>				
	1001 Salaries and Wages	2,705,364.37	2,393,402.76	311,961.61	88.47%
	1002 Other Personnel Cost	132,066.85	100,901.63	31,165.22	76.40%
	2001 Prof Fees and Services	269,269.15	235,027.42	34,241.73	87.28%
	2003 Consumables	19,650.00	16,176.64	3,473.36	82.32%
	2004 Utilities	49,000.00	41,493.74	7,506.26	84.68%
	2005 Travel	220,665.23	157,691.58	62,973.65	71.46%
	2006 Rent Building	98,122.31	96,210.84	1,911.47	98.05%
	2007 Rent Machine	3,600.00	2,753.28	846.72	76.48%
	2009 Other Operating Cost	423,374.11	258,597.90	164,776.21	61.08%
	CB Computer Equipment	23,551.00	13,268.80	10,282.20	56.34%
\$ 4,289,499	Total Direct Expense of Regulatory Program	3,944,663.00	3,315,524.57	629,138.42	84.05%
\$ 3,475,000	FTE's = - Direct Expense of TX Bred Program	3,475,000.00	2,809,334.70	665,665.30	80.84%
\$ 7,764,499	(4.20) FTE's = 47.00 Total Direct Expense of All Programs	7,419,663.00	6,124,859.27	1,294,803.72	82.55%
\$ -	<u>Indirect Expense of All Programs</u>				
<i>Un-Appropriated</i>	OASI Match	213,419.64	181,863.54	31,556.10	85.21%
	Group Insurance	261,500.00	256,270.07	5,229.93	98.00%
	State Retirement	221,230.33	181,863.54	39,366.79	82.21%
	Benefit Replacement	6,000.00	4,107.44	1,892.56	68.46%
	ERS Retiree Insurance	345,000.00	352,258.34	(7,258.34)	102.10%
	SWCAP GR Reimburse	30,000.00	-	30,000.00	0.00%
	Unemployment Cost	10,000.00	-	10,000.00	0.00%
	Other	-	-	-	-
\$ 1,087,150	Total Indirect Expense of All Programs	1,087,149.97	976,362.93	110,787.04	89.81%
\$ 8,851,649	Total Direct and Indirect Expense of All Programs	8,506,812.97	7,101,222.20	1,405,590.76	83.48%

Source Of Funds	Agency Method Of Finance	FY 2017 Projected Revenue	FY 2017 Actual Revenue Thru 7/31/2017	N/A	With 91.7% of Year Lapsed % of Revenue Collected
	Regulatory Program MOF:				
Acct. 597	Cash Balance Carry Forward	\$ 385,156.68	\$ 385,156.68		n/a
Acct. 597	Live Race Day Fees	\$ -	\$ -		
Acct. 597	Simulcast Race Day Fees	\$ -	\$ -		
Acct. 597	Annual License Fees (Active & Inactive)	\$ 3,501,240.00	\$ 3,570,303.00		101.97%
Acct. 597	Outs	\$ -	\$ -		
Acct. 597	Occupational License Fees and Fines	\$ 679,558.00	\$ 672,431.50		98.95%
Acct. 597	Other Revenue	\$ 23,867.00	\$ 22,166.55		92.88%
Acct. 1	GR Funds	\$ -	\$ -		
	Sub-Total Regulatory Prgm. MOF	\$ 4,589,821.68	\$ 4,650,057.73		101.31%
	Texas Bred Program MOF:				
Acct. 597	Cash Balance Carry Forward	\$ -	\$ -		
Acct. 597	Breakage and 1% Exotic	\$ 3,475,000.00	\$ 2,809,334.70		80.84%
Acct. 597	Other	\$ -	\$ -		
	Sub-Total Texas Bred Prgm. MOF	\$ 3,475,000.00	\$ 2,809,334.70		80.84%
All Sources	Total MOF	\$ 8,064,821.68	\$ 7,459,392.43		92.49%
	MOF Estimated to Exceed or (Fall-Short of Covering) Direct & Indirect Expenses of Operating Budget	\$ (441,991.29)	\$ 358,170.23		



Fiscal Year 2017 Operational Budget

Updated: July 15, 2017

Thru: July 31, 2017

Summary of Operating Revenue

By Revenue Type:	Budget	Collected	Suspended	Uncollected Balance	%
Account 597 - Racing Commission - GRD	\$ 8,064,822	\$ 7,459,392	\$ -	\$ 605,429	8%
Account 1 - State of Texas - GR	\$ -	\$ -	\$ -	-	
TOTAL - ALL REVENUES	\$ 8,064,822	\$ 7,459,392	\$ -	\$ 605,429	8%

Summary of Appropriated Operating Expenses

Type:	Budget	Expended	Encumbered	Unexpended Balance	%
1001 - Salaries and Wages:	\$ 2,705,364	\$ 2,393,403	\$ -	\$ 311,962	12%
1002 - Other Personnel Cost:	\$ 132,067	\$ 100,902	\$ -	\$ 31,165	24%
2001 - Professional Fees and Services:	\$ 269,269	\$ 235,027	\$ -	\$ 34,242	13%
2003 - Consumable Supplies:	\$ 19,650	\$ 16,177	\$ -	\$ 3,473	18%
2004 - Utilities:	\$ 49,000	\$ 41,494	\$ -	\$ 7,506	15%
2005 - Travel:	\$ 220,665	\$ 157,692	\$ -	\$ 62,974	29%
2006 - Rent Building:	\$ 98,122	\$ 96,211	\$ -	\$ 1,911	2%
2007 - Rent Machine and Other:	\$ 3,600	\$ 2,753	\$ -	\$ 847	24%
2009 - Other Operating Expense:	\$ 423,374	\$ 258,598	\$ -	\$ 164,776	39%
4000 - Grants	\$ 3,475,000	\$ 2,809,335	\$ -	\$ 665,665	19%
5000 - Capital Expenditures:	\$ 23,551	\$ 13,269	\$ -	\$ 10,282	44%
TOTAL - ALL APPROPRIATED EXPENDITURES	\$ 7,419,663	\$ 6,124,859	\$ -	\$ 1,294,804	17%

Unappropriated Operating Expenses

Type:	Budget	Expended	Encumbered	Unexpended Balance	%
TOTAL - ALL UNAPPROPRIATED EXPENDITURES	\$ 1,087,150	\$ 976,363	\$ -	\$ 110,787	10%
TOTAL - ALL EXPENDITURES	\$ 8,506,813	\$ 7,101,222	\$ -	\$ 1,405,591	17%

OPERATING SURPLUS / (DEFICIT)

	\$ (441,991)	\$ 358,170			
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Summary of FTE's

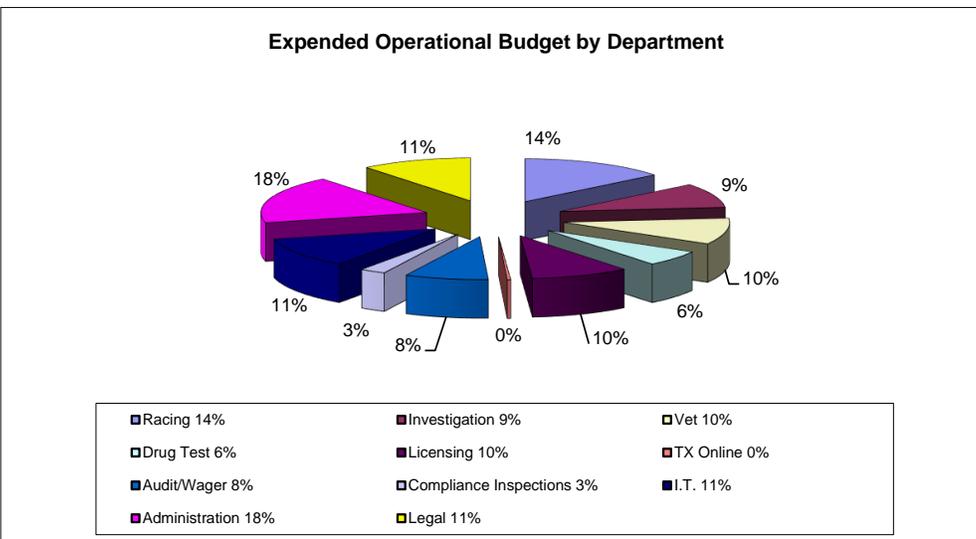
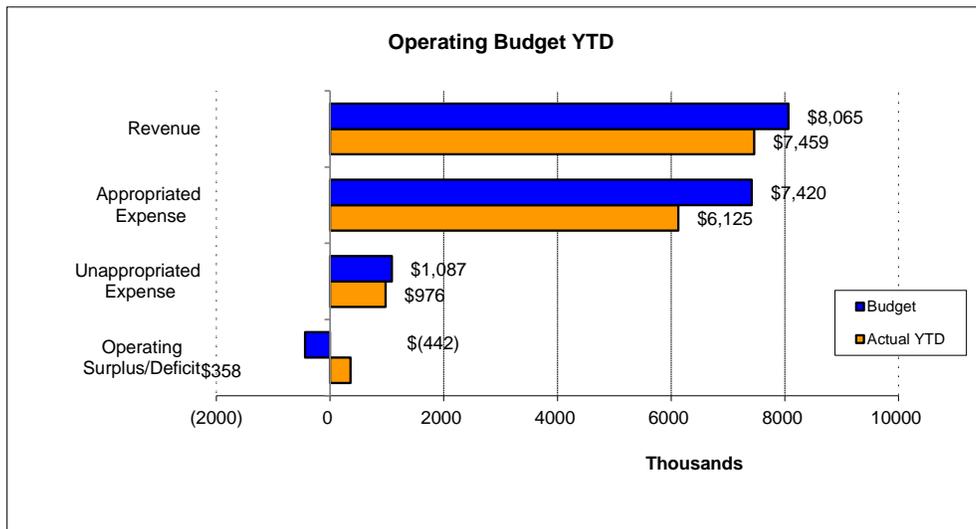
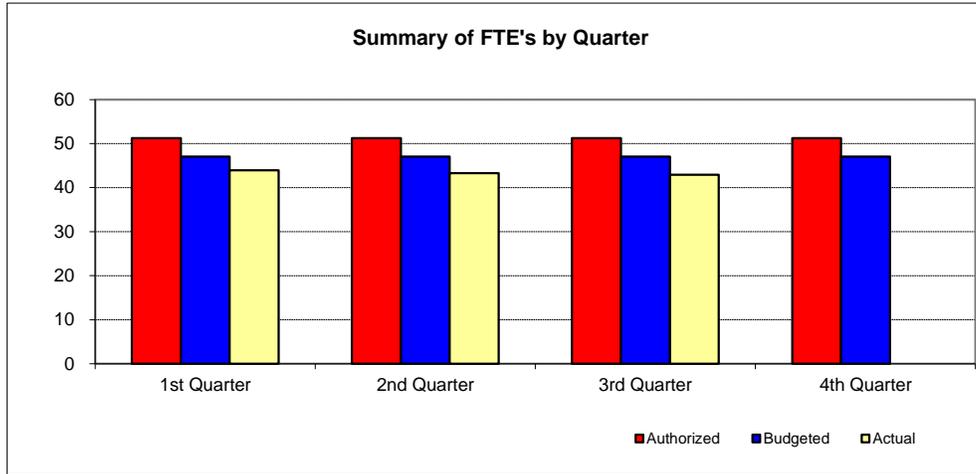
By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	51.20	51.20	51.20	51.20
Budgeted FTE's	47.00	47.00	47.00	47.00
Actual FTE's	43.90	43.30	42.90	0.00
Actual FTE's Over / (Under) Budget	(3.10)	(3.70)	(4.10)	n/a
Actual FTE's Over / (Under) Authorization	(7.30)	(7.90)	(8.30)	n/a



Fiscal Year 2017 Operational Budget

Updated: July 15, 2017

Thru: July 31, 2017

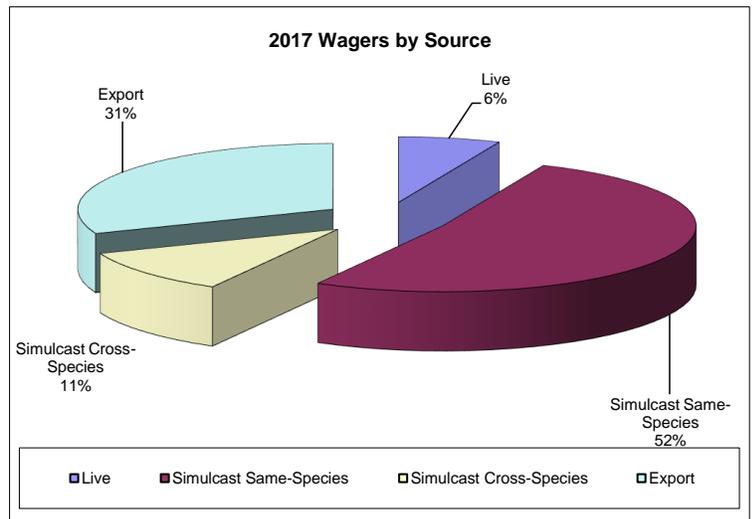
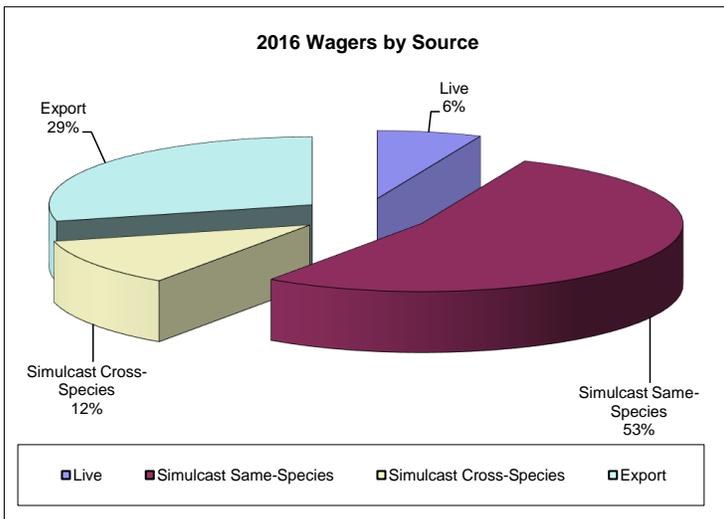




Texas Pari-Mutuel Racetracks Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races

For the Period of January 1 through September 3

	Year 2016			Year 2017			Percentage Change	
	<u>Wagers (Handle)</u>			<u>Wagers (Handle)</u>			<u>Wagers (Handle)</u>	
	# Days	Total	Average per day	# Days	Total	Average per day	Total	Average per day
Greyhound Racetracks								
Live	0	\$ -	\$ -	20	\$ 417,563	\$ 20,878	N/A	N/A
Simulcast Same-Species	638	\$ 16,494,801	\$ 25,854	621	\$ 14,927,805	\$ 24,038	-9.50%	-7.02%
Simulcast Cross-Species	638	\$ 14,545,268	\$ 22,798	621	\$ 11,980,683	\$ 19,293	-17.63%	-15.38%
Export	0	\$ -	\$ -	20	\$ 399,684	\$ 19,984	N/A	N/A
Total Wagers		\$ 31,040,069			\$ 27,725,736		-10.68%	
Horse Racetracks								
Live	136	\$ 19,846,743	\$ 145,932	136	\$ 18,885,908	\$ 138,867	-4.84%	-4.84%
Simulcast Same-Species	882	\$ 148,246,970	\$ 168,080	870	\$ 139,379,408	\$ 160,206	-5.98%	-4.68%
Simulcast Cross-Species	883	\$ 20,833,562	\$ 23,594	871	\$ 20,391,703	\$ 23,412	-2.12%	-0.77%
Export	128	\$ 89,327,032	\$ 697,867	129	\$ 92,238,151	\$ 715,024	3.26%	2.46%
Total Wagers		\$ 278,254,306			\$ 270,895,171		-2.64%	
All Racetracks								
Live	136	\$ 19,846,743	\$ 145,932	156	\$ 19,303,471	\$ 123,740	-2.74%	-15.21%
Simulcast Same-Species	1,520	\$ 164,741,771	\$ 108,383	1,491	\$ 154,307,213	\$ 103,492	-6.33%	-4.51%
Simulcast Cross-Species	1,521	\$ 35,378,829	\$ 23,260	1,492	\$ 32,372,387	\$ 21,697	-8.50%	-6.72%
Export	128	\$ 89,327,032	\$ 697,867	149	\$ 92,637,836	\$ 621,730	3.71%	-10.91%
Total Wagers		\$ 309,294,375			\$ 298,620,906		-3.45%	
Total Wagers Placed in Texas		\$ 219,967,343			\$ 205,983,071		-6.36%	
Total Wagers Placed on Texas Races		\$ 109,173,775			\$ 111,941,307		2.53%	

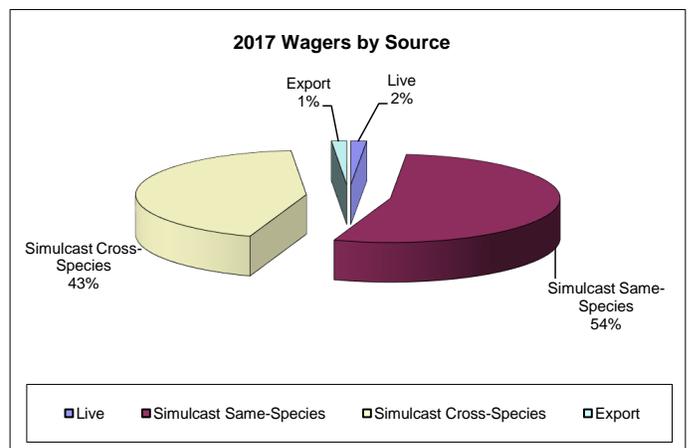
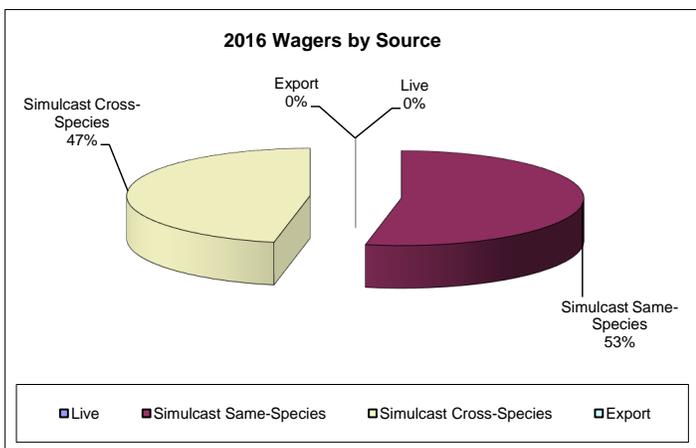




Greyhound Racetrack Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races

For the Period of January 1 through September 3

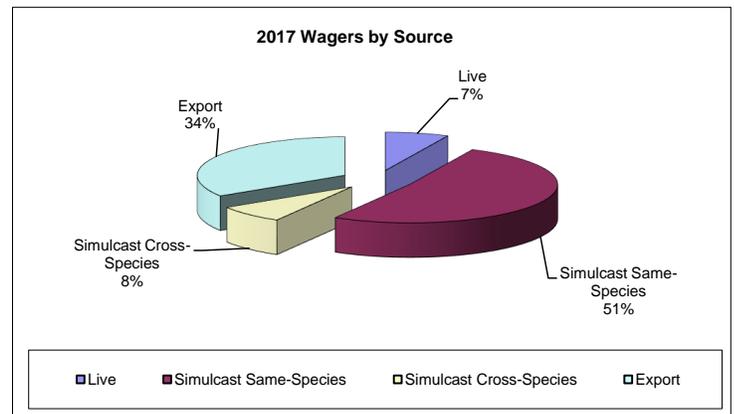
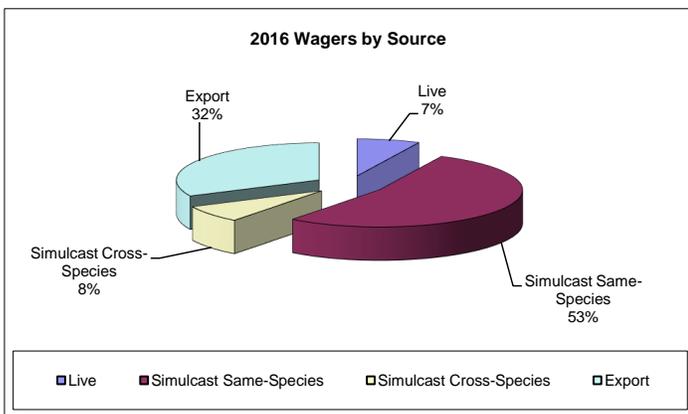
	Year 2016			Year 2017			Percentage Change	
	# Days	Wagers (Handle)		# Days	Wagers (Handle)		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
<u>Gulf Coast Racing</u>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	179	\$ 4,797,710	\$ 26,803	171	\$ 4,431,731	\$ 25,917	-7.63%	-3.31%
Simulcast Cross-Species	179	\$ 2,765,714	\$ 15,451	171	\$ 2,225,088	\$ 13,012	-19.55%	-15.78%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 7,563,423			\$ 6,656,820		-11.99%	
<u>Gulf Greyhound Park</u>								
Live	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Simulcast Same-Species	247	\$ 7,236,515	\$ 29,298	238	\$ 6,505,932	\$ 27,336	-10.10%	-6.70%
Simulcast Cross-Species	247	\$ 7,469,319	\$ 30,240	238	\$ 6,092,670	\$ 25,599	-18.43%	-15.35%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 14,705,834			\$ 12,598,602		-14.33%	
<u>Valley Race Park</u>								
Live	0	\$ -	\$ -	20	\$ 417,563	\$ 20,878	N/A	N/A
Simulcast Same-Species	212	\$ 4,460,576	\$ 21,040	212	\$ 3,990,141	\$ 18,821	-10.55%	-10.55%
Simulcast Cross-Species	212	\$ 4,310,235	\$ 20,331	212	\$ 3,662,925	\$ 17,278	-15.02%	-15.02%
Export	0	\$ -	\$ -	20	\$ 399,684	\$ 19,984	N/A	N/A
Total Wagers		\$ 8,770,811			\$ 8,470,314		-3.43%	
<u>All Greyhound Tracks</u>								
Live	0	\$ -	\$ -	20	\$ 417,563	\$ 20,878	N/A	N/A
Simulcast Same-Species	638	\$ 16,494,801	\$ 25,854	621	\$ 14,927,805	\$ 24,038	-9.50%	-7.02%
Simulcast Cross-Species	638	\$ 14,545,268	\$ 22,798	621	\$ 11,980,683	\$ 19,293	-17.63%	-15.38%
Export	0	\$ -	\$ -	20	\$ 399,684	\$ 19,984	N/A	N/A
Total Wagers		\$ 31,040,069			\$ 27,725,736		-10.68%	
Total Wagers Placed in Texas		\$ 31,040,069			\$ 27,326,051		-11.97%	
Total Wagers Placed on Texas Races		\$ -			\$ 817,247		N/A	





Horse Racetrack Wagering Statistics Comparison Report on Total Wagers Placed in Texas & on Texas Races For the Period of January 1 through September 3

	Year 2016			Year 2017			Percentage Change	
	# Days	Wagers (Handle)		# Days	Wagers (Handle)		Wagers (Handle)	
		Total	Average per day		Total	Average per day	Total	Average per day
Gillespie County Fair								
Live	8	\$ 1,123,083	\$ 140,385	7	\$ 970,082	\$ 138,583	-13.62%	-1.28%
Simulcast Same-Species	143	\$ 2,092,464	\$ 14,633	137	\$ 2,122,934	\$ 15,496	1.46%	5.90%
Simulcast Cross-Species	143	\$ 279,103	\$ 1,952	137	\$ 324,482	\$ 2,368	16.26%	21.35%
Export	0	\$ -	\$ -	0	\$ -	\$ -	0.00%	0.00%
Total Wagers		\$ 3,494,650			\$ 3,417,497		-2.21%	
Lone Star Park								
Live	50	\$ 11,218,349	\$ 224,367	50	\$ 11,337,707	\$ 226,754	1.06%	1.06%
Simulcast Same-Species	247	\$ 73,048,186	\$ 295,742	246	\$ 72,903,884	\$ 296,357	-0.20%	0.21%
Simulcast Cross-Species	247	\$ 4,086,404	\$ 16,544	246	\$ 4,353,571	\$ 17,697	6.54%	6.97%
Export	50	\$ 30,403,800	\$ 608,076	50	\$ 35,154,285	\$ 703,086	15.62%	15.62%
Total Wagers		\$ 118,756,738			\$ 123,749,447		4.20%	
Retama Park								
Live	22	\$ 2,043,547	\$ 92,888	22	\$ 1,782,672	\$ 81,031	-12.77%	-12.77%
Simulcast Same-Species	247	\$ 26,387,734	\$ 106,833	245	\$ 23,662,851	\$ 96,583	-10.33%	-9.59%
Simulcast Cross-Species	247	\$ 5,022,764	\$ 20,335	245	\$ 4,572,641	\$ 18,664	-8.96%	-8.22%
Export	22	\$ 4,724,811	\$ 214,764	22	\$ 4,600,386	\$ 209,108	-2.63%	-2.63%
Total Wagers		\$ 38,178,856			\$ 34,618,549		-9.33%	
Sam Houston Race Park								
Live	56	\$ 5,461,764	\$ 97,532	57	\$ 4,795,448	\$ 84,131	-12.20%	-13.74%
Simulcast Same-Species	245	\$ 46,718,586	\$ 190,688	242	\$ 40,689,740	\$ 168,139	-12.90%	-11.82%
Simulcast Cross-Species	246	\$ 11,445,291	\$ 46,526	243	\$ 11,141,011	\$ 45,848	-2.66%	-1.46%
Export	56	\$ 54,198,421	\$ 967,829	57	\$ 52,483,480	\$ 920,763	-3.16%	-4.86%
Total Wagers		\$ 117,824,062			\$ 109,109,678		-7.40%	
All Horse Tracks								
Live	136	\$ 19,846,743	\$ 145,932	136	\$ 18,885,908	\$ 138,867	-4.84%	-4.84%
Simulcast Same-Species	882	\$ 148,246,970	\$ 168,080	870	\$ 139,379,408	\$ 160,206	-5.98%	-4.68%
Simulcast Cross-Species	883	\$ 20,833,562	\$ 23,594	871	\$ 20,391,703	\$ 23,412	-2.12%	-0.77%
Export	128	\$ 89,327,032	\$ 697,867	129	\$ 92,238,151	\$ 715,024	3.26%	2.46%
Total Wagers		\$ 278,254,306			\$ 270,895,171		-2.64%	
Total Wagers Placed in Texas		\$ 188,927,274			\$ 178,657,020		-5.44%	
Total Wagers Placed on Texas Races		\$ 109,173,775			\$ 111,124,059		1.79%	



ENFORCEMENT REPORT

Retama Park concluded its summer meet on August 12, 2017. Gillespie County Fair's eight day meet was cut short by one day as rain forced the cancelation of the last race day, Sunday, August 27, 2017.

Lone Star Park is currently conducting its fall Quarter Horse meet and Retama Park is conducting its fall Thoroughbred meet.

Retama Park

Rulings Activity – Race Meet – June-August 2017
(Report only includes completed rulings)

Human Drug Violations Marijuana - 2	2
Conduct Violations	4
Jockey – Riding Infractions	3
Jockey – Non-Riding	1
Medication Positives/Violations <u>Class 3</u> Clenbuterol - 10 <u>Overage of Permitted Medication</u> Phenylbutazone - 1	11
Trainer Infractions	6
Licensing	4
Human Alcohol Violations	1
Financial Obligation	2
Failure To Pay Fines	5
Miscellaneous	3
Total # of Rulings	42

Gillespie County Fair

Rulings Activity – Race Meet – July/August, 2017
(*Report only includes completed rulings*)

Conduct Violations	1
Jockey – Riding Infractions	4
Medication Positives/Violations	1
<u>Class 3</u> Clenbuterol - 1	
Trainer Infractions	6
Financial Obligation	1
Miscellaneous	1
Total # of Rulings	14

IV. PROCEEDINGS ON MATTERS RELATED TO AGENCY FUNDING

The Commission will discuss methods of addressing agency funding for Fiscal Years 2018 and 2019. The discussion may include the delegation by the Chairman of related matters to the Ad Hoc Committee on Finance for further consideration. The Commission will also discuss, consider and possibly take action on the following matters:

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

- A. Proposal of Amendment to Rule 309.8, Racetrack License Fees
- B. Proposal of Amendment to Rule 311.5, License Categories and Fees

**TEXAS RACING COMMISSION
COMMITTEE ON RULES**

Date of Request: 9/13/17

***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:	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: 309 Rule: 8

Proposed Addition to (if known): Chapter: 311 Rule: 5

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

Chapter: _____ Rule: _____

Chapter: _____ Rule: _____

Chapter: _____ Rule: _____

Statutory Authority for Proposed Change: §§5.01, 6.18, and 7.05

A. Brief Description of the Issue

The agency is facing a budget shortfall that jeopardizes its ability to continue regulating racing in Texas.

B. Discussion of the Issue and Problem

The agency recently lost \$690,000 in annual revenue due to the revocation of three Class 2 horse racetrack licenses, and five additional racetracks have refused to pay their annual fees, resulting in an additional loss of revenue of \$1.25 million. Unless these issues are addressed promptly, the agency will soon be unable to pay staff or continue operations past October 2017.

C. Possible Solutions and Impact

The agency has considered several options, including increases in annual racetrack fees and occupational licensing fees. However, none of these previous proposals have gained consensus support from the industry or from the Commission. However, on the next page is a proposal from nine of the licensed racetracks that does the following:

- Reduces the base number of live race days for horse tracks from 143 days to 68 days, and projects that the horse tracks will conduct a total of 143 days of racing instead of 2017's 182 days. The total number of race dates is subject to negotiation between the tracks and the horsemen.
- Increases the daily fee for live race days beyond the base from \$3,750 to \$6,313.
- Redistributes the annual fees among the racetracks by increasing the fees on the Class 1 tracks and decreasing the fees on all other classes of racetracks.
- Calls for additional revenue shortfalls to be met through increases on occupational license fees. Staff projects that occupational license fees would have to increase by 20% across the board to meet that need, assuming that the total number of occupational licenses remains constant.
- Calls for the agency to make further budget cuts in the current biennium.
- Calls for the agency to secure a third party review of its operations, with industry input, to be funded by additional fees if necessary and mutually agreed to.
- Calls for all the racetracks, including the five tracks that are currently withholding their payments, to begin monthly payments under the proposed fee schedule by September 22, 2017. This would allow the Commission to continue operations into Calendar Year 2018 and, depending on the number of occupational licenses issued and whether the agency is able to achieve any further budget reductions, possibly through the remainder of the biennium.

D. Support or Opposition

The proposal has the support of nine of the 10 licensed racetracks and is missing the concurrence of only Lone Star Park.

The horsemen have not yet advised staff of their position on the proposal.

E. Proposal

See the following pages.

Texas Racing Commission Funding Proposal
9/5/2017

In an effort to preserve racing in the State of Texas, while operating at a competitive disadvantage with our surrounding states, all affected parties agree to the following points:

1. It is in the industry's best interests to keep all existing licenses in place and contributing to the racing economy. Furthermore, the license holders encourage the Texas Racing Commission to strongly consider the fees contributed by the inactive tracks as good faith efforts during the annual renewal of those licenses.
2. Effective immediately, the Texas Racing Commission MUST, within the parameters of the Texas Racing Act, improve the efficiency of the regulatory model in which they operate in order to cut the cost of regulation to correspond with the decline of activity in the Texas Racing Industry. Specifically, the Texas Racing Industry is half the size it was in 2004 and the TRC acknowledges the financial circumstances of the Industry as a whole are tenuous. Therefore the agency shall make all efforts necessary to find ways to curtail the expenses of the agency over the next two (2) years. Those cost savings shall be equitably passed along to the license holders as they are realized, within a reasonable timeframe to allow for rule changes. The industry would like the TRC to commit to a third party review with industry input to be funded through additional fees if necessary and mutually agreed to (for further discussion). After September 1, the Chairman will meet with industry to draft timelines and milestones for this process.

Given that the parties are agreeing to a process, and in an effort to ensure the orderly operation of the agency while pursuing the above-referenced goals and commitments, the license holders agree to support the following rule proposal to change the fee structure of all racetrack licenses for FY 2018 as follows:

<u>TRACK</u>	<u>2018 Fees</u>	<u>Base # Days</u>	<u>Add'l Days*</u>	<u>Total Payment</u>
Lone Star Park	\$700,000.00	20	35	\$920,955.00
Retama Park	\$700,000.00	20	12	\$775,756.00
Sam Houston RP	\$700,000.00	20	28	\$876,764.00
Gillespie County Fair	\$35,000.00	8	0	\$35,000.00
Gulf Greyhound Park	\$200,000.00	36	0	\$200,000.00
Gulf Coast Racing	\$200,000.00	0	0	\$200,000.00
Valley Race Park	\$200,000.00	0	0	\$200,000.00
Laredo Downs	\$125,000.00	0	0	\$125,000.00
Manor Downs	\$125,000.00	0	0	\$125,000.00
<u>Valle De Los Tesoros</u>	<u>\$125,000.00</u>	<u>0</u>	<u>0</u>	<u>\$125,000.00</u>
Track Total	\$3,110,000.00	68	75	\$3,583,475.00

Notes:

-The italicized (additional race dates) is optional and shall be negotiated between the Class I license holder and the officially recognized horsemen's organization.

*-*Horse race dates above 68 total statewide (20 per track) billed at \$6,313.*

In the event additional funds are necessary by the Texas Racing Commission in FY 2018, the TRC will consider rule changes related to occupational license fees at its next meeting. The license holders recognize this revenue is variable in nature.

There are numerous other points that can be made to persuade various parties to support this agreement. Not the least of which are:

1. It sets forth a mechanism to make meaningful reductions to the cost of regulation for everyone's benefit.
2. It saves important horse purse money. The purse money generated by three (3) of the five (5) litigating licenses will be preserved, thereby causing no further erosion of horse purses. That has historically been ~ \$1 million annually.
3. The increases in fees levied upon the Class I licenses are no more or less than will be levied upon them

when the five (5) litigating licenses surrender their licenses.

4. It stops the costly time and expenses for plaintiffs and TRC created by lawsuit
5. It brings certainty and stability to the industry and allows the parties to continue orderly business operations.
6. It prevents the further evaporation of licenses for the foreseeable future.

All license holders will begin paying monthly in good faith by 9/22, and thereafter the first of each month, based on above fee schedule with the understanding of consideration by full Commission at its next meeting on 9/20.

This proposal is subject to the approval by the full Texas Racing Commission. It is the understanding of all parties that the full Commission at its next meeting on 9/20 will consider this proposal.

Gillespie County Fair Association

Lone Star Park

Sam Houston Race Park

Retama Park

Gulf Greyhound Park

Manor Downs

*Trist W. W. Jr.
per Steve Samantia*

Laredo Downs

*Trist W. W. Jr.
per Steve Samantia*

Valle de los Tesoros

Valley Race Park

Gulf Coast Racing

CHAPTER 309. RACETRACK LICENSES AND OPERATIONS

SUBCHAPTER A. RACETRACK LICENSES

DIVISION 1. GENERAL PROVISIONS

1 **309.8. Racetrack License Fees**

2 (a) (No change.)

3 (b) Annual License Fee for State Fiscal Years Beginning
4 September 1, 2017, and thereafter. A licensed racing
5 association shall pay an annual license fee. The annual license
6 fee for each license type is as follows:

7 (1) for a Class 1 racetrack, \$700,000 [~~\$500,000~~];

8 (2) for a Class 2 racetrack, \$125,000 [~~\$230,000~~];

9 (3) for a Class 3 or 4 racetrack, \$35,000 [~~\$70,000~~]; and

10 (4) for a Greyhound racetrack, \$200,000 [~~\$360,000~~].

11 (c) Fee Payments for the State Fiscal Year Beginning September
12 1, 2017. Beginning on December 1, 2017, each association shall
13 pay its annual license fee by remitting to the Commission 1/9th
14 of the fee remaining due as of December 1, 2017, on the first
15 business day of each month of state fiscal year 2018.

16 (d) Fee Payments for State Fiscal Years Beginning September 1,
17 2018, and thereafter. [~~2~~] Each [~~An~~] association shall pay its
18 annual license fee by remitting to the Commission 1/12th of the
19 fee on the first business day of each month.

20 (e)[~~e~~] Adjustment of Fees.

21 (1) Annual fees are calculated using a projected base of 68
22 [~~143~~] days of live horse racing and 36 [~~270~~] performances of
23 live greyhound racing per calendar year. To cover the additional
24 regulatory cost in the event additional days or performances are
25 requested by the associations the executive secretary may:

26 (A) recalculate a horse racetrack's annual fee by
27 adding \$6,313 [~~\$3,750~~] for each live day added beyond the
28 base;

29 (B) recalculate a greyhound racetrack's annual fee by
30 adding \$750 for each live performance added beyond the
31 base; and

CHAPTER 309. RACETRACK LICENSES AND OPERATIONS

SUBCHAPTER A. RACETRACK LICENSES

DIVISION 1. GENERAL PROVISIONS

1 (C) review the original or amended race date request
2 submitted by each association to establish race date
3 baselines for specific associations if needed.

4 ~~[(2) If at any point the executive secretary determines the
5 total revenue from the annual fees is insufficient to pay the
6 Commission's costs during a fiscal year, the executive secretary
7 shall recommend to the Commission a supplemental fee, in
8 addition to the license fee, that each association would be
9 required to pay to generate the necessary revenue to pay the
10 Commission's costs.]~~

11 (2)[(3)] If the executive secretary determines that the
12 total revenue from the annual fees exceeds the amount needed to
13 pay those costs, the executive secretary may order a moratorium
14 on all or part of the annual license fees remitted monthly by
15 any or all of the associations. Before entering a moratorium
16 order, the executive secretary shall develop a formula for
17 providing the moratorium in an equitable manner among the
18 associations. In developing the formula, the executive secretary
19 shall consider the amount of excess revenue received by the
20 Commission, the source of the revenue, the Commission's costs
21 associated with regulating each association, the Commission's
22 projected receipts for the next fiscal year, and the
23 Commission's projected expenses during the next fiscal year.

CHAPTER 311. OTHER LICENSES

SUBCHAPTER A. LICENSING PROVISIONS

DIVISION 1. OCCUPATIONAL LICENSES

1 **Sec 311.5 License Fees**

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

3 (d) The fee for an occupational license is as follows:

4	Type of License	1 Year Fee	2 Year Fee	3 Year Fee
5	Adoption Program Personnel	<u>\$30</u> [\$25]		
6	Announcer	<u>\$42</u> [\$35]		
7	Apprentice Jockey	<u>\$90</u> [\$75]		
8	Assistant Farrier/Plater/Blacksmith	<u>\$30</u> [\$25]		
9	Assistant Starter	<u>\$30</u> [\$25]		
10	Assistant Trainer	<u>\$120</u> [\$100]		
11	Assistant Trainer/Owner	<u>\$120</u> [\$100]		
12	Association Assistant Management	<u>\$60</u> [\$50]		
13	Association Management Personnel	<u>\$90</u> [\$75]		
14	Association Officer/Director	<u>\$120</u> [\$100]		
15	Association Other	<u>\$90</u> [\$75]		
16	Association Staff	<u>\$42</u> [\$35]		
17	Association Veterinarian	<u>\$90</u> [\$75]		
18	Authorized Agent	<u>\$18</u> [\$15]		
19	Chaplain	<u>\$30</u> [\$25]		
20	Chaplain Assistant	<u>\$30</u> [\$25]		
21	Equine Dental Provider	<u>\$120</u> [\$100]		
22	Exercise Rider	<u>\$30</u> [\$25]		
23	Farrier/Plater/Blacksmith	<u>\$90</u> [\$75]		
24	Groom/Exercise Rider	<u>\$30</u> [\$25]		
25	Groom/Hot Walker	<u>\$30</u> [\$25]		
26	Groom/Pony Person	<u>\$30</u> [\$25]		
27	Jockey	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]
28	Jockey Agent	<u>\$120</u> [\$100]		
29	Kennel	<u>\$90</u> [\$75]		
30	Kennel Helper	<u>\$30</u> [\$25]		
31	Kennel Owner	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]

CHAPTER 311. OTHER LICENSES

SUBCHAPTER A. LICENSING PROVISIONS

DIVISION 1. OCCUPATIONAL LICENSES

1	Kennel Owner/Owner	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]
2	Kennel Owner/Owner-Trainer	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]
3	Kennel Owner/Trainer	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]
4	Lead-Out	<u>\$30</u> [\$25]		
5	Maintenance	<u>\$42</u> [\$35]		
6	Medical Staff	<u>\$42</u> [\$35]		
7	Miscellaneous	<u>\$30</u> [\$25]		
8	Multiple Owner	<u>\$42</u> [\$35]	<u>\$84</u> [\$70]	<u>\$126</u> [\$105]
9	Mutuel Clerk	<u>\$42</u> [\$35]		
10	Mutuel Other	<u>\$42</u> [\$35]		
11	Owner	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]
12	Owner-Trainer	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]
13	Pony Person	<u>\$30</u> [\$25]		
14	Racing Industry Representative	<u>\$120</u> [\$100]		
15	Racing Industry Staff	<u>\$36</u> [\$30]		
16	Racing Official	<u>\$60</u> [\$50]		
17	Security Officer	<u>\$36</u> [\$30]		
18	Stable Foreman	<u>\$60</u> [\$50]		
19	Tattooer	<u>\$120</u> [\$100]		
20	Test Technician	<u>\$30</u> [\$25]		
21	Trainer	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]
22	Training Facility Employee	<u>\$36</u> [\$30]		
23	Training Facility General Manager	<u>\$60</u> [\$50]		
24	Valet	<u>\$30</u> [\$25]		
25	Vendor Concessionaire	<u>\$120</u> [\$100]		
26	Vendor/Concessionaire Employee	<u>\$36</u> [\$30]		
27	Vendor/Totalisator	<u>\$600</u> [\$500]		
28	Vendor/Totalisator Employee	<u>\$60</u> [\$50]		
29	Veterinarian	<u>\$120</u> [\$100]	<u>\$240</u> [\$200]	<u>\$360</u> [\$300]
30	Veterinarian Assistant	<u>\$36</u> [\$30]		

V. PROCEEDINGS ON RACETRACKS

Discussion, consideration and action on the following matters:

- A. Action on Applications by Inactive Racetrack License Holders for License Renewal under Commission Rule 309.52
 - 1) Manor Downs
 - 2) Laredo Downs
 - 3) Valle de los Tesoros
- B. Request by Retama Park to Amend its 2017 Live Racing Schedule
- C. Designation by the Commission of an Application Period for Race Dates under Commission Rule 303.41



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

Date: September 14, 2017

To: Texas Racing Commissioners

From: Chuck Trout, Executive Director

Re: Action on Applications by Inactive Racetrack License Holders for License
Renewal under Commission Rule 309.52

At its meeting on September 20, 2017, the Commission will review and potentially renew each racetrack license that is currently designated as inactive under §6.0602 of the Texas Racing Act.

The inactive licenses are:

Manor Downs

Laredo Downs

Valle de los Tesoros

In preparation for this review, staff prepared an application form that addresses each of the renewal criteria established under Commission Rule 309.52. Each inactive license holder then completed the application form and submitted the required fee. The completed applications are attached for your use.

At the conclusion of its review of each license, the Commission may:

- (1) designate the license as Active-Operating;
- (2) designate the license as Active-Other;
- (3) renew the license as Inactive; or
- (4) refer the inactive racetrack license to the State Office of Administrative Hearings for an evidentiary hearing and a Proposal for Decision as to whether the Commission should refuse to renew the license.

While the Commission has established the factors that it will consider in deciding whether to renew a license, the presence of any particular factor or factors does not require the Commission to either renew or refuse to renew an inactive racetrack license.

Renewal Criteria

Renewal criteria are established in TRA §6.0602 and Commission Rule 309.52. The following chart summarizes each track's response in relation to each of the criteria.

	Manor Downs	Laredo Downs	Valle de los Tsoros
In determining whether to renew an inactive racetrack license, the Commission shall consider:			
the inactive racetrack license holder's financial stability;	Financially stable	Financially stable	Financially stable
the inactive racetrack license holder's ability to conduct live racing;	Manor Downs has land and racetrack facilities under option; facilities require repair	No racetrack facilities	No racetrack facilities
ability to construct and maintain a racetrack facility;	Possesses finances, has option on land and facilities, and has technical capability.	Possesses finances and technical capability. Does not own or lease the designated property.	Possesses finances, owns land, and has technical capability.
other good faith efforts to conduct live racing; and	See next page.	See next page.	See next page.
other necessary factors considered in the issuance of the original license.	No change from original licensure	Other than lack of property, no change from original licensure	No change from original licensure
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:			
securing sufficient financial commitments to fund construction of the racetrack facility;	Financially capable	Financially capable	Financially capable
securing the real property of the designated location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more;	Has option to purchase property	No property	Owens property
entering into contracts for the construction of the simulcasting and racetrack facilities;	None	None	None
securing Commission approval of the racing facility's construction plans;	None	None	None
securing permits and utilities necessary for the construction of the racing facilities; and	None	None	None
beginning and sustaining construction of the simulcasting or live racing facilities.	None	None	None
Other good faith actions.	See next page.		

License holders may report additional actions that they have undertaken as evidence of good faith efforts towards conducting live racing. *The following statements are taken verbatim from the license holders' applications for renewal.*

Manor Downs

PM Texas has taken the following actions in "good faith" pursuit of redeveloping a racetrack and conducting live racing:

- Pursuing regulatory changes at the Commission to improve the economics of Texas tracks and improve the Texas horse Industry;
- Pursuing legislative changes to improve the economics of Texas tracks and improve the Texas horse industry;
- Maintaining rights to the original and existing Manor Downs location at substantial annual cost to PM Texas;
- Hiring a third party, Travis County-based consultant to help explore opportunities for infrastructure development and partnerships to make the project feasible and successful;
- Conducting exploratory meetings with County and City officials to discuss potential partnerships in relation to upcoming bond elections and certain redevelopment projects under current consideration;
- Initiating discussions with large scale entertainment properties like Rodeo Austin and Circuit of the Americas about potential parallel interests and partnerships;
- Conducting exploratory meetings with existing Travis County retail operations to examine the potential for a temporary simulcast location;
- Examining the potential for other modifications to the original facility;
- Participating in TRC working group meetings and making regular reports to the Commission.
- Making regular and timely payments to the TRC to support the horse racing industry totaling \$230,000 annually;

TRC Rule 309.52(e)(1) also requires the Commission to consider whether renewing a license is in the "best interests" of the racing Industry. Manor Downs' and PM Texas' activities substantially support and improve the racing industry in this state. PM Texas is an active and significant contributor at the Racing Commission from both a financial and regulatory perspective. This commitment was demonstrated by PM Texas' agreement to satisfy the past due license fees owed by the Manor Downs license in 2016. PM Texas is highly motivated to maximize live racing opportunities in the state, and stands committed to improving the conditions for Texas racetracks, breeders, and horsemen.

Laredo Downs

Since the Commission issued the license, LRP's principals and representatives have been heavily involved in the racing industry, including attending Commission public meetings, work-sessions, and rulemaking committee sessions. The principals of are very Interested and involved in any and all activities that could improve the condition of the Texas racing industry. LRP's well-known by the horseman's groups and the owners of the other tracks as a key and responsible player in the industry. LRP has, on more than one occasion, presented innovative ideas to the Commission and staff in support of the growth of the industry as a whole. LRP's continued support of and interest in the industry supports a finding that it is making good-faith efforts.

Further, LRP incurred significant costs in its efforts to move forward to a live racing facility, including filing a comprehensive application to relocate Laredo Downs from Laredo, Texas to Tarrant County, Texas, and is now pursuing a site in Webb County. While LRP eventually withdrew its application for relocation to Tarrant County after

extensive discussions with the TRC staff, LRP continues to expend funds and effort to move forward toward live racing.

Finally, LRP continues to expend funds and effort to begin simulcasting and eventually live racing, and, more immediately, by entering into discussions with Industry representatives regarding simulcasting at a temporary facility to increase purses for the benefit of the entire industry.

Valle de los Tesoros

Since the Commission issued the license, LRP's principals and representatives have been heavily involved in the racing industry, including attending Commission public meetings, work-sessions, and rulemaking committee sessions. The principals are very interested and involved in any and all activities that could improve the condition of the Texas racing industry. LRP is well-known by the horseman's groups and the owners of the other tracks as a key and responsible player in the industry. LRP has, on more than one occasion, presented innovative ideas to the Commission and staff in support of the growth of the industry as a whole. LRP's continued support of and interest in the industry supports a finding that it is making good-faith efforts.

Further, LRP incurred significant costs in its efforts to move forward to a live racing facility, including filing a comprehensive application to relocate Laredo Downs from Laredo, Texas to Tarrant County, Texas, and is now pursuing a site in Webb County. While LRP eventually withdrew its application for relocation to Tarrant County after extensive discussions with the TRC staff, LRP continues to expend funds and effort to move forward toward live racing.

Finally, LRP continues to expend funds and effort to begin simulcasting and eventually live racing, and, more immediately, by entering into discussions with Industry representatives regarding simulcasting at a temporary facility to increase purses for the benefit of the entire industry.

Factors supporting Nonrenewal

	Manor Downs	Laredo Downs	Valle de los Tesoros
The Commission has established the following factors as evidence that renewal of a license is not in the best interests of the racing industry or the public:			
the presence of any ground for denial, revocation, or suspension of a license under §6.06 or §6.0603 of the Act;	N/A	Laredo Downs has refused to pay its annual fee for FY2018	Valle de los Tesoros has refused to pay its annual fee for FY2018
forfeiture of any bond by an inactive racetrack license holder that was required by the Commission;	N/A	N/A	N/A
failure by an inactive racetrack license holder to comply with any condition or order placed on the license by the Commission;	N/A	N/A	N/A
failure to maintain the ownership or leasehold interest in the real property constituting the designated location; or	N/A	Applicable, Laredo Downs does not maintain an	N/A

		ownership or leasehold interest in the designated property	
any factor identified in §6.04(a) of the Act	N/A	N/A	N/A

Nonrenewal

The Commission may refuse to renew an inactive racetrack license if, after notice and a hearing before the State Office of Administrative Hearings, the Commission determines that:

- (1) renewal of the license is not in the best interests of the racing industry or the public; or
- (2) the license holder has failed to make a good faith effort to conduct live racing.

If you have any questions, please let me or Mark Fenner know. Representatives of each inactive racetrack license holder will be present at the Commission meeting to answer your questions.



Texas Racing Commission
 P.O. Box 12080
 Austin, TX 78711-2080
 Phone (512) 833-6699
 Fax (512) 833-6907
www.txrc.texas.gov

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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 3, 2017.

ASSOCIATION NAME				
Hill Lane LLC D/B/A Manor Downs				
ADDRESS OF DESIGNATED RACETRACK LOCATION		CITY	STATE	ZIP CODE
9200 Hill Lane		Manor	TX	78653
CONTACT PERSON'S FIRST NAME		CONTACT PERSON'S LAST NAME		
Andrea		Young		
CONTACT PERSON'S BUSINESS STREET ADDRESS		CITY	STATE	ZIP CODE
7575 N Sam Houston Pkwy W		Houston	TX	77064
CONTACT PERSON'S BUSINESS PHONE #		CONTACT PERSON'S FAX #		
(281) 807-8747		(281) 807-8777		

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.

The proven operating track record of Sam Houston Race Park (SHRP) and Valley Race Park (VRP) demonstrate that the Manor Downs ownership and management team have the financial stability and resources required to construct, maintain, and operate successful racetracks with live racing under suitable circumstances. The Manor Downs ownership group, PM Texas LLC, has solid financial metrics, as demonstrated by the annual financial reports PM Texas regularly submits to the Commission. The joint venture between Manor Downs' parent companies – MAXXAM, Inc. and Penn National Gaming, Inc. – brings substantial resources and benefits to Manor Downs such as operating expertise, access to capital, market awareness, and financial discipline.

Ability to conduct live racing.

By demanding a disciplined approach and an agreeable economic framework, Manor Downs' affiliated entities SHRP and VRP have consistently held successful live race meets since 2011. This record demonstrates that the ownership and management of Manor Downs have the experience and resources needed to conduct live racing in a way that is mutually beneficial to the industry as a whole. VRP recently concluded a one-of-a-kind 36-day live meet from November 2016 to February 2017 at the behest of the Texas Greyhound Association and the industry as a whole. In this respect, VRP truly went above expectations and protocol in hopes to achieve a better result for the industry. SHRP consistently holds successful Thoroughbred (TB) and Quarter Horse (QH) live race meets annually. SHRP pays the highest daily purse amounts in Texas and has actually grown the TB and QH meets in handle since 2011. Furthermore, Penn National Gaming which serves as the managing member of Manor Downs is the largest owner of pari-mutuel facilities in North America with more than a dozen racetrack holdings running more than 1,200 live race dates annually.

Ability to construct and maintain a racetrack facility.

Manor Downs has the means and resources to conduct live racing, and continues to analyze the conditions in Texas to develop a live racing plan that would be viable for that area.

The Texas Racing Commission (TRC) is well aware of the current economic climate and distress facing the Texas racing industry. Constructing a racetrack facility in this environment today would be irresponsible to both Manor Downs and the Texas racing industry. For this reason, Manor Downs continues to work with state leaders, the industry and specifically horsemen representatives to identify ways to reinvigorate the industry that would allow Manor Downs to responsibly begin live racing.

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.

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

Manor Downs has access to sufficient capital to fund construction (or redevelopment) of a racetrack facility.

B. 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.

The Manor Downs location is secured via a Purchase and Option Agreement executed in September 2016 and submitted to the TRC under previous cover.

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

PM Texas – and its parent companies MAXXAM, Inc. and Penn National Gaming, Inc. – have substantial experience in development projects and securing the necessary contracts and vendors to complete these endeavors.

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

Although existing facilities are located at Manor Downs, PM Texas continues to evaluate different operating options. Given the current economic climate described above, it would be premature to seek Commission approval for redevelopment plans at this time.

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

Although permits and access to utilities are present at the Manor Downs location, PM Texas is reviewing what permits and utility access will need to be revisited once redevelopment starts. PM Texas – and its parent companies MAXXAM, Inc. and Penn National Gaming, Inc. – have substantial experience in development projects that require securing utilities and permits necessary to complete these endeavors.

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

Manor Downs is dedicated to commencing live racing when the economic situation in Texas stabilizes. In the interim, Manor Downs has begun conversations with horsemen representatives that could lead to the return of simulcast operations.

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

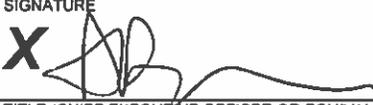
G. Any other examples of good faith efforts that the association would like considered.

PM Texas has taken the following actions in "good faith" pursuit of redeveloping a racetrack and conducting live racing:

- Pursuing regulatory changes at the Commission to improve the economics of Texas tracks and improve the Texas horse industry;
- Pursuing legislative changes to improve the economics of Texas tracks and improve the Texas horse industry;
- Maintaining rights to the original and existing Manor Downs location at substantial annual cost to PM Texas;
- Hiring a third party, Travis County-based consultant to help explore opportunities for infrastructure development and partnerships to make the project feasible and successful;
- Conducting exploratory meetings with County and City officials to discuss potential partnerships in relation to upcoming bond elections and certain redevelopment projects under current consideration;
- Initiating discussions with large scale entertainment properties like Rodeo Austin and Circuit of the Americas about potential parallel interests and partnerships;
- Conducting exploratory meetings with existing Travis County retail operations to examine the potential for a temporary simulcast location;
- Examining the potential for other modifications to the original facility;
- Participating in TRC working group meetings and making regular reports to the Commission.
- Making regular and timely payments to the TRC to support the horse racing industry totaling \$230,000 annually;

TRC Rule 309.52(e)(1) also requires the Commission to consider whether renewing a license is in the "best interests" of the racing industry. Manor Downs' and PM Texas' activities substantially support and improve the racing industry in this state. PM Texas is an active and significant contributor at the Racing Commission from both a financial and regulatory perspective. This commitment was demonstrated by PM Texas' agreement to satisfy the past due license fees owed by the Manor Downs license in 2016. PM Texas is highly motivated to maximize live racing opportunities in the state, and stands committed to improving the conditions for Texas racetracks, breeders, and horsemen.

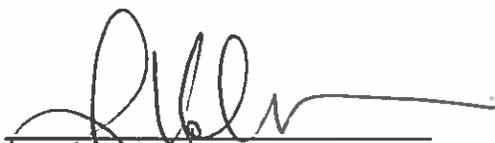
As required by Commission Rule 309.52(c)(3), I swear that the information in this application and its supplemental documents is true and valid.

PRINT NAME Andrea B. Young	
SIGNATURE 	DATE 6/30/17
TITLE (CHIEF EXECUTIVE OFFICER OR EQUIVALENT) PRESIDENT	

SWORN TO AND SUBSCRIBED before me on the 30 day of June, 2017.

My commission expires:

February 24, 2019



Notary Public, State of Texas

K&L GATES

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June 30, 2017

RECEIVED
TEXAS RACING
COMMISSION
Janessa M. Glenn
Janessa.Glenn@klgates.com

T (512) 482-6866
F (512) 482-6859

Mr. Chuck Trout
Executive Director
Texas Racing Commission
8505 Cross Park Dr., Suite #110
Austin, Texas 78754

Via Hand Delivery

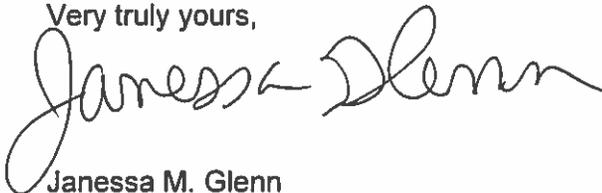
**Re: Application for Renewal
Laredo Downs / LRP Group, Ltd.**

Dear Mr. Trout:

Enclosed please find an Application for Renewal of LRP Group, Ltd. together with a check in the amount of \$5,000.00 for the review fee.

Please let me know if I can be of further assistance.

Very truly yours,



Janessa M. Glenn
Enclosures



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

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 3, 2017.

ASSOCIATION NAME Laredo Downs / LRP Group, Ltd. ("LRP")			
ADDRESS OF DESIGNATED RACETRACK LOCATION Hwy. 59	CITY Laredo	STATE TX	ZIP CODE 78043
CONTACT PERSON'S FIRST NAME Gregory		CONTACT PERSON'S LAST NAME LaMantia	
CONTACT PERSON'S BUSINESS STREET ADDRESS 3900 N. McColl Road	CITY McAllen	STATE TX	ZIP CODE 78501
CONTACT PERSON'S BUSINESS PHONE # (959) 687-7751	CONTACT PERSON'S FAX # (956) 994-9734	CONTACT PERSON'S E-MAIL ADDRESS [REDACTED]	

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.

The responses below largely mirror the responses provided in the 2016 Application for Renewal discussing long-term plans. Additional discussion of more immediate potential plans related to simulcasting is also included.

The Texas Racing Commission ("TRC") fully recognizes that the entire Texas racing industry is suffering financially. Significant industry-wide regulatory and practical changes are needed to insure the survival of the racing industry in Texas. With that in mind, the following discussions of long-term plans to construct and operate a racetrack cannot move forward until there is significant financial improvement in the racing industry. Doing so would be irresponsible and not in the best interest of the association, the industry, or the public. LRP offers these responses with that limitation.

Describe the association's:

Financial stability.

LRP filed its annual ownership report with the Texas Racing Commission ("TRC") on June 15, 2017 as required by relevant TRC regulations and notices. Within that filing, LRP provided the Commission with updated financial information for the entity and documentation showing each partner's interest in LRP. The TRC is very familiar with the partners in LRP and their continued financial commitment to the racetrack. In addition, LRP submitted extensive financial information relating to these partners, including tax returns and other financial documentation, during the initial application process. To the best of LRP's knowledge, that information has not substantively changed. LRP clearly has the financial stability necessary to undertake the activities associated with its license. Additional information will be submitted if necessary and upon request.

Ability to conduct live racing.

As has been pointed out to the TRC previously, LRP is primarily comprised of individuals with backgrounds and expertise in horse racing. Examples include Mr. Holt Hickman and other Hickman family members (Silver Creek Racing), Dr. Charles Graham, and Mr. Tyler Graham. In addition, LRP's management is very knowledgeable with respect to operating an entertainment oriented business. This was illustrated during the licensing proceeding with respect to various LaMantia family members due to their extensive involvement in such activities. Furthermore, LRP has retained the Green Group, Inc. to manage the racetrack. Information previously submitted to the Commission shows the experience and expertise of the Green Group, Inc. with respect to managing such facilities. LRP has clearly maintained its ability to conduct live racing.

The TRC is well aware of the current economic climate and the financial struggles of the industry. Given the state of the industry, it will be necessary to build purses prior to beginning live racing at any new racetrack. LRP is currently in discussions with the horseman's groups and other industry representatives with respect to a short-term plan whereby LRP would begin simulcasting operations at a temporary facility in Webb County or elsewhere as approved by the TRC. The main purpose would be to assist in increasing purse funds available to support the horsemen and thus the industry as a whole. More long-term, the principals of LRP and Valle De Los Tesoros ("VDLT") intend to work together with a plan that would move both locations to live racing. Under the contemplated proposal, VDLT would begin construction/operations of a temporary simulcast facility at its approved site in Hidalgo County to build up purse funds to compliment LRP's and VDLT's ability to move forward. This would be followed by construction of a live racing venue for VDLT. The timing of construction of the simulcast and live racing facilities would be dependent on many factors including industry-wide changes that allow the industry, as a whole, to be more financially stable. Under any scheduling scenario, the two entities would support each other in order for both to realize live racing.

More long-term, LRP has been exploring potential new sites in Webb County. LRP intends to eventually submit an application to the TRC seeking approval of the site and work with the TRC staff, horsemen's representatives, and others in the industry with respect to the timing and other details of such plan.

The Texas horseman's groups are in the best position to work with the principles of LRP and VDLT to weigh various industry factors to create a viable schedule for these tracks to move forward. LRP will be working closely with industry leaders to move toward live racing when sensible and viable.

Ability to construct and maintain a racetrack facility.

LRP has the financial ability to construct and maintain a racetrack facility. LRP's partners, in conjunction with the management team it has assembled, including the Green Group, Inc., have the requisite expertise and financial strength to construct and maintain a racetrack facility. The partners recognize, however, that constructing a racetrack facility in Laredo in this financial climate would be irresponsible with respect to both the partnership and the Texas racing industry. That is why LRP hopes to work with industry representatives with respect to simulcast operations to increase current purse money, and eventually to team with VDLT to work toward a solution that would allow both tracks to responsibly begin live racing. As noted above, this is predicated on industry-wide changes that lead to economic stability.

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.

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

LRP has invested over \$5 million to date in this racetrack, including funding a contested licensing proceeding, preparing an application for transfer location, exploring live racing at a temporary location, and the day-to-day administration costs of maintaining a license. The partners are committed to this license and are willing to fund the building of the facility once the financial condition of the industry improves.

B. 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.

LRP is exploring various options with respect to securing a location for a racetrack in Webb County, Texas. LRP will contact the Commission with respect to this site at the appropriate time. If necessary this renewal application will be modified at that time.

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

Although LRP has not yet entered into any contracts for construction, LRP is dedicated to moving forward toward live racing. Obviously, construction contracts cannot be entered into prior to approval of the new site. LRP will enter into construction contracts at the appropriate time.

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

It would premature to seek Commission approval of construction plans at this time. However, LRP hopes to do so with respect to temporary simulcast facilities at the appropriate time.

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

LRP has not yet secured permits and utilities. As noted above, LRP intends to seek Commission approval of a new Webb County site. Necessary permits and utilities will be obtained at the appropriate time. The timing is dependant on many factors, including the result of the discussions with industry representatives.

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

While LRP has not begun construction, this does not mean LRP is not dedicated to moving forward toward simulcasting and live racing. As noted above, LRP intends to acquire rights to a site in Webb County and when feasible, pursue live racing at that new location. LRP will begin construction at the appropriate time. However, in the short-term, LRP would like to begin by building up purses at a temporary facility under a short-term plan being discussed.

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

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

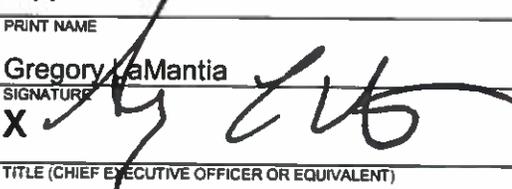
Since the Commission issued the license, LRP's principals and representatives have been heavily involved in the racing industry, including attending Commission public meetings, work-sessions, and rulemaking committee sessions. The principals of are very interested and involved in any and all activities that could improve the condition of the Texas racing industry. LRP is well-known by the horseman's groups and the owners of the other tracks as a key and responsible player in the industry. LRP has, on more than one occasion, presented innovative ideas to the Commission and staff in support of the growth of the industry as a whole. LRP's continued support of and interest in the industry supports a finding that it is making good-faith efforts.

Further, LRP incurred significant costs in its efforts to move forward to a live racing facility, including filing a comprehensive application to relocate Laredo Downs from Laredo, Texas to Tarrant County, Texas, and is now pursuing a site in Webb County. While LRP eventually withdrew its application for relocation to Tarrant County after extensive discussions with the TRC staff, LRP continues to expend funds and effort to move forward toward live racing.

Finally, LRP continues to expend funds and effort to begin simulcasting and eventually live racing, and, more immediately, by entering into discussions with industry representatives regarding simulcasting at a temporary facility to increase purses for the benefit of the entire industry.

* By filing this Application, LRP Group, Ltd. does not waive any claim that the renewal requirement and/or process is unconstitutional or otherwise contrary to law.

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	
Gregory LaMantia	
SIGNATURE	DATE
X 	6/29/17
TITLE (CHIEF EXECUTIVE OFFICER OR EQUIVALENT)	

SWORN TO AND SUBSCRIBED before me on the 29 day of June, 2017.

My commission expires:

10/29/18




Notary Public, State of Texas



2017 JUN 30 PM 4: 09

June 30, 2017

RECEIVED
TEXAS RACING
COMMISSION

Janessa M. Glenn
Janessa.Glenn@klgates.com

T (512) 482-6866
F (512) 482-6859

Mr. Chuck Trout
Executive Director
Texas Racing Commission
8505 Cross Park Dr., Suite #110
Austin, Texas 78754

Via Hand Delivery

**Re: Application for Renewal
Tesoros Race Park/Valle de los Tesoros, Ltd.**

Dear Mr. Trout:

Enclosed please find an Application for Renewal of Valle de los Tesoros, Ltd. together with a check in the amount of \$5,000.00 for the review fee.

Please let me know if I can be of further assistance.

Very truly yours,

Janessa M. Glenn
Enclosures



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

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, 2017.

Tesoros Race Park/Valle de los Tesoros, Ltd. ("VDLT")

ADDRESS OF DESIGNATED RACETRACK LOCATION 10th & Dicker Road		CITY McAllen	STATE TX	ZIP CODE 78505
CONTACT PERSON'S FIRST NAME Gregory		CONTACT PERSON'S LAST NAME LaMantia		
CONTACT PERSON'S BUSINESS STREET ADDRESS 3900 N. McColl Road		CITY McAllen	STATE TX	ZIP CODE 78501
CONTACT PERSON'S BUSINESS PHONE # (959) 687-7751	CONTACT PERSON'S FAX # (956) 994-9734	CONTACT PERSON'S E-MAIL ADDRESS [REDACTED]		

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.

The responses below largely mirror the responses provided in the 2016 Application for Renewal discussing long-term plans. Additional discussion of more immediate potential plans related to simulcasting is also included.

The Texas Racing Commission ("TRC") fully recognizes that the entire Texas racing industry is suffering financially. Significant industry-wide regulatory and practical changes are needed to insure the survival of the racing industry in Texas. With that in mind, the following discussions of long-term plans to construct and operate a racetrack cannot move forward until there is significant financial improvement in the racing industry. Doing so would be irresponsible and not in the best interest of the association, the industry, or the public. VDLT offers these responses with that limitation.

Describe the association's:

Financial stability.

VDLT filed its annual ownership report with the Texas Racing Commission ("TRC") on June 15, 2017 as required by relevant TRC regulations and notices. Within that filing, VDLT provided the Commission with updated financial information for the entity and documentation showing each partner's interest in VDLT. The TRC is very familiar with the partners in VDLT and their continued financial commitment to the racetrack. In addition, VDLT submitted extensive financial information relating to these partners, including tax returns and other financial documentation, during the initial application process. To the best of VDLT's knowledge, that information has not substantively changed. VDLT clearly has the financial stability necessary to undertake the activities associated with its license. Additional information will be submitted if necessary and upon request.

Ability to conduct live racing.

As has been pointed out to the TRC previously, VDLT is primarily comprised of individuals with backgrounds and expertise in horse racing. Examples include Mr. Holt Hickman and other Hickman family members (Silver Creek Racing), Dr. Charles Graham, and Mr. Tyler Graham. In addition, VDLT's management is very knowledgeable with respect to operating an entertainment oriented business. This was illustrated during the licensing proceeding with respect to various LaMantia family members due to their extensive involvement in such activities. Furthermore, VDLT has retained the Green Group, Inc. to manage the racetrack. Information previously submitted to the Commission shows the experience and expertise of the Green Group, Inc. with respect to managing such facilities. VDLT has clearly maintained its ability to conduct live racing.

The TRC is well aware of the current economic climate and the financial struggles of the industry. Given the state of the industry, it will be necessary to build purses prior to beginning live racing at any new racetrack. VDLT is currently in discussions with the horseman's groups and other industry representatives with respect to a short-term plan whereby VDLT would begin simulcasting operations at a temporary facility either at its approved site in Hidalgo County or another site approved by the TRC. The main purpose would be to assist in increasing purse funds available to support the horsemen and thus the industry as a whole. More long-term, the principals of LRP Group, Ltd. ("LRP") and VDLT intend to work together with a plan that would move both to live racing. Under the contemplated proposal, VDLT would eventually begin construction/operations of a temporary simulcast facility at its approved site in Hidalgo County or elsewhere to build up purse funds at the appropriate time after LRP's new site is approved. This would be followed by construction of a live racing venue for VDLT. The timing of construction of the simulcast and live racing facilities would be dependent on many factors including industry-wide changes that allow the industry, as a whole, to be more financially stable. Under any scheduling scenario, the two entities would support each other in order for both to realize live racing.

The Texas horseman's groups are in the best position to work with the principles of LRP and VDLT to weigh various industry factors to create a viable schedule for these tracks to move forward. VDLT will work closely with industry leaders to move toward live racing when sensible and viable.

Ability to construct and maintain a racetrack facility.

VDLT has the financial ability to construct and maintain a racetrack facility. VDLT's partners, in conjunction with the management team it has assembled, including the Green Group, Inc., have the requisite expertise and financial strength to construct and maintain a racetrack facility. The partners recognize, however, that constructing a racetrack facility in this financial climate would be irresponsible with respect to both the partnership and the Texas racing industry. That is why VDLT to work with industry representatives with respect to simulcast operations to increase current purse money, and eventually to team with LRP to work toward a solution that would allow both tracks to responsibly begin live racing. As noted above, this is predicated on industry-wide changes that lead to economic stability.

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.

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

VDLT has invested significant funds to date in this racetrack, including its initial application submittal, exploring and working with the Commission on potential simulcast operations at a temporary location, working with city and county officials with respect to needed infrastructure, and the day-to-day administration costs of maintaining a license. The partners are committed to this license and are willing to fund the building of the facility at the appropriate time and to use a temporary simulcast facility at its McAllen location to buildup purse funds.

B. 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.

VDLT owns the approximately 200 acre race track site in McAllen, Texas. Information on this property has been previously provided to the Commission. Should the Commission require that information again, VDLT would be happy to provide it upon request.

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

Although VDLT has not yet entered into any contracts for construction, VDLT is dedicated to moving forward toward simulcasting and eventually live racing. As noted above, VDLT is working with the horseman's groups on a short-term plan to pursue simulcasting in a temporary facility to build up purse funds for the immediate future. This will require construction contracts for those temporary facilities at the appropriate time.

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

It would be premature to seek Commission approval of construction plans at this time. However, VDLT hopes to do so with respect to temporary simulcast facilities at the appropriate time.

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

VDLT has not yet secured permits and utilities, but will do so as appropriate.

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

While VDLT has not begun construction, this does not mean VDLT is not dedicated to moving forward toward live racing. As noted above, VDLT would like to begin by building up purses at a temporary facility under a short-term plan to assist the horseman's groups, and later, a more long-term plan in advance of live racing. The timing of these activities is dependent on many factors including the result of the discussions with industry representatives.

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

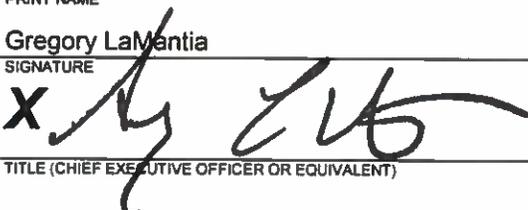
G. Any other examples of good faith efforts that the association would like considered.

Since the Commission issued the license, VDLT's principals and representatives have been heavily involved in the racing industry, including attending Commission public meetings, work-sessions, and rulemaking committee sessions. The principals of are very interested and involved in any and all activities that could improve the condition of the Texas racing industry. VDLT is well-known by the horseman's groups and the owners of the other tracks as a key and responsible player in the industry. VDLT has, on more than one occasion, presented innovative ideas to the Commission and staff in support of the growth of the industry as a whole. VDLT is currently working with the horseman's groups that it hopes will result in a purse build-up that would benefit those groups. VDLT's continued support of and interest in the industry supports a finding that it is making good-faith efforts.

Further, VDLT incurred significant costs in its efforts to move forward to a live racing facility, and continues to expend funds and effort to begin simulcasting and eventually live racing, and, more immediately, by entering into discussions with industry representatives regarding simulcasting at a temporary facility to increase purses for the benefit of the entire industry.

* By filing this Application, VDLT does not waive any claim that the renewal requirement and/or process is unconstitutional or otherwise contrary to law.

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 Gregory LaMentia	
SIGNATURE 	DATE 6/29/17
TITLE (CHIEF EXECUTIVE OFFICER OR EQUIVALENT)	

SWORN TO AND SUBSCRIBED before me on the 29 day of June, 2017.

My commission expires:

11/15/18




Notary Public, State of Texas



September 6, 2017

Mr. Mark Fenner,
General Counsel
Texas Racing Commission
8505 Cross Park Dr. #110
Austin, TX 78754

Dear Mr. Fenner,

I am writing on behalf of Retama Park to respectfully request the item below be placed on the agenda for Commission consideration at the September 20, 2017 meeting.

Request by Retama Park to amend its 2017 thoroughbred meet by eliminating four race days, October 27, November 3, November 10 and November 11.

This request is being made to prevent Retama Park from incurring a purse overpayment. The current forecast is to be over by \$350,000. The primary reason is that simulcast import, the major source of purse money, has been down significantly of late vs. prior year, 12%, 15% and 22%, respectively, in June, July and August. There is no reason to believe this trend will not continue.

I would be happy to provide the methodology used to arrive at the \$350,000 if desired.

Retama Park is not able to fund any overpayment.

Furthermore, live handle on days 1 and 2 of the thoroughbred meet were down 22% and 12%, respectively. We must assume this trend will continue.

Another consideration is the tentative new Commission funding model, which provides Class 1 tracks a base of 20 live racing days in the fiscal year. The model shows Retama Park with a tentative 32 days. Without reducing the thoroughbred meet, assuming Retama Park does apply for 32 days, the Quarter Horses will have a ten-day meet.

Both the Texas Thoroughbred HBPA and the Texas Thoroughbred Association are aware of this situation and at the time of writing have not indicated their support. The alternative to eliminating the four days is running fewer races per day and/or reducing purses.

Thank you for your consideration.

Steven M. Ross

Steve Ross
Director of Racing Operations
Retama Park



RETAMA PARK

September 3, 2017

Mr. Mark Fenner
General Counsel
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, TX 78754

Dear Mr. Fenner:

Retama Park respectfully requests that the item below be placed the agenda for the September 20, 2017 meeting of the Texas Racing Commission.

In accordance with Commission Rule 303.41, Retama Park respectfully requests that the Texas Racing Commission open an application period for race dates for January 1, 2018 through December 31, 2018. Retama Park also requests that the application period for these race dates be opened on October 1, 2017 and be closed on November 10, 2017.

As you are aware, Retama Park's 2018 race date application was not addressed at the August meeting. Retama Park does not have any allocated calendar year 2018 dates, and it is my understanding that at least one date is necessary to be authorized to simulcast in January. I assume that dates applied for during this period would then be approved at the December Commission meeting.

Thank you for your consideration.

Steven M. Ross

Steven M. Ross
Retama Park
Direction of Racing Operations

VI. PROCEEDINGS ON DRUG TESTING MATTERS

Discussion, consideration and possible action on the following matter:

Approval of Memorandum of Understanding with Texas Veterinary Medical Diagnostic Laboratory for Fiscal Year 2018

**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 as follows:
 - 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). Pooling of no more than 4 samples is permissible.
 - 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 beta-agonist drugs, including Clenbuterol, Albuterol, Ractopamine and Zilpaterol 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 five 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), corticosteroids, 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). Minimum retention period for all records is two years 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 2,860 equine samples (urine and/or blood) per year. Submit approximately 400 canine urine samples per year. 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; 11 and 13; blood and urine if co-received from the same animal is considered a single sample) and \$45.00 for canine samples (pursuant to Article II, Sections 10 and 11). 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 \$100.00. 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 \$65.00. 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, 2018. 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, a significant increase in the cost of drug testing or testing supplies, or a significant change in the number of samples submitted for testing, 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