

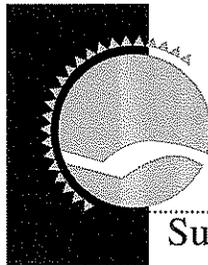
BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

COMMISSION MEETING

OCTOBER 4, 2007

Reported by: SHERRI SANTMAN FISHER

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ORIGINAL

Sunbelt Reporting & Litigation Services

CORPORATE OFFICE
6575 West Loop South, Suite 580
Houston / Bellaire, Texas 77401
713-667-0763

DALLAS/FORT WORTH
15150 Preston, Ste. 300
Dallas, Texas 75248
214-747-0763

CORPUS CHRISTI
711 N. Carancahua, Ste. 700
Corpus Christi, Texas 78475
361-882-0763

AUSTIN
6448 Hwy. 290 E, Ste. E105
Austin, Texas 78723
512-465-9100

1 CHAIRMAN ADAMS: Thank you very much.
2 Good morning. Welcome to the Texas Racing Commission
3 meeting. Can I have Gloria please do the roll call?

4 MS. GIBERSON: Ernest Angelo?

5 MR. ANGELO: Here.

6 MS. GIBERSON: Jimmy Archer?

7 MR. ARCHER: Here.

8 MS. GIBERSON: Ron Ederer?

9 COMMISSIONER EDERER: Here.

10 MS. GIBERSON: Rolando Pablos?

11 COMMISSIONER PABLOS: Here.

12 MS. GIBERSON: Dyke Rogers? Sonny
13 Sowell?

14 COMMISSIONER SOWELL: Here.

15 MS. GIBERSON: Dr. Kent Carter?

16 VICE-CHAIRMAN CARTER: Here.

17 MS. GIBERSON: Jesse Adams?

18 CHAIRMAN ADAMS: Here.

19 I'd like to begin this morning by
20 welcoming our new Commissioner, Mr. Rolando Pablos.
21 And, Rolando, I don't know that we've told you what our
22 tradition here is yet; but you get a chance to address
23 the Commission and the audience. And we want to
24 welcome you. And if you'd like to say a few words, you
25 have the floor.

1 COMMISSIONER PABLOS: Thank you,
2 Mr. Chairman. I'm certainly glad to be here. It's a
3 pleasure. I look forward to working with everyone.
4 And, you know, it's certainly a great industry to be a
5 part of and so you all ought to be very proud of it.
6 We just need to make sure that we keep it moving
7 forward. And I'm here to help.

8 CHAIRMAN ADAMS: Thank you, sir.
9 Appreciate it very much.

10 I'd like to also welcome back Treva Boyd
11 who is here this morning as the Commission's expert and
12 a member of the greyhound race date working group. And
13 Treva will be testifying to the Commission and giving
14 her -- giving us her expertise on that particular
15 subject.

16 So without any further ado, I'm going to
17 go to the first item on the agenda, which is public
18 comment. Ms. Giberson, do we have any comment turned
19 in under this?

20 MS. GIBERSON: No.

21 CHAIRMAN ADAMS: Mr. Fenner, do we have
22 anything this morning?

23 MR. FENNER: No, sir.

24 CHAIRMAN ADAMS: Okay. Thank you.

25 Under general business, a discussion of a

1 finance update. We've got consideration and possible
2 action on the following matters. I'll recognize
3 Shelley Harris-Curtsinger.

4 MS. HARRIS-CURTSINGER: Good morning,
5 Commissioners. The budget information in your packet
6 is as of August 31st. As of this date, we are 98
7 percent through 2007 fiscal year. The agency does have
8 some outstanding payables remaining to finish out and
9 close out the fiscal year.

10 The agency has met with the industry to
11 discuss fees and race dates, and the response from the
12 tracks was to leave the fees as they are with no rule
13 changes to the fee structure. On September 1st all of
14 the inactive license fees were due in the amount of
15 \$75,000 each. The agency has received all of these
16 fees in accordance with the rules.

17 We are in the process of preparing the
18 operating budget for 2008 fiscal year. That is due to
19 the legislator -- that is due to the Legislative Budget
20 Board approximately December 1st. We will be asking
21 for your approval of the operating budget at the next
22 Commission meeting.

23 With the Legislature approving a two
24 percent increase to all State employees and with the
25 agency having several employees retire and more that

1 are eligible for retirement, we have built a budget
2 with no cushion. If the race calendars are approved as
3 submitted, the agency will not be able to waive any
4 race day or simulcast fees. As we have in the past,
5 the agency will continue to work with the tracks and
6 monitor the budget.

7 I will be happy to answer any questions.

8 CHAIRMAN ADAMS: Are there any questions
9 by the Commission?

10 Thank you, ma'am.

11 There's no action required on this item,
12 so I'll next go to a report on racetrack inspections.
13 Director of investigation Mr. Tom Neely.

14 MR. NEELY: Good morning, Commissioners.
15 As you can see in your packet under Tab 2, there's a
16 report on the racetrack inspection activity. Just as
17 an aside, I'll let you know that the outstanding issues
18 on pari-mutuels at several of the tracks are still
19 related to the cancellation of tickets with the
20 self-serve machines. Our auditing department is
21 working with the tracks to get a policy and procedure
22 established for that.

23 The outstanding issues with Corpus
24 Christi, the veterinary issues are related to
25 maintenance and housekeeping issues that they still

1 need to take care of. They have taken care of more
2 than half of it. There was about 43 items initially
3 and they're still working on that.

4 The administrative issue at Corpus is
5 related to a structural damage that they sustained at
6 their grandstands and they're working on that.

7 And also at Gulf the veterinary issues
8 again are related to maintenance and housekeeping and
9 they are working on those. Most of those have been
10 completed, but we're not ready to issue it as
11 resolved.

12 CHAIRMAN ADAMS: Any questions for
13 Mr. Neely?

14 Hearing none, thank you, sir.

15 The next item is the update by the
16 executive director. Charla Ann King, please.

17 MS. KING: Yes, Mr. Chairman and
18 Commissioners. I have just a few items for you today.

19 First, I am able to report that Laredo
20 Race Park has satisfactorily posted its security bond
21 in the amount of \$140,000. This means that all current
22 administrative requirements for the new licenses are
23 complete. The agency will now begin developing its
24 approach to oversee the construction process as
25 required by the Texas Racing Act in Section 6.062.

1 We have in Section 309.103 of the rules
2 numerous responsibilities, including review of
3 construction plans, monitoring construction, and
4 reviewing changes to construction plans as the projects
5 progress. We must provide final approval, when the
6 project is complete, to ensure that a newly constructed
7 facility complies with the rules.

8 Although it's not possible to determine
9 when the process will begin, we will make sure that we
10 have reviewed and made any needed adjustments to the
11 staff approach before these activities occur. I've
12 received some comments and some inquiries about getting
13 the process started in Hidalgo County.

14 My second item is a brief report on the
15 medication and drug testing working group. We held a
16 meeting on September 14th. At that meeting we covered
17 five topics: Publication of information on drugs,
18 testing procedures and penalties, the use of anabolic
19 steroids, the status of our TCO2 testing program, use
20 of the Cornell collar, and the RCI model rule on toe
21 grabs.

22 Our discussion of steroids was an
23 important opportunity to share information about the
24 use of these substances and their impact on
25 racehorses. As a result, I can report to you that

1 there was universal support to work to eliminate the
2 inappropriate use of steroids at the racetrack. Staff
3 will begin working to expand its approach and move
4 forward. It will require some additional discussion
5 with TVMDL and the industry, but we're moving forward
6 and making some needed changes.

7 I did want to mention that our discussion
8 on steroids and the other topics for that day was open
9 and candid. It allowed us to take an honest look at
10 practices that affect equine health and safety.
11 Numerous good ideas were offered, including an offer
12 from Retama Park to assist in using their training
13 facility to gather drug testing data on horses
14 performing under real track conditions, which is a
15 challenge to get that opportunity. We very much
16 appreciated the leadership of Dr. Stewart Marsh, our
17 chief veterinarian, and our vice-chair, Dr. Carter.

18 Finally, just a quick reminder advising
19 you that Chapter 309, racetrack licenses and
20 operations, is up for rule review. Staff has been
21 working on developing some proposals and will bring
22 those to you at the next Commission meeting. The team
23 lead for this project is legal counsel Rhonda
24 Fritsche.

25 And that's all I have for today,

1 Mr. Chairman.

2 CHAIRMAN ADAMS: Thank you, Ms. King.
3 Are there any questions from the
4 Commission?

5 All right. Thank you very much.

6 The next item, proceedings on
7 racetracks. I'll begin with a request by Retama
8 Partners for approval of change of ownership. Mr. Tom
9 Neely, director of investigations.

10 MR. NEELY: Commissioners, under Tab 3 in
11 your packet, you'll see where we had some
12 correspondence with Retama Partners, Limited,
13 requesting a transfer of some ownership interest that
14 amounts to .498 percent from the estate of Mr. John
15 Carter to Catherine Carter Malone and John Mason Carter
16 at .249 percent each.

17 And they did request that. They
18 submitted the proper application. And the background
19 information was investigated by the Department of
20 Public Safety and we received a report from them on
21 August 23rd that there was no disqualifying information
22 revealed, so we recommend that the transfer be
23 approved.

24 CHAIRMAN ADAMS: Thank you, Mr. Neely.
25 Any questions?

1 COMMISSIONER SOWELL: Move approval.

2 COMMISSIONER EDERER: Second.

3 CHAIRMAN ADAMS: We have a motion by
4 Mr. Sowell and seconded by Mr. Ederer that we approve
5 Retama Park's request for change of ownership.

6 All those in favor please state aye.

7 COMMISSIONERS: Aye.

8 CHAIRMAN ADAMS: Any opposed?

9 The motion carries.

10 The next item under the proceedings on
11 racetracks is a request by the Austin Jockey Club for a
12 change in ownership and location of Longhorn Downs.
13 Mr. Mark Fenner, please.

14 MR. FENNER: Commissioners, after coming
15 out of executive session at the last Commission
16 meeting, the Chair instructed the proposed purchasers
17 of Longhorn Downs to meet with staff to establish a
18 schedule for supplying the information necessary to
19 review the proposed change of ownership and location.

20 Staff met with the Austin Jockey Club and
21 at least some of the proposed buyers. However, as you
22 know, the general partners of the buyer, Dallas City
23 Limits, are in litigation with each other over the
24 ownership of that business. I and staff have
25 instructed the buyers that the Commission cannot begin

1 the required background checks or review the site
2 information until all litigation has ceased.

3 I believe the buyers have provided
4 directly to you information that demonstrates the
5 extent of their differences. Fortunately, I have
6 received information yesterday from both parties that
7 gives me hope that they will be able to reach a
8 settlement within the next week to 10 days.

9 I do want to clarify for the benefit of
10 the Commission and everyone involved that the agenda
11 item is whether to approve the request by Austin Jockey
12 Club to -- for the change of ownership and location.
13 The proposed buyers do not speak for the license. They
14 have no standing to make any requests regarding the
15 license. And the Austin Jockey Club has the sole
16 authority to withdraw or amend its request.

17 But with that said, I am hopeful the
18 buyers will reach a settlement so that the Austin
19 Jockey Club is comfortable bringing them back to the
20 Commission as a potential buyer and that we, as staff,
21 will therefore be able to make progress before the next
22 Commission meeting.

23 CHAIRMAN ADAMS: Very good, Mr. Fenner.

24 I am personally very pleased to hear that
25 there is progress being made and I know the

1 Commissioners will second that as well.

2 I would like to suggest that the
3 Commission consider giving them some additional time.
4 We did at the last meeting meet in executive session
5 and discuss this thoroughly, and I think that it would
6 be -- it would be in good faith that we do that so that
7 they can continue to work this out.

8 And with that said, I'll open it up for
9 comment. Yes, sir.

10 MR. ANGELO: Mr. Chairman, I just wanted
11 to say that I hope that the participants in this
12 controversy realize that the perception that's been
13 created by what's been going on here the last recent
14 times have not been good for them or for the industry
15 and that they will get this straightened out.

16 And I think it's proper that the
17 Commission give them the time to do that, but I hope
18 they realize what I've said about the perception that's
19 been created. They need to fix that, because it's not
20 good.

21 COMMISSIONER SOWELL: Mr. Chairman, I
22 would support Mr. Angelo's comments. I think that's
23 something that everybody should take note of and
24 remember. And I would move that we postpone any action
25 on this item until the next meeting of the Commission.

1 COMMISSIONER EDERER: Second.

2 VICE-CHAIRMAN CARTER: Could I say
3 something before we vote on that? Or ask a question,
4 first of all. You said you had a meeting to try to
5 work out these problems and not all the participants
6 attended the meeting. When was that meeting?

7 MR. FENNER: The first -- I don't
8 remember exactly. We had meetings in -- Rhonda, do you
9 remember exactly?

10 VICE-CHAIRMAN CARTER: So there's been
11 more than one meeting?

12 MR. FENNER: We've had two meetings.

13 VICE-CHAIRMAN CARTER: There's been two
14 meetings and one of the parties has not attended the
15 meetings.

16 MR. FENNER: That's correct.

17 VICE-CHAIRMAN CARTER: So how do we hope
18 to resolve these issues if they won't attend the
19 meetings where we resolve the issues?

20 MR. FENNER: Well, the Commission's
21 agency staff's position has been that it is not really
22 our role to facilitate the agreement between the
23 proposed purchasers. We're not trying to mediate a
24 solution between them. Our goal is to get the proposed
25 buyer to step forward with a schedule for when they're

1 going to provide us with the information we need so
2 that we can review the proposed transfer of the license
3 and the location. But we don't see ourselves as being
4 the mediator between the buyers.

5 By the way, you asked when the meetings
6 were. We met with them on September 6th and also on
7 September 14th.

8 VICE-CHAIRMAN CARTER: Okay. Two
9 different occasions, a week apart, 10 days apart?

10 MR. FENNER: Yes, sir.

11 VICE-CHAIRMAN CARTER: So if we come here
12 next month and they still have not attended the
13 meetings, how can we resolve this if we can't get them
14 to the meetings?

15 MR. FENNER: It is within the
16 Commission's discretion to take up the request for
17 approval for a transfer and to reject that request.

18 VICE-CHAIRMAN CARTER: Well, I would
19 personally like to advise them that if they're not
20 going to participate in the mediation process that we
21 have to move on at some point and I think that might be
22 appropriate to be the next meeting. That's just my
23 opinion.

24 CHAIRMAN ADAMS: Any other comments?

25 Mr. Archer?

1 MR. ARCHER: No.

2 CHAIRMAN ADAMS: I have a motion and a
3 second on the floor here for putting this off until the
4 next meeting and -- yes, sir, Mr. Fenner.

5 MR. FENNER: Actually, if we're not going
6 to take any action, that doesn't really require a
7 motion and a second. There's nothing to prevent you
8 from doing that, but at this point we can just take no
9 action. It's not an action item.

10 CHAIRMAN ADAMS: Is that okay?

11 COMMISSIONER SOWELL: Yeah. I'll
12 withdraw the motion.

13 CHAIRMAN ADAMS: Okay. That being the
14 case, we'll -- I'd just like to add that I strongly
15 recommend to both the buyers and to the Austin Jockey
16 Club that there be some significant progress by the
17 next meeting. And I think you've heard the feelings of
18 the fellow Commissioners.

19 Thank you very much.

20 MR. FENNER: Thank you.

21 CHAIRMAN ADAMS: The next item is a
22 request by Sam Houston Race Park to modify its 2007
23 live racing schedule. I'd like to recognize a
24 represent from Sam Houston Race Park.

25 MR. JOHNSTON: Good morning, gentlemen.

1 I'm Eric Johnston, director of racing at Sam Houston
2 Race Park.

3 Sam Houston Race Park would respectfully
4 request to add December 31st, 2007, to its current
5 Thoroughbred racing calendar for this year. Racing on
6 December 31st will give us an opportunity to promote
7 New Year's Eve, which has proven to be very successful
8 at other sporting venues in the Houston area.

9 CHAIRMAN ADAMS: Any comments? Any
10 questions?

11 I have Mr. Hooper signed up to speak.
12 Dave Hooper, please.

13 Thank you, sir.

14 MR. HOOPER: Mr. Chairman, I didn't --
15 we're in support of it.

16 CHAIRMAN ADAMS: Okay. Thank you, sir.
17 Anyone else?

18 Okay. I will -- the Chair will entertain
19 a motion to change the live racing schedule.

20 MR. ANGELO: I move approval.

21 COMMISSIONER SOWELL: Second.

22 CHAIRMAN ADAMS: Moved by Mr. Angelo,
23 seconded by Mr. Sowell.

24 Any discussion?

25 All those in favor?

1 COMMISSIONERS: Aye.

2 CHAIRMAN ADAMS: Any opposed?

3 The motion carries.

4 The next item, allocation of 2008 live
5 race dates for horse racetracks. Mr. Sammy Jackson,
6 please.

7 MR. JACKSON: Good morning,
8 Commissioners.

9 Commissioners, before you today for
10 consideration under Tab 6 are the allocation of 2008
11 live race dates for the horse racetracks. The horse
12 race date working group met to facilitate and have
13 dialogue to work on developing an industry-supported
14 race date calendar for 2008. It was obvious that the
15 hard work and long hours committed by the working group
16 members during the 2007 race date working group
17 meetings benefitted the 2008 race date working group
18 efforts. Today I'm happy to submit to you under Tab
19 6.1 an industry-supported 2008 horse race date
20 calendar.

21 Just to give you a little specifics about
22 each of the tracks and a little analysis, Gillespie
23 County Fair is requesting a mixed meet from July 4th,
24 2008, through August 24th, 2008, which is four weekends
25 of racing or eight racing days. Gillespie County

1 Fair's 2008 race date request is identical to the 2007
2 race date calendar that produced a 13 percent increase
3 in attendance and a seven percent increase in wagering
4 over the previous year.

5 Gillespie's 2007 mixed meet race date
6 calendar benefitted from having no overlap with
7 Retama's Thoroughbred meet as had been the practice
8 prior to 2007. The 2008 race date calendar continues
9 this new practice of not overlapping Retama's
10 Thoroughbred meet with Gillespie County Fair's mixed
11 meet for this coming year.

12 Manor Downs is asking for a mixed meet
13 from February 23rd, 2008, through April 20th, 2008.
14 It's nine weekends of racing or 18 racing days. Manor
15 Downs' 2008 race date request is identical to the 2007
16 race date calendar that produced a three percent
17 decrease in attendance and yet a three percent increase
18 in handle.

19 Manor Downs continues to benefit from
20 their position on the race date calendar that allows
21 them to offer Quarter Horse racing in March and April,
22 the time of the year that Quarter Horse owners and
23 trainers are looking for opportunities to test their
24 two-year-old stock before committing them to major
25 stakes races throughout New Mexico, Oklahoma,

1 Louisiana, California, and other Texas racetracks.

2 Lone Star Park's Thoroughbred request is
3 from April 10th, 2008, through July 27th, 2008.

4 There's 16 weeks of racing or 65 days. Lone Star
5 Park's 2008 Thoroughbred race date request is identical
6 to the 2007 race date calendar. However, the 2008 race
7 date request has two less days because of how the 4th
8 of July holiday weekend falls in 2008.

9 Lone Star Park's Thoroughbred race date
10 calendar produced a four percent increase in 2007 in
11 attendance and a three percent decrease in handle.
12 Considering the significant amount of rain that
13 occurred during their Thoroughbred meet this year, the
14 end result should be considered positive.

15 Lone Star Park has also requested a
16 Quarter Horse meet running from September 26th, 2008,
17 through November 29th, 2008. It's 11 weeks of racing
18 or 31 days. Lone Star Park's 2008 Quarter Horse race
19 date request is slightly different from that in 2007.
20 The 2008 Quarter Horse meet will run three days a week
21 for the first half of the meet and then run four days a
22 week during the latter half of the meet, whereas in the
23 past the Quarter Horse meet has been a continuous
24 four-day-a-week meet.

25 This change will lengthen the overall

1 meet in weeks while maintaining a similar race date
2 count. By doing this, the horses running at Lone Star
3 Park will have a better opportunity to participate in
4 the racing program. Lone Star Park's 2007 Quarter
5 Horse meet is scheduled to begin this coming weekend.

6 Retama Park's Quarter Horse request runs
7 from April 25th, 2008, through June 22nd, 2008. It's
8 nine weeks of racing or 21 days. Retama Park's 2008
9 Quarter Horse race date request is slightly different
10 from that in 2007. The 2008 meet will run two days a
11 week for the first six weeks of the meet and then run
12 three days a week during the last three weeks of the
13 meet, whereas in the past the Quarter Horse meet has
14 been a continuous three-day-a-week meet.

15 This change will lengthen the overall
16 meet in weeks while maintaining an identical race date
17 count. By doing this, the horses participating in
18 racing at Retama will have a better opportunity to
19 participate in the racing program.

20 Retama has requested a Thoroughbred meet
21 running from September 5th, 2008, through November
22 22nd, 2008. So there will be 12 weeks of racing or 35
23 days. Retama's 2008 Thoroughbred race date request is
24 almost identical to the 2007 race date calendar that is
25 currently running. The 2007 meet will not be complete

1 until November, but early indications are that the meet
2 is producing an increase in average attendance per live
3 race day and an increase in average live wagering per
4 day over the previous years.

5 Retama's 2007 Thoroughbred race date
6 calendar has benefitted from the shortening of the meet
7 and moving the meet's beginning dates to later in the
8 year. It appears at this point that the horses have
9 benefitted from the time off between the meets to get
10 rested and to become ready to race. The outcome has
11 been fuller races and better competition. The 2008
12 race date calendar continues this new practice.

13 Sam Houston Race Park has requested a
14 Thoroughbred meet running from January 4th, 2008, and
15 ending April 5th, 2008, and then beginning another
16 Thoroughbred meet beginning November 28th, 2008, and
17 ending on December 28th, 2008, a sum total of 62 race
18 days.

19 Sam Houston Race Park's 2008 Thoroughbred
20 race dates request is almost again identical as to
21 2007. A slight modification shortens the meet by seven
22 days but was necessary to form a continuous flow of
23 live Thoroughbred race dates between the three Class 1
24 tracks during the months of September through July.
25 SHRP's 2007 Thoroughbred meets produced a minimal

1 decrease in attendance and a minimal increase in
2 handle.

3 Sam Houston has requested a Quarter Horse
4 meet running from June 26th, 2008, through September
5 6th, 2008. It's 11 weeks of racing or 34 days. SHRP's
6 2008 Quarter Horse race date request is almost
7 identical to that of 2007. A slight modification is to
8 drop Sundays and replace them with Thursdays. SHRP's
9 2007 Quarter Horse meet produced a nine percent
10 increase in attendance and a two percent decrease in
11 handle.

12 A representative of each of the
13 racetracks is here to explain their specific race date
14 requests and some minor adjustments that they have
15 submitted that fills this 6.1 calendar that we've
16 presented to you. And myself and John Ferrara are
17 available to answer any specific questions.

18 CHAIRMAN ADAMS: Thank you, Mr. Jackson.

19 Any questions before we begin? Any
20 questions of Sammy before we begin with the testimony?

21 I'd like to first recognize Mr. Drew
22 Shubeck from Lone Star.

23 MR. SHUBECK: Thank you, Chairman. Our
24 date request comes at -- it's really an accumulation of
25 a lot of hard work that we did at the racetrack,

1 meeting with representatives of both breeds. On the
2 Thoroughbred side, we met with Dave Hooper and we met
3 with Terry Blanton. We met with others from the TTA
4 board. On the Quarter Horse side, we met with Rob
5 Werstler, Jim Helzer, and Tooter Jordan.

6 And what we did is we initially, when
7 we -- when anybody does a race date request, you look
8 at past performance, how we did the year before. This
9 past Thoroughbred season we were very satisfied with
10 how things went, with field size, in spite of the long
11 wet meet that we had. So we were comfortable with the
12 four-day-a-week request.

13 We like the way the calendar fell for
14 2008, that we weren't going to open up on top of Texas
15 Motor Speedway. They're going to open up the week
16 prior to our race. So we're really happy about that.

17 On the Quarter Horse side, we wanted to
18 make a slight change because -- particularly on Tooter
19 Jordan, they were concerned about horse supply, not
20 being able to fill the races on a four-day-a-week
21 schedule. We took a long hard look at that and we
22 decided to -- on the Quarter Horse side, to get away
23 from the OU-Texas -- the big football game that happens
24 in the fall.

25 It takes a lot of -- it takes a lot of

1 publicity away from us opening up on top of a big
2 football game like that. So what we decided was to
3 open up very early, traditionally, as Lone Star Park
4 goes, and open up the end of September and run three
5 days a week for October and then go to a more
6 traditional four-day-a-week in November when we have a
7 lot of stake races and I think it's easier to fill
8 later in the meet.

9 So I think -- with the hard work that we
10 did, I really think we have a consensus this year on
11 race dates and that's something that really doesn't
12 happen too often in Texas. But we're really happy
13 about that. We'll examine, of course, the way things
14 go with this current Quarter Horse meet. But we think
15 we've got a really good shot at making some really good
16 headway and having some positive numbers in 2008 with
17 the calendar that's submitted.

18 I'm available for any -- to answer any
19 questions that the board may have.

20 CHAIRMAN ADAMS: I don't believe we have
21 any. Thank you, Mr. Shubeck.

22 MR. SHUBECK: Okay. Thank you.

23 CHAIRMAN ADAMS: Next signed in is Eric
24 Johnston, Sam Houston.

25 MR. JOHNSTON: Sam Houston first would

1 like to thank the working group for all their hard
2 efforts in bringing this all together. Obviously, when
3 you get more than one person in a room, you will
4 definitely get a myriad of opinions as to how things
5 should work.

6 But echoing what Mr. Shubeck just stated,
7 we looked back over what happened over the last year
8 and realized that our schedule that we have proposed
9 for this year resembles that of last year and worked
10 very well for us. The big change would be the
11 Thursdays in the Quarter Horse meet. Switching from
12 Sunday gives us an opportunity to market to the
13 corporate environment in the Houston area and we feel
14 like that will be beneficial to us and the horsemen.
15 It also gets away from that heavy hot Sunday afternoon
16 racing which takes its toll on the horses themselves.

17 Thoroughbreds, going into April as we
18 have in the past, we have found that to be a very nice
19 location for our Grade 3 Connally. As we have said
20 over the last several years, that works very well that
21 weekend. And this year we're hoping to get another
22 graded stakes race with the Maxxam Gold Cup in
23 January. Our winner last year, Student Council, has
24 gone on to win the Pacific Classic and, most recently,
25 this last weekend, the Hawthorne Gold Cup. So we're

1 very excited about the opportunities there and
2 hopefully that will continue.

3 Thank you very much.

4 CHAIRMAN ADAMS: Any questions for
5 Mr. Johnston?

6 Thank you, sir.

7 MR. JOHNSTON: Thank you.

8 CHAIRMAN ADAMS: The next sign-up, Bryan
9 Brown, Retama.

10 MR. BROWN: Good morning, Commissioners.
11 I guess I have to thank somebody, too, huh? I'd like
12 to thank staff for bringing us all together and
13 avoiding arguments. Hopefully you won't hear anybody
14 contradict what Mr. Jackson has stated.

15 We're very pleased to be changing both
16 our meets just a little bit. Our Quarter Horse meet,
17 as Mr. Jackson mentioned, will be nine weeks instead of
18 seven weeks. It will give horses a little bit more
19 rest and still able to get the same number of
20 opportunities or even more, give horsemen an extra day
21 of rest. We won't be racing on Sunday until June. So
22 it will be two days a week for the first several weeks
23 of the meet and then three days a week for the last
24 three. So it should be a better structured meet and I
25 think it will help our numbers quite well.

1 We are racing -- or applying to race the
2 same number of days as this year, so we're not dropping
3 any opportunities. We did add one day, June 15th, to
4 our original request.

5 On the Thoroughbred side, our numbers
6 this meet so far, as Mr. Jackson mentioned, have been
7 ridiculously good; so we are adding three days to our
8 meet to go to 35 days and stay with the same
9 three-week -- three-day-a-week format which has worked
10 quite well. And again, it will be three days extra
11 from what we have this year.

12 So I'll be happy to answer any
13 questions. Thank you.

14 CHAIRMAN ADAMS: Any questions for
15 Mr. Brown?

16 Mr. Brown, thank you.

17 MR. BROWN: Thank you.

18 CHAIRMAN ADAMS: Mr. Werstler, you may
19 note that he did mention Quarter Horses first in his
20 discussion. That's two years in a row.

21 Next signed, Howard Phillips, Manor.

22 MR. PHILLIPS: Good morning,
23 Commissioners. I want to take this opportunity really
24 to thank the industry because we come with no
25 controversies and you all have it easy this time to

1 pass race dates.

2 But at Manor Downs we're pleased to run a
3 nine-week format as we've had -- as we've done, I
4 think, in the last five years. And best of all, it
5 appears we're going to be able to maintain purses as we
6 have in the past five years. I think the Quarter Horse
7 people are reasonably satisfied and I know the
8 Thoroughbred faction is happy with what we're doing.

9 CHAIRMAN ADAMS: Any questions for
10 Mr. Phillips? I don't think so.

11 Thank you, sir.

12 Scott Sherwood?

13 MR. SHERWOOD: Good morning,
14 Commissioners. Gillespie, we're just happy to be
15 there. We had a really good meet as Sammy alluded to.
16 Our eight days had an increase in handle over the
17 previous year. And for the seven years I've been
18 involved with them, this was probably the smoothest,
19 most participated at meet we've had.

20 With Retama not running a Thoroughbred
21 meet, it allowed us to have quite a few more
22 Thoroughbred races than we've had in the past while
23 still being able to accommodate the Quarter Horses with
24 a number of races for them. So our racing is built
25 around our two big festivals in town, the TexFest and

1 the Gillespie Fair, and it works like that and we're
2 just glad to be able to keep those dates.

3 CHAIRMAN ADAMS: Thank you,
4 Mr. Sherwood.

5 MR. SHERWOOD: Thank you.

6 CHAIRMAN ADAMS: And I wanted to thank
7 you for the hospitality. I had the opportunity to make
8 your -- make your meet; and it was very, very well
9 handled and very well done, very professionally
10 handled.

11 MR. SHERWOOD: Any time. And bring some
12 friends with you next time because we were just that
13 much shy of beating '04's handle record. So bring your
14 friends next time to do that.

15 CHAIRMAN ADAMS: I can't bet.

16 MR. SHERWOOD: Bring your friends.

17 CHAIRMAN ADAMS: Thank you, sir.
18 Terry Blanton?

19 MR. BLANTON: Good morning,
20 Commissioners. I'm Terry Blanton with the Texas
21 Horsemen's Partnership, the Thoroughbred side. And I'm
22 also a member of this real happy family this morning.
23 But I would like to express our thanks. With both the
24 leadership of Sammy Jackson and staff and with the
25 racetracks this year, it's been a very simple process

1 of a couple of meetings and I think we've really got a
2 great '08 race date calendar and we would ask that you
3 accept those dates as presented by staff.

4 CHAIRMAN ADAMS: Thank you, Mr. Blanton.

5 MR. BLANTON: Thank you.

6 CHAIRMAN ADAMS: David Hooper?

7 MR. HOOPER: Mr. Chairman, members of the
8 Commission, I'm David Hooper, executive director of the
9 Texas Thoroughbred Association. And our board, on
10 behalf of our membership, supports the race date
11 calendar for Thoroughbreds.

12 Scott alluded to the fact of how
13 successful Gillespie was without overlapping with
14 Retama, and we would certainly echo that. And we were
15 really pleased with opportunities that were provided at
16 Gillespie over and above what they ever have before for
17 Thoroughbreds, and a good part of that is because of
18 the change in schedule where there was no overlap.

19 And the success of the current Retama
20 meet is just eye-opening, so it looks like we've found
21 a pretty good format while we're in a serious stage of
22 the industry that keeps on having a lot of pressure
23 from out of state. Thank you.

24 CHAIRMAN ADAMS: Thank you, Mr. Hooper.

25 Mr. Jordan?

1 MR. JORDAN: Thank you, Mr. Chairman.
2 Commissioners, my name is Tooter Jordan with the Texas
3 Horsemen's Partnership. First of all, like Terry
4 Blanton and the other gentlemen, I'd like to really
5 thank the Racing Commission staff and their guidance in
6 the working groups that helped us dissect a lot of our
7 problems and reconstruct them in a manner where it
8 looks like it worked very good.

9 We're in complete support -- the Quarter
10 Horse side is in complete support of the 2008 race
11 dates and look forward to racing.

12 Any questions?

13 CHAIRMAN ADAMS: Questions? I don't
14 think so.

15 Thank you, Mr. Jordan.

16 MR. JORDAN: Thank you.

17 CHAIRMAN ADAMS: I have no one else
18 signed up to speak on this matter, so I would at this
19 time entertain a motion to approve the final 2008
20 requested horse date race dates and the
21 staff-recommended race calendar for all Texas horse
22 racetracks.

23 VICE-CHAIRMAN CARTER: So move.

24 COMMISSIONER PABLOS: Second.

25 CHAIRMAN ADAMS: Moved by Mr. Carter,

1 seconded by Mr. Pablos.

2 Any discussion?

3 All those in favor please say aye.

4 COMMISSIONERS: Aye.

5 CHAIRMAN ADAMS: Any opposed?

6 The motion carries.

7 Thank you, staff, for a good job and
8 thank you, fellow Commissioners, for participating in
9 the committee.

10 VICE-CHAIRMAN CARTER: I would like to
11 thank everyone that worked on this and made it work.
12 It's a lot easier when you guys sort out the
13 differences in a working group and then we don't have
14 to cut up the baby up here. So thank you.

15 CHAIRMAN ADAMS: The next item, greyhound
16 race date allocations. Mr. Sammy Jackson.

17 MR. JACKSON: Good morning once again,
18 Commissioners. On your agenda today, there are several
19 items under Tabs E through J that will impact the Texas
20 greyhound industry, Texas greyhound racetracks, and the
21 Commission staff. They are the allocation of 2008 live
22 greyhound race dates, amending 2007 live greyhound race
23 dates, and the approval of the allocation of the Texas
24 Greyhound Association cross-species purse money
25 formula.

1 The greyhound race date working group met
2 on three separate occasions to facilitate dialogue and
3 to work on developing an industry-supported race date
4 calendar for 2008 and discussed the allocation of the
5 TGA cross-species purse money. The industry also held
6 separate meetings, without Commission representatives
7 present, to work towards resolving these issues.

8 In the end, these meetings did not
9 produce an industry-supported race date calendar for
10 2008 or an industry-supported allocation of the TGA
11 cross-species purse money. Instead, the working group
12 spent the majority of its time working through
13 questions and issues raised by Corpus Christi Greyhound
14 Racetrack's intention to change from a year-round
15 52-week live racing and simulcast facility to a two- or
16 12-week live racing facility and a year-round 52-week
17 simulcast facility.

18 To facilitate such a change, Corpus
19 Christi had submitted an amended 2007 race date request
20 that would end its 2007 live meet on Sunday, November
21 18th, 2007, and they submitted a 2008 race date request
22 that begins on April 17th, 2008, runs 12 weeks, and
23 ends on July 6th, 2008.

24 Corpus Christi Greyhound's primary
25 reasons for submitting a race date request that causes

1 such a large change in live racing is its inability to
2 continue to underwrite the losses from its live racing
3 operations. Other reasons given to support the change
4 by Corpus Christi Greyhound management are downtime
5 given so that they can make significant repairs to the
6 facility, the ability to shift economic resources used
7 to cover live racing operation losses to advertising,
8 and the ability to build a purse account that could
9 then be used to offer larger purses to attract
10 greyhounds to run at their racetrack.

11 The Texas Greyhound Association believes
12 that the proposed 12-week meet is not a realistic,
13 workable option and provides a detailed account of its
14 concerns on pages 7.3 through 7.17 of your agenda
15 packet. The TGA's concerns pertain to the health and
16 welfare of the greyhounds, the ability to attract
17 kennels to participate in a 12-week meet, and the
18 impact of a 12-week meet on the greyhounds retirement
19 and adoption programs.

20 Staff has similar concerns of those
21 offered by the TGA as well as concerns as to how the
22 agency will be able to retain qualified staff for a
23 12-week meet, particularly in the specialized positions
24 of judges and veterinarians. We believe that Corpus
25 Christi may have the same problem retaining or hiring

1 qualified personnel for a 12-week live meet.
2 Additionally, staff has had concerns that Corpus
3 Christi has not adequately developed a plan for
4 transitioning from a year-round live racing facility to
5 a seasonal live racing facility.

6 In our conversations through the working
7 group, Valley Race Park suggested they supported Corpus
8 Christi's request to end its 2007 meet in mid November
9 because they thought that some kennels would be able to
10 relocate to the Valley Race Park meet which begins in
11 November of 2007.

12 However, Valley voiced its concerns that
13 the 2008 race date request ends its meet in July 2008
14 at Corpus, which leaves five months before Valley
15 starts live racing again in November. They believe
16 that the five-month period of no racing could cause the
17 kennels located at Corpus Christi to either relocate
18 away from the State of Texas or to disperse and go out
19 of business altogether. Either result could cause a
20 kennel or greyhound shortage at Valley's meet in
21 November of 2008.

22 I should say that these concerns were
23 also echoed by the TGA.

24 To date, Gulf has not been mentioned as a
25 place that kennels from Corpus or Valley might move.

1 Corpus Christi has traditionally been what was told to
2 us as considered a puppy track, a proving ground for
3 young dogs. Therefore, the majority of its kennels did
4 not have the number, type, and quality of dogs that
5 could compete at many of the other tracks, including
6 Gulf.

7 Another underlying factor key to
8 understanding the current situation is that, to date,
9 Valley Race Park has been successful running its
10 four-month live meet mainly because they have
11 established a viable circuit with themselves and
12 kennels from Dubuque racetrack in Iowa. The Dubuque
13 track meet runs from the end of April until the end of
14 October. So when they close in November, it's a
15 perfect opportunity to fit in the calendar to go run at
16 Valley and spend the winter in a warmer climate.
17 Therefore, many of the issues that the TGA and staff
18 have identified as problematic for Corpus Christi's
19 shortened meet do not have the same problem with
20 Valley's.

21 With kind of a sad statement that we
22 talked so positively about the horse race date working
23 group success, we obviously don't have the same success
24 to bring forward to you today on the greyhound one.
25 There are many unanswered questions at this point.

1 Assurances can't be provided about the reality of
2 kennels being there for a 12-week meet.

3 And we have asked -- we began these
4 meetings on May 14th, following the Commission meeting
5 that was held in this very room, and we continued to
6 have meetings, phone calls, conference calls, all the
7 way up until September the 21st. I understand they had
8 a meeting yesterday at Corpus Christi at noon. So
9 unfortunately, we have just not been able to work
10 through some of these tough issues. Because of that,
11 staff does not have a recommendation for you at this
12 time.

13 I'll be happy to answer any questions. I
14 know there's going to be a lot of other comment come
15 before you today. I know Commissioner -- former
16 Commissioner Boyd, working group leader, has a lot that
17 she can add to this as well. If there's anything I can
18 answer, please let me know.

19 CHAIRMAN ADAMS: Any questions of Sammy
20 before we take some additional testimony? We're not
21 going to get into the individual track dates until we
22 do this overall discussion and take input. And, Treva,
23 where would you prefer to brief us on your leadership
24 in your position with the -- do you want to let Diane
25 speak first or --

1 MS. BOYD: I think it would be
2 appropriate for Diane Whiteley to speak, as well as
3 there's other people here that -- I think from the
4 tracks that would like to speak as well and so we might
5 not detain them too long. But I could follow up at the
6 end and that would be fine. Thank you.

7 CHAIRMAN ADAMS: Okay. Thank you.

8 So let's start then with Diane Whiteley.

9 MS. WHITELEY: Good morning, Chairman,
10 Commissioners. Welcome, new Commissioner. And sorry
11 to see you go, Treva.

12 We started this working group, which was
13 a new experience for us this year, and it really was
14 very positive overall. It was the first time that the
15 tracks and the TGA and the staff had sat down to
16 discuss this issue. So we went into it with great
17 expectations.

18 And we had assumed, erroneously, that the
19 tracks would submit pretty much the same race dates,
20 maybe some modification from 2007, going into 2008; so
21 it really was a surprise to us when Corpus Christi
22 initially proposed a 10-day meet for January only. And
23 we just quite really didn't know how to respond to that
24 originally.

25 So we discussed it at great length with

1 our board, with the kennel owners and operators down in
2 Corpus, as to how are we going to be able to work in a
3 situation like this. And then through our working
4 group meetings, we asked a lot of questions as far as
5 "What can you give us? Can you give us a plan? Can
6 you give us an idea of how you're going to get back to
7 live racing year-round?"

8 We certainly assumed, again, that the
9 racetrack would understand the kennel situation and how
10 difficult that is for kennels to get enough greyhounds
11 to race. But after all these conversations, the most
12 that we have moved to is an early cancellation of this
13 year's meet and short race dates in 2008.

14 We cannot see how any of this can work.
15 It's just unworkable. And the only potential is to
16 say, well, let's go ahead and try it. And I have grave
17 concerns about trying something like that because I
18 think it can only do us poorly in 2008 to have no
19 plan.

20 And in addition to that, not only on
21 greyhound racing and the greyhound industry but the
22 individual kennel owners, the greyhound owners, the
23 trainers, the Texas-bred money that gets impacted, the
24 number of Texas-bred awards that get awarded, all of
25 these things are so impacted and, we feel, with very

1 little plan of how it's going -- of how all this is
2 going to happen.

3 I was down at Corpus this last Sunday.
4 We have a greyhound owner going out of business and has
5 been real helpful to our organization and asked me to
6 deliver some puppies down to Corpus. I said I'd be
7 happy to. So I took them down just to deliver some
8 puppies and got in a conversation with a couple of
9 kennel owners and just was amazed at their lack of
10 understanding of the situation because we were under
11 the impression that they were going to be told what the
12 future was going to hold for them.

13 So I suggested that they come up and they
14 have come up today at, you know, great expense to them
15 because greyhounds are 24/7. You know, they are in
16 crates. And so they have to have additional help while
17 they're up here. So I do appreciate them coming up.
18 So I do want you to hear directly from them how they
19 will be impacted because they are the essence of our
20 industry.

21 So we were able to reach agreement on
22 Gulf. In our detailed explanation you can see what
23 their situation was; but it's workable and, you know,
24 hopefully it will come back better in 2009. Valley is
25 in a good situation for 2007 going into 2008. We have

1 grave concerns if it will make it in 2008-2009 as far
2 as availability of greyhounds.

3 So it's very discouraging because we have
4 tried in the TGA to work with all the racetracks and
5 try to be innovative and creative and solve problems
6 and particularly after hearing all the wonderful things
7 that are happening with the horse race dates. Usually
8 it's reversed. And so here we stand and we hate -- we
9 really hate to throw this on the Commissioners because
10 we would have liked to have reached some kind of a
11 compromise somewhere, but their compromise proposal for
12 us is just unworkable. We can't see any way around
13 it.

14 So any questions that you may have I'm
15 happy to answer and also some of our kennel owners and
16 trainers and two officers of the Texas Greyhound
17 Association who were also heavily involved in it.

18 CHAIRMAN ADAMS: I'm sure we will have
19 some questions for them, Ms. Whiteley, but we're going
20 to -- Commissioners, if you'll bear with me here, I
21 prefer not to take them at this time and we'll get into
22 that on an item-by-item basis as we get it. Thank you
23 very much.

24 MS. WHITELEY: Thank you.

25 CHAIRMAN ADAMS: I'm going to move to the

1 request by Gulf Greyhound Park to allocate live race
2 dates for 2008 and ask Sally Briggs to please come
3 forward.

4 MS. BRIGGS: Good morning.

5 CHAIRMAN ADAMS: Good morning.

6 MS. BRIGGS: Whenever we turned in our
7 first request for 2008, which was due July the 1st of
8 this year, we had 14 kennels and now we have 12
9 kennels. We had one kennel that left the first week in
10 August, one kennel that left around September 15th, and
11 then at the end of August we had one of our kennel
12 owners who passed away from cancer. However, his
13 daughter also had a kennel at Gulf so they have
14 combined those two kennels so we were able to keep
15 those greyhounds.

16 In our first request we had two encore
17 races or abbreviated races on our Thursday, Friday, and
18 Saturday evening performances. We had four races after
19 our Sunday matinee performance. So after we lost these
20 kennels, we knew that we were not going to be able to
21 run our complete performance. So the second request
22 that we have submitted to the Racing Commission, which
23 is on page 7.7, just does not include those 10 races
24 for 2008. That's the difference in the first one we
25 submitted and the second one.

1 We are hoping that we will be able to get
2 some more kennels in and we diligently will be trying
3 to do that by the end of the year, so possibly we
4 can -- we will be able to add these races back.

5 CHAIRMAN ADAMS: Your second request
6 totals 314 performances, does it not?

7 MS. BRIGGS: Right. Yes, sir. That's
8 correct.

9 CHAIRMAN ADAMS: Any questions for
10 Ms. Briggs?

11 I see none. Thank you, ma'am.

12 MS. BRIGGS: Thank you.

13 CHAIRMAN ADAMS: Okay. Any discussion by
14 the Commission?

15 I will entertain a motion to approve the
16 Gulf Greyhound Park amended request for 2008 race dates
17 as listed on pages 7.7 through 7.12. This schedule
18 will include 314 performances.

19 MR. ANGELO: Move approval.

20 MR. ARCHER: Second.

21 CHAIRMAN ADAMS: Moved by Mr. Angelo and
22 seconded by Mr. Archer.

23 Any discussion? Questions?

24 All those in favor please say aye.

25 COMMISSIONERS: Aye.

1 CHAIRMAN ADAMS: Any opposed?

2 The motion carries.

3 Thank you, Ms. Briggs.

4 Okay. We're going to go to the revised
5 Gulf 2007 live racing schedule now that we've got the
6 amended 2008 covered. And, Ms. Briggs, again, would
7 you please address the Commission?

8 MS. BRIGGS: Sure. As I stated before,
9 after we lost these kennels this year in the middle
10 part of the year, we knew that we weren't going to be
11 able to run our schedule; so we have requested, as you
12 will see by a letter on page 8-1, that we be able to
13 run just the 13 races for our performances and not run
14 the abbreviated races, which is the 10 races that I was
15 speaking about before.

16 CHAIRMAN ADAMS: Okay. Thank you,
17 ma'am.

18 Ms. Whiteley, do you have any comment on
19 this portion of it?

20 MS. WHITELEY: No.

21 CHAIRMAN ADAMS: Okay. Thank you,
22 ma'am.

23 The Chair would entertain a motion then
24 to approve Gulf's request on page 8.1 to amend its 2007
25 race dates as stated by Mrs. Briggs.

1 COMMISSIONER SOWELL: So move.

2 CHAIRMAN ADAMS: Moved by Mr. Sowell.

3 COMMISSIONER EDERER: Second.

4 CHAIRMAN ADAMS: Seconded by Mr. Ederer.

5 Any questions?

6 All those in favor?

7 COMMISSIONERS: Aye.

8 CHAIRMAN ADAMS: Any opposed?

9 The motion carries.

10 Thank you very much.

11 Now we get the tough stuff. Item G, a
12 request by Corpus Christi Greyhound Racetrack to
13 allocate live dates for 2008. Mister -- let's see.
14 Who have I got signed in? Mr. Richard -- is that
15 Pimentel?

16 MR. PIMENTEL: Pimentel.

17 CHAIRMAN ADAMS: Pimentel. Or a
18 representative of Corpus Christi, however you all
19 choose to do it.

20 MR. PIMENTEL: Rick is fine. Rick
21 Pimentel, general manager of Corpus Christi Greyhound.
22 I'd like to defer any questions to our CEO of
23 operations, Scott Savin.

24 CHAIRMAN ADAMS: Good morning, Scott.

25 MR. SAVIN: Good morning,

1 Mr. Commissioner, the rest of the Commission,
2 Mr. Chairman. I'm sorry that Corpus and myself are
3 bringing this fast moving and fairly harmonious meeting
4 to a slowdown here. I want to thank staff for all the
5 help that they've given us over the last several months
6 as we really try to resolve what's a fairly big dilemma
7 for us at Corpus.

8 I'm the chief operating officer for the
9 Havenick family and represent them and the three dog
10 tracks that they have ownership in. As you know, Fred
11 Havenick passed away about 16 months ago and his wife,
12 Barbara, moved into the CEO office along with two of
13 her boys that work at the dog track on a regular basis
14 based in Miami.

15 We reviewed the operations at Corpus
16 extensively and tried to make what we thought was the
17 best decision for the track moving forward. Initially
18 and financially, the best decision for the family was
19 to close the track down in terms of just looking at a
20 purely financial perspective. The family did not want
21 to do that; and we spent a lot of hours with Juan Fra
22 who oversees racing operations at all three tracks,
23 with Rick Pimentel, with Jacques Triplett, and with the
24 family, trying to come up with a workable solution.

25 Our initial solution was the 10-day race

1 meet that we initially applied for and our rationale
2 behind the 10-day race meet was that we would run the
3 10 days and then be able to simulcast the balance of
4 the year and continue to be a contributing member of
5 the greyhound community. The family has been involved
6 in Texas greyhound racing for 17 years and they don't
7 want to abandon the involvement or the commitment.

8 After several meetings with staff, we
9 realized that the 10-day meet probably was not in the
10 spirit of what the Commission was looking for in terms
11 of a live race meet. We then went back to the drawing
12 board and tried to come up with a second solution and
13 one we think that works for the entire industry, and
14 that's our resubmitted 12-week 60-performance meet.

15 It is based around not running head on
16 head against the Valley as Corpus has done since the
17 Valley reopened. It's based on the ability of Corpus
18 dogs to go to the Valley. The Valley has been
19 accommodating in that manner. We appreciate it. It's
20 based on those dogs then returning back to Corpus
21 Christi for a 12-week meet.

22 And I know this is going to raise a lot
23 of questions, and I'm here and Juan and Rick as well to
24 answer all those questions.

25 We took a look at what we have been

1 contributing to the industry and what we hope to
2 continue to contribute to the industry. And I'm using
3 the last full year of operations, 2006. Corpus Christi
4 sent \$6,000 to the Valley in terms of pari-mutuel
5 commissions, \$30,000 to Gulf Greyhound, \$340,000 to
6 Thoroughbred purses, \$84,000 to the Texas-bred program,
7 \$50,000 split between the TTA and the TQHA. That's
8 about three quarters of a million dollars. In
9 addition, we employ 127 individuals whose gross
10 salaries are about 1.7 million dollars. Closing the
11 racetrack would take away all of that.

12 What we're proposing to do with our
13 12-week meet is maintain approximately 65 percent of
14 our employees and continue to fund at the levels we
15 stated, actually increase levels to horse purses, to
16 Gulf Greyhound, and to Valley because, our live product
17 only running 12 weeks, there will be a lot less
18 wagering on the live. That money should, to some
19 degree, go to horses and the other dog products that
20 our patrons are familiar with.

21 We also don't want to close a facility
22 where we have a core group of patrons, as small as they
23 are, but they come out to the track on a regular basis
24 and it is something that has been in Corpus for 17
25 years and we would like to continue to offer them the

1 ability to wager on dog and horse racing.

2 We also looked at the most successful
3 meets around the country. Certainly in horse racing,
4 and dog racing to some degree, our boutique meets, they
5 are not year-round meets. The idea of racing
6 year-round takes away any degree of people really
7 having to come out to the track because if they don't
8 go today, they can go tomorrow.

9 We're a facility that loses money every
10 day we open our doors; and the family had to make a
11 very hard decision, not about profitability but about
12 how much money they wanted to continue to lose and
13 still be a contributing member of the Texas greyhound
14 community. And that's where we've come up with this
15 12-week 60-performance meet.

16 It is tied to the '07, so I want to
17 address that a little bit. By closing early, we will
18 be able to increase what we're paying in points between
19 now and the November 18th proposed closing date; and by
20 running a 12-week meet, we're projecting \$50 per point
21 over the 12-week meet which is double what we're paying
22 in points right now.

23 I do find myself in a very odd position
24 where the dogmen, kennel owners, trainers want to close
25 a racetrack and the track owners themselves who are

1 losing money each and every day want to keep the
2 racetrack open. It seems strange. But we don't want
3 to abandon Texas. We don't want to abandon the
4 greyhound industry. The Havenick family has been here
5 since the greyhound industry started here. They are
6 willing to continue to lose some money, significant
7 amount of money, but not as much as they have been
8 losing.

9 We also feel like at the very worst, if
10 the TGA is a hundred percent correct and we do not get
11 enough dogs to come and race at our July meet, we will
12 have paid an active fee to the State of Texas. We will
13 be obligated to pay for the live racing dates that we
14 would not race. We would have generated money for the
15 Thoroughbreds, for the cross-species. We would have
16 employed people. We would have made every possible
17 effort for us to be able to get up in the morning and
18 say we gave it our best shot and we didn't throw in the
19 towel.

20 We didn't come here to throw in the
21 towel. We came here to give it our best shot. I know
22 it's not perfect. I can read later from the TGA letter
23 that you all have. But in some ways, they're basically
24 saying to us at Corpus Christi either continue to run
25 year-round or don't run at all. And that's an all or

1 nothing proposal. We didn't come here with an all or
2 nothing solution. We came here with a partial solution
3 for 2008 as we continue to work towards, hopefully, a
4 long-term solution. That may or may not, honestly,
5 include a return to year-round racing. I doubt it
6 will. But it could include a return to a longer race
7 meet if our 12-week experiment is successful.

8 CHAIRMAN ADAMS: Thank you, Scott.

9 Any questions at this time? Yes.

10 MR. ANGELO: I was curious about what are
11 your employees -- what would your employees do when you
12 weren't racing?

13 MR. SAVIN: We will be a simulcast
14 facility year-round and therefore we've projected we
15 can maintain 65 percent of the employees we currently
16 have on a year-round basis.

17 MR. ANGELO: So you make a profit when
18 you're simulcasting? It's only when you're opening for
19 racing that you lose money?

20 MR. SAVIN: No. We lose whether we go
21 live or simulcasting, but we lose significantly less
22 money when we're a simulcast-only facility.

23 MR. ANGELO: Why would you want to do
24 that? I don't understand.

25 MR. SAVIN: Well, I'm not a member of the

1 Havenick family; but Barbara and Alex and Izzy -- and I
2 don't know if any of you know them; but I know their
3 dad, Fred, is going to be inducted into the hall of
4 fame a week from today. He was a pretty significant
5 player in the greyhound industry, both in Florida and
6 Texas, and I guess nationwide for a lot of years.

7 And they made a decision that they're
8 willing to continue to go on in Corpus as long as they
9 don't have to suffer the losses they're currently
10 suffering right now. They want to stick it out. And
11 they're hoping that the dogmen and everyone else will
12 climb on board and stick it out with them. They're
13 certainly taking the short end of the stick, but they
14 don't want to throw in the towel yet.

15 MR. ANGELO: So what you're saying is
16 that if you keep the track -- if you keep it open even
17 simulcasting that they will be losing money
18 year-round.

19 MR. SAVIN: Yes, sir. You have our
20 financial statement, but we lose significantly more
21 than seven figures a year. Our projected losses for a
22 12-week meet and simulcasting the balance of the year
23 is right about a million dollars. It's somewhere about
24 60 percent of the current losses that they're
25 sustaining.

1 CHAIRMAN ADAMS: Mr. Carter?
2 Dr. Carter?

3 VICE-CHAIRMAN CARTER: You said this to
4 some degree, but I didn't really follow it totally.
5 Okay. So you keep simulcasting, but you don't run
6 live; and you said if we get to our live meet which is
7 projected to be 120 days and we don't have dogs to run
8 that meet, what's going to happen to the money that you
9 have been setting aside for those purses? Where does
10 that money go?

11 MR. SAVIN: My understanding is the money
12 that we would have accrued for purses will be dispensed
13 at the TGA's designation.

14 VICE-CHAIRMAN CARTER: Okay. Thank you.

15 CHAIRMAN ADAMS: Any other questions?

16 Thank you, gentlemen. We do have a
17 number of other people signed to speak, so we may be
18 calling you back for questions at some later point.

19 Next signed in is Harlyn Goebel with the
20 Texas Greyhound Association.

21 MR. GOEBEL: Good morning,
22 Commissioners. My name is Harlyn Goebel. I'm the
23 vice-president of the Texas Greyhound Association and a
24 board member of the National Greyhound Association.

25 We've been in these meetings of the

1 working dates meetings and we've been through all of
2 this discussion which you all heard here this morning
3 and we don't feel it's viable to run a 60-day meet.
4 After Valley closes we don't think they'll get the
5 dogs. We think the dogs will go on to Dubuque, a place
6 where they'll have a place to run the rest of the
7 year. And then we also think it will jeopardize the
8 Valley the following year being able to open because
9 they've always been able to get dogs from Corpus for
10 the Texas-bred side of the dogs that they needed to be
11 able to open Valley. We think it's probably possible
12 we could put two greyhound tracks out of business.

13 And we just don't see where you're going
14 to be able to run a 60-day meet. And there's already
15 been a black eye put on the greyhound industry in the
16 Corpus area. If we try to run a 60-day meet, running
17 six-dog races, five-dog cards, we feel like we're going
18 to do more damage to the greyhound industry than has
19 already been done in that area. So we don't see where
20 it's possible to run a 60-day meet and to ask these
21 people to go down there to run 60 days when they know
22 they're going to lose money for 60 days or don't have
23 anything to do after that's over.

24 You hear Scott say it's going to send
25 money to the Thoroughbred industry and things like

1 that; but I'm here speaking for the greyhound industry;
2 and I mean, I don't see how they can run a 60-day meet
3 and know they're going to lose money when they're
4 running it. And bringing dogs from eight or 10
5 racetracks in to try to run a 60-day meet, if they get
6 in there and they get quarantined in with a cough, they
7 may have to hold those dogs as much as two months in
8 order for other tracks to accept them to go back to
9 those other tracks. And that's going to be their
10 liability to hold on to those dogs during that period
11 of time.

12 We're just here to inform you all of what
13 we think are the possibilities of what could happen.
14 And I don't see where anything good is going to come
15 from this. And what we've asked for is to run
16 year-round between the two. We think that's the only
17 way to keep live racing and keep it profitable.

18 If you have any questions, I'll be glad
19 to answer them.

20 VICE-CHAIRMAN CARTER: I have one. So I
21 heard him say that the alternative was to close the
22 track. Do you, as dog people, think that you would be
23 better off if the track closed than the 60-day meet?

24 MR. GOEBEL: No, sir. We don't want it
25 closed. We'd like to see it run year-round between

1 them and the Valley, a meet between them.

2 VICE-CHAIRMAN CARTER: But if that's not
3 an option for them and we decline their 60 days, they
4 might very well close the track. Is that going to put
5 you in a better position?

6 MR. GOEBEL: I don't think anybody is
7 going to want to risk losing money for 60 days. I
8 mean, I don't think that they're going to want to risk
9 it. I certainly don't want to. I'm going to have 70
10 dogs in the Valley when it closes and I can't afford to
11 send those dogs to Corpus to run 60 days and then I
12 have no place to send them. You understand? When I
13 can get them on a truck and get them to Dubuque where
14 they can run for 80 to 85 dollars a point and I know
15 they're going to get to run the rest of the year. You
16 understand? If I run 60 days up there, I don't have
17 any place to house and hold those 70 dogs when it
18 closes 60 days from now.

19 And if it -- and by bringing in dogs from
20 eight or 10 tracks, if the cough comes in and they get
21 quarantined in, I may have to sit down there and hold
22 them dogs for a month before I can get another track to
23 accept them. And it's a risk I'm not willing to take.

24 VICE-CHAIRMAN CARTER: I understand. And
25 my understanding is, even if they are open, you have

1 the opportunity to send your dogs to Iowa, do you not?

2 MR. GOEBEL: Yes, sir.

3 VICE-CHAIRMAN CARTER: You still have the
4 opportunity. Would you be better off, as dog owners,
5 if this track was closed?

6 MR. GOEBEL: I can't say we'd be better
7 off, but I don't think that the option they're allowing
8 us -- I think we'd be better off than the option
9 they're allowing us to take the risk of losing money
10 for 60 days.

11 VICE-CHAIRMAN CARTER: Thank you.

12 COMMISSIONER EDERER: Just for
13 clarification, so it's your position then that if
14 Corpus was to close, you would be better off than you
15 would be if Corpus was given 60 days.

16 MR. GOEBEL: Yes, sir.

17 COMMISSIONER EDERER: So you would prefer
18 to see Corpus closed altogether than be given the 60
19 days.

20 MR. GOEBEL: Yes, sir.

21 COMMISSIONER EDERER: But your preference
22 is, of course, that Corpus stay open half a season and
23 Valley take the other half.

24 MR. GOEBEL: I'm afraid it's going to
25 cause Valley to close the following year.

1 COMMISSIONER EDERER: I see.

2 MR. GOEBEL: I mean, one is dependent on
3 the other.

4 COMMISSIONER EDERER: What do you base
5 that on, that you feel that Valley will close the
6 following year?

7 MR. GOEBEL: Because when Valley opens,
8 they've always been able to pick up the Texas-bred dogs
9 required to go run the Valley meet and they've always
10 been able to get a kennel or two that was in Corpus to
11 go and run the Valley meet. You understand? And they
12 have to have 50 percent Texas-bred kennels in the
13 Valley. And they've always been able to get a large
14 percentage of the dogs out of Corpus and some out of
15 Gulf, but not a whole lot out of Gulf. More came out
16 of Corpus that went down there and ran.

17 Well, if you don't have Corpus to pull
18 from, with kennel operators and dogs that are there,
19 it's going to be a problem to get the dogs to run a
20 meet in the Valley. And therefore, I think it's going
21 to create a problem for Valley to run their meet.

22 VICE-CHAIRMAN CARTER: But to clarify
23 that, if they're closed, they're not going to have
24 those dogs.

25 MR. GOEBEL: I understand. But that's

1 going to make it even harder for Valley to get going
2 the following year. That's why I'm scared. They don't
3 have any dogs to draw to get Valley started the
4 following year with the Texas-breds. It's not only
5 going to impact Corpus. It's going to impact Valley
6 the following year.

7 VICE-CHAIRMAN CARTER: I understand. But
8 if Corpus is closed, those dogs are not going to be
9 there to go to the Valley.

10 MR. GOEBEL: No, sir.

11 VICE-CHAIRMAN CARTER: And so that
12 doesn't make sense to me that it's better to have it
13 closed than open for 120 days because, if it's closed,
14 those dogs will not be there to go to the Valley.

15 MR. GOEBEL: That's what I'm saying.
16 It's going to cause Valley to close the following
17 year. It's going to make it hard on Valley the
18 following year to get the dogs to open in the Valley
19 the following year because they have the dogs there and
20 they've always been able to get some dogs from Corpus
21 and some kennel operators.

22 Every year Corpus has had kennel
23 operators go down -- the same as they're doing this
24 year, go down and help the Valley run that meet. And
25 next year, if Corpus is closed, there's not going to be

1 any going down there. And even if you run the 60-day
2 meet, there's not going to be any kennels put together
3 when Valley opens anyway.

4 CHAIRMAN ADAMS: Other questions for
5 Mr. Goebel?

6 Thank you, sir.

7 MR. GOEBEL: Thank you.

8 CHAIRMAN ADAMS: Next signed, Linda
9 Wright. Linda is with Lone Star Kennels. Is that
10 correct, Linda?

11 MS. WRIGHT: Yes. Good morning,
12 gentlemen. My family and I, my husband Wayne and my
13 daughter Amy, we operate a kennel at Corpus and have
14 done so for over two years now. We came from Tucson
15 Greyhound Park a couple of years ago.

16 And just getting -- I just want to
17 mention the 60-day meet, where that would end in July.
18 And I think that's what Harlyn forgot to mention. If
19 the meet ends in July in Corpus coming back in 2008,
20 then there's no one going to be able to sit from July
21 until November with their animals. The animals can't
22 sit that long. Neither would -- the greyhound owners
23 would not allow them to sit that long, number one; and
24 if they would, they would be so out of shape by the
25 time the Valley opened, they would not have any worth

1 to be able to go down and compete at the Valley, or
2 anywhere else for that matter. There's no way that a
3 kennel of dogs could sit from July 6th and wait until
4 November 18th, 19th, 20th, whatever, and be able to
5 compete at another track. That's -- that was my point
6 of view.

7 And also just finding all this
8 information out just yesterday of the true, you know,
9 procedure and what they were planning on doing, you
10 know, kind of hindered us to make arrangements to get a
11 booking at the Valley; and several other people at
12 Corpus are in the same boat. I mean, they had no
13 opportunity to make a phone call, reserve their spot at
14 the Valley. Pretty much the Dubuque kennels have first
15 dibs on that because they've been going to the Valley
16 year after year. I just feel that we were at a deficit
17 because we weren't informed soon enough to be able to
18 make our appropriate plans.

19 I just -- you know, I just felt like we
20 were -- you know, the information was withheld from us,
21 you know, longer than it should have been so we could
22 have had a better shot at making our future plans and
23 for our business end of it.

24 I mean, our dog owners, we have to answer
25 to them as well; so now we have this short period of

1 time to say, "Well, you know, they're closing November
2 19th. You need to come get your animals." And, you
3 know, it's not fair to them either.

4 So it's -- I mean, I just wanted to, you
5 know, convey my feelings on that and just let you folks
6 know what most of us are feeling in the compound. I
7 mean, yes, we'd like to do the Valley and Corpus
8 circuit; but if we aren't already all set for the
9 2007-2008 racing calendar, which we're not -- there's
10 only a couple of kennels that are because they got the
11 heads-up or they just decided they were going to do so
12 this year -- that leaves the rest of us SOL, so to
13 speak.

14 So that's pretty much what I wanted to
15 say.

16 CHAIRMAN ADAMS: Ms. Wright, I am also
17 concerned and appalled by the fact that you didn't --
18 you weren't in the loop and informed about this because
19 there has been -- there have been working groups going
20 on for a number -- for a good while here. And that
21 extremely -- it's very concerning to me.

22 MS. WRIGHT: I mean, there was several
23 rumors; and each and every rumor was slightly different
24 than the previous rumor. Nothing actually official
25 from the people that should have been the ones telling

1 us.

2 COMMISSIONER EDERER: Who should have
3 been telling you? Who was the responsible person?

4 MS. WRIGHT: I mean, I really feel that
5 it was the track that we came to race at, to give us a
6 heads-up of what their plans were so we could make our
7 plans on calling the Valley and see if they could
8 accept another booking.

9 COMMISSIONER EDERER: You were just
10 notified yesterday, did you say?

11 MS. WRIGHT: Officially. Officially. By
12 Mr. Pimentel, Rick. He was very, very nice about it
13 and he was very professional; but still it was too
14 little too late, you know, after the Valley is pretty
15 much all booked up with their kennels.

16 CHAIRMAN ADAMS: Thank you, ma'am.

17 MS. WRIGHT: You're welcome. Thank you.

18 CHAIRMAN ADAMS: The next signed is Tuddy
19 Dietz, kennel owners of Corpus Christi.

20 MR. DIETZ: Yes, sir. I'm Tuddy Dietz,
21 secretary-treasurer of the Texas Greyhound Association,
22 and I operate a kennel at Corpus. I wanted to thank
23 you all for being here and thank you all for listening
24 to us. Thank you for serving, your time, talent, and
25 money you give up to be here. We need you more than

1 ever now.

2 And I want to thank the staff for working
3 with us. It's been a wonderful year. We've -- I've
4 learned a whole lot. I know more about the Texas
5 Racing Commission than I did in my whole life. And
6 I've been raising horses since 1970 and breeding them
7 consecutively for 25 years and I started raising
8 greyhounds 20 years ago. And I had an interest in a
9 booking at Corpus when they opened and have been there,
10 had dogs -- have dogs there ever since. I also
11 operated a kennel at the Gulf for several years and now
12 I've been back at Corpus for four years. It's closer
13 to my home, my farm.

14 But I have a problem with some of these
15 things that when I -- I stay at Corpus. The track's
16 talking about losing money? I've lost over \$30,000 in
17 three years, can document it. But I stay in the
18 business because I can run dogs out of state. And I
19 take dogs out of Corpus. It's a puppy track. And I
20 break them in there and then I take them where they can
21 make some money because we can't run in Texas to make
22 any money.

23 But why do I stay at Corpus? Why do I
24 lose money? The same thing the track is there for.
25 They're trying to wait for VLT's. That's what they're

1 there for. They didn't tell you while ago, but they
2 want to hold on to that license for VLT's. That's why
3 I lose money every year to stay there. We're waiting
4 for the VLT's to pass, like all the horse tracks are
5 passed. We hope someday it will. I hope I live long
6 enough to see that day. But I begin to wonder
7 sometimes. Every session that goes by, we're up here
8 trying; but we haven't gotten it done yet; but I hope
9 we do.

10 But then when I try to move dogs, they
11 had a 10 -- a 10-start rule that I couldn't move dogs
12 out of there. When I've got a pup showing real good
13 and I want to get him out of state, we have a 10-race
14 rule. Well, you can't move that dog. And Mr. Triplett
15 would remind me I'm under contract with dogs. Well, my
16 contract now says December 31st. I understand they
17 want to close the track in November. What good is my
18 contract? Is that a one-sided contract or is that a
19 contract for both sides? And so I'm there to run until
20 December 31st. I'll probably be by myself. But maybe
21 I'll get James to open the box. I don't know. But I
22 intend to be there.

23 And I stay in this dog racing and horses
24 hoping that we can survive long enough to have the
25 VLT's in Texas also like other states.

1 How many of you all run dogs at Corpus?
2 Raise your hand. These people, we have been struggling
3 and struggling and trying to make it in Corpus. And we
4 have -- I think this program started several years ago
5 is to try to -- the track trying to get out of the
6 business.

7 And we've worked diligently. I've done
8 all I could in my own kennel. I've repaired my own air
9 conditioner. I have had to put in my own deep freeze.
10 I couldn't get Jacques to give me one because theirs
11 wore out. I put my own washer and dryer in there. And
12 I put my own trash can out, trying to create an example
13 of how this compound ought to look and how it ought to
14 work, trying to improve it. We got T-shirts and
15 clothes for our kennel help, trying to improve the --
16 we call it a compound in dog racing. They call it the
17 backside at the horse track. And we have to create a
18 better image.

19 Corpus is big enough to run year-round
20 with a -- I went to the Chamber of Commerce and they
21 serve over 400,000 people out of that Chamber of
22 Commerce. They would be glad to help promote the
23 Corpus track. But the Corpus track has kind of not
24 done that. And they told me personally they would
25 welcome the opportunity.

1 Conventions are there every weekend, you
2 know. If a promotion was there, the Corpus track could
3 run without VLT's and we could have 35, 40 dollars a
4 point and we could make a living. Me and the rest of
5 these people are just barely -- I'm not making it.
6 I'll be honest with you. But that's a viable place,
7 Corpus. There's a lot of people in Corpus who come
8 there every weekend with money and it's a place that a
9 track could really run and I hope that we keep the
10 track open and I hope we keep it running.

11 I want to make some -- you asked about
12 that 60-day deal, you know, that Harlyn was alluding
13 to. What am I going to do December 31st with my dogs
14 and my help? Am I going to keep them there? I don't
15 know if they'll let me. And keep them -- and pay
16 payroll with nothing coming in until the Valley closes
17 and then sit there and run 60 cards. And then if they
18 don't -- if my help don't want to stay now and they go
19 get another job, where am I going to get people to come
20 and work for 60 cards knowing after that they'll have
21 no job again? A very difficult problem that we are
22 faced here.

23 It's not just the track that has a
24 problem. The kennels have a problem. And we have
25 suffered and suffered along with them. They're not in

1 this boat by theirselves. We have give up a lot of time
2 and a lot of hard-earned cash to try to see that VLT's
3 come to Texas someday, what we're all -- our dream.
4 But we have suffered with them; and per capita, I don't
5 know if they've lost as much money as we have.

6 But it's up to you and we hope that you
7 look favorable on us and try to continue this. We've
8 had meeting after meeting and it's never -- it's
9 nothing. We never get nothing to a workable
10 situation. One idea, and that's just close the track.
11 Well, if my contract ain't no good -- not good and I --
12 Jacques Triplett told me one time, he said, "Well, if
13 you don't like it, just quit."

14 Well, I want to say the same thing about
15 Corpus. If they can't make no money, why don't they
16 just quit and go back to Florida. Thank you.

17 CHAIRMAN ADAMS: Thank you, Mr. Dietz.

18 Brenda Monroe, please. Brenda is with
19 Running M Racing.

20 MS. MONROE: Good morning.

21 CHAIRMAN ADAMS: Good morning.

22 MS. MONROE: My name is Brenda Monroe. I
23 just recently took over a kennel from L.B. Kasberg with
24 the intention of running a circuit with the Valley and
25 Corpus. After I signed the contract, I found out we

1 was going to only run 60 days, which we just found out
2 yesterday. If I would have known this, I wouldn't have
3 signed a contract. And I even got a contract from the
4 Valley because she needed another Texas kennel. She
5 only had three kennels going. Now it's only one. The
6 rest of them are took up, booked up by Dubuque.

7 So what am I going to do with these dogs
8 when Corpus track closes, 70 dogs? Hold them until the
9 track opens again for 60 days without a job? Or should
10 I call the owners to pick them up? That goes for these
11 three, everybody. We're housing 70 dogs.

12 CHAIRMAN ADAMS: How many dogs do you
13 have, ma'am?

14 MS. MONROE: I have 70.

15 CHAIRMAN ADAMS: 70.

16 MS. MONROE: Yeah. What am I going to do
17 with 70 dogs? I can't feed them. I don't have a job.
18 I'm not going to have income coming in.

19 But why can't we run a circuit between
20 the Texas tracks and the Corpus -- I mean, the Valley
21 track instead of bringing in Dubuque and let
22 Texas-breds go to the Valley and run six months and
23 then come back here instead of running 60 days here?
24 And you can't hold dogs three months, you know.

25 But if I would have knew this was going

1 to happen, I never would have signed the contract. I
2 took over L.B. Kasberg's kennel, intending to run
3 year-round and go to the Valley and come back here.
4 Now we find out that we're not coming back, so why
5 should I sign a contract for going to the Valley,
6 hauling 70 dogs down there? And then what am I going
7 to do with the dogs when I come back with them? Call
8 the owners and tell them to come get them?

9 CHAIRMAN ADAMS: Any questions for
10 Ms. Monroe?

11 Thank you, ma'am.

12 MS. MONROE: Thank you.

13 CHAIRMAN ADAMS: Diane Whiteley, please.

14 MS. WHITELEY: I just wanted to respond
15 to a couple of the comments that were made and, in
16 particular, do we feel that it's better off closed.
17 And I think that was a -- you know, that's really a
18 tough call for us. And in the Texas law, we are only
19 allowed three greyhound racetracks in Texas, three
20 licenses only. So if any one of our licensees doesn't
21 operate and holds that license, it prohibits anybody
22 else from coming in and operating a racetrack.

23 Our biggest concern is that we do not
24 feel, very frankly, that Corpus Christi has been a good
25 steward of their license. We do not feel that they

1 have been good operators. We feel that over a period
2 of time they have let their facility deteriorate -- and
3 I think that the inspections have attested to that --
4 to where our purses are so low that we have a black eye
5 in Corpus, from what I understand, from much of the
6 public that have been very disappointed in the
7 facilities.

8 So are we better off not racing? And our
9 TGA board has voted yes, Corpus is better off closed
10 rather than have an off-track betting facility
11 operating right on the interstate, because we do not
12 feel that live race meet will go just because of all
13 the variables we have told you. It will turn into an
14 off-track betting facility. And so far they have put a
15 great emphasis on wrestling, video wrestling, and I
16 think they will continue to do that. I don't think
17 they have shown any credibility for us that they will
18 do as they say. And I realize this all sounds very
19 harsh, but it's based on my three years of experience
20 with them.

21 So are they better off closed? Yes, I
22 think they are better off closed and let someone else
23 come in that wants to operate a racetrack rather than
24 hold on until they get VLT's.

25 The other one is notifications of the

1 kennel. After our first kennel meeting -- or our first
2 working group meeting, we did. We called a meeting of
3 the kennels down at Corpus and we held it off site so
4 that they felt then they could be very frank with us,
5 the TGA. And Harlyn Goebel was there and I was there
6 and Tuddy Dietz were there representing the TGA. And
7 we had most of the kennels that were there.

8 And we said, "Their proposal is to race
9 10 days in January and then simulcast the rest of the
10 year, so we need to let you know now." This was back
11 in March, late March. "We need to let you know now so
12 you can make plans," because about every kennel will
13 start booking in August, September, October for the
14 following year; so we wanted to let them know, "Keep
15 your options open because we don't know what will
16 happen."

17 The next communication that we had,
18 official communication, was on September 21st; and then
19 it was proposed again on the 60 days. And the TGA was
20 chastised in that meeting for even telling the kennels
21 back in March that it was 10 days because the -- I
22 think the opinion was that they didn't want the kennels
23 to know until they knew for sure.

24 You can't -- we just can't operate like
25 that. We're dealing with live animals. So it can't

1 be, "Well, we're going to decide this this week and
2 this next week." They do have to make plans for either
3 jobs or moving animals or getting bookings at other
4 places. So I did want to address those two specific
5 issues that were raised.

6 So we have -- we had started -- we
7 originally -- TGA was originally opposed to a circuit
8 between Corpus and Valley. We wanted year-round racing
9 because we felt the Corpus market, since it's an
10 exclusive franchise there, they have no competition
11 from any other racetrack, a population enough that we
12 felt with adequate management that they could make a go
13 of it down there. And then it became apparent that
14 they were not either willing to do that or able to do
15 that.

16 And then we approached them with the idea
17 of a circuit, which took some time to work with the
18 kennels on, because the kennels were initially opposed
19 to it as well. And it was finally -- and a lot of this
20 was through the work of the staff, Racing Commission
21 staff, because they came up with what-if's and, if we
22 did this, we could get our purses to this value and so
23 therefore it would be financially feasible for them to
24 go on a circuit. And Corpus has been adamantly opposed
25 to that from Day One of going on a circuit. So we have

1 exhausted all our negotiating tools to try to get -- to
2 reach a viable alternative, which is why we're here
3 today.

4 So any questions, I'm happy to answer.

5 VICE-CHAIRMAN CARTER: I have a question
6 of you about this.

7 MS. WHITELEY: Yes.

8 VICE-CHAIRMAN CARTER: I guess I -- I've
9 heard them say that "We considered closing the track.
10 We're trying this one last hurrah to see if we can make
11 it go."

12 MS. WHITELEY: Uh-huh.

13 VICE-CHAIRMAN CARTER: And that during
14 their off-track betting parlor, the simulcasting, that
15 money that was accumulated would ultimately go to your
16 purses even if they went broke. To me, that all sounds
17 good. I understand the dates. Is it entirely the fact
18 of a 60-card, 120 days, or is it the location? The
19 timing is -- the timing of those 60 days, could that be
20 changed and work out a compromise? Or I imagine you
21 guys have bantered this around in working groups.

22 MS. WHITELEY: Yes, sir, we have bantered
23 this out a lot because we -- we were, "Well, let's do a
24 month between the meets. You know, can Valley move up
25 a little bit and Corpus, you know, move back a little

1 bit, and, you know, somebody do six-six, seven-five,
2 five-seven?" You know, we gave documentation on what
3 Corpus Christi's best months were for attendance and
4 handle; and it was February, March, April, May, June,
5 July. But they feel and have told us that they don't
6 feel that that will be a viable option for them.

7 So, yes, we have bantered that about a
8 lot, trying to reach some kind of a compromise in there
9 on dates. The greyhounds could go -- and that's what
10 I've said -- up to a month in between the meets because
11 there is some significant moving expenses when you're
12 moving that many greyhounds, and also the owners. And
13 a lot of these kennels are what you call leased
14 kennels, meaning they lease all the greyhounds from
15 owners. They don't own the greyhounds themselves.

16 So you've got some opposition from some
17 owners that say, "Well, I don't want my dog running at
18 Valley," or, "I don't want it at Corpus; so as soon as
19 that meet is over, then I want to send it to Florida or
20 I want to send it to Iowa," or wherever.

21 So we have to deal with our national
22 picture as well on what meets are going and what points
23 they're paying at various places. So it gets -- it's
24 kind of like you punch here and it comes out over here,
25 you know.

1 CHAIRMAN ADAMS: Any other questions for
2 Ms. Whiteley?

3 COMMISSIONER EDERER: If there are no
4 race days in Corpus, does the track close?

5 MS. WHITELEY: It's my understanding that
6 if the track is not granted live race dates that it is
7 unable to simulcast and, in effect, it would close. I
8 did ask Corpus, however, because -- I said, "Give us a
9 plan. Give us some kind of a plan of what you're going
10 to do." And they said, "Well, we're going to do
11 marketing."

12 That's all I know is they're going to do
13 marketing. And so I said, "Well, right now you're
14 averaging, in purses, \$180,000 in greyhound purses and
15 simulcasts; so with your marketing efforts, what do you
16 think you'll be able to do?" And they said, "140."
17 And I said, "Well, that's going the wrong way."

18 But they feel that's because they're
19 losing the live racing because live racing does help
20 simulcasts. So, you know, I'm at a loss.

21 COMMISSIONER EDERER: But if they lose
22 all race days, the track closes.

23 MS. WHITELEY: Yes.

24 COMMISSIONER EDERER: There's no
25 pari-mutuel, nothing.

1 MS. WHITELEY: Yes, uh-huh.

2 COMMISSIONER EDERER: Okay.

3 MS. WHITELEY: No simulcasts.

4 CHAIRMAN ADAMS: Okay. Thank you,
5 ma'am.

6 MS. WHITELEY: Uh-huh.

7 CHAIRMAN ADAMS: Treva, are you -- okay.
8 I have one more person signed. Dr. Graham?

9 MR. GRAHAM: This might be a little
10 interesting.

11 I oppose them closing whatsoever. I
12 think that's a bad sign to us in passing video
13 lottery. Paul Bryant and Sam Phelps have put millions
14 of dollars, ladies and gentlemen, in Gulf Greyhound for
15 the benefit of the greyhound industry. And these
16 people all know it out here. Sally is right here
17 today. And I absolutely feel like that you ought to
18 keep that racetrack open, no question about it.

19 And I'm thoroughly convinced that we're
20 on the verge of getting video lottery in the State of
21 Texas. And with something like this, this is a
22 negative. And I disagree with that, highly, highly
23 disagree with that, because we do not need any negative
24 conversation out there under no circumstances to get
25 pari-mutuel video lottery passed here in the State of

1 Texas.

2 And I highly recommend that you all
3 feel -- figure out some way over here at Corpus Christi
4 to make that operation work and maybe a little bit more
5 financial. But these people over here have no way to
6 do anything whatsoever to accept the failure. And our
7 opponents of passing video lottery here in the State of
8 Texas will grab that just like that and you'll see
9 headlines everywhere whatsoever.

10 So please do not allow them to close and
11 make them run down there at Corpus Christi whether they
12 like it or dislike it.

13 Thank you very much.

14 CHAIRMAN ADAMS: Thank you. Dr. Graham,
15 where are you from, sir?

16 MR. GRAHAM: I'm from Elgin, Texas.

17 CHAIRMAN ADAMS: Elgin, Texas. I should
18 have known that. I've been to his farm and it's a
19 beautiful facility, et cetera. Thank you, sir.

20 Discussion? Dr. Carter?

21 VICE-CHAIRMAN CARTER: I have a
22 question. And I'm not sure who. Maybe Mr. Fenner or
23 Charla Ann. Dr. Graham's last comment was make them
24 stay open, make them run. How do we do that? Can we
25 do that? I thought we either approved their racing

1 days they request or deny them; and if we deny them,
2 then they either have to come back with another request
3 or they close their doors. We can't make them stay
4 open, can we?

5 MR. FENNER: Well, under the rules, under
6 Rule 303.41, which is their allocation of race dates
7 rule, Subsection (g), it says that "The Commission
8 shall approve the actual days awarded, and the total
9 number of performances. The Commission may require a
10 minimum number of races in a race meet."

11 Now, that's a little bit complicated to
12 make happen because you run multiple races in a race
13 day. But you can require them to run additional
14 races. In essence, what you're doing is you're
15 charging them with the responsibility of coming forward
16 at a later date or today with some sort of amendment to
17 their proposal.

18 I mean, the act sets an expectation. It
19 says that a greyhound racetrack is entitled to 300
20 evening performances and 150 matinee performances.
21 That's an expectation, at least at the time that the
22 act was adopted, that greyhound racetracks would be
23 running on a year-round basis.

24 The word "entitled" is a little
25 troublesome; but they're not asking for anything near

1 300 plus 150, meaning a total of 450 performances.
2 They're only asking for 60 performances. So there's
3 ambiguity.

4 We can turn to the rule, 303.41, which
5 you have in your materials. (f)(1) through (9) sets
6 out the factors that you can look at and these factors
7 are exactly the factors that everyone who's come up and
8 discussed today, things such as willingness -- the
9 condition of the racetrack and facilities for patrons,
10 animals, and occupational licensees; the anticipated
11 effect on the proposed race meeting on the continuity
12 of racing during the year; live race dates requested by
13 other associations; the anticipated overall economic
14 effect to the State from the race meeting; anticipated
15 effect of the race meeting on the greyhound breeding
16 industry in Texas; the anticipated availability of race
17 animals for the race meeting. These are all factors
18 that are very much on point.

19 So I do not believe that you have the
20 authority to come out and say, "You will race on this
21 day, this day, this day, this day, this day." But you
22 do have a considerable amount of flexibility in saying,
23 "It is our expectation you will conduct X number of
24 races and your proposal is unsatisfactory and therefore
25 we are not going to approve your request."

1 Does that help you?

2 VICE-CHAIRMAN CARTER: Yes.

3 COMMISSIONER PABLOS: Mr. Chairman?

4 CHAIRMAN ADAMS: Yes, sir.

5 COMMISSIONER PABLOS: I have a question.

6 Could you speak a little bit about the process here?

7 If the track does close, does that mean they lose their
8 license or does it go into a dormant state? Or what
9 happens to the license? Is it an automatic withdrawal
10 of the license or how does that work?

11 MR. FENNER: If the live race dates are
12 not granted, then effective January 1 they will no
13 longer be able to conduct simulcasting. For the
14 current fiscal year, they will still be considered an
15 active track because they did have some live race dates
16 granted through the calendar year 2007; but when
17 September 1 rolls around of 2008, that's when the
18 inactive license fees become available or are due. At
19 that point they're not going to have any live race
20 dates granted for the following fiscal year. They're
21 going to be an inactive license. And, you know, those
22 fees will be due. We'll be regarding them as an
23 inactive license.

24 Does that answer your question? They
25 will not be revoked at that point. That would require

1 action by the Commission. To revoke a license, it has
2 to be referred to the State Office of Administrative
3 Hearings. They have a full evidentiary hearing and it
4 comes back to the Commission for a decision.

5 COMMISSIONER PABLOS: And what does it
6 take to reactivate the license?

7 MR. FENNER: All they have to do is come
8 back and -- well, they have to request that an
9 application period for the consideration of granting
10 additional licenses -- excuse me, race dates. At the
11 next Commission meeting they would submit to you their
12 request. It would be exactly the same process right
13 now. Once you grant them live race dates, they are an
14 active license again.

15 CHAIRMAN ADAMS: And the inactive fee,
16 annual fee, is how much for the greyhounds?

17 MR. JACKSON: 125,000.

18 MR. FENNER: \$125,000.

19 CHAIRMAN ADAMS: Okay, sir.

20 Does that answer your question,

21 Commissioner Pablos?

22 COMMISSIONER PABLOS: Yes. Thank you.

23 CHAIRMAN ADAMS: Any other questions of
24 staff?

25 Are you ready?

1 MS. BOYD: That's a pretty open
2 question. I can't tell you how tough it is sitting
3 here not being able to ask questions. But I would like
4 to make a remark.

5 When those inspections of those
6 racetracks came up earlier, I think that's our key to
7 ask how Corpus is doing because former Commissioner
8 Cabrales was there setting out an outline of deadlines
9 that they needed to meet to keep their track a viable
10 situation for the health and welfare of our hounds and
11 our customers. So I think that you need to stay on top
12 of those inspections in the future.

13 And all I can speak to is I think that
14 it's probably a good idea for us to hear from Corpus
15 now that all of this information has come before you.
16 But I would like to speak to you about our working
17 group meetings a little bit.

18 We had good participation. However, it's
19 a very frustrating situation when you go through all of
20 that time and have all of those people present and you
21 still cannot come to a resolve. We tried very hard to
22 do that. We knew this was going to be a very difficult
23 decision for the Commission if we couldn't make a
24 recommendation to you. So we tried very hard. And the
25 staff has worked endless hours putting scenarios

1 together and, you know, had long days to try to help us
2 out.

3 I want to thank the tracks for their
4 participation in the past. However, I felt like we --
5 it was frustrating to me because I felt like we didn't
6 have the ear and cooperation of a member of one of our
7 tracks at Corpus, which was Mr. Triplett. You know, we
8 talked in this meeting, though, and Juan was in this
9 meeting and he was very receptive at that meeting to
10 the importance of communicating with the kennels, let
11 the kennels know what the situation is.

12 And so I was hoping for something more.
13 I don't know how that breakdown happened, but we left
14 that meeting thinking that these kennels would be
15 notified of what -- the big picture, if you will. The
16 big picture.

17 You know, we covered so many issues; and
18 Dubuque is a big player in all of this. You know, them
19 coming down, if we -- if we just had the circuit
20 between Valley and Corpus, then what would happen to
21 those -- you know, those, and when you sign up for your
22 kennels, and the contracts, which I found out in our
23 meeting that contracts with these folks -- you know,
24 when you sign a contract in my business, that means
25 that there's some -- something to hold you to that.

1 But this is -- this is not the same thing. That
2 business is not run like our businesses are run. So
3 that contract is just, you know, a piece of paper with
4 no legal implication to it at all, unfortunately, I
5 feel. I believe. Let me put it that way.

6 I think what you need to take into
7 consideration is the kind of hounds that run at Corpus,
8 the kind of hounds that run at Dubuque, because there's
9 a difference in skill levels. Okay? And just like the
10 horses. You know, we've talked many times about what
11 happens to these horses in between these meets. I
12 mean, this is very critical, too. These hounds have to
13 be doing something. You know, they have to be
14 running. Then you've got to get into retraining and
15 all of that. This packet of information you received
16 was very good information about all of that.

17 So I can't make any recommendation to you
18 on what I think should happen. If they're not going to
19 have any hounds there, though, I mean, they can't stay
20 in business if they stay there and they're not
21 running. So if they're not going to have any hounds,
22 what's Corpus going to run with? And I think only
23 Corpus, after all of this information has come before
24 you, can speak to maybe what they're going to be able
25 to do now that they have all this information.

1 We tried to play that scenario out in our
2 meeting. You know, the TGA was very helpful with us in
3 knowing, you know, what is going on with those kennels
4 because they do communicate regularly with them and so
5 they were able to give us that information. I don't
6 think that Corpus ever even thought about that. So if
7 they're not going to have any hounds, it makes our --
8 your decision a lot tougher.

9 Did that help?

10 CHAIRMAN ADAMS: Yes, ma'am. Very much.
11 And I'd suggest that as we continue with the
12 suggestion, if you have some input, please -- I have
13 your card here, but it's just -- I'm kind of just
14 leafing through these cards. So feel free to ask for
15 the floor and I will recognize you. I think you have
16 so much to impart on this. And none of us up here were
17 part of the working group and it's unfortunate that
18 you're sitting over there today instead of up here.
19 But in any case, feel free to get my attention and I
20 very much welcome your input.

21 MS. BOYD: I appreciate that. One last
22 remark I might make is a question I had, but I can't
23 ask a question, so I might just lay that on you and you
24 can decide if you're going to ask a question or not.

25 But my question would have been if they

1 go to -- if they have to close down and go under
2 inactive, if they go under inactive, then is there some
3 kind of standard they have to go through to reopen in
4 the way of our Commission agency inspecting that track
5 and whether or not that track is going to be able to
6 meet the restrictions that it's got to meet to reopen.

7 CHAIRMAN ADAMS: Okay. Thank you,
8 ma'am.

9 That completes the input on Item G.

10 VICE-CHAIRMAN CARTER: Could I ask a
11 question? I'd like to ask that question. I don't
12 know. Do we know?

13 CHAIRMAN ADAMS: No, I don't know the
14 answer.

15 MS. KING: Okay. The answer to that
16 question is yes. We would have to do a complete
17 reinspection of the facility to make sure that it
18 complied with all of the rules. We've got lots of
19 authority in terms of inspecting the facilities at the
20 beginning of any meet; so if it was out of business for
21 a while, we would have to do top to bottom compliance
22 inspections in all areas.

23 VICE-CHAIRMAN CARTER: Sorry.

24 CHAIRMAN ADAMS: Thank you, Mr. Carter --
25 Dr. Carter. Appreciate that.

1 COMMISSIONER SOWELL: Mr. Chairman, I
2 have a question --

3 CHAIRMAN ADAMS: Okay.

4 COMMISSIONER SOWELL: -- of our counsel,
5 Mr. Fenner. Hypothetical cases are frequently derided,
6 but once in a while they might have some relevance.
7 The Racing Act provides that there can only be three
8 greyhound tracks in the State of Texas. There's no
9 if's, and's, but's, or maybe's. That's the law.
10 Right?

11 MR. FENNER: Yes, sir.

12 COMMISSIONER SOWELL: Suppose that all
13 the greyhound tracks decided that they can't make any
14 money and they can continue to lose money; so rather
15 than do that, they have apparently a perpetual right to
16 stay inactive, unless there's something in the law that
17 we haven't heard discussed today, and they all close
18 and that ends the greyhound racing industry in the
19 State of Texas. You might be able to raise dogs here,
20 but there's no place to race them. Are we powerless?
21 Can we revoke a license and award it to some new
22 prospect who might be willing to undertake racing in
23 Texas again?

24 MR. FENNER: That's an excellent question
25 and it is one that we are wrestling with not only for

1 greyhounds but obviously with our two other inactive,
2 the horse racetracks.

3 The act does provide grounds for
4 revocation of a license. We are not powerless. We
5 have recently adopted a new rule that allows for the
6 requirement of a security bond. And you could require
7 a security bond from a racetrack that has gone inactive
8 for over a year, ask them or require them to put up
9 additional money to compensate the State for the loss
10 of the accredited Texas-bred incentive program funds
11 and the loss of the tax revenue.

12 I think that if this became a big problem
13 where the greyhound tracks shut down, it calls into the
14 question whether or not they are qualified to run a
15 racetrack, which is a ground under the Racing Act for
16 revocation.

17 The act could use some strengthening in
18 this area and this is one of the areas that we
19 identified in the sunset self-evaluation report for
20 analysis by the Sunset Commission with an eye towards
21 how could that area be improved.

22 So it is possible, but it's not
23 necessarily easy. It would require a referral to the
24 State Office of Administrative Hearings for a full
25 evidentiary hearing and then it would come back to you

1 with a recommendation from the administrative law judge
2 on what he thinks you should do and then you can take
3 your action at that time.

4 COMMISSIONER EDERER: That wouldn't have
5 to be all three tracks. That could be just the one
6 Corpus track, right?

7 MR. FENNER: Yes, sir. Yes, sir.

8 COMMISSIONER EDERER: Or any of the horse
9 tracks, too, whatever.

10 MR. FENNER: Yes, sir.

11 CHAIRMAN ADAMS: Any other questions of
12 legal staff?

13 COMMISSIONER SOWELL: Just to project it
14 down the line a little further -- and this is really,
15 of course, preposterous perhaps. Suppose all of the
16 tracks in the state decided that "We're in a very
17 secure position. We have the license to be first in
18 line or the only ones in line perhaps for the slots
19 when they come in. So we'll just shut her down, pay
20 our inactive fee, and wait for it to happen. Quit
21 throwing good money after bad. Let's wait until the
22 real money comes around. Nobody else can get these
23 licenses. We've got them. We're just going to sit
24 tight, get down in a bunker and just wait until it's
25 all over and then we're going to be the kings of the

1 gambling industry in the State of Texas." What do we
2 do then?

3 MR. FENNER: That is a substantial policy
4 decision that you all would get to make a decision on.
5 I think that you do have the authority. We could beef
6 up your authority by further amending the rules. There
7 is some ambiguity in the act. We can also go to sunset
8 and ask for additional authority for the revocation of
9 a license.

10 I think that there -- you mentioned the
11 word "perpetuity" or "perpetual license" a minute ago.
12 I think there is some miscommunication or
13 misunderstanding of what that term means in the
14 industry. That comes from a change in the act many
15 years ago. It used to be that a license was only good
16 for one year and that it had to be renewed every year;
17 and so when they changed that to no longer having to be
18 renewed, they used the word "perpetual"; but all that
19 word means is they no longer have to be renewed on an
20 annual basis. It does not mean that they are
21 immortal.

22 CHAIRMAN ADAMS: I'd like at this time to
23 bring forward the representatives from Corpus Christi
24 again and now that you gentlemen have heard all the
25 input here, another opportunity to address the

1 Commission.

2 MR. SAVIN: Thank you very much. I'll
3 try and take it point by point with as much as we could
4 write down and address.

5 I do want to repeat that we are not
6 asking to close. It seems that there's a little
7 misnomer here. We're asking to stay open, not to close
8 our racetrack.

9 Addressing the inspections, I'd just like
10 to -- this is very brief. It's a September 10th letter
11 from Carol Olewin, if that's the correct pronunciation,
12 to Rick Pimentel, the general manager, just saying
13 "Your letter dated August 22nd, 2007, addresses the
14 roof and plumbing repairs at Corpus Christi Greyhound
15 Park. These items will be removed from the
16 unsatisfactory comments in the inspection report.
17 Additionally, the fire extinguishers in the kennels
18 have been inspected and certified. This leaves one
19 area of concern, the settling exterior wall. Keep us
20 updated on the status of this situation. The Texas
21 Racing Commission appreciates your efforts to remedy
22 the deficiencies cited on the July 3rd, 2007
23 inspection. If you have any questions, please call
24 me."

25 So that's September 10th, with the one

1 issue, which is a significant issue, of the wall we
2 have there that we have plans -- and again, when you're
3 racing every day of the year, year-round, it is very
4 difficult to do significant maintenance to your
5 facility. But that's the only thing that's left as far
6 as inspection items go.

7 The next issue seemed to be a lack of
8 communication. On June 20th -- and again, I'm not sure
9 whether it's our responsibility or the responsibility
10 of the TGA to tell the kennels. We took it upon
11 ourself on June 20th in a memo that went to all
12 employees, all kennel owners, and all trainers and was
13 actually attached to purse checks.

14 And I won't read you the entire memo; but
15 the gist of the memo is "We have applied to run live
16 from January 2nd through January 13th of 2008. From
17 now until December 31st, 2007, we will race. As many
18 of you know due to the kennel owners meeting held by
19 the Texas Greyhound Association at the Astor Restaurant
20 this morning, the Corpus Christi greyhound track will
21 be applying to the Texas Racing Commission July 1,
22 2007, for race dates for the year 2008. So as to clear
23 the air and make sure we are all on the same page, this
24 will be our request."

25 That's June 20th. Significantly, several

1 months ago we made a point to make sure all the kennel
2 owners were aware of this. Since then we have been in
3 ongoing meetings with staff, dialogue with the TGA, and
4 we came to the 60-day meet; but the intention from the
5 beginning and what was told to the kennel owners so
6 that they could make plans if this wasn't a
7 satisfactory situation for them was that we would be,
8 and then we did go, and apply for a 10-day meet.

9 So they were basically given the
10 worst-case scenario at the earliest opportunity when it
11 was pointed out to us that they needed to be told. And
12 I think this is after they were already informed by the
13 TGA, but they got official notification from Corpus
14 Christi Greyhound Track on June 20th.

15 People talked about the marketing. We
16 have made, just in the past several weeks, significant
17 attempts at marketing greyhound racing at the Corpus
18 Christi dog track. And Diane made some comments about
19 not being happy with the facility, some other things.
20 I went back and asked our general manager to pull out
21 any letters he had received in the past year,
22 complaints from patrons.

23 We did have one complaint. It was a very
24 lengthy six-page letter detailing how a family came out
25 for a gathering. There were 15 of them. Three of them

1 showed up early and tried to reserve three tables in
2 the dining room, and we told them that they couldn't
3 reserve and hold three tables with three people. They
4 said the people would be showing up later on. They
5 felt they were treated rudely. In fact, our waitress
6 probably did treat them rudely. They were sent a
7 letter from our general manager inviting them to come
8 back for a free meal and explaining to them that in the
9 past we've had people -- one, two, or three people who
10 come in and try and reserve several tables for four or
11 six people with one person holding the table. That's
12 our lone complaint letter from patrons in the last
13 year.

14 On the marketing front, we ran -- I won't
15 give these all out, but we ran full -- basically
16 full-page ads in the Caller Times promoting dog racing
17 at our Corpus Christi facility. Just so -- can I --
18 that ad ran in the sports section of the Caller Times.
19 It ran Friday, Saturday, and Sunday of two consecutive
20 weekends.

21 You will see that it's devoted to dog
22 racing. In my opinion, it's a dog racing ad. It does
23 say at the bottom of the text "Be sure to check out our
24 WWE pay-per-view events at our website below."

25 We ran the ad six days, two consecutive

1 weekends. We saw no increase of any type to our
2 pari-mutuel handle. We had a wrestling event and we
3 doubled the attendance at the wrestling event from the
4 prior year. So while we got twice as many folks and
5 that goes from 60 to 120 paid people for the WWE event,
6 we had nothing in terms of a race response because the
7 true core patrons are already at the racetrack.

8 I mean, we're all -- I've been in the
9 pari-mutuel industry for 30 years and it's tough to get
10 new patrons. It involves a lot of work. It involves a
11 lot of innovative marketing efforts. And I can tell
12 you that we can't make those innovative marketing
13 efforts when you're running a year-round racetrack and,
14 again, getting back to "I don't need to go to that
15 track today because I can go tomorrow" and tomorrow
16 passes and they don't go, versus a specialized meet
17 like the Valley runs, or in Thoroughbred racing the
18 most successful meets anywhere in the country,
19 Saratoga, Del Mar, Keeneland.

20 When you're running a short meet, you
21 create demand and desire by people to go because that
22 meet is going to end. And we're hoping that by running
23 a short meet, we can create some demand and desire
24 amongst the folks in Corpus Christi to come out to the
25 dog track and see those dogs run.

1 I understand how these individual folks
2 feel and each one has a different story. I heard "Shut
3 them down." I heard "Make them run year-round." I
4 heard a lot of different things. We've poured over 15
5 million dollars of money, the Havenick family, into
6 that racetrack; and a couple of Commissioners asked
7 why, why would you want to stay open and continue to
8 lose money.

9 We didn't come here to ask to go
10 inactive. We came here to continue to keep trying to
11 search for a solution. And again, I get back to the
12 you can be part of the problem or part of the
13 solution. And if we're dead wrong and we get to July
14 and we don't have any dogs, then we're going to have
15 been wrong; but the State of Texas isn't going to have
16 suffered.

17 The dog -- we're going to have generated
18 dog purses. We're going to have paid an active fee of
19 \$175,000 as opposed to an inactive fee of 125,000. And
20 we're going to have built up purses for dogs and horses
21 and been a contributing member of the greyhound
22 community.

23 And we're going to work as hard as we can
24 to get the dogs. That's our plan. I understand these
25 people don't have a place to go in some instances. I

1 heard Harlyn -- and I'm sorry because I don't know your
2 last name, sir -- okay, mention about sending dogs from
3 Corpus to the Valley. We're down to 10 kennels right
4 now. We're only running 10 races a day, six days a
5 week. If those dogs go to the Valley now, we'll be
6 down to seven or eight or nine kennels and be running
7 significantly less than 10 races a day.

8 So for every problem that someone has,
9 there's a solution for someone else. We don't claim to
10 have the perfect answer. We're asking everyone to give
11 us the opportunity to search for the solution, to
12 continue to try and go forward into 2008 with every
13 intention of running a live race meet, to do the best
14 that we can to work with the TGA, to work with the
15 Valley.

16 There was also a brief mention about a
17 circuit; and one of the first things that we did early
18 in 2007 was to have a couple of conversations, one with
19 Gulf Greyhound about a circuit; and the only
20 conversation essentially with Gulf was about four
21 months, four months, and four months at the three
22 tracks. And they weren't interested in that. We
23 understand that.

24 We did have a conversation with the
25 Valley about some type of circuit. And they weren't

1 really interested in running beyond the dates they're
2 running. And I don't blame the Valley and I don't
3 blame Gulf because they're trying to operate viable
4 businesses. And that's what we're trying to do,
5 operate a viable business under not the best of
6 circumstances.

7 And finally -- and I'm sorry this is
8 taking so long, but I did want to read from the TGA
9 letter. "Corpus has always filled the role as a
10 second-tier track for greyhounds that could not compete
11 at Gulf, or as a puppy track to break in young
12 greyhounds that will be moved to higher paying
13 tracks."

14 You heard one of these gentlemen state
15 that he gets his young dogs ready and then sends them
16 out of state where they can earn more money.

17 We can't go out of state and earn more
18 money. We're sitting at Corpus Christi with a dog
19 track, doing the best that we can to try and make it
20 viable. And we're not trying to be profitable. We
21 realize we are not going to be profitable. We would
22 love to be profitable, but we're looking at it
23 realistically and saying this is the losses we can
24 continue to absorb as an active live track contributing
25 to the greyhound community of Texas and we feel we'll

1 be far better off and the industry would be far better
2 off with us as an open live facility attempting to put
3 on a 2008 race meet than a facility that's closed
4 down.

5 And I did listen to all their comments
6 and I understand that some people absolutely will be
7 displaced; but if we close down, everyone will be
8 displaced.

9 CHAIRMAN ADAMS: Thank you, sir.

10 Any questions at this time?

11 COMMISSIONER EDERER: Yes. So you're
12 asking for 60 race days or 12?

13 MR. SAVIN: No. We're asking for 60 race
14 days over a 12-week period.

15 CHAIRMAN ADAMS: Go ahead, Dr. Carter.

16 VICE-CHAIRMAN CARTER: I asked this of
17 someone else and I'd like to give you the same
18 opportunity. I heard your comment about closing, and
19 that was the question I was asking. But is there --
20 one of the big things that seems to create a lot of
21 angst is the downtime between your dates and the Valley
22 dates. Is there any opportunity to compromise and
23 close some of those dates, which would keep you open
24 and maybe keep them -- places for their dogs during
25 that period of time?

1 MR. SAVIN: Well, 50 percent of that
2 equation really is the Valley's decision. We looked at
3 it as how long could we possibly afford to run,
4 understanding that we know pretty much what it costs us
5 every day in losses to operate that facility whether
6 it's a live day or a simulcast day. And the live days
7 cost us considerably more money than the simulcast days
8 in terms of losses per day.

9 So we stretched it out, after working
10 with the staff, to go to the maximum number of days
11 where we felt we could continue to suffer those
12 financial losses; and that's where we got to 60
13 performances over a 12-week period.

14 Again, the points are projected to be
15 doubled; so over those 12 weeks, we're going to be
16 paying \$50 a point versus where we're paying 25 or 26 a
17 point now; so essentially they're going to earn over 12
18 weeks what they're earning now over 24 weeks. So over
19 three months now, they're going to earn what they've
20 been earning over six months. We feel that's a pretty
21 significant -- I'm not going to say gesture, but
22 projection, and something that we're willing to
23 guarantee if need be.

24 VICE-CHAIRMAN CARTER: Thank you.

25 CHAIRMAN ADAMS: Other questions?

1 Thank you, sir.

2 I'm going to -- I'm going to close the
3 public input at this point.

4 Yes, Charla Ann.

5 MS. KING: I was just going to make one
6 clarification. I just was going to make one
7 clarification to Scott's comments to make sure that the
8 Commission understood, because there's been quite a bit
9 of discussion about the condition of the facility and
10 he was referencing our inspection and saying that there
11 was one outstanding item and that was referring to just
12 one section of the inspection process which is
13 considered the administrative inspection part of the
14 process.

15 There are some items I understand are
16 still outstanding in regard to veterinary conditions at
17 the track. And I guess what I'll add to that so that
18 it's clear, because we did a complete review of the
19 compound at the track, is that -- and as Scott pointed
20 out accurately, it's very hard to do maintenance work
21 when people are there all the time.

22 And that was the conclusion of the tour
23 that we did with Commissioner Cabrales was that they
24 were going to have to get the folks out of those
25 kennels in order to do the kind of maintenance that

1 needs to be done. So that's an issue that's remaining
2 there. I just wanted to make sure everybody understood
3 that because I know that's an issue that's very
4 important to everyone.

5 CHAIRMAN ADAMS: Treva?

6 MS. BOYD: I'd just like to add, I don't
7 know if you've had time to attend the Corpus track to
8 see it firsthand. But I had been to the others. The
9 others are in great shape. They take great pride in
10 their facilities.

11 And in one of the working group meetings
12 that I attended, we discussed the issue of Corpus.
13 Actually it didn't come up that way. How it came up
14 was that I had attended the tracks and that I had a
15 concern about the shape one of them was in. And I
16 didn't want to point a finger in that meeting and --
17 but it came to the surface that it was Corpus that was
18 in bad shape.

19 It is something that you've got to see
20 for yourself. It's just really not something that I
21 would want in my business, for the public to see me
22 looking like that. Okay? So I wanted to clarify
23 that.

24 And then I also wanted to mention, too,
25 that I don't know if you recall; but in 2006, that long

1 dissertation I made after a conference call that we had
2 had with the ownership of Corpus and the management of
3 Corpus and staff about that circuit racing, it just
4 fell on deaf ears. You know, Corpus was totally
5 against that at that time, totally against it.

6 So we just really -- I mean, staff put
7 together -- Sammy put together some alarming figures if
8 we didn't do something then, and so that's why we were
9 proposing a circuit back then. If you'll look at those
10 numbers today, all the tracks are having a difficult
11 time. You just look at -- I mean, revenue loss is just
12 huge at all of them.

13 So this situation about -- that Harlyn
14 was bringing up about "This impacts that," you know,
15 Corpus will impact Valley. Just look at Gulf. I mean,
16 you take a look at the revenue numbers that Sammy has
17 put together and you see a very good picture of it.

18 So I don't want to come down too hard on
19 any track, but I couldn't operate my business the way
20 they operate theirs and survive. Thank you.

21 CHAIRMAN ADAMS: Okay. As I stated
22 before, I'm going to close the public input portion of
23 the -- of this item; and we're going to discuss among
24 the Commissioners what our feelings are; and then I'm
25 going to suggest a motion at some point and see how

1 that works.

2 So I'm open for comments or suggestions.
3 If I need to take the lead -- go ahead, Jimmy.

4 MR. ARCHER: I don't know about a lead;
5 but I just want to make some comments, some
6 observations that I've had. I've been here for a
7 while. I've observed this Commission for a lot of
8 years and both from up here and then out there, you
9 know, for the comptroller's office.

10 It just seems to me that this is a
11 conversation we've had many times and in many different
12 forms. And maybe it's a lot more -- maybe it's a lot
13 simpler for me to just sit here and think this than it
14 is to be involved in either the horse breeding or
15 owning part of it or owning a racetrack.

16 But there seems to be a tipping point
17 someplace between what the greyhound folks that run and
18 breed horses have and what the racetrack people have --
19 need to make their racetracks viable. And for some
20 reason, those aren't coming close enough together to
21 come to any accommodation. The problem is, if we don't
22 come to accommodation, nobody is going to be happy at
23 all. And that's what's going to happen.

24 You know, I mean, like Dr. Graham said,
25 if we close the track, it's going to make the whole

1 industry look bad; and at the same time I don't think
2 we can -- you know, not everybody is going to be a
3 hundred percent happy, but everybody can be a hundred
4 percent unhappy. I promise you that. That's my
5 comment.

6 CHAIRMAN ADAMS: Thank you, sir.

7 VICE-CHAIRMAN CARTER: Do you want me to
8 go since --

9 CHAIRMAN ADAMS: You can go.

10 VICE-CHAIRMAN CARTER: All right. I
11 guess that I have the same concern, that I understand
12 that -- maybe not to the degree they understand, but I
13 do understand and I have heard the dog owners' concerns
14 and about the lack of some place to be with their
15 animals and the downtime hurting them. But I also hear
16 the track's financial statements that they're losing a
17 lot of money. You look at their financial statements.
18 You can see they're losing a lot of money. I can't see
19 why they'd want to stay open another day.

20 I guess it's -- I understand your
21 comments about why they would want to stay open, but I
22 think it came out up here that they don't necessarily
23 have to have your dogs there to sequester this license
24 for a while.

25 I think that there has to be a compromise

1 position and I don't think that we can go either way a
2 hundred percent or we're going to have one faction
3 totally unhappy. But I agree with the statement
4 Dr. Graham made about closing down is not good for the
5 whole picture. And I understand that. And I don't see
6 how it can be good for dog racing for them to close
7 this track. I just -- I can't fathom that you would
8 think that this were good and some of the reasons you
9 stated.

10 Now, I know that you're a little upset
11 with the management. And I understand that. I can
12 hear that in your words. But I think we need to come
13 somewhere in the middle and salvage what we can for the
14 dog owners as well as the track owners as well as the
15 industry. And I don't know what that compromise is,
16 but I think we need to look at some options and come to
17 the middle to have a little bit of dissatisfaction on
18 both sides but not major dissatisfaction.

19 I just can't see that it's in your
20 benefit to say you're going to have to run 365 days or
21 nothing and have them shut their doors. That's not
22 good, I don't think.

23 CHAIRMAN ADAMS: Ernest?

24 MR. ANGELO: Well, I may be by myself on
25 this; but I don't see any point at all in approving

1 something that so many people that are involved in the
2 business say isn't going to work. And maybe by turning
3 it down, you put the pressure on to get this compromise
4 that's been discussed or talked about. But I don't see
5 approving something that's, by the people that know the
6 business, unworkable does anything to benefit the
7 industry; and I personally would be opposed to granting
8 the request.

9 COMMISSIONER EDERER: Do we have two
10 problems that we're talking about here? One, approving
11 '07 and the other one '08?

12 CHAIRMAN ADAMS: Yeah.

13 COMMISSIONER EDERER: Or is it a
14 package?

15 CHAIRMAN ADAMS: We're only talking about
16 the '08 portion now. Because of the fact that the '07
17 portion is contingent on the results of the '08
18 package, there may not even be a decision being made on
19 the '07 motion, if you follow that.

20 COMMISSIONER EDERER: I'm not sure I do.

21 CHAIRMAN ADAMS: Okay. As I understand
22 it, the request by Corpus Christi to revise their '07
23 schedule is only -- is only viable if the Commission
24 awards the 60-day performance meet. In other words, if
25 we don't -- if we don't award them the 60 days that

1 they're asking for, they don't want to change '07.
2 They're going to continue '07 and run out the end of
3 the year. That's the way I understand the
4 application.

5 COMMISSIONER EDERER: Is that the way the
6 application is?

7 MS. KING: That's correct. That is
8 correct, yes.

9 COMMISSIONER EDERER: All right. So we
10 either approve the '08 now -- I guess what I'm coming
11 around to is this: Is there any possibility of going
12 back to Corpus or Corpus getting together with the
13 greyhound association and possibly some sort of a
14 compromise, knowing that there is the feeling of the
15 Commission after hearing what the Commissioners are all
16 saying here today, that we could table this as far as
17 the '08 is concerned until the next meeting?

18 MS. KING: I think that's a definite
19 possibility. I think it's really important for the
20 people here to hear what the Commissioners want. And
21 we talked about those things in the working group and I
22 will tell you that we did push very hard. We pushed
23 hard to try to get them to come together. The
24 alternative -- you know, they wanted 120 days. They
25 want to double the amount of time that Corpus Christi

1 has requested. And we pushed really, really hard on
2 that; and we could not get past that impasse.

3 So that's why it's at this level, for
4 them to hear what you think should happen, and I think
5 that's an important thing that they really get the
6 message about how important that is. And people have
7 been making good contributions to that. When we
8 visited with Corpus Christi about coming, I said be
9 sure that Scott comes from Florida and that he will be
10 prepared to respond to just that potential request.

11 COMMISSIONER EDERER: Well, it seems to
12 me -- I mean, I certainly agree with Dr. Graham that
13 this would hurt the entire racing industry, not only
14 dogs but horses also, if the track was closed. But on
15 the other hand, if I was Scott's boss, the first thing
16 I would do is say, "Don't throw me in the briar patch.
17 I mean, close it down. Let's sit there for a year and
18 let's wait and see what happens. And if the gambling
19 comes, fine. If it doesn't come, well, we'll pay
20 another fee and we can keep them in court and keep them
21 tied up for another two or three years and keep the
22 license. And if it happens, it happens."

23 So I mean, from a financial point of
24 view, like I said, if I was Scott's boss, I would say,
25 "Don't throw me in the briar patch," and I'd stand

1 firm and not give up anything.

2 But that doesn't seem to be what they
3 want to do in Corpus. It seems to me that they want to
4 try to compromise. They've put an awful lot of money
5 in there and I don't think they want to throw it away.

6 If the place closes down, they're going
7 to lose Corpus Christi. They're already on the verge
8 of losing Corpus Christi. The patrons are not coming
9 out. They would come out, I think, for other events.
10 If the track starts using the facility for other
11 events, that would help, you know, get the track
12 going.

13 I don't know what Corpus' problem is as
14 far as eight-liners are concerned or as far as Internet
15 gambling is concerned and how they're getting killed
16 there. I don't have a feel for that. I'm sure that
17 Scott's people do.

18 But it seems to me that where we find
19 ourselves is -- and I certainly agree with Ernie Angelo
20 that why should we approve something that we know is
21 going to fail. I don't agree with that at all. And if
22 that's the situation at this point in time, I don't
23 like it and I think that we should try to find some
24 alternative; and if the alternative would be to put it
25 off -- but I don't know if there's any flexibility at

1 all in Corpus Christi.

2 If Corpus Christi takes the point of view
3 that there is absolutely no flexibility whatsoever, I
4 think that that will make our decision a little
5 easier. Not easier. A little more distasteful, but we
6 can make the decision.

7 CHAIRMAN ADAMS: Dr. Carter?

8 VICE-CHAIRMAN CARTER: When I asked that
9 question of Mr. Savin, he said, well, 50 percent of
10 that equation is going to be the Valley. But we've
11 heard none of that discussion, have we? When I
12 asked -- I asked him that very question, and he said 50
13 percent of that equation would rely on the Valley. I
14 haven't heard any of that conversation.

15 Do you guys want to comment on that
16 conversation or do we need to get somebody to tell us?
17 Or is that appropriate?

18 CHAIRMAN ADAMS: No. I think Sammy -- we
19 certainly can allow Sammy to comment on it. I do not
20 want to reopen the public hearing here --

21 VICE-CHAIRMAN CARTER: That's fine.

22 CHAIRMAN ADAMS: -- on that particular
23 issue. But, Sammy, if you would, please.

24 MR. JACKSON: This was discussed at great
25 length at the working group meetings as well,

1 Dr. Carter. Valley, in the 2008 calendar, submitted to
2 start at the same time of the year, which was right
3 after Thanksgiving Day. In discussions with Mr. Bork
4 and Milt Roth, the president and assistant general
5 manager at Valley Race Park, looking at expanding that
6 meet, they didn't feel as though they could go past the
7 April dates because half their kennels come from out of
8 state and those kennels are going to go back to that
9 location that is in Iowa. That's when their meet
10 opens. So they knew they wouldn't have that.

11 We tracked down -- the ending date for
12 the Dubuque track is at the end of October; so they
13 felt as though they possibly could move up a couple of
14 weeks, start earlier in November; but they were waiting
15 to see what the results of where Valley -- was Corpus
16 Christi going to be granted dates before they went to
17 that discussion. But two weeks did not get us anywhere
18 near the impasse that we were at in that five-month
19 gap.

20 And I think that's where we get into or
21 the discussion came down was somebody -- were each
22 going to run six months or five and a half months
23 apiece or one is going to run seven, one is going to
24 run five. And we got back to that same impasse again
25 of Valley saying they couldn't run past the April area

1 because of the content of their kennel makeup and how
2 many kennels were coming from there and that they could
3 probably open as much as two to three weeks earlier in
4 November, depending on the close date of Dubuque, and
5 so that those kennels could physically move from Iowa
6 down to the Valley to begin their meet.

7 So that's the information I can give you
8 on that. I can tell you that Corpus Christi heard that
9 information and they didn't seem too positive. I guess
10 they were hoping Valley could run more or commit to
11 more than that.

12 COMMISSIONER EDERER: Wouldn't the Corpus
13 kennels -- couldn't they fill in the gap of those few
14 weeks that the people from Iowa don't want to send
15 their dogs down? I'm sure the Corpus people want to
16 run.

17 MR. JACKSON: Yes. But they only have --

18 CHAIRMAN ADAMS: That, in Corpus, is the
19 problem of just moving for that short period of time.
20 And that doesn't work.

21 MR. JACKSON: That's right. You're
22 getting back to the --

23 CHAIRMAN ADAMS: They just can't load
24 them up and go over there and run two weeks and then --

25 COMMISSIONER EDERER: I thought the

1 Corpus people and Dubuque ran at the same time in the
2 Valley. Aren't there some of the Corpus dogs running
3 in the Valley at the same time the Dubuque dogs are
4 running?

5 MR. JACKSON: No.

6 COMMISSIONER EDERER: Why not?

7 MR. JACKSON: Whenever there's Corpus
8 kennels that move, they physically move the whole
9 kennel and take it, as I understand it, off the
10 backside of Corpus and they move the whole facility.

11 COMMISSIONER EDERER: Well, I
12 understand. But at the present time Corpus is running
13 full-time.

14 MR. JACKSON: Correct.

15 COMMISSIONER EDERER: If we get into this
16 situation where Corpus isn't running full-time,
17 wouldn't the dogs from Corpus be running in the
18 Valley? So wouldn't the dogs in Corpus try to fill in
19 that gap of a month or six weeks or whatever until the
20 Dubuque dogs came down --

21 MR. JACKSON: Well, I think that's -- the
22 rule --

23 COMMISSIONER EDERER: -- on the front end
24 or the back end?

25 MR. JACKSON: I think you're absolutely

1 onto the right path; but it's the commitment of Corpus
2 running past July 6 into October is the issue because
3 if Corpus closes on July 6, okay, you're not talking
4 about the six-week gap that the Dubuque kennels have at
5 the end of October to November. You're talking about a
6 gap of the Corpus dogs from July 6 until November.

7 COMMISSIONER EDERER: But as I understand
8 it, it takes 30 days at least to move the kennels from
9 one location to another. I misunderstood that then.

10 CHAIRMAN ADAMS: The 30 days was the
11 maximum that the dogs could be without running.

12 MR. JACKSON: Yes, sir. The 30 days was
13 the gap that they felt they could stay -- possibly, at
14 the most, stay down without running. And the 30 days
15 was really two weeks -- two weeks on the front end of
16 the meet and two weeks on the back end of the meet. It
17 wasn't 30 days consecutively.

18 CHAIRMAN ADAMS: Thank you, Sammy.

19 MR. JACKSON: You're welcome.

20 CHAIRMAN ADAMS: Okay. What's the
21 pleasure of the Commission? It's one o'clock. I'd
22 like to -- I would like to get something resolved on
23 this issue.

24 (Inaudible discussion)

25 CHAIRMAN ADAMS: She didn't hear you,

1 Ernest. Is your mike on?

2 MR. ANGELO: It was not on. I
3 apologize. I'll put the mike on. And I will move that
4 we --

5 COMMISSIONER SOWELL: One second. Does
6 it make any sense to adjourn for lunch and then come
7 back? We can have a little time for talking then and
8 come back and do it.

9 CHAIRMAN ADAMS: No, because we can't.

10 MR. FENNER: You can't discuss this.

11 CHAIRMAN ADAMS: We can't discuss it.

12 COMMISSIONER SOWELL: We can turn that
13 into an executive session.

14 MR. FENNER: It's not posted for that.
15 But if you want to use the time to think about it --

16 CHAIRMAN ADAMS: We cannot do that.
17 Okay.

18 MR. ANGELO: I would move that we deny
19 the request.

20 CHAIRMAN ADAMS: A question before we
21 get -- do I have a second for that? There was a motion
22 for denial.

23 MR. FENNER: Chairman, may I make a
24 suggestion regarding that? The act talks in terms of
25 granting dates, that you --

1 MR. ANGELO: Wrong wording.

2 MR. FENNER: I think that perhaps a
3 better approach would be to have a motion to grant it
4 and, if you do not wish to grant, to let it fail.

5 CHAIRMAN ADAMS: Because of the way the
6 act is --

7 MR. ANGELO: I understand that.

8 CHAIRMAN ADAMS: So the Chair will
9 entertain a motion to approve Corpus Christi's amended
10 request for 2008 greyhound race dates on page 9.7 to
11 9.12 for 60 performances beginning on April the 17th.

12 COMMISSIONER SOWELL: I'll move that so
13 we can get the motion on the floor.

14 CHAIRMAN ADAMS: Okay. Is there a second
15 for that?

16 COMMISSIONER EDERER: I'll second.

17 CHAIRMAN ADAMS: We have a motion and a
18 second by Mr. Sowell and Commissioner Ederer.

19 Do we want further discussion or do you
20 want to call a vote? Is there a question?

21 Okay. Let's have a roll call vote.

22 COMMISSIONER EDERER: I'd like to have
23 some clarification from staff, from legal. The effect
24 of a positive vote and the effect of a negative vote.

25 MR. FENNER: If the Commission approves

1 this motion, Corpus Christi Greyhound will have the
2 60-performance calendar that they have requested. If
3 the Commission votes against it, the motion will fail
4 and Corpus will have no race dates granted for 2008.
5 They will not begin simulcasting -- they will not be
6 able to simulcast in 2008. And that will be the end of
7 it unless you take it up again at some later time.

8 COMMISSIONER EDERER: I was going to
9 say. Can Corpus come back to us and ask -- at the next
10 meeting, at our next Commission meeting, and ask for
11 dates in the next year, '08? Or does this cut them off
12 for the next year?

13 MR. FENNER: It depends on how you handle
14 that. And I like the way you worded it earlier. Under
15 our current rule, they have to request an allocation --
16 a period, an application period, so that if you just
17 cut them off and that's the end of it today, they're
18 basically not going to be able to run at least as of
19 January 1.

20 However, if the Commission does not
21 approve it, you haven't taken a final action yet; so
22 what you could then do is make a motion to table it to
23 allow Corpus to have an opportunity to amend this
24 application. If you table it, they could either bring
25 it up at this meeting or at the next meeting. But

1 that's it. It's only a one-meeting tabling, a motion
2 to lay it on the table.

3 CHAIRMAN ADAMS: Is that --

4 MR. FENNER: So that you can operate
5 under the current application period.

6 COMMISSIONER EDERER: A motion to table
7 right now then, the motion that's on the -- that
8 doesn't work.

9 MR. FENNER: Well, you would probably --
10 it's up to you. A motion to table is not a debatable
11 motion. You would have to vote that up and down right
12 now. You would have to have a second. Or you can move
13 forward on this pending motion, which is to grant the
14 race dates. If the race dates motion fails, I mean,
15 it's not over. You could continue to take it up. I
16 mean, just because the motion fails does not kill it.
17 It's still a pending agenda item unless you move on.

18 COMMISSIONER EDERER: And if we move on?

19 MR. FENNER: If you move on and you want
20 to take this up at a later time today, you would have
21 to motion to reconsider this agenda item; but if you
22 move on and the Commission meeting ends, then they are
23 not going to be able to bring this forward at the next
24 Commission meeting in November and request dates at
25 that time unless you have laid it on the table during

1 this meeting.

2 MR. ANGELO: Mr. Chairman, while we're
3 still discussing this, I think there's some value in
4 taking a vote on the motion that's before us and
5 then -- so that everyone knows what the position of the
6 Commission is with respect to the current request, and
7 then consider a motion to table the item for subsequent
8 discussion.

9 COMMISSIONER SOWELL: Good suggestion.

10 CHAIRMAN ADAMS: Is that possible?

11 MR. FENNER: Yes, sir.

12 CHAIRMAN ADAMS: We can do a tabling
13 after the results of this?

14 MR. FENNER: If this motion fails, the
15 agenda item is not over. You could then make a motion
16 to lay this on the table and give Corpus an opportunity
17 to amend their request at either this or the next
18 Commission meeting and you'd still be operating under
19 this current application period that's open.

20 CHAIRMAN ADAMS: Okay. Does everyone
21 understand?

22 COMMISSIONER SOWELL: One procedural
23 question. Just because I offered a motion doesn't mean
24 I have to vote for it, right?

25 MR. FENNER: I never tell a Commissioner

1 how to vote.

2 COMMISSIONER PABLOS: So what is the
3 motion?

4 CHAIRMAN ADAMS: Will staff please call
5 the roll?

6 MR. ARCHER: Please restate the motion.

7 CHAIRMAN ADAMS: Okay. A restating of
8 the motion. The motion is to approve the Corpus
9 Christi Greyhound Racetrack's amended request for 2008
10 greyhound race dates on pages 9.7 through 9.12 of a
11 60-performance meet beginning April the 17th, 2008.
12 Approval is what we're voting on here.

13 So will the staff please call the roll?

14 MS. GIBERSON: Ernest Angelo?

15 MR. ANGELO: No.

16 MS. GIBERSON: Jimmy Archer?

17 MR. ARCHER: No.

18 MS. GIBERSON: Ron Ederer?

19 COMMISSIONER EDERER: No.

20 MS. GIBERSON: Rolando Pablos?

21 COMMISSIONER PABLOS: No.

22 MS. GIBERSON: Sonny Sowell?

23 COMMISSIONER SOWELL: No.

24 MS. GIBERSON: Kent Carter?

25 VICE-CHAIRMAN CARTER: No.

1 MS. GIBERSON: Jesse Adams?

2 CHAIRMAN ADAMS: Yes.

3 The motion fails.

4 So do I have a motion to table?

5 COMMISSIONER EDERER: I make a motion to
6 table this issue.

7 COMMISSIONER SOWELL: Second.

8 CHAIRMAN ADAMS: It's been motioned and
9 seconded to table the situation and we will address it
10 later in the agenda or --

11 MR. FENNER: Or you could take it up --

12 CHAIRMAN ADAMS: Or at the next meeting.

13 MR. FENNER: -- at the next meeting.

14 CHAIRMAN ADAMS: Okay. And I would
15 then -- due to the time, I would -- we have a lunch
16 break that we can take now. Is that correct?

17 MS. KING: That's correct.

18 CHAIRMAN ADAMS: So we'll --

19 MR. FENNER: Are you going to vote on the
20 motion to table?

21 CHAIRMAN ADAMS: Excuse me. Okay.
22 There's a motion, a second -- a motion and a second to
23 table. All those in favor please say aye.

24 COMMISSIONERS: Aye.

25 CHAIRMAN ADAMS: Any opposed?

1 The motion carries.

2 Thank you. We're now going to break for
3 a lunch break and come back in about one hour, 45
4 minutes.

5 MR. FENNER: 45 minutes.

6 CHAIRMAN ADAMS: 45 minutes. Let's be
7 back at two o'clock.

8 (Recess from 1:07 p.m. to 1:57 p.m.)

9 CHAIRMAN ADAMS: It's now two o'clock and
10 we're going to reconvene after a lunch break and begin
11 with Item I, a request from Valley Race Park to
12 allocate live race dates for 2008. I'd like to
13 recognize Milt Roth.

14 MR. FENNER: I'm sorry, Commissioner --
15 Chairman. Which -- which item did you announce?

16 CHAIRMAN ADAMS: I.

17 MR. FENNER: We're actually on H.

18 CHAIRMAN ADAMS: Well, there is no H.

19 MR. FENNER: Page nine of -- page nine?

20 CHAIRMAN ADAMS: No. But H says that H
21 only applies if the Commission awards the meet for '08,
22 and we did not award a meet for '08.

23 MR. FENNER: Actually the request -- the
24 item is whether or not Corpus will withdraw their
25 request. We need to have Corpus come up and state what

1 their intent is because it does stand until they
2 withdraw it.

3 CHAIRMAN ADAMS: We will then consider
4 Item H, a request by Corpus Christi Greyhound Track for
5 a 2007 live meet schedule. And will a representative
6 please come forward, please?

7 MR. SAVIN: Thank you again,
8 Commissioners. I'm going to indulge a few minutes of
9 your time to try and walk through our view of what the
10 tabling of the first proposal did to our situation.

11 As it stands now, our motion for '08
12 dates was tabled. This will put the dogmen, kennel
13 owners, and trainers --

14 CHAIRMAN ADAMS: Hold it, sir. Let's --
15 let's deal with Item No. H right now. Okay? Let's not
16 reopen the last item. It has been tabled. And that's
17 the way it is until the Commission chooses to take it
18 up and discuss it. So if you would, please, address
19 Item H, which is the rest of this season.

20 MR. SAVIN: We feel that we will not be
21 able to card enough live dogs after November 23rd to
22 finish out our commitment based on tabling of our
23 motion.

24 CHAIRMAN ADAMS: Questions?
25 Understand -- does everyone understand that, his

1 position then?

2 MR. FENNER: May I --

3 CHAIRMAN ADAMS: Yes. Staff?

4 MR. FENNER: Do you then no longer wish
5 to withdraw that amendment to 2007 dates?

6 MR. SAVIN: We're withdrawing; but we're
7 trying to be cautionary to the Commission and go on
8 record that we do not feel, based on tabling of the
9 motion, that we will have enough dogs left at our
10 facility to run full performances until the end of the
11 year.

12 CHAIRMAN ADAMS: I fail to see the
13 connection between the two because had you been
14 approved for 60 days in April, your dog owners would
15 have had the exact same situation they're looking at
16 today and that's the fact that on January 1st they'd
17 have no place to be. So how does that -- how does
18 your -- how does that change your position?

19 MR. SAVIN: Right now we have three
20 kennels that are slated to leave our facility and go
21 race at the Valley, three of our nine kennels. We have
22 six kennels who are in limbo at this point, who, if I
23 were one of the kennels, I would be looking around for
24 anything I could do to salvage my business, any place I
25 could get a booking. I wouldn't be sitting at Corpus

1 for the next 30 days waiting for us to come back and
2 potentially go inactive.

3 I think it's somewhat unfair to the
4 dogmen because if we come back 30 days from today and
5 go inactive, they will have waited 30 days and further
6 disadvantaged themselves from getting a booking at the
7 Valley or anywhere else. Therefore, they're most
8 likely to try and do something with their dogs over the
9 next 30, 45 days, leaving us with very few, if any,
10 dogs at Corpus to run out our card through the balance
11 of the year.

12 When we put in the motion, we didn't
13 expect a tabling. We thought it would either be a yes
14 or a no. But now these dog owners are left in limbo,
15 not knowing what's going to happen 30 days -- and I'm
16 saying 30 days. I don't know when the next Commission
17 meeting is.

18 CHAIRMAN ADAMS: Yes, Mr. Fenner.

19 MR. FENNER: The characterization of it
20 as being tabled I think is a little inaccurate in that
21 a motion was made to grant the live race dates and it
22 failed. So without further action by the Commission,
23 those race dates are, in effect, denied.

24 CHAIRMAN ADAMS: The tabling doesn't
25 necessarily mean -- I think I'm -- may I restate

1 Mr. Fenner's statement? Tabling doesn't necessarily
2 mean that we're going to revisit the issue unless
3 there's some reason to do so.

4 COMMISSIONER SOWELL: It means nothing is
5 done.

6 MR. SAVIN: But I want our dogmen to
7 understand that what it means is our dates were denied
8 and therefore we would be going inactive in 2008.

9 CHAIRMAN ADAMS: And I think they
10 understand that.

11 MR. SAVIN: Okay. I'm sorry. I thought
12 they were under the impression -- we were under the
13 impression that there was the opportunity to come back
14 in 30 days or at the next Commission meeting with a
15 different proposal and we didn't want to leave our
16 dogmen in limbo for that period of time.

17 CHAIRMAN ADAMS: I understand.

18 Sammy, do you have anything to add?
19 Would you like to comment on this?

20 MR. JACKSON: No, sir. I think you've
21 articulated it -- both sides have articulated it
22 clearly.

23 CHAIRMAN ADAMS: Okay. So if I could,
24 then you are withdrawing your request for Item No. H.
25 Is that what I'm hearing?

1 MR. SAVIN: Yes.

2 CHAIRMAN ADAMS: Okay. Thank you, sir.

3 MR. ANGELO: Mr. Chairman, did I
4 misunderstand that they don't -- they do have the
5 opportunity to come back if they want to.

6 CHAIRMAN ADAMS: Oh, yeah, they certainly
7 have the --

8 MR. ANGELO: Did you misunderstand that?

9 CHAIRMAN ADAMS: No, I think --

10 MR. ANGELO: I don't think he did because
11 I think that was not what was stated a moment ago.

12 MR. SAVIN: My point was that if we have
13 the opportunity to come back at the next Commission
14 meeting, that potentially leaves dog owners thinking we
15 are going to come back with some other proposal at the
16 next meeting.

17 MR. ANGELO: Do you want that opportunity
18 or do you want to say today that you're not coming
19 back?

20 MR. SAVIN: Our final proposal that we
21 were going to put forth today was going to be based on
22 a guaranteed point value for the 12-week meet that we
23 had originally proposed. We don't think it's fair to
24 the dogmen to lead them to think we might come back at
25 the next meeting because it would involve potentially

1 working with another racetrack and we can't speak for
2 that track and we just think it's not fair. They
3 should be able to -- the dog owners, kennel owners
4 should be able to go out and find a place for their
5 dogs.

6 MR. ANGELO: I understand that. But then
7 what you're saying is you're not coming back.

8 MR. SAVIN: We have a proposal to bring
9 back, but it's based on a guaranteed -- that we'd like
10 to put forth today based on a guaranteed point value
11 for the 12-week meet that we proposed so that they
12 would know exactly what they were going to be earning
13 over the 12 weeks guaranteed money.

14 CHAIRMAN ADAMS: Is that -- my question
15 is: Is that possible for the track to guarantee a
16 point?

17 MR. JACKSON: Yes, sir.

18 CHAIRMAN ADAMS: They can do that?

19 MR. JACKSON: Yes, sir.

20 CHAIRMAN ADAMS: Okay. Any other
21 questions?

22 Thank you, sir.

23 So Item No. H has been withdrawn. Moving
24 on to Item No. I --

25 MS. KING: I have a question. I just

1 want to make sure that I understood what Scott was
2 saying about November because I've been under the
3 impression that they were honoring their commitment
4 until the end of the year and so that piece of it was
5 new. So I want to make sure that we -- is he telling
6 us -- is he giving us a closing date?

7 MR. SAVIN: No.

8 CHAIRMAN ADAMS: I don't think he has
9 that option.

10 MS. KING: Could you just clarify? Thank
11 you, Scott.

12 MR. SAVIN: Our intention is to honor our
13 racing dates through December 31st. And I just wanted
14 on the record the caveat that based on what's
15 transpired today, we feel we will not have sufficient
16 dogs. It's our intention to do everything within our
17 power to honor that commitment.

18 CHAIRMAN ADAMS: Okay. Thank you, sir.
19 That's the way I understood it, Charla
20 Ann.

21 MS. KING: I just wanted to make sure.

22 CHAIRMAN ADAMS: Item I, a request by
23 Valley Race Park to allocate live race dates for 2008.
24 Milt Roth, please.

25 MR. ROTH: Hi. My name is Milt Roth.

1 And I've got a problem. We have been contacted by
2 three kennels from Corpus who were intending to come
3 down and race with us beginning November 23rd. Based
4 on that -- and I'll tell you at this point that the
5 contracts haven't been returned yet because they have
6 until the 12th of October to return those contracts.

7 Based on those three extra kennels coming
8 in -- last year we ran with eight kennels. This year
9 seven were returning and we booked three from Corpus,
10 with the understanding that Corpus was probably not
11 going to race in November, December, January, February,
12 and March. And so we added extra days on Wednesdays.
13 We had also added extra races, knowing that we were
14 going to have these kennels or thinking we were going
15 to have these kennels.

16 So at this moment I don't know if those
17 kennels are going to come to run -- and would they stay
18 in Corpus from November to December 31st or will they
19 sign their contracts and come to us. So I'm not quite
20 sure exactly where we stand right now.

21 On the positive side, we at the Valley
22 had a very good meet last year. We have four kennels
23 from Dubuque that come in. Our winter Texan population
24 seems to be growing. They seem to be coming at an
25 earlier date. Our marketing was effective to them. So

1 we figured we could do it.

2 We also added extra -- additional races
3 every -- on Wednesdays, Saturdays, and Sundays, both
4 for our live and for our simulcast customers around the
5 country. A couple more races we figured would be
6 good. We have the extra kennels. We have the extra
7 dogs.

8 So at this point, Sammy, what can I do?

9 MR. FENNER: Mr. Chairman?

10 CHAIRMAN ADAMS: Yes, sir.

11 MR. FENNER: I want to clarify that the
12 current agenda item we're on is the schedule for '08.

13 CHAIRMAN ADAMS: That's right. We're
14 talking about '08.

15 MR. FENNER: Not '07.

16 MR. ROTH: Okay. '08. Fine. We're
17 expanding it. I assume at this point the kennels from
18 Corpus will be there, so we have no problem with the
19 '08 at this point.

20 CHAIRMAN ADAMS: Okay. Any questions for
21 Mr. Roth?

22 Okay. The Chair -- Diane, would you like
23 to address -- Ms. Whiteley, would you like to address
24 the Commission on this item? This is '08 now. We're
25 talking about the '08 season.

1 MS. WHITELEY: Based on the conversations
2 that I've had with Milt and with Bob Bork and a few
3 with Amy, it seems that, you know, it's a step in the
4 right direction that they're adding some races in
5 2008. And they have shown to be hustlers of
6 greyhounds, so I have confidence that they'll be able
7 to run those.

8 CHAIRMAN ADAMS: Okay. Thank you very
9 much.

10 Thank you, Mr. Roth.

11 The Chair will entertain a motion to
12 approve Valley's amended request for 2008 race dates,
13 which include January 1st, '08, through April the 6th
14 and November 28th through December the 31st. Do I hear
15 a motion?

16 COMMISSIONER SOWELL: So move.

17 COMMISSIONER EDERER: Second.

18 CHAIRMAN ADAMS: Second -- moved by
19 Mr. Sowell and seconded by Mr. Ederer.

20 All those in favor?

21 COMMISSIONERS: Aye.

22 CHAIRMAN ADAMS: Any opposed?

23 The motion carries.

24 Now, the next item is the request by
25 Valley to amend their 2007 race schedule. So now,

1 Mr. Roth, I know I interrupted you and I apologize for
2 that.

3 MR. ROTH: That's okay.

4 CHAIRMAN ADAMS: But I knew you were
5 getting into this part of the issue at the time.

6 MR. ROTH: Well, this is the problem. I
7 mean, I would like to expand those dates the way I've
8 proposed them; but I'm not quite sure, based on Corpus'
9 decision-making, what they're going to do and what the
10 kennels are going to do there, whether those three
11 kennels are going to honor their word to come back to
12 us or to come to us or not. I really don't know. So
13 at this point I don't know if I can withdraw those
14 extra days.

15 MR. JACKSON: Mr. Chairman, if I may, I
16 would like to make a recommendation.

17 CHAIRMAN ADAMS: Certainly.

18 MR. JACKSON: I would recommend that you
19 withdraw your 2007 revision. I believe it's -- one of
20 the possible dates of the Commission meeting, as I
21 understand it, may be November the 27th, which, if that
22 was the case, they could submit an agenda item at that
23 time to add them if the kennels come in and you would
24 be able to achieve every one of those performances that
25 you're trying to add now on the 27th and be able to run

1 them like you've put on here.

2 MR. ROTH: I think the first one is the
3 28th, isn't it?

4 MR. JACKSON: Correct. The 28th might be
5 a problem, so you might lose one, but the rest could be
6 achieved without a problem at the next Commission
7 meeting. And you'll know then if those kennels are
8 there.

9 MR. ROTH: That's fine.

10 CHAIRMAN ADAMS: So is that what your
11 wishes are?

12 MR. ROTH: What he says.

13 CHAIRMAN ADAMS: We have a withdrawal
14 then of Item No. J. And we thank you, Mr. Roth.

15 MR. ROTH: Thank you.

16 CHAIRMAN ADAMS: The next item is the
17 allocation of the Texas Greyhound Association's
18 interstate cross-species purse money. And
19 Ms. Whiteley, please.

20 MS. WHITELEY: I've been up here a lot
21 today.

22 This is -- in preparing this, the ratio
23 that we have proposed is the same ratio that we have
24 always -- that we have had in the past; and it makes
25 some compensation for what is considered our global

1 cross-species agreement to kind of make some balance
2 with our greyhound tracks and the Thoroughbred tracks
3 so that while it's a little bit off on our ratios and
4 has shown to be off a little bit, until we can get this
5 global agreement renegotiated for 2008, we would
6 request that the same ratio stay in place until the end
7 of this year. The only difference is that in the event
8 that Corpus Christi -- as outlined in the request, if
9 Corpus Christi ceases live racing, that Corpus Christi
10 would drop out of the ratio and the calculation because
11 it would not be having purse money going to Corpus.

12 CHAIRMAN ADAMS: Okay. Thank you,
13 ma'am.

14 I have no one else signed on this issue.
15 So, Mr. Jackson, would you please address the
16 Commission? Do you have information for us?

17 MR. JACKSON: Yes, sir, Mr. Chairman.
18 Staff has reviewed the formula; and as Ms. Whiteley
19 outlined, it does exactly what she said. They did add
20 a secondary clause within there to make the adjustment,
21 in the event Corpus Christi ceased operation, to remove
22 them from the formula. It does accomplish going over
23 their priority of what they're supposed to consider
24 about how these purse monies impact their track from
25 cross-species wagering. That is what it's based upon.

1 So staff has no problem with their formula at this
2 time.

3 CHAIRMAN ADAMS: Okay. Thank you,
4 Mr. Jackson.

5 MR. JACKSON: Thank you.

6 CHAIRMAN ADAMS: Any discussion by the
7 Commission?

8 If not, I'll entertain a motion to
9 approve the Texas Greyhound Association proposed
10 allocation of interstate cross-species purse money
11 through December 31st of 2007.

12 COMMISSIONER EDERER: So move.

13 COMMISSIONER SOWELL: Second.

14 CHAIRMAN ADAMS: Moved by Mr. Ederer and
15 seconded by Mr. Sowell. Is that correct?

16 COMMISSIONER SOWELL: That's correct.

17 CHAIRMAN ADAMS: Okay. All those in
18 favor please say aye.

19 COMMISSIONERS: Aye.

20 CHAIRMAN ADAMS: Any opposed?

21 The motion carries.

22 Okay. We're going to go to proceedings
23 on rulemaking, Item 5 of the agenda, discussion,
24 consideration, and possible action on the following
25 rules: A rule review for proposed amendments, Chapter

1 311. Mr. Fenner?

2 MR. FENNER: Commissioners, as we've done
3 many times over the past years, under Chapter 2001.039
4 of the Texas Government Code, every four years every
5 State agency must review each rule that it puts into
6 the Administrative Code to make sure that it is still
7 necessary.

8 As part of this process of reviewing
9 Chapter 311, which is called "Other Licenses," Cathy
10 Cantrell, the Commission's licensing manager, has done
11 a lot of work with the industry and has developed some
12 proposals for amendment. And I'd like for her to come
13 up and walk you through the proposed amendments to
14 Chapter 311.

15 CHAIRMAN ADAMS: Thank you, Mr. Fenner.
16 Cathy Cantrell, please.

17 MS. CANTRELL: Good afternoon,
18 Commissioners and Mr. Chairman. For the record, my
19 name is Cathy Cantrell. I'm the licensing
20 administrator for the Texas Racing Commission.

21 As you know, we are required to review
22 and consider for readoption each rule to ensure that
23 the reasons for initially adopting the rule still
24 exists. Last April staff formed an internal committee
25 to review Chapter 311. Members included Tom Neely,

1 Rhonda Fritsche, Carol Olewin, Jean Cook, John Ferrara,
2 and me.

3 In early May we solicited input from all
4 the Commission staff and from the industry
5 representatives for any suggestions for rule changes.
6 During June and July we evaluated and developed the
7 proposed changes and sent them for further comment from
8 the groups.

9 At this time I would like to thank
10 everyone that provided their input. While this process
11 is not meant to exclude the value of the comment period
12 that goes with the publication of the proposed rule
13 changes in the Texas Register, I do feel we developed a
14 good consensus on most of these changes.

15 If you will, please turn to 14-1 and I
16 will go over the proposed changes at this time.

17 Section 311, occupational licensing, has
18 two revisions. The first revision is in (a)(1). This
19 revision adds a definition for participation in racing
20 as it relates to when owners and trainers must be
21 licensed. This rule requires an individual to be
22 licensed before entering an animal in a race.

23 The second revision is in Section
24 311(a)(2). This rule clarifies that when an individual
25 can apply for a new license through the Texas Online in

1 addition to renewing their license through the online
2 portal.

3 Next is Section 311.52, spouse's
4 license. This proposed rule is a new one that will
5 allow an owner's spouse to apply for a license. If
6 issued, the spouse would have access to the stable area
7 with a TXRC-issued badge.

8 Currently, if an owner wants his or her
9 spouse to accompany him or her to visit the backside,
10 the owner must go through the security at the backside
11 gate, sign the spouse in as a visitor. If the owner is
12 not present to request the visitor's badge, security
13 will contact the trainer and the trainer will sign the
14 spouse in at the gate as a visitor. This is an
15 inconvenience for the owner, the trainer, and the
16 security personnel.

17 By going through the licensing process,
18 this change will ensure that those individuals who want
19 access to the backside but are not employed and not
20 working on the backside will undergo the background
21 check and be subject to the TXRC rules and
22 regulations.

23 Moving on to the next section is 311.101,
24 horse owners. This chapter has three revisions. The
25 first revision or the first proposed change in

1 Subsection (a)(1), this rule requires a person to be
2 the owner of record in order to obtain an owner's
3 license. However, in Chapter 313.301(a)(2), the
4 eligibility to claim a horse rule, a person must apply
5 for an owner type license before claiming a horse even
6 though at that point the person is not owner of
7 record. Adding this exemption will address the
8 individual who becomes an owner through the claiming
9 process.

10 The second change, also in Subsection
11 (a)(1), requires a horse owner to be licensed one hour
12 prior to post time of the first race on race day. Our
13 current practice requires an unlicensed owner to be
14 licensed before post time of the race in which the
15 animal is in. This proposed change establishes a
16 time-certain deadline for an owner to be licensed.

17 Dealing with an unlicensed owner or
18 owners in multiple races after the races start is very
19 difficult. The stewards are on the roof overseeing the
20 races, and having licensing and/or the racing office
21 personnel find a trainer and/or unlicensed owner up
22 until post time of the race is challenging and
23 time-consuming and sometimes results in a late scratch,
24 which then affects the wagering pools.

25 Because an owner may get licensed in

1 person, by fax, by Internet, or a trainer may obtain an
2 emergency license, staff believes this proposed change
3 will have very little impact.

4 The third proposed change to this rule is
5 in Subsection (d). This revision gives the stewards
6 the authority to approve the trainer transfer form. As
7 this form is developed by each association, the
8 stewards are in a better position to provide input and
9 approval.

10 The next revision is in 311.102,
11 greyhound owners, Subsection (a)(2). This change puts
12 the same time-certain deadline for greyhound owners to
13 be licensed as proposed for the horse owners.

14 Section 311.104, trainers, staff
15 recommends two revisions. The first revision is
16 311.104(a)(2) which codifies the current TXRC policy
17 relating to waiving a trainer's practical examination
18 under certain circumstances.

19 Currently the Commission may waive the
20 requirement to take a trainer's test if the applicant
21 holds a valid trainer's license issued in another
22 state. Because the trainer's test consists of both a
23 written and a practical test, this change recognizes
24 that the Commission may waive either the written and/or
25 the practical exam.

1 The second revision is in Subsection
2 (k). This proposed change adds clarifying language
3 from the RCI model rules to our trainer relating to
4 other responsibilities. Staff feels the RCI model rule
5 more clearly defines the trainer's responsibility than
6 our current rule.

7 Moving on to Section 311.105, jockey,
8 these proposed changes make requirements uniform for
9 both a jockey and apprentice jockey except for the
10 weight allowance that only applies to the apprentice
11 jockey.

12 The next rule is Section 311.108,
13 authorized agent. This proposed change adds two
14 additional license types, a stable foreman and
15 assistant trainer, that may hold an authorized
16 appointment.

17 The next section is 311.111, which is a
18 jockey agent. Staff proposes this new rule regarding
19 jockey agents to be added to this chapter. It is an
20 RCI model rule and it clearly defines the eligibility,
21 duties, and responsibilities of a jockey agent. Some
22 of the aspects of this rule are found in Section
23 313.408 as shown on page 14-9.

24 In conjunction with the proposed new
25 rule, we propose to delete 313.408 in its entirety as

1 its contents are incorporated in this new rule.

2 Okay. Going on to page 14-10, Section
3 311.212, duty to wear a badge. This proposal clarifies
4 when a badge must be displayed. The purpose of this
5 rule is to require licensees to wear or display badges
6 in restricted areas or while they are performing their
7 jobs on the grounds of the racetrack. This change
8 would also exempt assistant starters from displaying
9 their badge.

10 Next is Section 311.214, financial
11 responsibility. This change expands the definition
12 relating to the financial responsibility of a licensee
13 to also include those debts incurred for a race animal
14 in training at a licensed facility.

15 Moving on, Section 311.216, conduct in
16 the stable area. This chapter has two revisions. The
17 first revision is in Subsection (c), which adopts the
18 RCI model rules relating to when head gear must be worn
19 on the racetrack.

20 Our current rule only applies to a person
21 who is galloping, ponying a horse, or riding in a
22 race. As a safety measure, staff recommends that the
23 security helmet be required at all times while a person
24 is on horseback on the association grounds.

25 The second revision is in Subsection (d),

1 which codifies the current practice relating to the
2 approval of head gear for jockeys and assistant
3 starters. Staff recommends that this approval of head
4 gear be consistent with the ASTM, the American Society
5 of Testing and Materials. The ASTM standards are used
6 industry-wide as a minimum requirement for safety
7 helmets.

8 Next, Section 311.301, use and possession
9 prohibited. This revision clearly defines that
10 prescriptions must be written by a United States
11 licensed physician with a DEA number for both the use
12 and possession of a dangerous drug or controlled
13 substance. This proposed change is because staff is
14 unable to verify the medical necessity of
15 foreign-issued prescriptions.

16 And I'll be glad to answer any questions
17 you may have at this time.

18 CHAIRMAN ADAMS: Any questions?

19 I would like to commend you on the
20 obvious hard work and long hours here spent going
21 through this.

22 Mr. Ederer, did you --

23 COMMISSIONER EDERER: On page eight,
24 No. (3), there's a typo.

25 MS. CANTRELL: Thank you.

1 COMMISSIONER EDERER: It should be "a"
2 instead of "an".

3 MS. CANTRELL: Did you get that, Mark?
4 Thank you very much.

5 COMMISSIONER EDERER: No. (3). It should
6 be "a jockey agent" instead of -- page eight.

7 MR. FENNER: On Tab 14-8?

8 COMMISSIONER EDERER: Yes.

9 MR. FENNER: Line three?

10 COMMISSIONER EDERER: No, no, no.
11 No. (3).

12 MR. FENNER: A jockey agent. I got it.
13 We'll make that correction. Thank you, sir.

14 MS. CANTRELL: Thank you, Commissioner.

15 COMMISSIONER EDERER: Thank you.

16 CHAIRMAN ADAMS: I have no one signed in
17 to speak. Is there anyone here to address the rule
18 changes?

19 If not, the Chair will entertain a motion
20 to publish Chapter 311 of the rule review in the Texas
21 Register, along with the proposed amendments, for
22 public comment.

23 MR. ANGELO: So move.

24 COMMISSIONER SOWELL: Second.

25 CHAIRMAN ADAMS: Moved and seconded,

1 Commissioner Angelo and Commissioner Sowell.

2 Any discussion?

3 All those in favor?

4 COMMISSIONERS: Aye.

5 CHAIRMAN ADAMS: Any opposed?

6 The motion carries.

7 Okay. The next item is a rule proposal,
8 amendment of 303.16, historically underutilized
9 businesses. Mr. Fenner?

10 MR. FENNER: Commissioners, I first of
11 all want to thank John Altman, our procurement officer,
12 for catching and pointing out this change in the
13 Administrative Code to me.

14 The historically underutilized businesses
15 program was previously under the Texas Building and
16 Procurement Commission. It was recently moved to the
17 comptroller's office. As a part of that move, they
18 have realigned it within the Texas Administrative
19 Code. So this change only realigns the pointer to
20 point to the new location in the Administrative Code.

21 CHAIRMAN ADAMS: The Chair will entertain
22 a motion to publish to amend Rule 303.16 in the Texas
23 Register for public comment.

24 MR. ARCHER: So moved.

25 COMMISSIONER PABLOS: Second.

1 CHAIRMAN ADAMS: Moved by Mr. Archer.

2 COMMISSIONER PABLOS: Second.

3 CHAIRMAN ADAMS: Seconded by Mr. Pablos.

4 All those in favor?

5 COMMISSIONERS: Aye.

6 CHAIRMAN ADAMS: Any opposed?

7 The motion carries.

8 Thank you, Mr. Fenner.

9 Item C, amendment to Rule 321.505,
10 allocation of purses and funds for the Texas-bred
11 incentive programs. Mr. Jackson?

12 MR. JACKSON: Thank you, Mr. Chairman.

13 Commissioners, as you may be aware,
14 321.505 was on the Commission agenda at the previous
15 meeting for proposal. During the discussion in that
16 meeting, there was a suggestion that this rule as well
17 as the next rule would be brought to a working group
18 for further consideration during the proposal phase.

19 What you have before you today is that
20 rule coming back to you with some slight changes and
21 modifications. I'll point out to you where they're at
22 now.

23 On 321.505(a)(2)(A), where it says "At
24 least 30 days before recommending the percentages, the
25 association shall begin negotiations with," that's an

1 area that was added at the direction of the
2 Commissioners. They wanted the material provided to
3 the individual parties that would be doing the
4 negotiation with the associations prior to the
5 negotiations.

6 Additionally, we also put in there that
7 the information, when it's submitted to the Commission,
8 would be in writing; and that's underneath (a) (3); and
9 that was also at the direction of the Commission.

10 Through the working group underneath
11 (a) (3) -- excuse me, (a) (4) (5), where that used to be
12 sales, market surveys, and season seat sales, we
13 grouped them together now, making that more clear.

14 And moving on, we go to Section (b) now
15 on the rule, underneath the Texas-bred incentive
16 program funds. We put in -- clarified underneath "the
17 activities of the breed registries to promote their
18 breed for racing and breeding," added to this "taking
19 into consideration each registry's available
20 administrative funds".

21 Additionally, we added Section (G) there
22 in that rule whereby "the median sales price of
23 accredited Texas-bred horses as submitted on the
24 performance measures report as required under Section
25 303.83".

1 That's a summary of the amendments that
2 were made through the working group. I'd like to thank
3 Dr. Carter and Commissioner Ederer for participating.
4 They were invaluable in that process and helped us get
5 this rule here before you today.

6 CHAIRMAN ADAMS: There better not be any
7 misspellings in this either.

8 MR. JACKSON: I know.

9 CHAIRMAN ADAMS: I have registered to
10 address this issue Dave Hooper.

11 MR. HOOPER: Mr. Chairman, members of the
12 Commission, once again, I'm Dave Hooper, the executive
13 director of the Texas Thoroughbred Association.

14 First, I want to commend the Commission
15 and the staff for the effort that's been put in to
16 develop much more meaningful criteria in both the
17 simulcast breed splits and the ATB breed splits.

18 But I do come before you with -- if you
19 could provide me with some clarification about the new
20 language in the ATB breed splits. That's going to be
21 (b) and Subparagraph (2)(G). It says "the median sales
22 price of accredited Texas-bred horses as submitted on
23 the performance measures report as required under
24 303.83".

25 The performance measures that the breed

1 registries must submit on an annual basis deal with
2 sales prices of Texas-breds that are sold within
3 Texas. Like the Quarter Horses, we have a number of
4 horses that are sold out of state, at Keeneland and
5 Fasig-Tipton, and we had a horse sell in Florida a
6 couple of years ago for \$500,000, a Texas-bred. And
7 I'm pleased to report to you that he is now a multiple
8 stakes winner, in fact, won on the day of the
9 Massachusetts Handicap at Suffolk Downs fairly
10 recently, a horse named Afrashad, owned by one of the
11 sheikhs, by the way.

12 The median sales price, as I say, that we
13 report in these performance measures is strictly on
14 Texas sales; and I'd like to be able to include other
15 Texas-breds that are sold. And I won't speak for
16 Mr. Werstler; but I would assume that the Quarter
17 Horses would like to count the high-priced horses that
18 are sold, for instance, in Ruidoso or at Heritage
19 Place; and they're both out of state, of course.

20 In addition, in these performance
21 measures, the median prices that are reported are not
22 only for weanlings, yearlings, two-year-olds, but also
23 for breeding stock, mares and stallions or stallion
24 prospects.

25 So I'd like to know how those -- how

1 those factor into this particular added criteria. And
2 I apologize, Mr. Chairman. I was not at the last
3 working group meeting. We had a conflict that day.
4 Our board of directors was meeting at exactly the same
5 time. But I did have a representative of our staff
6 there.

7 CHAIRMAN ADAMS: Mr. Jackson, can you --
8 do you have a suggestion at this time as to how that
9 would be handled or --

10 MR. JACKSON: I think you should just
11 deal with it, Dave.

12 MR. HOOPER: And, Mr. Chairman --

13 MR. JACKSON: Why should we worry?

14 MR. HOOPER: And if we can leave the
15 language just as it is, with the understanding that, if
16 it's pertinent, we might add addendums that tie in good
17 priced horses that are sold out of state, et cetera,
18 that's fine with me.

19 CHAIRMAN ADAMS: Certainly. I'm sure
20 that this wording won't preclude you from expounding on
21 that situation if you choose to, Mr. Hooper.

22 VICE-CHAIRMAN CARTER: Can I ask a
23 question?

24 MS. KING: Yes, sir.

25 VICE-CHAIRMAN CARTER: I'm not up on this

1 and he just pointed this out a few minutes ago. Does
2 303.83 specifically say Texas-breds? Does 303.83
3 specifically --

4 MR. JACKSON: That's what we were
5 checking on.

6 MS. KING: That's what they're checking
7 on right now, because that's something I believe that
8 we have control over.

9 VICE-CHAIRMAN CARTER: Does it preclude
10 what he's saying at all?

11 MS. KING: The performance measure that
12 we've chosen at this time is the Texas-bred, but the
13 Commission has the flexibility to define those
14 performance measures. So we could move forward. We
15 control that, what performance measure is submitted by
16 the Texas -- by the breed registry. So that's not
17 determined by someone else. That's determined by us.

18 So if Dave were to make a good argument
19 that that should be, we could round table that
20 discussion and we could make that change. But
21 that's -- that's a form that we, at the staff level, I
22 believe -- we are the ones who fill that out.

23 MR. HOOPER: And I'm pleased to work with
24 the staff on that. Thank you.

25 CHAIRMAN ADAMS: Very good. Thank you,

1 Mr. Hooper.

2 Are you okay with that, Bryan?

3 Mr. Brown? Are you okay? Do you want to address this
4 issue?

5 MR. BROWN: I don't. I could answer
6 questions, but I just wanted to voice my support.

7 CHAIRMAN ADAMS: Thank you, sir.

8 No one else signed up on this item, so
9 we'll -- I will -- the Chair would recognize -- I mean,
10 would consider a motion to adopt the amended Rule
11 321.505 and publish in the Texas Register -- as
12 published in the Texas Register with the changes that
13 have been incorporated.

14 MR. WERSTLER: I raised my hand, but he
15 was looking at his paper reading.

16 MS. KING: I think Rob wanted to --

17 CHAIRMAN ADAMS: Come on up,
18 Mr. Werstler.

19 MR. WERSTLER: Good afternoon,
20 Commissioners. Rob Werstler, executive director of the
21 Texas Quarter Horse Association.

22 We also appreciate the effort gone into
23 this. We were one of the ones that requested a working
24 group and I thought it went real well. It got a lot of
25 things on the table. I thank the Commissioners for

1 attending.

2 You know, I think that rule there is less
3 ambiguous than some of the other ones that -- some of
4 the other criteria, such as sales and market survey
5 information. I mean, what kind of sales? Are they
6 talking about beer sales? Because if they are, I know
7 we can win that one, the Quarter Horse people.

8 But the one thing Mr. Hooper did ask
9 was -- or Charla Ann commented on, she said it is
10 Texas-bred. You're talking about Texas-bred horses or
11 sales in Texas or sales around the United States. But
12 it is -- it is -- it isn't what Thoroughbreds bring
13 around the country. It's what accredited Texas-breds
14 bring around the country, correct?

15 MS. KING: Right. That's correct.

16 MR. WERSTLER: If you so desire.

17 MS. KING: Right. Well, that's what the
18 language says. That's why we stuck to Texas-bred
19 because that's what the program is.

20 MR. WERSTLER: Right. And so we're fine
21 with that and we appreciate all of your all's input.

22 CHAIRMAN ADAMS: Thank you,
23 Mr. Werstler.

24 MR. WERSTLER: Thank you.

25 CHAIRMAN ADAMS: The Chair will now

1 entertain a motion to adopt the amended Rule 321.505 as
2 published in the Texas Register with the changes that
3 have been incorporated in the materials on page 16.1
4 through 16.3 as elaborated by Mr. Sammy Jackson.

5 VICE-CHAIRMAN CARTER: So move.

6 MR. ARCHER: Second.

7 CHAIRMAN ADAMS: Moved by Dr. Carter,
8 seconded by Jimmy Archer, for approval of that motion.

9 All those in favor?

10 COMMISSIONERS: Aye.

11 CHAIRMAN ADAMS: Any opposed?

12 The motion carries.

13 Next Item D, amendment of Rule 321.509,
14 escrowed purse accounts. Mr. Jackson?

15 MR. JACKSON: Thank you, Mr. Chairman.

16 Again, this rule also was up for
17 published at the last -- for public comment at the last
18 meeting and discussed and was asked to go to the
19 working group. Via the working group process, there
20 was no recommended changes to the rule. However, one
21 change, a minor change, was inserted within this rule
22 at the request of the Commissioners; and that would be
23 on line 19 of page Tab 17-1 whereby we inserted "in
24 writing" so that it was consistent with the rule that
25 you just passed for adoption.

1 I'd be happy to answer any questions.

2 CHAIRMAN ADAMS: Any questions for
3 Mr. Jackson?

4 Mr. Werstler, you're also signed on this
5 one.

6 MR. WERSTLER: No. Just for questions.

7 CHAIRMAN ADAMS: Okay. The Chair will
8 entertain a motion to adopt the proposed amendment to
9 Rule 321.509 as published in the Texas Register.

10 MR. FENNER: Mr. Chair? I'm sorry.
11 Mr. Chairman, may I make a slight addition to that?
12 Because I --

13 CHAIRMAN ADAMS: Yes.

14 MR. FENNER: There was a slight
15 addition.

16 CHAIRMAN ADAMS: There was a change.
17 Okay. And along with the changes that have been
18 incorporated in the material on page 17.1.

19 MR. FENNER: Correct.

20 CHAIRMAN ADAMS: Do I have a motion?

21 COMMISSIONER SOWELL: So moved.

22 COMMISSIONER EDERER: Second.

23 CHAIRMAN ADAMS: It's been moved by
24 Commissioner Sowell, seconded by Commissioner Ederer.

25 All those in favor?

1 COMMISSIONERS: Aye.

2 CHAIRMAN ADAMS: Any opposed?

3 The motion carries.

4 Next item, amendment to Rule 303.92,
5 Thoroughbred rules, proposed by the Texas Thoroughbred
6 Association.

7 MR. FENNER: Commissioners, this is a
8 change to Section 303.92, a proposed change by the --
9 made by the Texas Thoroughbred Association. It was
10 published in the August 24th, 2007 edition of the Texas
11 Register. We received no comments on it.

12 CHAIRMAN ADAMS: Thank you, sir.

13 Mr. Hooper? No problem? Okay, sir.

14 I have no one else signed on this issue,
15 so I will entertain a motion to approve the amendments
16 to Rule 303.92 as published in the Texas Register.

17 COMMISSIONER EDERER: So move.

18 CHAIRMAN ADAMS: Moved by Commissioner
19 Ederer. Do I have a second?

20 COMMISSIONER PABLOS: Second.

21 CHAIRMAN ADAMS: Seconded by Commissioner
22 Pablos.

23 All those in favor please say aye.

24 COMMISSIONERS: Aye.

25 CHAIRMAN ADAMS: Any opposed?

1 The motion carries.

2 Okay. We're proposed now -- we're
3 scheduled now to go into executive session. So will we
4 need a motion for that?

5 MR. FENNER: You don't technically need a
6 motion to enter an executive session. Just announce
7 what the purpose of it is, regarding Trinity Meadows.

8 CHAIRMAN ADAMS: Okay. We're going to --
9 we are now entering executive session to confer with
10 our attorneys regarding the Trinity Meadows lawsuit.
11 And when we return, we'll conclude the meeting. Thank
12 you.

13 (Recess for executive session from 2:42
14 p.m. to 3:01 p.m.)

15 CHAIRMAN ADAMS: We are reconvening -- we
16 are reconvening out of executive session and the time
17 is now three o'clock and we have discussed the Trinity
18 Meadows lawsuit and take no action at this time.

19 We have to decide on a date, correct?

20 MR. FENNER: Yes.

21 CHAIRMAN ADAMS: For the next meeting.
22 So what is our proposed --

23 MS. KING: The most popular date that
24 folks could meet was November 27th.

25 CHAIRMAN ADAMS: November 27th. Okay.

1 Any problem with that?

2 COMMISSIONER SOWELL: I don't think so.

3 COMMISSIONER EDERER: That's a Tuesday?

4 MS. KING: Tuesday.

5 COMMISSIONER SOWELL: Looks good to me.

6 VICE-CHAIRMAN CARTER: Whatever I wrote
7 on that piece of paper.

8 MS. KING: You were in.

9 VICE-CHAIRMAN CARTER: I don't remember.
10 That was awhile back.

11 CHAIRMAN ADAMS: So our next meeting will
12 be on Tuesday, the 27th.

13 MS. KING: Yes, sir.

14 CHAIRMAN ADAMS: And I failed to note
15 that when we started this meeting that we did have a
16 quorum. I think it was kind of obvious, but we do have
17 a -- we did have a quorum here for our meeting.

18 With that, our meeting is now adjourned.

19 (Proceedings concluded at 3:03 p.m.)
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25

1 STATE OF TEXAS)

2 COUNTY OF TRAVIS)

3

4 I, SHERRI SANTMAN FISHER, a Certified Shorthand
5 Reporter in and for the State of Texas, do hereby
6 certify that the above-captioned matter came on for
7 hearing before the TEXAS RACING COMMISSION as
8 hereinbefore set out.

9 I FURTHER CERTIFY that the proceedings of said
10 hearing were reported by me, accurately reduced to
11 typewriting under my supervision and control and, after
12 being so reduced, were filed with the TEXAS RACING
13 COMMISSION.

14 GIVEN UNDER MY OFFICIAL HAND OF OFFICE at Austin,
15 Texas, this 11th day of October, 2007.

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SHERRI SANTMAN FISHER, Texas CSR 2336
Expiration Date: 12-31-07
Sunbelt Reporting & Litigation Services
Firm Registration No. 87
6448 Highway 290 East, Suite E105
Austin, Texas 78723
(512) 465-9100 Job No. 965139