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BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

COMMISSION MEETING
APRIL 20, 2010

Reported by: SHERRI SANTMAN FISHER
Job #85266

1 BE IT REMEMBERED that the above entitled matter
 2 came on for hearing on the 20th day of April, 2010,
 3 beginning at 10:32 A.M. at 6100 Guadalupe, Building E,
 4 Austin, Travis County, Texas, and the following
 5 proceedings were reported by SHERRI SANTMAN FISHER,
 6 Certified Shorthand Reporter for the State of Texas.

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APPEARANCES

- Commissioners: ROLANDO PABLOS
 G. KENT CARTER
 RONALD F. EDERER
 ROBERT SCHMIDT
 GLORIA HICKS
 SCOTT HAYWOOD
 VICKI WEINBERG
 C. TOM CLOWE, JR.
 ANN O'CONNELL

1 CHAIRMAN PABLOS: Good morning. The time
2 is 10:32 and I'll call this meeting of the Texas Racing
3 Commission to order.

4 Carolyn, will you please call roll?

5 MS. WEISS: Commissioner Tom Clowe?

6 MR. CLOWE: Present.

7 MS. WEISS: Commissioner Ron Ederer?

8 COMMISSIONER EDERER: Present.

9 MS. WEISS: Commissioner Scott Haywood?

10 COMMISSIONER HAYWOOD: Present.

11 MS. WEISS: Commissioner Gloria Hicks?

12 COMMISSIONER HICKS: Present.

13 MS. WEISS: Commissioner Ann O'Connell?

14 MS. O'CONNELL: Present.

15 MS. WEISS: Commissioner Robert Schmidt?

16 COMMISSIONER SCHMIDT: Present.

17 MS. WEISS: Commissioner Vicki Weinberg?

18 Vice-Chairman Kent Carter?

19 VICE-CHAIRMAN CARTER: Here.

20 MS. WEISS: Chairman Rolando Pablos?

21 CHAIRMAN PABLOS: Present.

22 Do we have a quorum?

23 MS. WEISS: Yes, sir.

24 CHAIRMAN PABLOS: Okay. Thank you.

25 At this time I'm going to go ahead and

1 take the agenda out of order and I'm going to take the
2 Commission into executive session. And so at this time
3 we're now going to be entering executive session under
4 Government Code Section 551.071(1) to seek the advice
5 of our attorneys regarding pending and contemplated
6 litigation. We're also entering executive session
7 under Section 6.03 of the Texas Racing Act to review
8 the proposed tote contract.

9 Thank you very much.

10 (Recess from 10:33 a.m. to 11:26 a.m. for
11 executive session)

12 CHAIRMAN PABLOS: Okay. The time is now
13 11:26 and we are reconvening out of executive session.
14 We will take no action at this time; but I will tell
15 you we discussed Items III-C-1 and D, Item III-H, and
16 IV-D.

17 Okay. Let's move on to Item 2, public
18 comment. Is there anyone signed up to speak?

19 Thank you. We have Diane Whiteley.

20 Good morning.

21 MS. WHITELEY: Good morning. Good
22 morning, Mr. Chairman. Good morning, Commissioners.
23 I'll make this really brief. I just wanted to share
24 some good news with you.

25 Sometimes in the business of racing we

1 lose sight of what we're all here together for, and
2 that is for the racing animals. And I wanted to just
3 tell you briefly a few things that have been happening
4 the last couple of months in the world of greyhound
5 racing.

6 In February we hosted a seminar at Gulf
7 Greyhound Park, the Texas Greyhound Association and the
8 American Greyhound Track Operators Association, on
9 greyhound safety and racetrack surface safety. It was
10 attended by racetracks from all over the country. It
11 was a day-and-a-half seminar. We had speakers from
12 Palm Beach Kennel Club, Daytona Beach Kennel Club, the
13 chairman of the greyhound committee of the RCI, the
14 National Greyhound Association, the TGA, and the
15 American Greyhound Council.

16 We spent a day and a half, plus a lot of
17 spare time Monday night and Tuesday, discussing ways
18 that we could improve the safety for greyhounds when
19 they're racing at racetracks. It was such a success
20 that Palm Beach Kennel Club volunteered to follow up
21 and have a seminar in November down at their facility
22 which we'll be participating in.

23 We've been having several meetings headed
24 by Sammy Jackson on greyhound safety and injuries and
25 in a way to reduce the injuries on our greyhounds as

1 well as promote the safety on racetrack surfaces.

2 As part of this, I want to give a thanks
3 to Dr. Quirk. He came up with a wonderful idea of
4 partnering with Texas A&M University. We have a very
5 low euthanasia rate in greyhounds because of injuries,
6 but we want that to be zero. And Dr. Quirk suggested
7 that we partner with Texas A&M veterinary school and
8 their orthopedic department so for any greyhounds that
9 were severely injured on the track that they could be
10 transported to A&M and put through their program and
11 then into adoption.

12 And through the leadership of
13 Commissioner Hicks, she reached out to the racetracks
14 and we have a commitment from all the racetracks to
15 help fund this through a nonprofit organization, the
16 Texas Greyhound Foundation. This is a first of its
17 kind in the country. It's a unique program. And I
18 hope that it will generate a lot of goodwill towards
19 our racing greyhounds.

20 Starting in May, the TGA is starting to
21 run an advertisement in the race programs, greyhound
22 racing programs, including simulcast, and is going to
23 be talking about the care of the racing greyhound.
24 Most of the public just sees the greyhound when it
25 comes up to the racetrack and watches it race and then

1 Item III-A, budget and finance update. Shelley
2 Harris-Curtsinger, please.

3 MS. HARRIS-CURTSINGER: Good morning,
4 Commissioners. We are now 50 percent through the
5 current 2010 fiscal year as of February 28th.
6 Currently the agency has expended 39 percent of our
7 operating budget.

8 As promised, we have revised the budget
9 reports to provide you as much or as little information
10 as you would like to see and I'll just briefly go
11 through them. Pages III.A.1 and III.A.2 are an
12 operational budget summary. This report includes the
13 highest level of information and includes revenue,
14 expenditures, and FTE's that are reported to the SAO
15 for the first two quarters of the fiscal year.

16 So it shows you the revenue at the top
17 and then the expenditures by LBB code for the whole
18 agency and then the bottom will show you the FTE's or
19 full-time equivalents that are on staff. And it shows
20 you the authorized, the budgeted, and then the actual
21 we have on staff and then whether we're under or over.
22 And of course, we're under at this point in time.

23 And then I'll briefly go through the
24 others. Pages III.A.3 through III.A.4 is the
25 operational budget by division that shows the

1 expenditures by LBB expenditure code within each of the
2 three divisions. This also aligns with our
3 organizational chart.

4 Then pages III.A.5 through III.A.7 are
5 the operational budget by division that breaks down the
6 expenditures further by comptroller object code used to
7 record the expenditures themselves.

8 Then pages III.A.8 through III.A.14 are
9 the operational budget by agency goals that summarize
10 the expenditures. And this will tie to our strategic
11 plan and our legislative appropriations request when
12 we're going through. And it also gives, by goal, not
13 only the expenditures but the FTE's.

14 So with that, if you have any questions,
15 I'll be happy to answer your questions or any other --
16 anything else that I can answer.

17 CHAIRMAN PABLOS: Commissioners, any
18 questions?

19 Charla Ann, do you have anything to add?

20 MS. KING: No, sir. I just hope that
21 this -- this is more information than we've provided in
22 the past and we hope that it's helpful and helps you
23 see what's going on at the agency level. And so ask us
24 questions as it goes along.

25 CHAIRMAN PABLOS: Thank you very much.

1 Thank you.

2 Okay. Item III-B, report on racetrack
3 inspections. Carol Olewin, please.

4 MS. OLEWIN: Good morning,
5 Commissioners. I'm Carol Olewin. This is the report
6 on racetrack inspection activities.

7 We conducted 24 inspections and that
8 included three training facility inspections. On the
9 first group of inspections, Gulf Greyhound Park, these
10 were a combination of unannounced and scheduled
11 inspections. Next is Gulf Coast, Sam Houston, and Lone
12 Star Park. These were all unannounced pari-mutuel
13 inspections.

14 The next set for Lone Star Park are
15 pre-meet inspections that are done at the beginning of
16 the meet. And we just have one unsatisfactory item
17 remaining and that was dealing with restrooms and
18 maintenance in the barn area, some plumbing problems.

19 The next set of inspections are from
20 Manor Downs. These are both pre-meet and
21 middle-of-the-meet inspections. And the next set is
22 for Sam Houston Race Park, which are middle-of-the-meet
23 inspections. And then the last one was for Valley,
24 which was an unannounced inspection.

25 So if there's any questions, I can answer

1 those for you.

2 CHAIRMAN PABLOS: Commissioners, any
3 questions?

4 Thank you very much.

5 Item III-C, report and update by the
6 executive director and staff, C-1, report on the
7 bankruptcy proceedings of Magna Entertainment
8 Corporation and the auction of Lone Star Park.

9 Mark, would you like to give us an
10 update?

11 MR. FENNER: Sure.

12 CHAIRMAN PABLOS: Please.

13 MR. FENNER: Magna Entertainment
14 Corporation is, on this very day, having a proceeding
15 in Bankruptcy Court in Delaware to wrap up their
16 overall bankruptcy process. We are in good shape as
17 part of that.

18 As to the auction of Lone Star Park, we
19 have received an application from Global Gaming LSP.
20 That's the Racing Commission application. We are
21 reviewing it for administrative completeness. We will
22 be getting an answer back to Global Gaming LSP
23 tomorrow.

24 They have also submitted complete DPS
25 background disclosure forms to the Department of Public

1 Safety and the department is proceeding with background
2 investigations.

3 CHAIRMAN PABLOS: Thank you, Mark.

4 Is Drew Shubeck here?

5 Drew, would you like to come up, please?

6 MR. SHUBECK: Thank you, Chairman.

7 CHAIRMAN PABLOS: Good morning.

8 MR. SHUBECK: Good morning. I'd just
9 like to offer myself to answer questions from the
10 Commission about the bankruptcy proceeding.

11 I know that we've got some major events
12 going on in Delaware today and our attorneys in New
13 York have been working with Mark Fenner and the
14 Commission's outside counsel, our bankruptcy attorneys,
15 myself, Gregg Scoggins, to make sure that the
16 proceedings in Delaware can move along and they can
17 reach milestones that they need to reach for
18 distribution of money to people that have claims
19 against Magna Entertainment Corporation and satisfying
20 Texas Racing Commission rules about not transferring
21 any ownership at this time.

22 So I think we've been successful and I'd
23 just like to entertain any questions you might have.

24 CHAIRMAN PABLOS: Commissioners, any
25 questions?

1 You started racing a couple of weeks
2 ago?

3 MR. SHUBECK: Yes, we did, sir.

4 CHAIRMAN PABLOS: How's that going?

5 MR. SHUBECK: We had a very good opening
6 week attendance-wise. We had over 45,000 customers
7 come through the turnstiles for the first four days of
8 racing and a few of the simulcast days. We are
9 experiencing, though, low handle. The handle on track
10 is down about 20 percent. It's not something we didn't
11 foresee. Right now we are definitely below plan in
12 what we wanted to handle, but it's something that we
13 feel we can live with at this time. We don't see any
14 disruption in racing going forward and we definitely
15 look forward to the new ownership in Global Gaming.

16 CHAIRMAN PABLOS: Thank you very much.

17 John Cardwell, are you here? Would you
18 like to add anything?

19 MR. CARDWELL: No, sir. Just that we had
20 followed the --

21 CHAIRMAN PABLOS: Come on up.

22 MR. CARDWELL: My name is John Cardwell
23 with Cardwell, Hart & Bennett. I represent Global
24 Gaming LSP, LLC, the applicant for the transfer of the
25 license or approval ownership group. And I was just

1 here today to answer any questions if you had any.
2 Just as Mark said, we filed on March 31st all the
3 information that was required as far as the application
4 and the DPS disclosure forms.

5 CHAIRMAN PABLOS: Any questions,
6 Commissioners?

7 Thank you very much for being here.

8 Mark, did you already cover Item 2 or is
9 that something -- C-2?

10 MR. FENNER: No, I have not.

11 CHAIRMAN PABLOS: Will you please come on
12 up and tell us about Item III-C-2, please?

13 MR. FENNER: We have a Commission rule
14 that requires each of the racetrack associations to
15 submit audited financial statements to the Commission
16 by June 15th of each year. And Lone Star Park wrote to
17 the Commission and asked for a waiver of that rule,
18 citing the hardship and the additional expense of
19 preparing audited financial statements while they are
20 currently in bankruptcy.

21 We've had a number of conversations with
22 them. They've estimated that the difference in cost
23 would be the \$40,000 for an audited financial statement
24 that it usually costs to prepare one versus \$135,000 is
25 what they projected for this scenario here where

1 they're in bankruptcy.

2 As a matter of being as accommodating as
3 possible while still respecting the rules, we've
4 proposed an alternative, that we would not grant a
5 waiver but rather grant an extension of time so that
6 instead of having to submit the statements by June 15
7 that they would have until December 15 to submit those
8 statements but also requiring by June 15 that they
9 submit unaudited financial statements for last calendar
10 year and that they also projected their operating
11 budget for this coming year as well -- or 2010, as well
12 as their projected cash flow statements by month for
13 all of 2010. And that will really help us to be able
14 to determine their ability to continue to operate
15 during this year and pending the sale to Global
16 Gaming.

17 That's my report on that. Do you have
18 any questions?

19 CHAIRMAN PABLOS: Mark, the question I
20 have is: Is this an administrative procedure that
21 Charla Ann could take upon herself or does she require
22 Commission approval?

23 MR. FENNER: It is a decision that is --
24 that Charla Ann can take to herself with guidance from
25 the Commission. The Commission sets policy. Charla

1 Ann or the executive director enforces policy. And so
2 staff has determined that this is the best way to try
3 and enforce this current policy as laid out in the
4 rule.

5 CHAIRMAN PABLOS: Mr. Shubeck, would you
6 come up, please?

7 MR. SHUBECK: Sure.

8 CHAIRMAN PABLOS: Would you give us a
9 background of what's going on, please?

10 MR. SHUBECK: Well, we discovered the
11 problem we were going to have with the audit in late
12 2009 when we were discussing it with Ernst & Young
13 who's done them in the past. As Mr. Fenner noted, last
14 year we budgeted about \$40,000 for these types of
15 audits; and when we learned that it could be in excess
16 of \$135,000, we thought this was a -- would be a
17 general hardship on the company to go through this.

18 While we would love to see a full -- a
19 waiver granted to us, the extra time could get us so we
20 could go to some other firms and try to get more
21 competitive pricing on this because we're not -- we're
22 not obligated to use Ernst & Young. We can use some
23 other audit firms.

24 So at the very least, if we get this
25 extra time, we'll be able to interview other firms and

1 that maybe we can get the pricing down.

2 CHAIRMAN PABLOS: Commissioners, any
3 comments or questions on this item? Commissioner
4 Clowe?

5 MR. CLOWE: Mr. Chairman, my reading of
6 the agenda says this is not an action item.
7 Notwithstanding that, I would rather not vote on this
8 matter. I don't see any objection to it; and if it
9 would satisfy you, unless Commissioners have an
10 objection, I think we could just let this item go into
11 effect.

12 CHAIRMAN PABLOS: I'm in agreement with
13 that. I'd like to ask Charla Ann to proceed with that
14 and give her that direction, Commissioner Clowe.

15 So unless there's any objection, I'd like
16 to recommend you do that, Charla Ann, please.

17 MS. KING: Very good, Mr. Chairman.

18 CHAIRMAN PABLOS: Any other questions or
19 comments, Commissioners?

20 Thank you very much. Appreciate it.

21 MR. SHUBECK: Thank you.

22 CHAIRMAN PABLOS: Item D, report by rules
23 committee. I'd like to recognize Commissioner
24 O'Connell and thank her for stepping in during the last
25 rules committee meeting as I was unable to attend.

1 MS. O'CONNELL: Thank you, Chairman. The
2 rules committee met here in Austin on April 6th of
3 2010; and as most folks know, we are reviewing the
4 rules in three different chapters, Chapter 307, 321,
5 and 323.

6 Our meeting included -- I was present as
7 well as a good bit of Commission staff and a small
8 group of folks from racetrack associations and breed
9 registries. Although they were small in number, they
10 were very involved and actively participated in the
11 discussions, which was very helpful.

12 When we discussed Chapter 307, we talked
13 about the proceedings before the Commission, issues
14 relating to appeal bonds, issues relating to repeat
15 offenders. We also had a good discussion about the
16 standard of proof that is used in hearings and what
17 that standard of proof is and is there any guidance in
18 making that decision. And also we discussed whether or
19 not the rules of evidence apply in these proceedings.

20 We also had an extensive presentation
21 from Sammy Jackson on the issue of pari-mutuel wagering
22 under Chapter 321. We had an update about the
23 pari-mutuel advisory committee meeting that met -- that
24 was held on March 4th at Sam Houston Race Park. And
25 Sammy Jackson gave us a very good presentation about

1 some very critical and important issues that relate to
2 locking wagering pools and what some proposals are that
3 are being discussed at the pari-mutuel advisory
4 committee meetings.

5 Sammy Jackson was assisted by Carol
6 Olewin and Lila Jackson, and they gave a very
7 informative presentation. There was a lot of
8 discussion on that. And the next meeting of that
9 advisory committee meeting is due to be set soon and
10 will probably be in May.

11 The final chapter that was on the agenda
12 was Chapter 323, which is disciplinary action and
13 enforcement. And there have been no rule revision
14 proposals that have come to the Commission's attention
15 at this time.

16 We also discussed one rule proposal which
17 relates -- which is on the agenda today. The rule
18 relates to the payment -- the Texas Quarter Horse
19 Association proposed change to Rule 303.93(f)(3)(D),
20 Quarter Horse Rules. That is on the agenda today as an
21 action item to vote on whether or not to publish that
22 proposed rule change in the Texas Register so that it
23 can be available to be read for public comment.

24 We had a lot of discussion on RCI
25 issues. Charla Ann was just about to leave Austin and

1 attend the RCI seminar and we talked about proposals
2 for rules as well as issues relating to a regulatory
3 compact.

4 And at this point I'll turn it over to
5 Charla Ann to update the Commission on the details of
6 those matters.

7 MS. KING: Mr. Chairman and
8 Commissioners, I'm going -- I'm planning on doing a
9 fuller summary of all the things that happened at RCI
10 because it was a pretty busy meeting and there are a
11 number of things folks might be interested in.

12 But in regard to the items that we
13 discussed at the rules committee meeting, we talked
14 about riding crop. It had been proposed, from Ontario,
15 a prohibition against raising the hand above the
16 shoulder in the use of the riding crop; and that rule
17 was not adopted by the model rules process.

18 There was continued discussion about
19 appropriate and prudent use of the crop. There was a
20 lot of discussion about riding style. And I think it's
21 an important issue that will continue to be discussed.
22 And one of the things that we did -- that we've done in
23 the south-by-west region is emphasize our current rule
24 on the use of the riding crop and the role of the
25 stewards in overseeing that process. So we feel like

1 we're in pretty good shape here, and others in other
2 jurisdictions felt the same way, so they did not adopt
3 that rule.

4 We had a pretty lively discussion about
5 out-of-competition testing at the RCI model rules
6 committee meeting and that's something that we'll talk
7 more about with our industry. It's something that has
8 been being emphasized and focused on in New York. The
9 State of Kentucky is also taking it up.

10 It's an important aspect of enforcement.
11 It's required for the Breeders' Cup. And they're
12 looking at other ways to apply it to, you know, marquee
13 events in terms of the out-of-competition testing. But
14 there are some significant complexities to implementing
15 an out-of-competition testing policy, so we'll be
16 bringing that back for further discussion. And the
17 industry might want to just take note that that
18 discussion is occurring and that we'll continue talking
19 about it.

20 And then the other item that we talked
21 about that Commissioner O'Connell mentioned was the
22 discussion of the interstate regulatory compact for
23 pari-mutuel racing. And that's an issue, an important
24 issue, that will be -- is being discussed at the
25 national level. We talked about it with the

1 stakeholders that attended the committee meeting.

2 They didn't have an overwhelming positive
3 response to that discussion, which I found
4 interesting. They complimented the current regulation
5 that we have here in our own jurisdiction, and which we
6 appreciated, the positive feedback; but the consistency
7 and the uniformity across jurisdictional lines is
8 something that's going to, you know, get a lot of
9 attention.

10 At the RCI meeting there was conversation
11 about national attention at the Federal level being
12 paid to this issue, attention paid to this issue. And
13 so I think it's something that we're going to bring
14 back and discuss further with the Commission. I think
15 we need to probably have a work session to discuss it
16 so that we can walk through the provisions of the
17 compact and consider it carefully.

18 I would want to include the Governor's
19 office in that discussion and maybe key committee staff
20 perhaps from the Legislature, definitely including the
21 sunset staff. So stay tuned for further discussion on
22 interstate compact.

23 And then the only other thing I would
24 mention -- or were you going to mention it,
25 Commissioner O'Connell?

1 MS. O'CONNELL: The staff has come up
2 with a great form to be used by stakeholders for
3 submitting rule proposals. It's a really detailed form
4 that will really walk people through the process and
5 get them to be thinking about all the issues that staff
6 will be thinking about as they review rule proposals.

7 So that form is now circulating. I
8 believe it's included in our materials today. And I
9 would encourage folks to have a copy of that form handy
10 and consider using it when submitting a rule proposal.
11 And I thank the staff for working on that form. It's
12 going to really streamline the process.

13 CHAIRMAN PABLOS: Thank you, Charla Ann.

14 Commissioners, anything else?

15 Commissioner O'Connell?

16 Thank you very much. Thank you for all
17 your good work. And, yes, indeed, the form is
18 fabulous. And I take it we're going to have this on a
19 PDF maybe on our website available?

20 MS. KING: Yes, sir, it is.

21 CHAIRMAN PABLOS: Wonderful. Thank you
22 very much.

23 Okay. We'll move on to our next item --
24 oh, any questions, Commissioners, regarding that?

25 Hearing none, we'll move on to Item E,

1 report by safety and medication working group. I'd
2 like to recognize Vice-Chairman Carter. Dr. Carter?

3 VICE-CHAIRMAN CARTER: Did you intend for
4 me to report on this or Dr. Quirk?

5 MS. KING: Both of you. That's fine.
6 Dr. Quirk is prepared.

7 VICE-CHAIRMAN CARTER: I can start and
8 then we'll have him follow up. He has most of the
9 information.

10 But we had a very productive meeting on
11 March the 9th. Sam Houston Race Park was nice enough
12 to host this meeting and provide us with an excellent
13 meeting room. And we had actually a lot of
14 participants there. There were people there from the
15 Texas Horsemen's Partnership, the breed associations,
16 all the racetracks, the Commission staff, as well as
17 members and other veterinarians that are involved in
18 the RCI and the RMTTC as well as representatives from
19 the World Equine Veterinary Association and the Texas
20 Equine Veterinary Association as well as the AAP racing
21 and rules committee.

22 So we had a lot of discussion about
23 regulatory perspective of the racetracks. One of the
24 points of focus was racehorse injuries and how to
25 prevent them. Treating and evaluating racehorses was

1 discussed, things that we can do to protect the
2 integrity of racing and help prevent injuries to the
3 horses. And then we had an update and a discussion
4 about the current status of tick disease and equine
5 piroplasmosis.

6 I guess I'll let Dr. Quirk kind of take
7 off after that and then if we have any questions at the
8 end.

9 CHAIRMAN PABLOS: Dr. Quirk, please?

10 MR. QUIRK: Thank you, sir.

11 Mr. Chairman, Commissioners, I think that was a very
12 well attended meeting. I too would like to thank Sam
13 Houston for their hospitality. Actually as the number
14 grew, we had to relocate to another room and they were
15 gracious in providing that for us. I think Dr. Carter
16 and Jean Cook, frankly, have covered that topic pretty
17 thoroughly, so I'll move on to piroplasmosis for about
18 the third time. I'm sure you're anxious to hear what's
19 going on in that world.

20 At the national level, USDA did convene a
21 panel to review the subject; and from that meeting, if
22 there's anything that rose to the level of a consensus,
23 it was probably that there isn't any tolerance for
24 allowing positive horses to participate in sporting
25 events across state lines. Their focus is primarily on

1 interstate travel and movement of animals, and it
2 really doesn't appear that they're likely to get
3 involved on an intrastate basis in how piroplasmosis is
4 handled.

5 So I would say, though, in that regard,
6 at the national level, the American Horse Council and
7 the AQHA have both spoken to the issue and they really
8 want to emphasize the need to retain our
9 piroplasmosis-free status in international trade and
10 movement of horses. I think that's a huge issue for
11 them. And I'm not sure what free status really amounts
12 to these days, but nonetheless we're still considered
13 piroplasmosis free in this country; and therefore, we
14 are not required to test to move horses to other
15 countries that are currently requiring piroplasmosis
16 tests from countries that do -- where the disease is
17 endemic.

18 On a more local level at the state, I can
19 report to you that, happily, that our relationship with
20 Texas Animal Health has been -- has moved forward
21 considerably by this process. It's not the way that
22 you'd like to have it happen, but it's been a positive
23 thing for us, I think on both sides.

24 We've been able to help Texas Animal
25 Health in tracking some of these horses and identifying

1 them because they don't always get the correct names
2 and they've had some difficulty in following the
3 movement of these horses.

4 In the early stages of our discussions
5 with Animal Health, they seemed to be somewhat willing
6 to look at protocols that would allow a fair amount of
7 horse movement and flexibility, frankly, in how these
8 horses are handled. Once we've gotten into it, we've
9 discovered that we have 15 positive piroplasmosis
10 horses in our racing population in Texas.

11 And along with those 30 cohort horses
12 that are still under quarantine, they soon discovered
13 that it was very difficult for them to manage the
14 quarantines and these horses were moving to other
15 jurisdictions, to our neighboring jurisdictions, in
16 fact. And as a result of that, I think they're
17 probably taking another look at this and maybe will
18 take a little harder stance with regard to how
19 quarantines are handled.

20 At the Racing Commission level, our
21 policy at the moment is that we will not allow
22 quarantined horses to compete at licensed facilities in
23 Texas. That has led to some horses being scratched
24 from races and some races with considerable purse
25 money. So it's certainly not a matter that we take

1 lightly.

2 However, we do feel -- and I think Texas
3 Animal Health is in agreement with this -- that
4 allowing animals to move currently, with the manpower
5 situation they're faced with, that it's -- we lose
6 control of these animals when we allow that to happen.
7 And in addition to that, to protect our associations
8 and backsides at racetracks, we're not allowing
9 quarantined animals to participate.

10 That's pretty much what I have for you.
11 If you have any questions on either of these subjects,
12 I'd be happy to try to answer them.

13 CHAIRMAN PABLOS: Commissioners, any
14 questions or comments?

15 COMMISSIONER HAYWOOD: The horses you
16 identified that have been tested, were those found
17 through the entrance requirements at Manor Downs or was
18 that separate?

19 MR. QUIRK: Actually, no. And I'm glad
20 you mentioned that. Actually the requirements at our
21 associations so far only are directed primarily toward
22 tick control. We don't require testing. Almost all of
23 these have been identified by seeking permission to
24 travel in interstate commerce. And that's how that's
25 happened.

1 As it happens, New Mexico has had 19
2 positives, three of which came from Texas. They have a
3 policy in place in New Mexico that encourages people to
4 euthanize positive horses; and of the 19 that have been
5 identified, 17 have been euthanized. In Texas thus
6 far, three horses have been euthanized.

7 CHAIRMAN PABLOS: Any other comments or
8 questions, Commissioners?

9 Thank you, Dr. Quirk. Appreciate it.

10 MR. QUIRK: Thank you.

11 CHAIRMAN PABLOS: Thank you, Dr. Carter,
12 for your good work.

13 At this time I'd like to take up the next
14 item out of sequence and I'll entertain Item IV-G-2,
15 progress report by Saddle Brook Park. I'd like to
16 recognize Drew Alexander, please.

17 MR. ALEXANDER: Thank you for doing
18 that.

19 CHAIRMAN PABLOS: Yes, sir.

20 MR. ALEXANDER: My name is Drew Alexander
21 and I own Saddle Brook Park in Amarillo, Texas. And
22 I'm here to inform you that I have reached an agreement
23 with Global Gaming to sell them my license.

24 I will be sending a letter to Charla Ann
25 in the next -- in the near future, requesting that

1 transfer of license. And then I will be dealing with
2 John Cardwell, who is the attorney for Global Gaming,
3 and with Mark Fenner in all the things he's going to be
4 requesting that we do in order to get that done.

5 So that's basically what's going on.
6 They are buying the license, all of the land, the
7 trademarks, our architectural designs, everything that
8 goes with that racetrack.

9 So that's a pretty brief statement; but
10 if you have any questions, I'll try to answer them for
11 you.

12 CHAIRMAN PABLOS: Commissioners, any
13 questions of Mr. Alexander? Dr. Carter, go ahead.

14 VICE-CHAIRMAN CARTER: I have a
15 question. So you're in the process of formulating the
16 paperwork to seek approval for this? Is that what you
17 said?

18 MR. ALEXANDER: I will be sending a
19 letter in the near future to Charla Ann requesting the
20 transfer. Global Gaming has been pretty well tied up
21 with Lone Star Park, so we didn't want to cover them up
22 too much. But I will get her that letter and then they
23 will -- if there's anything else they need from me and
24 Global Gaming, well, they will -- I'm sure they'll let
25 us know.

1 VICE-CHAIRMAN CARTER: Thank you.

2 MR. ALEXANDER: Thank you very much.

3 CHAIRMAN PABLOS: Thank you.

4 Mark, could you please come up?

5 MR. FENNER: Yes, sir.

6 CHAIRMAN PABLOS: Mark, what is the
7 process here after Mr. Alexander sends a letter? What
8 will we be looking at with respect to this request?

9 MR. FENNER: Well, after he sends his
10 request -- the fact he sends his request without an
11 application from Global Gaming really has no effect by
12 itself. Saddle Brook Park is the license holder and is
13 still responsible for complying with the rules
14 regarding the race dates and everything else that goes
15 with having the license.

16 They need to submit the letter and the
17 application pretty close in time because when we get
18 the letter requesting approval of change of ownership
19 and then -- you know, the Commission can't stand there
20 and just let there be an indefinite period of time
21 while we await the arrival of the application. So I
22 think there will be an expectation that the application
23 will be arriving shortly thereafter. Otherwise we'll
24 probably send a letter back saying "We don't have an
25 application. Therefore, there's nothing to take action

1 upon."

2 CHAIRMAN PABLOS: And I think it's
3 understood that Mr. Alexander doesn't expect for his
4 responsibilities to be tolled simply by the fact that
5 he's submitting a letter. Is that correct?

6 MR. ALEXANDER: That's correct.

7 CHAIRMAN PABLOS: He said it was
8 correct.

9 Okay. Well, thank you for the -- oh, is
10 there a question? Yes, Commissioner Clowe.

11 MR. CLOWE: Didn't we grant race dates in
12 2011?

13 CHAIRMAN PABLOS: We did.

14 MR. FENNER: Yes, sir. Saddle Brook Park
15 has -- I don't recall the exact number, but they do
16 have live racing dates in the summer of 2011.

17 MR. CLOWE: I don't know whether it's a
18 fair question, with what we've been told, to ask what
19 the intent is in regard to that; but it's a question
20 that comes to mind. Is that a fair question?

21 MR. FENNER: I think you'd have to ask --
22 Mr. Alexander is the only one in a position to answer
23 that question.

24 MR. CLOWE: But is it a fair question
25 from the Commission?

1 MR. FENNER: I think, it is, yes,
2 absolutely.

3 MR. CLOWE: We're just getting informal
4 notice, as I see it, right now. You indicated until an
5 application is filed by Global, this is all informal.

6 MR. FENNER: It is very informal. And in
7 fact, even pending the review of the application, once
8 it's submitted, doesn't relieve Saddle Brook of the
9 responsibility of complying with the rules and the
10 requirements.

11 CHAIRMAN PABLOS: Why don't we do this,
12 Commissioner Clowe, if I may. Why don't we ask
13 Mr. Alexander to, in his letter, also submit a plan
14 that would address that particular issue with regards
15 to the race dates.

16 That way you're not caught off guard
17 right now and you can certainly take time to formulate
18 that plan and indicate to us, through Charla Ann, what
19 it is that you intend to do.

20 Is that fair, Commissioner Clowe?

21 MR. CLOWE: I think that's an excellent
22 idea. And I'd ask that it be kept in mind that when
23 the Commission granted race days, there was a
24 commitment to perform simulcasting and move forward and
25 there are penalties if those promises are not fulfilled

1 that this Commission would expect to be adhered to
2 based on the granting of the race days. That just
3 doesn't throw that out the window, in other words.

4 CHAIRMAN PABLOS: And I think everybody
5 recognizes that.

6 Thank you very much. And have a safe
7 flight, Mr. Alexander.

8 Okay. Our next item we'll take up is
9 Item III-F, discussion, consideration, and possible
10 action on the following matters: Election of the
11 vice-chair.

12 Mark, will you please walk us through
13 this process and let us know how it is that we got here
14 today on this item?

15 MR. FENNER: The Commission rules provide
16 that in January of even-numbered years, the Commission
17 shall elect one of the members to serve as the
18 vice-chair for a term of two years. This is 2010, an
19 even year. Commissioner Carter has served as the
20 vice-chair for the preceding two years and so his
21 current term has expired and so now it is the -- the
22 rule provides that the Commission needs to select a
23 vice-chair.

24 We follow Robert Rules of Order. It
25 doesn't require a nomination and a second. Anybody may

1 nominate anybody. A Commissioner may volunteer and
2 that will serve as the nomination. So at this point
3 it's up to you all to decide who you'd like to serve.

4 CHAIRMAN PABLOS: Before I entertain any
5 nominations, what I'd like to do is at this time thank
6 Dr. Carter for all his good work as vice-chair. He's
7 always been there, stepped up to the plate,
8 particularly and obviously with respect to veterinarian
9 issues.

10 You've done a great job and I thank you
11 for everything that you've done for this Commission.

12 VICE-CHAIRMAN CARTER: Thank you.

13 CHAIRMAN PABLOS: Thank you very much.

14 At this time I'd like to entertain
15 nominations of Commissioners to serve as vice-chair.
16 Do I hear any? Dr. Carter?

17 VICE-CHAIRMAN CARTER: I'd like to
18 nominate Dr. Schmidt.

19 CHAIRMAN PABLOS: Dr. Bob Schmidt.

20 COMMISSIONER WEINBERG: Second.

21 CHAIRMAN PABLOS: Okay. Well, we don't
22 require a second.

23 Okay. Let me ask this, Dr. Schmidt. Are
24 you willing to serve as vice-chair of this Commission?

25 COMMISSIONER SCHMIDT: Certainly. I'd

1 consider it a privilege.

2 CHAIRMAN PABLOS: Well, we have a
3 nomination of Dr. Schmidt and we obviously have some
4 enthusiastic Commissioners about the nomination.

5 Are there any other nominations? Yes,
6 Commissioner Clowe.

7 MR. CLOWE: I move that Dr. Schmidt be
8 elected by acclamation.

9 COMMISSIONER EDERER: That I will
10 second.

11 CHAIRMAN PABLOS: Okay. Do I take a vote
12 for that?

13 MR. FENNER: Sure.

14 CHAIRMAN PABLOS: Well, then hearing no
15 other nominations, what I would like to do is I'd like
16 to entertain Commissioner Clowe's motion for a vote.
17 All those in favor please signify by saying aye.

18 COMMISSIONERS: Aye.

19 CHAIRMAN PABLOS: All those opposed?

20 Well, that motion carries.

21 Dr. Carter, you're hereby relieved of
22 your duties.

23 And, Dr. Schmidt, get ready for the
24 roller coaster ride. Thank you very much.

25 We'll move on to our next item, Item G,

1 approval of the internal audit plan for FY 2010 and
2 2011. I'd like to recognize Shelley Harris-Curtsinger,
3 please.

4 MS. HARRIS-CURTSINGER: Commissioners, in
5 January 2009, which was within fiscal year 2009, after
6 receiving direction from the Governor's office to
7 immediately reduce spending, the agency discontinued
8 our contract with Monday Rufus for internal auditing
9 services.

10 The agency has begun the process of
11 obtaining another internal auditor; and to do this, the
12 first step is to receive delegated authority from the
13 State Auditor's Office to get auditing services. The
14 agency has just as of April 12th received the approval
15 from the State Auditor's Office.

16 The next step will be to put out a
17 request for proposal for these auditing services. Once
18 this step is complete, the Commission can choose an
19 internal auditor and approve an internal audit plan.

20 For further information, in the past
21 years the agency has spent 25,000 a year on internal
22 auditing services. The agency is on the borderline of
23 needing to meet this requirement but does at this time
24 fall -- does meet the statutorily -- statutory
25 requirement.

1 The statute requires that agencies whose
2 budgets are over 10 million dollars, have a million in
3 revenue, or are over 100 FTE's must have internal
4 auditing services. And keep in mind that 50 percent of
5 our budget of that 10 million is pass-through
6 appropriated for the breed registries, so it's not
7 actual operating budget.

8 My plan is to try to meet the statutory
9 requirements and at the same time to keep these costs
10 to a smaller amount, hopefully around \$10,000 per
11 fiscal year.

12 We will keep you updated on this process
13 and I will be happy to answer any questions.

14 CHAIRMAN PABLOS: Commissioners, any
15 questions or comments?

16 Thank you very much. Appreciate that.

17 Item H we discussed in executive session,
18 so we'll move on to Item IV-A, request by Austin Jockey
19 Club for approval of change of ownership between one
20 and five percent.

21 Okay. How are you today?

22 MR. GOUGLER: Doing fine, sir. How are
23 you?

24 CHAIRMAN PABLOS: Please proceed, sir.

25 Thank you.

1 MR. GOUGLER: Mr. Chairman and
2 Commissioners, good afternoon. On March 9, 2010, the
3 Commission received a written request from the Austin
4 Jockey Club to approve a three and a half percent
5 change in ownership from Joe Straus, III, to Joe
6 Straus, Jr. Appropriate forms were submitted to DPS,
7 and on April 13th DPS advised us there were no problems
8 found, and staff recommends the application for
9 ownership transfer be approved.

10 CHAIRMAN PABLOS: Okay. Commissioners,
11 any questions?

12 Who's signed up to speak for this item,
13 please? Bryan, are you signed up to speak for this?

14 MR. BROWN: Yes, sir, only if you have
15 questions.

16 CHAIRMAN PABLOS: Yes, sir. Please come
17 up.

18 MR. BROWN: Bryan Brown with the Austin
19 Jockey Club.

20 CHAIRMAN PABLOS: Good afternoon.

21 MR. BROWN: I'm here to answer any
22 questions you may have.

23 CHAIRMAN PABLOS: Are there any questions
24 of Mr. Brown?

25 Bryan, can you explain to us what this

1 item is all about, please?

2 MR. BROWN: Sure. The item involves the
3 transfer of an ownership interest from Joe Straus, III,
4 to his father, Joe Straus, Jr. It's a three and a half
5 percent interest; and that would represent a hundred
6 percent of the interest that Joe Straus, III, has being
7 transferred to his father. That would leave Joe
8 Straus, Jr., with an approximately seven percent
9 interest in the partnership following the transfer.

10 CHAIRMAN PABLOS: Okay. Any questions,
11 Commissioners?

12 Thank you, Bryan.

13 MR. BROWN: Thank you.

14 CHAIRMAN PABLOS: Okay. So is there
15 anyone else signed up to speak for this item?

16 Okay. At this time I'd like to entertain
17 a motion on this item. Is there a motion?

18 COMMISSIONER SCHMIDT: I move we
19 approve.

20 CHAIRMAN PABLOS: There's a motion to
21 approve by Schmidt.

22 COMMISSIONER EDERER: Second.

23 CHAIRMAN PABLOS: A second by Ederer.

24 Any discussion, Commissioners, on this
25 item?

1 Okay. Hearing none, at this time I'd
2 like to take this up for a vote. All those in favor
3 please signify by saying aye.

4 COMMISSIONERS: Aye.

5 CHAIRMAN PABLOS: Any opposed?

6 Okay. That motion carries.

7 We'll take up Item B, requests by Retama
8 Park for two approvals of change of ownership of less
9 than one percent.

10 Please.

11 MR. GOUGLER: On April 5th the Commission
12 received a written request from Retama Partners,
13 Limited, to approve a transfer of the following
14 ownership interest: The Herring Group transferred 20
15 interests or 0.4980 ownership to the Straus 2003
16 Irrevocable Trust. St. David's Episcopal Church
17 transferred 10 units or interests of 0.2490 percent
18 ownership to the Straus 2003 Irrevocable Trust. With
19 these transfers, the Straus 2003 Irrevocable Trust will
20 have 7.1793 ownership in Retama Partners.

21 The appropriate paperwork was submitted
22 to DPS. No problems were found. On April 13th they
23 advised us in a written report that everything was
24 good. And staff recommends that the application for
25 ownership transfers be approved.

1 CHAIRMAN PABLOS: Any questions,
2 Commissioners?

3 Okay. Thank you.

4 Bryan, would you like to speak on this
5 item, please?

6 MR. BROWN: Bryan Brown, this time with
7 Retama Park. These are two very, very small transfers
8 to the Straus 2003 Irrevocable Trust. There's a total
9 of 4,000 units in the partnership, so these represent a
10 half a percent -- less than a half a percent and less
11 than a quarter percent interest respectively.

12 So I'd be happy to answer any questions
13 that you have.

14 CHAIRMAN PABLOS: Commissioners, any
15 questions of Mr. Brown?

16 Thank you, Mr. Brown.

17 MR. BROWN: Thank you.

18 CHAIRMAN PABLOS: At this time I'd like
19 to entertain a motion. Is there a motion?

20 COMMISSIONER WEINBERG: I make a motion.

21 CHAIRMAN PABLOS: We have a motion.
22 Commissioner Weinberg, what is your motion?

23 COMMISSIONER WEINBERG: To approve the
24 change.

25 COMMISSIONER EDERER: Second.

1 CHAIRMAN PABLOS: Seconded by Ederer.

2 We have a motion and a second. Is there
3 any discussion?

4 Hearing none, I'd like to take this item
5 up for vote. All those in favor please signify by
6 saying aye.

7 COMMISSIONERS: Aye.

8 CHAIRMAN PABLOS: Any opposed?

9 That motion carries.

10 Item C, request by Lone Star Park to
11 amend its 2010 live racing schedule. I'd like to
12 recognize Drew Shubeck, please.

13 MR. SHUBECK: Thank you, Chairman. A
14 couple of months ago Lone Star Park put in a request to
15 eliminate three live Quarter Horse days this fall. We
16 made an agreement with the Texas Horsemen's Partnership
17 and the Quarter Horse breeders that we would add an
18 extra race per night if we were allowed to do this.

19 The thought was that we would be -- there
20 would be less stress on the horse supply filling four
21 cards per week. We'd have an extra race each day. It
22 would save operational costs for Lone Star Park. And
23 it would really save some costs for the horsemen, too.
24 It's a little bit easier to put an extra horse in a
25 trailer if you're shipping in or maybe not have to come

1 to the racetrack on a Wednesday night and race two
2 horses on a Thursday, Friday, or Saturday.

3 So we're happy that we have that
4 agreement with the Texas Horsemen's Partnership and the
5 breeds and we would just like the permission now from
6 the Commission itself.

7 If you have any questions, I'd be happy
8 to answer.

9 CHAIRMAN PABLOS: Commissioners, any
10 questions?

11 Thank you.

12 MR. SHUBECK: Okay.

13 CHAIRMAN PABLOS: Is Ms. Marsha Rountree
14 available to speak?

15 MS. ROUNTREE: Mr. Chairman,
16 Commissioners, I'm Marsha Rountree, executive director
17 of the Texas Horsemen's Partnership. And the Texas
18 Horsemen's Partnership is in support of Lone Star
19 Park's request to amend its 2010 Quarter Horse racing
20 schedule by eliminating the three Wednesdays and adding
21 one race per day to the remaining racing schedule.

22 Do you have any questions?

23 CHAIRMAN PABLOS: Any questions,
24 Commissioners?

25 MS. ROUNTREE: Thank you.

1 CHAIRMAN PABLOS: Thank you very much.

2 Rob Werstler, please?

3 MR. WERSTLER: Good afternoon,
4 Mr. Chairman, Commissioners. Rob Werstler, executive
5 director of the Texas Quarter Horse Association. We're
6 also in support of Lone Star Park's request and I'm
7 just here to entertain any questions you may have.

8 CHAIRMAN PABLOS: Any questions,
9 Commissioners?

10 Thank you very much.

11 Okay. Anyone else signed up to speak
12 that I might have missed?

13 Charla Ann, do you have anything to add
14 on this?

15 Mark?

16 MS. KING: No, sir. Staff is in
17 support.

18 CHAIRMAN PABLOS: Okay. Staff is in
19 support.

20 Okay. At this time I'd like to entertain
21 a motion. Do I have a motion?

22 COMMISSIONER EDERER: So move.

23 CHAIRMAN PABLOS: What is your motion?

24 COMMISSIONER EDERER: To approve.

25 CHAIRMAN PABLOS: To approve. A motion

1 to approve by Ederer. Is there a second?

2 COMMISSIONER SCHMIDT: Second.

3 CHAIRMAN PABLOS: Seconded by Schmidt.

4 Any discussion on this, Commissioners?

5 Okay. At this time I'd like to take it
6 up for a vote. All those in favor please signify by
7 saying aye.

8 COMMISSIONERS: Aye.

9 CHAIRMAN PABLOS: Any opposed?

10 Okay. That motion carries.

11 Item D, request by Lone Star Park for
12 approval of an amendment to its tote contract with
13 AmTote International. At this time I'd like to
14 recognize Drew Shubeck.

15 You're busy today, Drew.

16 MR. SHUBECK: I am.

17 Again, a few months ago we wanted to talk
18 to our tote company, AmTote, about altering the tote
19 contract. We foresaw that Global Gaming was going to
20 purchase Lone Star Park and we thought that it would be
21 better if the end of the contracts coincided with the
22 end of Remington Park's agreement up in Oklahoma since
23 it's owned by Global Gaming as well.

24 They were also gracious enough to change
25 some of the internals of the contract to make it better

1 for Lone Star Park and we've refreshed some equipment
2 and things like that. So again, we are happy with the
3 contract internally at Lone Star Park and AmTote
4 International is happy as well and we would just like
5 the Commission to approve this change in our contract.

6 CHAIRMAN PABLOS: Any questions,
7 Commissioners?

8 Thank you.

9 Anyone else signed up to speak on this
10 item?

11 Okay. At this time I'd like to entertain
12 a motion. Do I have a motion?

13 MR. CLOWE: Move to approve.

14 CHAIRMAN PABLOS: Move to approve by
15 Clowe. Is there a second?

16 VICE-CHAIRMAN CARTER: Second.

17 CHAIRMAN PABLOS: Seconded by
18 Dr. Carter.

19 We cannot have any discussion on this
20 item. We have discussed this item in executive
21 session. And so at this time I'd like to take this up
22 for a vote. All those in favor please signify by
23 saying aye.

24 COMMISSIONERS: Aye.

25 CHAIRMAN PABLOS: Any opposed?

1 Okay. That motion carries.

2 Item E, request by Sam Houston Race Park
3 to amend its 2010 live racing schedule. Andrea Young,
4 please.

5 MS. YOUNG: Good morning, Commissioners.
6 I think this is a fairly simple request. We'd like to
7 move, per our letter to you, July the 2nd, which is a
8 Thursday, to Sunday, July the 4th. It enables us to
9 take advantage of the holiday weekend. We think it
10 will benefit attendance and handle and thus Sam Houston
11 Race Park and the horsemen.

12 I'm happy to answer any questions you may
13 have.

14 CHAIRMAN PABLOS: Any questions,
15 Commissioners?

16 COMMISSIONER HAYWOOD: I have a related
17 question. How did the impact of adding a Monday race
18 day change your schedule?

19 MS. YOUNG: Sure. We added Mondays, as
20 everyone may recall, in March of this year to our
21 Thoroughbred meet that recently concluded. It was, by
22 all accounts, a big success. We are very pleased with
23 it. We certainly learned a few things, as we expected
24 we would. We're glad we took a large enough sample
25 size. When we first started kind of kicking around the

1 idea, we talked about adding just two Mondays; but we
2 were concerned if one Monday it poured down rain how
3 would you really give it a fair assessment.

4 A couple of the days, you know, on track
5 did okay. It wasn't that -- it was certainly below
6 average for us, as we thought it could be, with the
7 exception of the week that coincided with spring break
8 in Houston. On track did fairly well that week.

9 However, the outbound signal did
10 extremely well and I think a couple of the Mondays
11 actually ended up in the top 10 of the whole meet. I
12 think the highest one was No. 8 or so. So out of
13 60-some-odd days that we did, it's something we were
14 very pleased with and, you know, I think it's something
15 we'll certainly consider as part of our program going
16 forward.

17 CHAIRMAN PABLOS: Thank you.

18 Commissioners, any questions, additional
19 questions?

20 Thank you very much.

21 MS. YOUNG: You're welcome.

22 CHAIRMAN PABLOS: Appreciate it.

23 I have Ms. Marsha Rountree and Rob
24 Werstler signed up to speak for this item. Do you have
25 anything else to add, in the interest of time?

1 MS. ROUNTREE: We're in support of Sam
2 Houston's request as well.

3 CHAIRMAN PABLOS: Rob, you're in
4 support? Okay. Thank you very much.

5 Anyone else signed up to speak?

6 Okay. Hearing none, at this time I'd
7 like to entertain a motion. Do I have a motion on this
8 item?

9 COMMISSIONER EDERER: So move for
10 approval.

11 CHAIRMAN PABLOS: Moved for approval by
12 Ederer. Is there a second?

13 COMMISSIONER SCHMIDT: Second.

14 CHAIRMAN PABLOS: Seconded by Schmidt.

15 Any discussion?

16 Hearing none, I'd like to take this up
17 for a vote. All those in favor please signify by
18 saying aye.

19 COMMISSIONERS: Aye.

20 CHAIRMAN PABLOS: All those opposed?

21 And let the record show Commissioner
22 Clowe stepped out.

23 That motion carries. Thank you.

24 Item F we'll take up later with the
25 updates. Actually -- well, we'll take it up later with

1 the updates from the tracks.

2 We'll go into Item G, progress report by
3 Austin Jockey Club. Bryan Brown?

4 MR. BROWN: Good afternoon,
5 Commissioners. Bryan Brown with the Austin Jockey
6 Club. We're pleased to announce that we'll be closing
7 on an approximately 150-acre site on May 3rd. It's a
8 cash closing. I think that demonstrates our group's
9 commitment to the site and to bringing racing to Travis
10 County.

11 We are planning a stakeholders event
12 shortly after the closing, a few days possibly after
13 the closing, where we would involve the members of the
14 racing community, the Texas Thoroughbred Association,
15 the Texas Quarter Horse Association, the HBPA, and
16 Commission staff. And we'll invite those groups to
17 undergo a presentation of the site, our plans for the
18 site, our plans for racing, our plans for simulcasting,
19 the site plan itself, and the floor plan of the
20 facility.

21 The facility design is going quite well.
22 We've introduced some new elements that aren't found in
23 sites today or aren't found in facilities today that
24 will be, I think, good for the patrons and good for the
25 project.

1 Our land plan has gone through several
2 iterations. Our traffic engineer and our land planner
3 have discussed aspects of the traffic plan and have
4 changed the site plan to better accommodate traffic
5 flow. And the land plan, I think, is in pretty good
6 shape to where we can now start adding the details that
7 are required in and around the facility.

8 The land plan had to overcome a slough
9 that goes through the middle of the site and was going
10 to present some drainage challenges, and I think those
11 drainage challenges have been solved by virtue of the
12 way the land plan has been drawn.

13 Most importantly, our community outreach
14 has gone very, very well. We've been working with one
15 of the civic leaders of the community that we're
16 targeting. That person has gone around to other
17 leaders in the community. And the acceptance of the
18 concept of a racetrack in that area have gone very,
19 very well. It's been a hundred percent acceptance, in
20 fact.

21 So we would also bring the community
22 leaders to the meeting that I referred to earlier and
23 introduce those people to the racing industry and the
24 group. They are very, very excited about having us.
25 And having gone through communities that weren't so

1 excited about having us, that's a big, big jump and a
2 big step that has to take place.

3 I'd also like to report that our meetings
4 with TRC staff have gone very, very well. I hate to
5 say this, but I've actually picked up a couple of ideas
6 from them. I won't tell them which. Actually I'll
7 wait and see if they work; and if they don't, I'll
8 blame them. But, no, they have gone very, very well.
9 The input has been good. And I think we're developing
10 a relationship that will continue to where we're not
11 presenting something cold to them when the application
12 is filed for the change of location.

13 With that, I'd be happy to answer any
14 questions that you have. I've obviously skipped over
15 the exact location of the site and we'd like to hold
16 that until the event where we formally unveil the site
17 itself.

18 CHAIRMAN PABLOS: Commissioners, any
19 questions or comments?

20 COMMISSIONER EDERER: When do you
21 anticipate the meeting?

22 MR. BROWN: With the closing taking place
23 May 3rd, as long as that date sticks -- and it looks
24 like it will because it is a cash closing and that
25 makes it easy -- it would probably be several days

1 after that, but not too long.

2 COMMISSIONER EDERER: So pretty quick.

3 MR. BROWN: Yeah.

4 CHAIRMAN PABLOS: Well, on a personal
5 note, I'd like to thank you. Five years ago we asked
6 you to find a piece of land and now we're here and so I
7 thank you. I know it's been a hard road. And so here
8 we are. I wish you all the best. Thank you very
9 much.

10 MR. BROWN: We appreciate the
11 Commission's cooperation.

12 CHAIRMAN PABLOS: Thank you.

13 MR. BROWN: Thank you.

14 CHAIRMAN PABLOS: Any other comments or
15 questions, Commissioners?

16 Okay. Item G-3 and G-4 I'll take up
17 together. Bill Moltz, please?

18 MR. MOLTZ: Good morning, Mr. Chairman.

19 CHAIRMAN PABLOS: Good afternoon.

20 MR. MOLTZ: Commissioners. I'll give you
21 a report, such as it is, on Valle de los Tesoros and
22 Laredo Downs. First, Mr. LaMantia expresses his
23 apologies. He had intended to be here but couldn't
24 make it.

25 With respect to McAllen, Valle de los

1 Tesoros, as you recall, Mr. LaMantia expressed where
2 that was at your last meeting which was getting
3 approval for utilities to go to the site from the City
4 of McAllen and the City of Hidalgo, which is sort of a
5 joint effort. I'm not exactly sure how they work it,
6 but it requires both of their approvals.

7 The City of McAllen has recently approved
8 the extension of those utilities and we expect the City
9 of Hidalgo to do so within the next week or two. So
10 it's moving forward. Within the next couple of weeks
11 we should have utilities available to go to the site,
12 which was the holdup on getting started. That's what
13 was going on with VDLT.

14 With respect to Laredo Downs, we also
15 reported at the last meeting that we were getting ready
16 to file an application in -- the deadline we gave
17 ourselves for filing it has come and gone. We do have
18 an application. It's basically complete, ready to
19 file. But Mr. LaMantia is currently, let's say,
20 working with the industry on the proposal, trying to
21 get a consensus on this project. There's also some
22 local issues. But primarily he is working with the
23 other tracks and just folks in the industry trying to
24 get this thing to come together. That's where that
25 stands. The application is ready to be filed, but

1 we're holding off on doing that.

2 CHAIRMAN PABLOS: Commissioners --

3 COMMISSIONER EDERER: So it's just on
4 hold.

5 MR. MOLTZ: Pardon?

6 COMMISSIONER EDERER: Everything is on
7 hold at the present time. Is that what you're saying?

8 MR. MOLTZ: For Laredo?

9 COMMISSIONER EDERER: Yes.

10 MR. MOLTZ: It's on hold until, say, that
11 the -- some sort of agreement is reached, a consensus
12 of the industry, about whether or not to do this.

13 COMMISSIONER EDERER: Do you have any
14 kind of time frame, any feeling as to when this might
15 occur? I mean, is it this year or next year or
16 tomorrow?

17 MR. MOLTZ: It would be before then, but
18 I doubt tomorrow. Again, I'm sorry, Commissioner. I'm
19 not personally involved in those discussions, so I
20 can't tell you and even speculate on it. My best guess
21 is not too long, not years, but I really don't know.

22 COMMISSIONER EDERER: Well, we certainly
23 would like to know. So at least at the next meeting
24 when the report is submitted, could you -- probably you
25 won't be doing the report; but whoever is, we'd

1 certainly like to have an update, a time frame as to
2 what's going on.

3 MR. MOLTZ: Yes, sir, I understand.

4 COMMISSIONER EDERER: Appreciate it.

5 COMMISSIONER SCHMIDT: Just to refresh my
6 memory, sir, when you say application, you're talking
7 about an application for a transfer to an undesignated
8 site?

9 MR. MOLTZ: To a location in Tarrant
10 County.

11 COMMISSIONER SCHMIDT: Tarrant County.

12 MR. MOLTZ: Right.

13 CHAIRMAN PABLOS: Commissioners, any
14 other questions?

15 MR. CLOWE: Were race dates granted in
16 this case?

17 CHAIRMAN PABLOS: I believe so.

18 MR. MOLTZ: I believe so.

19 COMMISSIONER EDERER: Yes, they were.

20 MR. CLOWE: In 2011? So the clock is
21 running and there will be penalties if compliance is
22 not achieved.

23 MS. KING: That's our plan.

24 MR. MOLTZ: That's what I hear.

25 MR. CLOWE: No surprise there.

1 CHAIRMAN PABLOS: Well, if they weren't
2 aware of it, they are aware of it now, Commissioner
3 Clowe.

4 One thing, Charla Ann -- thank you very
5 much.

6 One thing, Charla Ann, I would like to
7 ask -- in order to avoid a situation where someone
8 might not be able to come present to us an update, what
9 I'd like to ask -- and I hate to create more work --
10 but if those entities that we're asking for progress
11 reports to submit a written progress report a week or
12 so before you send out the packages, Mark. That way we
13 can have a written progress report. I'd appreciate
14 it. That way we can avoid, you know, a situation where
15 we put Mr. Moltz on the spot where he's really not
16 aware of what's going on as much as we would like.

17 Okay. Thank you very much.

18 At this time I'd like to take up Item 5,
19 progress report by Laredo Race Park. Andrea Young?

20 Ms. Young, at this time also we're going
21 to be -- we'll discuss, very briefly, Item F with
22 respect to the order for security. I know you've been
23 working very hard in trying to secure this property and
24 so if you could just give us an update as to what your
25 progress is and then we'll delve into the other item.

1 MS. YOUNG: Sure. I'd like to start by
2 thanking the Commission for kind of tabling this item
3 in February to today while I was out increasing the
4 world's population problems. And, you know, I -- I
5 will say, when I speak to our progress, that that held
6 up certainly some of our progress in the month of
7 February as well.

8 You know, I've gotten up a lot of times
9 over the past year since I assumed responsibility for
10 this within our organization and Mr. Bork before me and
11 talked about all the things we've been doing. In
12 December we talked about in detail kind of our renewed
13 discussions with the County Commissioners of Webb
14 County where Laredo is located. And in January, late
15 January, in fact, we renewed -- you know, again, they
16 hired outside counsel to help assist them with the
17 negotiations.

18 I was out -- kind of out of pocket most
19 of the month of February. In March our -- it is almost
20 hard to say at this point -- at this juncture. But our
21 county judge, our commissioner whose -- the location
22 where the golf course location is, where it resides,
23 that commissioner for that area and a third
24 commission -- or a second commissioner were all forced
25 into runoffs in the March primaries. And the way it

1 works in Webb County is, you know, the Democratic
2 primary is the election.

3 So they were all forced into these
4 runoffs and so really were not available to us at all
5 during the month of March. Subsequently two of the
6 three, including the judge who we have the primary
7 relationship with and the county commissioner who,
8 again, the golf course location is located in her
9 district, they both won. This was last Tuesday. And
10 we've subsequently, you know, spoken to them and are in
11 the -- you know, kind of now ramping everybody else up
12 and getting them focused on the issue again.

13 So materially -- and then the third
14 person that I mentioned actually lost, but that's
15 probably okay on our issue. And so, you know, we don't
16 have any concerns there.

17 So anyway, we're kind of in the process
18 of getting everybody talking again and focused on the
19 lease document that they do have in their hands from us
20 and getting them reengaged with their outside counsel
21 whom they hired to help them. I think we'll be able to
22 spend some time over the next 30, 60 days figuring out
23 what's going on there as well.

24 They have a -- one of the things they had
25 instituted on their end with us, we hired -- we agreed

1 on a third party to do an independent appraisal because
2 there was some dispute about that. And one of the
3 really good things for us that has happened in the
4 last, you know, six months or so is the city, not the
5 county who we're working with, but the City of Laredo
6 is actually working on a publicly financed minor league
7 baseball park, which is providing us a very good
8 comparable for the county to look at when we talk
9 about, you know, what is this worth.

10 And obviously they're putting public
11 dollars into it, which we're not asking for anything
12 like that, and the rent to the city is, you know, two
13 and a half times less than what we've proposed to pay
14 to the city in our relationship -- or into the county
15 in our relationship. So this is real good timing for
16 us all because it helps give us a comp because, again,
17 in Laredo not a lot of land changes hands, so these
18 comparables are really, really important. So that's
19 about a 40-, 50-acre site. Ours is 150 acres, so it's
20 a little bit bigger, but it's also kind of -- it is
21 very relative in scope and nature.

22 So that's really the general update.
23 We've spent some time -- you know, often when I get up
24 and talk on this issue every meeting, we're also
25 talking about the security deposit that we've put up on

1 this matter. You know, we've spent a lot of time
2 talking to the Commission and to the industry about
3 this. And, you know, it's our position that we'd
4 really like for everyone in the industry to move
5 forward on this, so we're ready to allow the Commission
6 and the staff to take down that security deposit.

7 We'll keep focusing, like we have, on
8 Laredo. We think the horsemen -- you know, running two
9 other tracks in this state, I know how much, you know,
10 any little bit of money really matters to the industry,
11 so we're happy to see that money go to purses like it
12 has with the prior two security deposits. We think
13 that's a win for everyone.

14 And we think we -- you know, we think
15 we've met most of the requirements of our security
16 order; but again, you know, we're not -- it's not worth
17 any kind of continued debate. We're going to keep
18 doing the right thing because it's the right thing to
19 do.

20 And I'm happy to kind of answer any
21 questions that you folks might have.

22 CHAIRMAN PABLOS: Commissioners, do you
23 have any questions of Ms. Young?

24 Thank you very much.

25 MS. YOUNG: You're welcome.

1 CHAIRMAN PABLOS: Well, any comments,
2 Commissioners?

3 COMMISSIONER EDERER: Yes.

4 CHAIRMAN PABLOS: Commissioner Ederer?

5 COMMISSIONER EDERER: I meant to ask
6 Bryan a question for the Jockey Club. And I know we've
7 already passed that.

8 CHAIRMAN PABLOS: Can we take it up after
9 this item? I'm happy to do that. That way -- is it
10 relevant to this item?

11 COMMISSIONER EDERER: Not to this item,
12 no, not to the Laredo Race Park.

13 CHAIRMAN PABLOS: Okay. Let's finish up
14 Laredo and then we'll take up your question. Thank
15 you. If I may.

16 Mark, would you please come up?

17 MR. FENNER: Yes, sir.

18 CHAIRMAN PABLOS: Mark, can you give us a
19 brief background on the security order and where we
20 stand with that and what steps need to be taken,
21 please?

22 MR. FENNER: The security order was put
23 in place in connection with the original licensing of
24 Laredo Race Park. And Laredo Race Park put \$140,000
25 into an account to ensure that they began simulcasting

1 and live racing when they were supposed to or when they
2 agreed to. And the original date for simulcasting
3 should have been on July 15th, 2009.

4 For each day that they failed to
5 simulcast, beginning on July 15th, they forfeited
6 approximately a thousand dollars in security. And the
7 time period since beginning of July 15th during which
8 they have not begun their simulcasting has now taken up
9 the entire 140,000-dollar amount.

10 They came to the Commission at a meeting
11 in June of '09 and raised the possibility of seeking an
12 extension of time. The Commission was willing to
13 consider it. And so this period of time, you know,
14 you've all seen we've been having these ongoing
15 discussions.

16 Ms. Young has indicated today that they
17 no longer are requesting an extension of time, so
18 therefore there's no need to amend the security order.
19 The order is already in place. The staff is prepared
20 to go forward and enforce the order and collect on the
21 security. A good portion of it will go to the State's
22 General Revenue Fund. A good chunk of it will go to
23 the state accredited Texas-bred program. A small part
24 of it will go to the Commission's own operating
25 budget.

1 CHAIRMAN PABLOS: Commissioners, any
2 questions of Mark on this item?

3 Charla Ann, I'd like to ask you to
4 proceed on fulfilling this order, if you could,
5 please.

6 Thank you, Mark.

7 At the same time I'd like to -- Andrea,
8 I'd like to thank you for all your efforts. We've been
9 watching what you're doing down there and it's very
10 commendable and we've sent staff down there and
11 analyzed the situation. I know dealing with government
12 entities sometimes isn't the most perfect scenario.

13 But I encourage you to continue down your
14 path and extend to you an offer. If there's anything
15 you need from staff, please let us know. I know you're
16 at second base and so please proceed with that. And
17 thank you for what you guys are doing down there in
18 Laredo. I appreciate that. It shows that you are
19 serious about the effort. And like you said, with the
20 other tracks that you operate, I'm very confident that
21 you'll get there. So I appreciate that. Thank you.

22 Commissioners, any other comments or
23 questions?

24 Okay. Thank you very much.

25 Our next item, the last item here, would

1 be Item V, proceedings on rulemaking, V-A, proposal by
2 the Texas Quarter Horse Association to amend Rule
3 303.93, Quarter Horse Rules. I'd like to recognize
4 Mark, please, to give us a brief overview. I know --

5 MR. FENNER: The Texas Quarter Horse
6 Association has requested an amendment to the Quarter
7 Horse rules. There's a special section of the rules
8 that applies only to how accredited Texas-bred funds
9 are distributed. And their current rule says that at
10 the completion of every four weeks that they will mail
11 out the awards to the owner and breeders and stallion
12 owners. But this has caused a couple of problems for
13 them and they've asked -- that they've said that they
14 would like to change so that it reduces the problems.

15 One is that the size of the awards to
16 each of the owners and breeders and stallion owners
17 depends on the purse within each four-week period --
18 handle. I'm sorry. Yeah, the handle in each four-week
19 period. But the problem for them is that if you have a
20 big stakes race or other big races within one
21 particular period and then not in the other periods, it
22 creates an uneven distribution across the meet to the
23 recipients of those breed awards.

24 So they would like to change the rule to
25 allow them to have one mailout at the end of each

1 meet. Therefore the handle is the same for everybody
2 who's participating and everybody gets the same
3 proportionate award. And then, of course, by only
4 doing one mailout at the end of each meet, this will
5 help them to reduce their overhead and their mailing
6 costs.

7 We took it to the rules committee, had a
8 good discussion about it. The Texas Thoroughbred
9 Association volunteered that they operate under a
10 similar system and that they're not having any problems
11 with it. And so it was recommended to bring it to you
12 for publication in the Texas Register for public
13 comment.

14 CHAIRMAN PABLOS: Any questions,
15 Commissioners, of Mark?

16 Thank you, Mark.

17 Rob Werstler, would you like to add
18 anything to that?

19 MR. WERSTLER: No, sir. I'm just here to
20 answer any questions.

21 CHAIRMAN PABLOS: And obviously in
22 support.

23 MR. WERSTLER: Yes.

24 CHAIRMAN PABLOS: Okay. Anybody else
25 signed up to speak?

1 Okay. So we have a proposal coming to us
2 to publish. Do I have a motion?

3 COMMISSIONER SCHMIDT: A motion to
4 support the proposal to publish in the Texas Register.

5 CHAIRMAN PABLOS: A motion by
6 Mr. Schmidt. Is there a second?

7 COMMISSIONER EDERER: Second.

8 CHAIRMAN PABLOS: Seconded by Ederer.

9 Any discussion, Commissioners? We've
10 obviously heard that this has been properly vetted
11 through our rules committee.

12 Hearing none, I'd like to take this up
13 for a vote. All those in favor please signify by
14 saying aye.

15 COMMISSIONERS: Aye.

16 CHAIRMAN PABLOS: Any opposed?

17 That motion carries.

18 Commissioner Ederer, I apologize. I had
19 promised that I would recognize you. That's okay.

20 Mr. Brown?

21 COMMISSIONER EDERER: Mr. Brown, I have
22 one question for you. I assume that the legal problems
23 that the Jockey Club was having is behind you now so
24 that you can go forward?

25 MR. BROWN: The litigation is still

1 ongoing. We're in the deposition stage. There is a
2 trial date set for June. But the judge lifted the
3 restraining order on us several months ago, so it has
4 allowed us to pursue the other options. Now, he could
5 rule something totally different in June, but that's
6 kind of where we are right now.

7 COMMISSIONER EDERER: But at this point
8 in time, the restraining order has been lifted and you
9 can go forward.

10 MR. BROWN: Right.

11 COMMISSIONER EDERER: Thank you.

12 MR. BROWN: I'll know to leave after I
13 speak next time.

14 CHAIRMAN PABLOS: Okay. All right.
15 Well, thank you very much.

16 Before we adjourn, I'd like for Charla
17 Ann to come up, please.

18 Charla Ann, you were just at an RCI
19 meeting, weren't you?

20 MS. KING: Yes, Mr. Chairman.

21 CHAIRMAN PABLOS: And would you mind
22 sharing with us what happened at that meeting regarding
23 an award, please?

24 MS. KING: Well, it was a pretty big
25 moment for me. I was voted executive director of the

1 year, which means I was the recipient of the Len Foote
2 award, who was, by all accounts, an outstanding
3 executive director that some of the folks in the
4 industry know. And that was voted by my peers. It was
5 a surprise. They provided a nice award presentation
6 and then I had an acceptance speech where I recognized
7 Texas and regulation and how we do it here. And so it
8 was a big moment for me personally and I thought it was
9 a good night for Texas.

10 CHAIRMAN PABLOS: Well, congratulations.

11 MS. KING: Thank you.

12 CHAIRMAN PABLOS: It's quite an honor for
13 us as well, so a job well done.

14 MS. KING: I appreciate that. And I
15 appreciate all the support of the Commission and the
16 staff and the industry. It was a very great
17 experience.

18 CHAIRMAN PABLOS: Thank you for the
19 leadership you've provided not only in this agency but
20 to the industry in general. Thank you very much.

21 MS. KING: You're very welcome.

22 CHAIRMAN PABLOS: Commissioners, is there
23 any new or old business that you'd like to discuss
24 before we adjourn?

25 Okay. Hearing none, the time is now

1 12:46 and I will hereby adjourn the meeting of the
2 Texas Racing Commission. Thank you.

3 (Proceedings concluded at 12:46 p.m.)

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1 STATE OF TEXAS)

2 COUNTY OF TRAVIS)

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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,
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