

BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

COMMITTEE ON HORSE RACE DATES MEETING
SEPTEMBER 1, 2010

BE IT REMEMBERED that the above entitled matter came on for hearing on the 1st day of September, 2010, beginning at 10:36 A.M. at 6100 Guadalupe, Building E, Austin, Travis County, Texas, and the following proceedings were reported by SHERRI SANTMAN FISHER, Certified Shorthand Reporter for the State of Texas.

1 COMMISSIONER EDERER: Let's call the
2 meeting to order. I apologize for being a little
3 late. It's -- sometimes that drive gets longer than it
4 does at other times from San Antonio. But anyway, I
5 apologize for being late.

6 This is the fourth, I guess, in a series
7 of meetings concerning the race dates. And hopefully
8 it will be the last. I see we have the Hatfields and
9 the McCoys setup again as usual. I don't know what the
10 significance of that is.

11 MS. ROUNTREE: We can go boy-girl all the
12 way across if you'd rather.

13 COMMISSIONER EDERER: I think maybe so.

14 But let's hope today we can come to some
15 conclusion on race dates that we can all live with.

16 Sammy Jackson is, of course, present.

17 It's going to be very important to listen to what he

18 has to say. He's given an analysis of all the

19 proposals, it's my understanding, of the race dates.

20 Charla Ann King is here.

21 And I believe that we might as well get
22 started. Charla Ann, what would your proposal be to
23 get started? Just go ahead and have Sammy get started
24 with it?

25 MS. KING: We can. Let's make sure that

1 everybody is aware who's at the tables, so why don't we
2 go around and introduce ourselves for the record.

3 Dave, do you want to start?

4 MR. HOOPER: David Hooper, executive
5 director of the Texas Thoroughbred Association.

6 MR. WERSTLER: Rob Werstler, Texas
7 Quarter Horse Association.

8 MS. UTECHT: Karen Utecht, Texas Paint
9 horse breeders.

10 MS. ROUNTREE: Marsha Rountree, Texas
11 Horsemen's Partnership.

12 MR. WILSON: Ed Wilson, Texas Arabian
13 Breeders Association.

14 MS. YOUNG: Andrea Young, Sam Houston
15 Race Park.

16 MR. BROWN: Bryan Brown with Retama Park
17 and the Austin Jockey Club.

18 MR. PHILLIPS: Howard Phillips, Manor
19 Downs.

20 MR. SHUBECK: Drew Shubeck, Lone Star
21 Park.

22 MS. BRIGGS: Sally Briggs, Gillespie
23 County Fair Association.

24 COMMISSIONER EDERER: And we have two
25 Commissioners also with us that I failed to introduce.

1 MS. O'CONNELL: I'm Ann O'Connell. I'm
2 representing Comptroller Susan Combs.

3 COMMISSIONER HAYWOOD: And I'm Scott
4 Haywood with the Racing Commission.

5 MS. KING: So we appreciate everybody
6 being here. We've been getting a lot out of the
7 meetings that we've had so far and we thank everybody
8 for all the time that you've spent. I can see a lot of
9 repeat attendance at the meetings. I think people have
10 been learning as we've been going along, I can tell,
11 from the comments and the feedback that we're getting
12 and we want to continue that learning process, the
13 listening process today. I think we have come quite a
14 distance.

15 But as Chairman Ederer points out, we
16 probably need to get started because we've got a lot of
17 important, significant, and tough issues on the table.
18 And so I'm going to turn it over to Sammy now to go
19 through the agenda packet index so that we all have a
20 chance to get focused on the information that we have
21 in front of us today.

22 Sammy?

23 MR. JACKSON: Thank you, Charla Ann.

24 COMMISSIONER EDERER: Sammy, before you
25 get started, too, what -- of course, we've listened, as

1 Charla Ann says, to everything that has been said and
2 all of this information has been put together and this
3 is Sammy's analysis of it. And it's not -- as I
4 propose this meeting, it is more to try to come to some
5 conclusions and we need to get going forward with
6 this. Everyone -- all of you need to know when we're
7 going to race and where we're going to race.

8 And I think the meetings have been
9 excellent. They've been very good. It's the first
10 time that the Commission has ever done anything like
11 this as I understand it. I think it's important for us
12 going forward. We've got the Legislature coming into
13 session in February. We need to be prepared for them.
14 And I think that we'll be more prepared than we ever
15 have been.

16 So anyway, with that said, Sammy, let's
17 see where we can go from here.

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

19 Under Section I is the race date requests
20 that were received by the racetracks on or before
21 August 18th, the cutoff time. Along with that is a
22 race date calendar that I put together on one sheet of
23 paper for everybody to see. It should be titled
24 Section I and Requested or Previously Granted Horse
25 Race Dates as of August 18, 2010.

1 Also in the back of -- behind each of the
2 racetrack's requests is a requested race date calendar
3 purse estimate sheet that I prepared. This is what we
4 traditionally do at the Racing Commission when we have
5 race dates and people are concerned about purse levels
6 or changes that are being made.

7 In the far left corner at the bottom,
8 you'll see the estimated purses by race day and the
9 number -- that's the larger number. The number right
10 below it will be the per-race amount. And it's broken
11 down into Thoroughbred purse, Quarter Horse purse, and
12 minor breed purse. You'll see that behind each of the
13 tracks here.

14 You will note specifically -- I'll give
15 you an example. On Lone Star Park, where the tab --
16 Section I.A, page nine, there are two sheets there.
17 And one, it has an asterisk underneath the July month
18 where the Thoroughbred purse account balance is. This
19 sheet computes the purse levels if they were to go zero
20 in their purse account balance at the end of that
21 meet. So this is what their purse levels would be at
22 if that was the scenario, which in this case it's
23 \$134,954 per day.

24 I'd like to point that this takes into
25 account no further decline in handle or no increases.

1 And that's pretty important because that doesn't
2 necessarily flow with how the numbers have been working
3 here as of late, but I think that lends credence to the
4 comments we've heard at the previous meetings about
5 what the purse levels will be at Lone Star Park.

6 The second sheet, the one right behind
7 that, Tab I.A.10, is if Lone Star Park were to run at
8 \$215,000 per day. You'll notice the little asterisk
9 under the Thoroughbred purse account balance in July
10 would be a shortfall of 4.8 million dollars. I could
11 not get them to \$230,000 a day and come anywhere near a
12 number that was reasonable that I thought anything
13 could be moved around and accomplished.

14 That's my estimates. I've done it. I
15 have it. I didn't put it in this packet today because,
16 to be quite honest, this packet was getting so
17 voluminous that we were having a problem at eight
18 o'clock last night trying get it on the web, so I
19 didn't want to delay it any further.

20 But that outlines the Lone Star Park
21 estimates based on their requested race dates and
22 looking into the issue if they were to pay at 215 or
23 230 a day.

24 The Section B is the Retama Park based on
25 their estimate. You'll see on page I.B.6 what their

1 estimates would be per day. This was with their 24-day
2 mixed meet. The numbers are lined out there the same,
3 94,000 a day for Thoroughbreds or 10,850 a race, 81,732
4 for Quarter Horses or 27,000 per race. I think this is
5 an estimate of them running about three Quarter Horse
6 races a day. And obviously the minor breed money is
7 there.

8 Section I.C, page 10, would delineate Sam
9 Houston Race Park's numbers per their requested race
10 dates. Again, it's the same flow. Notice that on the
11 Thoroughbred they were capping their money at 7500 per
12 race or 15,000 per day, running an estimate of two
13 Thoroughbred races per day underneath the scenario. If
14 that were to occur -- and this assumes that they would
15 eliminate their meet already granted and that's on the
16 books for the fall of 2010 into the winter of 2011.
17 And their purse account balance at the end of July
18 would be 4.71 million in the Thoroughbred account.
19 That somewhat syncs up with the transfer number that
20 would be needed for Drew to run at 215. There's an
21 analysis sheet later in this packet that we'll go over
22 that identifies that.

23 However, I would point out that
24 traditionally, when the Sam Houston Race Park meet
25 closes, which is at the first week of April, there's

1 you would see on the live on-track handle there's a
2 23.6 percent number up there to the left of the January
3 column. That is to reflect the increase in live handle
4 that they've just concluded at this meet. So we did
5 push the estimate up there for that. However, at the
6 same time I should note that their simulcast handles
7 import during the week is slightly down.

8 So that concludes Section I.

9 Moving on to Section II, it deals with
10 race date requests for 2012. I'm not going to go
11 through this in as much detail. I'll just tell you
12 that we have prepared a calendar on the requests. It's
13 here. Flip through it at your pleasure and you will
14 see. I would note that Lone Star Park has requested
15 for their traditional Thoroughbred meet into 2012.

16 Moving on to Section III, alternative
17 race dates calendar, I will spend a little time on
18 this. I took the same approach here as I did with the
19 requested race dates. Underneath Section III.A.1
20 you'll see the Brian Schartz alternative calendar. His
21 was focused primarily on Thoroughbreds. The sheets
22 behind that will be the purse estimates based on when
23 he placed these dates on the calendar and what they
24 would be for each of the tracks that he placed on
25 there.

1 Moving to III.B.1 is the calendar that
2 was submitted by Mr. Wright, and the purse estimates
3 behind it are III.B.2, 3, and 4.

4 Moving to Section III.C.1 is the calendar
5 submitted by Mr. Kerby. I would note on his calendar I
6 had to put some asterisks on it because he didn't
7 necessarily delineate dates for Sam Houston's meet
8 moving from the end of 2010 and 2011. He just noted
9 that the meet should either be run or accrued purse
10 money should be used to add race dates at another
11 location. However, when you calculate purse money --
12 and in his scenario, what I did was I left the purse
13 money in the account as though it had not run and
14 acknowledging that would have to be addressed.

15 One interesting thing on his was he had
16 Lone Star Park down for \$180,000 a day; and on III.C.2
17 underneath his scenario, if we go to zero in the purse
18 account and don't use a force purse amount, then they
19 would only be able to run at \$127,000 per day in purse
20 money. When I put in the 180, they would be short in
21 their purse account come the end of the meet by 3.4
22 million dollars. I would assume there would have to be
23 a transfer of money to make that sustained.

24 Using the Houston scenario of Mr. Kerby,
25 he had them at \$110,000 a day; and if that was the

1 case, by the time their meet closed -- and I should say
2 that I didn't put in those 2010-'11 dates, so this ties
3 into what the purse account balance would be at the
4 end -- the start of November and December. So there
5 would have to be more work done there on specifics to
6 know specifically a time line about what's available
7 when.

8 He didn't really put anything down for
9 Quarter Horses at Retama, so it's just the Thoroughbred
10 money there. Gillespie County, I think everyone who
11 submitted anything had Gillespie doing exactly the same
12 thing as they requested.

13 III.D.1 is an alternative calendar
14 submitted by Mr. Werstler at TQHA. These are
15 specifically for Quarter Horse days, although there are
16 mixed meets in here, and you will see the comparable
17 purse sheets for those tracks behind this.

18 Lastly is the Racing Commission's
19 alternative race date plan. There is a conversation
20 piece on the delineation of the plan starting on
21 III.E.1. Thereafter, there will be a race date
22 calendar and purse estimates underneath these
23 scenarios.

24 I would also like to point out that
25 III.E.10 is a projection of the escrow horse purse

1 money that's collected by the Racing Commission as a
2 specific purse fund that is generated by simulcasting
3 of horse races at the three greyhound tracks in Texas.
4 The Racing Commission is given the responsibility of
5 collecting that money and allocating it back out, and
6 these are projections and estimates of this.

7 No escrowed -- no escrowed horse purse
8 money has been included in any of the purse estimates
9 on any projections throughout this packet. And they
10 never are. This is nothing new. The estimates on the
11 sheets of the purse are always based on what's earned
12 at that track. It takes into no account stakes money
13 paid up by horsemen. It takes into no account money
14 put up by a breed registry from their ATB owner
15 awards. This is all money generated at that track by
16 wagering. And that is a consistent thing that we do
17 year in, year out, have been doing it since 1994.

18 I think that wraps up Section III.

19 Section IV will be the analysis sheets
20 that I spoke of. It's very brief. Page IV.A takes the
21 top part -- the top box is the race date requests of
22 the racetracks that have been submitted. It tells you
23 the type of the meet, the number of days, projected
24 racing opportunities by breed, projected total ATB
25 racing opportunities. And these are calculated on two

1 races per day. That's what's in the act.

2 I would point out that in conversations
3 with both the Paint and the Arabians, they do not try
4 to card restricted ATB races. And my understanding
5 from both Ms. Utecht and Ed is that's due to the number
6 of animals at the tracks and, if they did that, there
7 would be problems trying to fill races later or
8 something to that. But they don't normally do that.
9 That's why you'll see zero underneath there.

10 If it was a mixed meet, I proportionally
11 allocated the two based on opportunities between the
12 two breeds, so it's a percentage allocation. The
13 estimated average purse per race will come from those
14 estimate sheets that we just went through a moment ago
15 and that ties into the average purse per day for each
16 breed. And then a calculation of the total purse per
17 meet is based on the total purse per day times the
18 number of days. And then there's an estimate of
19 underpay or overpay, and this is where we spoke about
20 showing movement of money to cover supplementing to
21 raise purses or not.

22 For those of you who have your cell
23 phones in the audience, I ask you all to turn them off
24 today.

25 So this sheet will cover -- the top part

1 is what the racetracks' requested calendars are. Below
2 those are the Racing Commission's alternatives. And
3 there's specifics. We can get into that as we get down
4 to the later part of this.

5 The second sheet is, again, the
6 racetracks' requested in comparison to other
7 alternative calendars that we talked about in Section
8 III before that with the same information.

9 That ties up Section IV.

10 Section V is the voluminous amount of
11 e-mails and stakeholders' comments that we've received
12 that we included in this packet.

13 And with that, Mr. Chair, I think that
14 concludes an overview of the packet.

15 COMMISSIONER EDERER: Thank you. Sammy,
16 you've done a lot of work.

17 As far as the racetracks are concerned
18 and as far as the horsemen are concerned, the
19 alternative dates per staff, I understand that you have
20 just gotten that for the first time to review that. So
21 if you're prepared to comment on it as you make your
22 presentation, do. If you're not, I will certainly
23 understand that. But I want you to take that into
24 consideration and give us your feedback as soon as you
25 can, all parties, if we could.

1 look at these calendars, for instance, is it doesn't
2 necessarily accommodate both breeds. And that's one of
3 our big challenges at Sam Houston as we look to reduce
4 our overhead to help us. You know, and all of our
5 proposals and what we've put out there, you know, this
6 is not a proposal where Sam Houston Race Park will make
7 money. This is a proposal where Sam Houston Race Park
8 will lose less money than we're losing now, at a clip
9 that we can and our ownership group is willing to -- is
10 willing to sustain, you know, for, you know, at least
11 several more years. So that's, you know, where we're
12 intensely focused.

13 You know, we've put in for the summer.
14 The way we got to the summer is largely because of a
15 lot of the interest -- you know, the interest from the
16 Quarter Horse side of the equation. We've really been
17 trying to accommodate that.

18 And the truth is, the reason this is so
19 hard that I think has been overlooked by a lot of folks
20 is we had a track close this year. And, you know,
21 you'll hear from Howard in a second. But that's what
22 we're dealing with. And so this huge void of spring
23 dates, that's a big issue for the Quarter Horse
24 program, which I get, and we've, you know, tried to
25 make some amends to deal with that component.

1 It's not something Sam Houston or Retama
2 or Lone Star created. It's something we have to deal
3 with along with the horsemen. And so that's what we're
4 trying to do. And that's, you know, an unfortunate
5 situation. But the truth is maybe if we had been
6 having these discussions several years ago, Howard
7 might still be having some spring dates this year.
8 And, you know, I don't know -- you know, hindsight is
9 20/20.

10 But that's where we are. And that's why,
11 you know, this is so much more difficult than I think
12 everyone really understands is we've got two breeds to
13 deal with. We're trying to accommodate both. And
14 we've got a track that left a big void in the calendar
15 and everyone is left to kind of pick up the pieces.
16 And we're trying to create models that work for us
17 going forward. It's not easy on anyone. And, you
18 know, we're going to keep working and we're going to
19 keep talking.

20 COMMISSIONER EDERER: So as far as your
21 dates are concerned, they're still June and July.

22 MS. YOUNG: They are.

23 COMMISSIONER EDERER: And they're
24 strictly Quarter Horses.

25 MS. YOUNG: It's a mixed meet, two --

1 COMMISSIONER EDERER: It is mixed?

2 MS. YOUNG: Yes.

3 COMMISSIONER EDERER: Okay. I'm sorry.

4 MS. YOUNG: Yeah. And we have met and
5 discussed some other alternatives. And, you know,
6 there might be some latitude there. And just like I've
7 said in the prior meetings, we are -- you know, we're
8 interested in, you know, condensing into one short --
9 you know, a shorter meet where we can have a reduced
10 kind of overhead over the course of the year. That
11 helps us, you know, continue.

12 You know, I don't want to be in Manor's
13 situation a year from now or two years from now when
14 we're having this meeting. And that's what we're
15 trying to head off here by doing some of these things.

16 And so there is, you know, an openness
17 from us to do some things; but, you know, it has to be
18 within reason. We have to keep the window of time we
19 operate tight. We have to reduce some of that yearlong
20 overhead burden to do that. And I've said in these
21 meetings since Day One that we're willing to look at
22 the spring calendar. And we are.

23 And so we've talked about that this week
24 and, you know, I think there's some opportunity or, you
25 know, I still believe in what we're trying to do at

1 Lone Star, too. So we're open-minded and trying to
2 work for something that is some middle ground.

3 COMMISSIONER EDERER: Okay. But this is
4 what we saw a month ago. And we've got two weeks now.
5 We're going to be voting on all of this in two weeks.
6 Are you all going to be busy in the next two weeks?

7 MS. YOUNG: I suspect we will be.

8 COMMISSIONER EDERER: You have discussed
9 all of -- you all are working among yourselves to --

10 MS. YOUNG: Yeah. I mean, there's a lot
11 of conversation going on. I mean, we've met this week
12 and several times and we're going to keep doing that.

13 COMMISSIONER EDERER: Now, during these
14 meetings you haven't had the opportunity to have
15 Sammy's proposal.

16 MS. YOUNG: Correct.

17 COMMISSIONER EDERER: Or staff's
18 proposal.

19 MS. YOUNG: Correct.

20 COMMISSIONER EDERER: Now you have it.

21 MS. YOUNG: Correct.

22 COMMISSIONER EDERER: Okay. Good. I
23 think maybe that will help some, too.

24 MS. KING: I'd like to make a comment in
25 response to something that Andrea said, which is -- she

1 was talking about how we have not faced this before
2 with the closure of this track so key to the race date
3 calendar. And when I was out at Gillespie County Fair
4 this weekend and people were asking me how is it going,
5 I had a similar message to people, which is it's never
6 been this bad. And everybody needs to acknowledge that
7 it has never been this bad. And then I told everyone
8 after that, we knew it was coming. We just didn't know
9 exactly when.

10 But it's here. And so that's something
11 that we have to keep in mind, I think, today as we're
12 working through everybody's comments and the input that
13 everybody has, that nobody has traveled this ground
14 before. I think we're a good group to do it overall.
15 And so I think we have to keep talking. Like
16 Commissioner Ederer points out, we've got two weeks to
17 go and so the urgency is here.

18 But I agree with Ms. Young that this
19 is -- this is the toughest it's ever been.

20 COMMISSIONER EDERER: Well, you made the
21 comment you don't want in two years to be in the same
22 situation that Manor finds itself in. I think that
23 goes for all of us. And I think -- and I know that
24 we've discussed this and you know this, that -- and in
25 your planning, I know you're not looking just at '11.

1 You're looking at '12 also.

2 MS. YOUNG: Right.

3 COMMISSIONER EDERER: And of course,
4 again, we have to keep in mind that as far as the State
5 Legislature is concerned, I don't think it really
6 matters what they do as far as what we're going to do
7 for the next two years anyway. Now, hopefully things
8 will work out, but at this point in time. So good,
9 with that understanding.

10 Bryan?

11 MR. BROWN: Good morning. First of all,
12 amazing job by Sammy and staff. I mean, I don't think
13 we realize what a gem we have in Mr. Jackson; and for
14 him to be willing to sit down with as many people as he
15 has and run these scenarios so that we all can have a
16 framework to discuss this mess with is unbelievable and
17 very helpful and always has been.

18 And, you know, the one thing that Sammy
19 said I hope everybody caught note of is that the
20 projections assume no decline, continued decline, in
21 handle. All of us are assuming a significant continued
22 decline in handle as we need to be able to plan and not
23 overestimate and eventually overpay purses. But thank
24 you, Sammy.

25 We have submitted a calendar that would

1 have us running a total of 24 days. They're mixed days
2 in the beginning and pure Thoroughbred in the end. We
3 start in late August and run through mid to late
4 October.

5 We had -- following up on what Andrea
6 said, I thought we had a great meeting on Monday with
7 horsemen and breed representatives, track
8 representatives, where we discussed a different
9 calendar. I can tell you what we're able to negotiate,
10 which is more Quarter Horse days in the month of
11 August, maybe July, but I can't really commit to that
12 without doing a lot more work, but definitely more
13 weeks in August for predominantly Quarter Horse
14 racing. We know the issue the Quarter Horsemen and
15 Quarter Horsewomen are facing and are sensitive to it.

16 We have no ability to even look at a
17 spring meet. I know a lot of people would like for us
18 to. I can't even start discussing it. If I start
19 discussing it, there will be another Bryan Brown in my
20 place the next week. And that's serious. I have no
21 ability to talk about spring racing. None. And
22 won't. I'd like to feed my family for the next six
23 months or so.

24 We have looked at the staff calendars,
25 staff's adjusted calendar, very briefly. We could do

1 it. I can tell you we could run those dates. I don't
2 like the thought of 15 races per day, but we can do
3 it. But I think it really leaves a big, big void which
4 we've tried to fill with Thoroughbred racing in the
5 fall.

6 And as I said at our big meeting we had
7 last week at Retama, we are committed to the
8 Thoroughbred opportunities in the fall and certainly
9 committed to the Quarter Horse opportunities that we
10 can put in in conjunction with that meet. And we feel
11 like we have to get as far into the fall as we can with
12 purse money operationally and that's why we've
13 suggested the October calendar.

14 I'd be happy to answer any questions at
15 the appropriate time or anything that you all have
16 right now.

17 COMMISSIONER EDERER: So you've already
18 started discussing with everyone your October
19 possibilities.

20 MR. BROWN: You mean August
21 possibilities?

22 COMMISSIONER EDERER: Excuse me. Yes.

23 MR. BROWN: Yes, we have. And again, I
24 really see us needing to meet probably a couple more
25 times in advance of September 14th with the breed and

1 horsemen associations. And I think we can make
2 progress.

3 I think one thing I left with and I think
4 everybody did, nobody is going to like the plan, you
5 know, in total. It's just impossible to make a plan
6 that everybody is going to like, or that really anybody
7 is going to like is probably a better way to put it.
8 But it is what it is.

9 There's limited purse money. We factored
10 in a 15 percent decline in handle in our projections
11 for next year. I can say August was a very good month
12 relative to -- we won't be up, but we'll be pretty
13 flat, which is amazing. I don't quite know how.
14 Howard closing might have helped a little bit. I have
15 noticed some new patrons. Thanks, Howard. I wish you
16 would have closed earlier.

17 But I was -- I know not everybody shares
18 this, but I was very, very pleased with Monday's
19 meeting. I really think we made some progress because
20 we got to look at a different framework than what we
21 all applied for. So there's some room there to talk at
22 least.

23 COMMISSIONER EDERER: Howard?

24 MR. PHILLIPS: Well, you know, I kind of
25 feel like we're in the cross hairs. For 21 years we've

1 been racing and we never thought we would leave March
2 and April racing at Manor Downs. We have a very small
3 ownership group. I mean very small. And so when these
4 budget shortfalls come up, we have to get together and
5 say, "How much can you come up with? How much can I
6 come up with? How much can we borrow to go on?"

7 Well, we were holding our own until 2009
8 and our simulcast handle dropped 25 percent. And
9 that's brutal. Ask GM or Chrysler. So I think it was
10 this time last year that I promised Dr. Hays that we
11 would -- if they would go with us for seven weekends in
12 2010, we would try it. Actually my partners were
13 saying, "Time-out. I don't think it's going to get
14 better." But I thought the economy might -- you know,
15 the market had come back and I thought this time last
16 year that 2010 would be better, let's give it a whirl.

17 Well, it went down another 18 percent.
18 And it was just brutal to us. And we just had -- we
19 had to stop. We hated to. We thought long and hard
20 about it. But we had to. I mean, when you're having
21 operational deficits on a weekly basis when you're
22 simulcasting, it's hard to justify to go on.

23 You all all know how expensive it is with
24 live racing. I mean, we have 150 people employed
25 during a live race meet and it gets -- it gets very

1 expensive. So unfortunately, we had to step back and
2 think about recapitalizing and bringing in some new
3 ownership to take Manor Downs forward and hopefully to
4 make some improvements and take it to the next level.
5 And that's where we are for 2011.

6 COMMISSIONER EDERER: So what have you
7 just said? Are you going to do anything for us in '11
8 or not?

9 MR. PHILLIPS: Not '11.

10 COMMISSIONER EDERER: All right. So then
11 Manor -- we cannot count on Manor Downs for anything.
12 Is that correct?

13 MR. PHILLIPS: That's correct, sir.

14 COMMISSIONER EDERER: That's what I
15 needed to know.

16 Drew?

17 MR. SHUBECK: Thank you, Commissioner.

18 I just want to give everybody -- before I
19 get into the calendar, I just want to give an update on
20 really what Lone Star Park really does for the State of
21 Texas. A lot of people here are individuals. They
22 represent themselves and maybe their families, but I
23 represent a lot more than that.

24 Off-season we have 325 full and part-time
25 employees. During the peak season I have about 900

1 that work directly for me. They're full-time people,
2 they're part-time people, and they're seasonal. The
3 total salaries I pay for the year are over 13 million
4 dollars.

5 The State pari-mutuel tax I pay is over
6 1.2 million dollars. And I pay an equal amount of that
7 in outs tickets that go to fund the Commission and drug
8 testing and things like that. I pay other State taxes
9 of 1.49 million. I pay property taxes of 2.2 million
10 dollars. That includes \$380,000 to the schools of
11 Grand Prairie and a 1.9-million-dollar bond payment
12 that goes towards the levee system around Lone Star
13 Park.

14 We also have lease payments that go
15 directly to the City of Grand Prairie of 1.4 million
16 dollars. And I pay additional rent that's a percentage
17 of our revenue of in excess of \$300,000 a year. The
18 total goods and services I purchase are over 12 million
19 dollars a year. That's everything from paper clips to
20 electric to run the lights at Lone Star Park.

21 And purses paid this Thoroughbred meet
22 that just concluded, over nine million dollars in
23 Thoroughbred purses. We're projecting to pay 3.3
24 million dollars in Quarter Horse purses even though the
25 majority of that is for futurities and that's paid into

1 by horsemen but we're just going to capitalize in the
2 big number. And minor breeds we're going to distribute
3 about 248,000, and that definitely includes payments to
4 futurities and things like that.

5 Lone Star Park also contributes over
6 \$75,000 to various charities right around the City of
7 Grand Prairie to help kids that need help with school
8 lunches and things like that.

9 So we're very proud of what we do for the
10 community and the State of Texas. We want to continue
11 on. I think everybody understands we're in the middle
12 of a sale process right now and we're hopeful that
13 we're going to be on the agenda September 14th to
14 transfer the license to Global Gaming.

15 Between now and the transfer of license,
16 we have the full support of Magna Developments. That
17 company is still -- the majority shareholder is Frank
18 Stronach. Frank Stronach is one of the largest
19 Thoroughbred breeders in North America. He's won
20 Eclipse awards just about every year for the past seven
21 years for the leading breeder. And he is interested in
22 what's going on in Texas and he's not going to fail
23 Lone Star Park. I have the utmost confidence in
24 Frank. He's a friend of mine. So we've got that going
25 for us.

1 To get into the calendar for 2011, what
2 we proposed is something that we've been doing for the
3 last few years at Lone Star Park. We're proposing 60
4 Thoroughbred days that start on April 7th and run until
5 July 17th. I already have a little twist to that.
6 We've learned the exact dates of the Texas Motor
7 Speedway races; so without any changes, we'd definitely
8 like to shift back one week and start April 14th and go
9 one week later. The Quarter Horse meet, we're
10 proposing the same thing as this year, starting on
11 September 16th and going until November 12th, and there
12 would be no change with that.

13 That's it. We've had further discussions
14 with the Texas Horsemen's Partnership. We've had
15 further discussions with the Thoroughbred breeders. I
16 think everybody understands that we did look for a
17 purse supplement to get our purses up to the range
18 where Sammy described. And I agree with his analysis
19 entirely. Without a purse supplement, I just can't see
20 going 60 days next year.

21 I don't see a dramatic cut because we do
22 generate positive EBITDA when we run Thoroughbred
23 racing and so we want to maximize the amount of racing
24 opportunities. But we have to have a certain standard
25 at Lone Star Park. So I don't know what that number is

1 right now, but I'll certainly know the answer to that
2 question within the next week or so.

3 But that's where I am right now and I'm
4 open to listening to people here today.

5 COMMISSIONER EDERER: Sammy, it appears
6 that Lone Star's requested dates are very similar to
7 the staff recommendation.

8 MR. JACKSON: Yes, sir, they're very,
9 very similar. The only thing I did on ours was Drew
10 had already had -- he has dates granted for 2011
11 already, so his request was a slight modification that
12 added four more days in that beginning week that I'm
13 hearing now he's going to need to edit because we
14 didn't know about the motor speedway.

15 And one of the comments I was working
16 with that we got from our meeting was we need to try to
17 get his purse levels at a certain value because when he
18 did that, it attracted additional stables to the track
19 with certain scenarios that would make his signal more
20 marketable.

21 So my alternative date calendar that we
22 put forth stuck to the 56 days that he had already had
23 as granted. And the only reason why I did that was to
24 try to get those purse levels as high enough to what he
25 was looking for. And I think underneath that scenario,

1 you know, when you drop them down to 56 days, instead
2 of at 134, they were up around 142; and obviously if
3 they're at that number, it's much easier then to get
4 them to 200 because that's where it looked like on the
5 information that you had submitted where we started to
6 see gains in stables coming back to Lone Star Park.

7 MR. SHUBECK: That's right.

8 MR. JACKSON: So that was the reason for
9 that, Commissioner Ederer.

10 MR. SHUBECK: So again, that's where we
11 stand right now. I prefer not to negotiate in public.
12 We'll be working on other things in the next couple of
13 weeks.

14 COMMISSIONER EDERER: No, I understand
15 that.

16 Gillespie?

17 MS. BRIGGS: We have requested our
18 regular eight days that we always run, two weekends in
19 July and two weekends in August. At this time we're in
20 the process of evaluating our meet that we just
21 completed, last Sunday, in fact, so we are -- we don't
22 feel like we're ready to request anything else right
23 now.

24 COMMISSIONER EDERER: Your dates will be
25 the same.

1 MS. BRIGGS: Yes, sir.

2 COMMISSIONER EDERER: Howard, Manor
3 Downs, I didn't mean to cut you off a minute ago. But
4 is there -- I know there's been some discussion about
5 possibly somebody renting Manor or some of that sort
6 of -- is any of that a possibility or is that just pie
7 in the sky at the moment?

8 MR. PHILLIPS: I think right now it's pie
9 in the sky.

10 COMMISSIONER EDERER: Is that right?

11 MR. PHILLIPS: That's what my feeling
12 is.

13 COMMISSIONER EDERER: So you're gearing
14 toward '12.

15 MR. PHILLIPS: Yes. I'm gearing towards
16 some new ownership in the first quarter of 2011 and
17 running again in March and April in 2012.

18 COMMISSIONER EDERER: So hopefully you'll
19 be coming back asking for dates for '12.

20 MR. PHILLIPS: (Nod affirmative).

21 COMMISSIONER EDERER: Okay. Good.

22 Are there any other comments out of the
23 tracks before I --

24 MR. BROWN: Can we go now?

25 COMMISSIONER EDERER: Well, we'll move

1 along because so much of this we've already discussed
2 and I think we're kind of -- everybody realizes it's
3 coming to a head and now it's time for everybody to
4 really buckle down.

5 From the horsemen, let's start with the
6 Texas Arabian breeders.

7 MR. WILSON: Well, on the requested date,
8 it's the same thing I said before. We have no
9 opportunities at all to run in the spring at all. That
10 basically limits us with Sam Houston in the summer, but
11 we'll have competition from Colorado real strong on our
12 horses because their purses are considerably higher
13 than ours and our people have been running up there the
14 last three summers when we were not racing in Texas.
15 And so to get them to stay here enough to run out at
16 the Sam Houston meet, this may be a little bit of a
17 problem for us to keep that many horses here to run
18 even in the summer.

19 So that basically cuts us down to the
20 fall at Retama and Lone Star, which really shortens our
21 meet, probably cuts it in half, about half. So we'll
22 get some races there at Sam Houston. I haven't talked
23 to them at all because I didn't -- we didn't know what
24 was going on here. And we'll need to get serious now
25 about it for what we do.

1 COMMISSIONER EDERER: Well, they hear you
2 and I think there's going to be some changes as far as
3 these dates are concerned when we get down to
4 fine-tuning it. Let's hope so anyway.

5 Marsha, let's -- we've got a number of
6 folks that are in your -- on your board, but I'd like
7 to go ahead and start with you and then I'm going to go
8 ahead to your board members.

9 MS. ROUNTREE: Normally I'm not a whining
10 kind of person. I'd rather find solutions than
11 complain about things. And my comments today are my
12 comments. And then I have board members, like you
13 said, Commissioner Ederer, that would also like to make
14 comments.

15 The Texas Horsemen's Partnership has not
16 approved any proposed calendar for 2011 dates. There
17 have been a lot of proposals presented, but none of
18 them have moved forward past the discussion point. And
19 the THP did not submit a race date proposal to be
20 included in today's materials because our proposal was
21 summarily rejected on Monday by Sam Houston Race Park.

22 I would like to suggest that when a track
23 applies for and is allocated race dates by the Texas
24 Racing Commission that they should be required to run
25 those days. The horsemen that I represent are business

1 people, just like the management of a racetrack. They
2 have to make plans well in advance in order to request
3 stalls and prepare their racing stock for the coming
4 year.

5 When the anticipated and allocated race
6 dates are suddenly eliminated or changed, it's very
7 difficult and very expensive to find racing
8 opportunities elsewhere. This is not in the best
9 interest of the horsemen that we represent. Perhaps
10 Sam Houston Race Park should be required to run the 60
11 days that they applied for and were granted by the
12 Racing Commission for the upcoming year.

13 Transferring purse money from Sam Houston
14 and Retama to Lone Star was the tracks' proposal that
15 was presented to the horsemen months ago, with the
16 message that this was the only way to preserve the
17 handle, keep the tracks open, and to survive the
18 crisis. Has the crisis suddenly been averted and no
19 one has told us?

20 Retama Park is running 16 days this
21 year. 16, Bryan. They haven't run a Quarter Horse
22 meet in over two years. It's time for Retama to act
23 like a Class 1 racetrack and have real race meets.

24 I'm sorry I have to read this, but I
25 don't want to leave anything out.

1 We don't know what the answer is. There
2 are pieces of some proposals that have a lot of merit
3 and there are some proposals that are not in the best
4 interest of this industry. We don't need any more
5 public meetings. We don't need to hear the same tired
6 rhetoric over and over. We need real solutions and not
7 grandstanding.

8 We need for the racetracks, the breed
9 organizations, and the horsemen's organization to agree
10 on a 2011 race date calendar as the Racing Act and the
11 Rules of Racing so clearly address. We don't need to
12 hear any more "I can't" or "I won't" from racetracks in
13 response to reasonable requests for racing
14 opportunities.

15 I have all the respect in the world for
16 Sammy Jackson. His knowledge and experience is
17 unmatched anywhere that I know. And I know how hard
18 he's worked on this and the toll that it's taken on
19 him. But reasonable people can disagree. It's not the
20 first time Sammy and I have disagreed. And I
21 respectfully disagree with the alternative calendar
22 that he's presented to us today.

23 While the mixed meets and 15 races a day
24 would add opportunities, I don't think the patrons, the
25 horsemen, or the racetracks could withstand 15 races a

1 day, day after day. This is my opinion and my boards
2 of directors have not discussed this proposal since it
3 was only made public today.

4 The Texas Horsemen's Partnership will
5 continue to meet with the tracks and the breed
6 organizations and we'll be having a board meeting very
7 soon to discuss our position and to decide on a course
8 of action that well represents our member horsemen.

9 Thank you.

10 COMMISSIONER EDERER: Jan Hays? Excuse
11 me. Haynes.

12 MS. HAYNES: Do I need to come up to
13 there?

14 MS. KING: Yeah, for the record, you do.
15 Thank you.

16 MS. HAYNES: I'd just like to say
17 something about this race date process this year. I
18 feel like it's been too long, a waste of everybody's
19 time to hear the same thing over and over again. And
20 it's been disrespectful to the licensed Texas horsemen,
21 including myself, that love this sport.

22 We put hundreds of thousands of dollars
23 year after year into, you know, buying horses, running
24 them and stuff, to support Texas. And Sammy has had to
25 spend hours and lots of taxpayers' money to explain to

1 Mr. Kerby and his friends how purse money is derived.
2 And obviously it didn't take because Mr. Kerby's
3 calendar has Lone Star at an overpayment of over three
4 million dollars, which we know can't happen.

5 Some of these people that have presented
6 their calendars, I mean, they're right, but they're --
7 some of them weren't even licensed horsemen. I mean,
8 like Mr. Kerby has run -- had one start this year on
9 January 1st. That's it. I mean, his wife hasn't
10 been -- well, her license has been expired since 2005
11 until about a week ago.

12 And when Mr. Scales said that our
13 organization doesn't represent him, he's right, because
14 we only represent active horsemen and you're not
15 active. And as a matter of fact, you owe us \$14 from
16 2007.

17 So, you know, and just because this group
18 can create a website and a blog, it doesn't give them
19 the right to slander people and to tell outright lies
20 in regards to the racing industry in Texas.

21 I know, Commissioner Ederer, you've asked
22 us to work on a calendar, and that's what we've been
23 doing. But I think if you could take away all this
24 outside stuff, Sammy is awesome with numbers. I mean,
25 he can recite them with his eyes closed. Marsha is our

1 numbers person, but she also knows what we need, what
2 the Quarter Horses need, and meet with the tracks and
3 they can come up with something.

4 That's all I have to say.

5 COMMISSIONER EDERER: Thank you.

6 I've got to respond to that. As far as
7 the meetings are concerned, I have set the meetings up
8 this way and we've had one at Lone Star, one at Sam
9 Houston, and one at Retama. Yes, there's been a lot of
10 repeats, but it's also given the horsemen the
11 opportunity to get up and say things.

12 On every occasion I have heard a number
13 of the horsemen say that they are not represented.
14 They complain because they haven't gotten a voice.
15 They don't believe that their representation is there.
16 I disagree with that. And I think that we've
17 demonstrated that they are being properly represented.
18 But many of them don't believe that they are. They've
19 now had that opportunity to get up and have their say.
20 That was the whole purpose, to make this as transparent
21 as we possibly could.

22 The race date calendar, everyone says
23 it's taken a long time to get it set. It is always in
24 September when the vote comes. This is not taking any
25 longer than anything else. And the race dates usually

1 don't come about until right just before race day.
2 We're trying to make it this year as transparent as we
3 can. We're trying to make this year the -- let all the
4 horsemen have their say, let them realize and see that
5 their representatives are, in fact, representing them
6 and are working their rear ends off with the tracks to
7 come up with something. That's the whole purpose of
8 the many meetings.

9 Yes, we have heard it over and over and
10 over. But it's new every meeting. There are new
11 participants. I think it's important for us to have
12 done this. Hopefully we won't have to do it again. I
13 agree with you. Nobody hates meetings more than I do.

14 But none of you want the Commissioners to
15 decide when you're going to race. You don't want us to
16 do that, I promise you. You don't want to. Last year
17 I made that very clear. I talked to everyone. I said,
18 "Hey, you all come to me with dates. I'm not going to
19 have a bunch of meetings." And I had no meetings.
20 This year I felt that it was more important that we did
21 have meetings.

22 Last year everybody came up with dates
23 fine and that all worked. The industry has changed so
24 dramatically, in my opinion, in the past year that it's
25 very important that everyone has their say this year

1 and everyone realizes just how important it is and that
2 if we don't come to terms not only on the race dates
3 but on the whole industry, we may not be here in a few
4 years.

5 So anyway, with that said -- but I just
6 had to respond to the meetings. They're my fault. I
7 appreciate your comments.

8 Dr. Hays, you're also on the board.

9 MR. HAYS: Thank you, Commissioners. And
10 I want to thank the Commission and Sammy especially and
11 Charla Ann and everybody that has worked on this. This
12 has been a very long, arduous process.

13 And, you know, I would just say to the
14 end that where Jan was going and we went through
15 this -- this group meeting of the Commission this year
16 on our bylaws and the process to who we represent.
17 There is a process to be heard on the horsemen's side
18 of things and that's to be elected to the board of the
19 Horsemen's Partnership, either THBPA or the
20 Thoroughbred HBPA. So the people that want a voice
21 should -- I mean, they should go through that process
22 and to be recognized as the official -- through the
23 Racing Act, the official horsemen's organization. So
24 to that end, you know, you can put that -- that's my
25 thoughts on that.

1 It's real easy to -- if I just wanted to
2 come up with a Quarter Horse plan for the whole race
3 days, that would be -- that's not a problem. But you
4 have to work amongst the breeds to do this. And it's
5 very difficult. I mean, I see some of the proposals
6 have only Thoroughbred dates. They don't care about
7 the other breeds.

8 This thing -- I can remember -- I've been
9 involved with this for over 20 years when we passed
10 racing or pari-mutuel racing. But the Quarter Horse
11 led the way for this. It wasn't the Thoroughbred
12 association at those days. I mean, and so to negate
13 the other breeds is basically not -- it's not fair, for
14 one. Okay?

15 So we need to work together. We're in a
16 process. We all need VLT's. People can say that we
17 can race without VLT's. That's not possible. If we
18 don't get VLT's, there won't be any racing, in my
19 opinion. If there is, it will be very limited. Maybe
20 Lone Star Park can survive it, but I doubt if any of
21 the others can survive it.

22 So the process, it's been long. It's
23 been difficult. We had a great meeting Monday. We got
24 to hear what the tracks said they couldn't do, what
25 they wouldn't do. And they got to hear what we said we

1 had to have. And basically, you know, I think we're
2 closer than we've ever been.

3 But the dynamics of all this changed on
4 Monday with one of Sam Houston's proposals. So we're
5 kind of reeling from that a little bit. Then we dealt
6 with Howard's issue. And, you know, Howard --
7 unfortunate as it is that he closed, it's created a
8 huge void. I think we could have solved the race day
9 issue if Manor Downs was open. I think we would
10 already be there. But it's not. So that's something
11 that we have to deal with.

12 And the proposal that Howard had -- I
13 mean, I dealt with Howard a little bit and I had
14 Mr. Jackson call him. And so it's not that the
15 horsemen didn't try to work with Manor Downs on this.
16 I had Sammy call him to verify some numbers and Howard
17 pulled the offer off the table. Okay? So anybody that
18 thinks that we haven't tried to work with Manor,
19 they're wrong. Okay?

20 So -- but again, the precedence was set.
21 Whenever the money was given to Retama Park for the
22 Thoroughbred meet, the horsemen's money, that didn't
23 work out very well. We don't like that. We're not in
24 the business of taking horsemen's money and funding
25 racetracks. And that's just -- you know, as simple as

1 it might seem that you could use that money to
2 establish a meet, it's not something I think is good
3 business.

4 But again, the racetracks were given
5 licenses in the Racing Act whenever we passed this --
6 the racing licenses were awarded so that it could help
7 the horse industry establish and create jobs. And so
8 if the horse tracks are not racing, there's no jobs.
9 Just like Drew said. Drew has plenty of people there
10 on staff. He's creating jobs. He's doing what he's
11 supposed to be doing.

12 I do commend Drew that he wants to run
13 two meets. And Andrea has thrown that proposal up
14 there to run two meets. And I think all the
15 racetracks, if they're going to race, they should run
16 two breeds, two different breed meets.

17 So Retama Park obviously -- and I've said
18 it at the other meetings. Bryan has not run Quarter
19 Horses for two different years. He claims it costs
20 400,000 a meet to run Quarter Horses. So he saved
21 800,000. He received a million and a half dollars to
22 run the Thoroughbred meet from Houston. So it's time
23 for Retama Park to either step up and do something or
24 be creative to work with either -- if he wants to work
25 with Manor Downs, that's fine. Or if the unbuilt

1 licenses want to put up some money to fund a race, you
2 know, where they should be running race days and
3 they're not running race days, then that would be fine,
4 too.

5 But somewhere along the line, the
6 horsemen can't be responsible for operating the
7 racetracks. For one, we don't have the liability. The
8 Horsemen's Partnership is not in the business,
9 liability-wise, for one, or financially, to run a
10 racetrack. And we didn't apply for a racetrack
11 license.

12 So anyway -- but again, I think the
13 horsemen have to understand. We need to work
14 together. We need to come with a consensus. I mean,
15 we don't need a big brouhaha before the session and try
16 to pass some type of legislation.

17 So those are my comments.

18 COMMISSIONER EDERER: You're certainly
19 right on the brouhaha before the session. That would
20 just sink it, in my opinion. But of course -- well,
21 I'm not going to say that.

22 MS. KING: Thank you, Dr. Hays.

23 COMMISSIONER EDERER: Thank you,
24 Dr. Hays. Appreciate that.

25 John Roark?

1 MR. ROARK: Thank you, Mr. Chairman. My
2 name is John Roark. I've been -- I'm a former -- just
3 let me tell you a little bit about my involvement in
4 Thoroughbred racing. I was one of the founding
5 partners of the Texas Horsemen's Partnership when the
6 Racing Commission told us we had to form a partnership,
7 I mean, from the very beginning. We did a mediation
8 and formed a partnership. It's always been a tenuous
9 partnership.

10 And I've been president of the national
11 HBPA, the national horsemen's -- and a board member of
12 the NTRA. And I do consulting work now for some breed
13 organizations, such as TOBA, a national breed
14 organization. And I've been before Racing Commissions
15 with the same kind of issues we have now. Kentucky is
16 going through the same thing we're going through right
17 now.

18 I can tell you that if we start
19 messing -- at Lone Star, I took a position that I was
20 in favor of the money from Sam Houston going to Lone
21 Star to run there. I was wrong. I was a hundred
22 percent wrong. And I got a lot of calls about it. And
23 I agree with the folks that called me and vented
24 because I wasn't thinking about one thing. I wasn't
25 thinking -- I was thinking about us keeping a really

1 good nationally recognized race meet.

2 But we don't have time to do that now.

3 What we need to do is, as Dr. Hays said and as Marsha
4 said, the tracks need to do what they said they were
5 going to do that you approved already. To me, that's a
6 contract they have. And Manor Downs has that contract
7 with the horsemen. And if Manor Downs is not going
8 to -- is going to breach that contract by not running
9 in 2011, I'm going to urge our boards to take the
10 position that their license ought to be taken away.
11 That's number one.

12 Number two, I know that Andrea is under
13 the gun from Mr. Hurwitz about making that track
14 profitable. I know that. She's told me that. But
15 it's not our job to worry about that and worry about
16 how Maxxam feels about what we should and shouldn't
17 do.

18 The horsemen deserve to race January,
19 February, March. The Quarter Horse guys need to race
20 those dates because their two-year-olds need to find
21 out how good they are. They need to run those dates
22 and that's really important to them.

23 On the flip side, the Thoroughbreds need
24 to run those dates because, Mr. Chairman, if we start
25 messing with and don't allow race dates for

1 Thoroughbred foals to race in the spring and then into
2 the Lone Star meet and then again in the fall at
3 Retama, what happens is the horses leave the state.

4 And the Thoroughbred owners in Texas
5 cannot afford -- I mean, the trainers are not going to
6 be allowed to keep the horses because an owner is not
7 going to let his horse sit idle six months. Okay? So
8 the trainers are going to lose those horses. And once
9 a trainer loses a horse and a horse goes to a state
10 where the purses are all bigger all the way around us,
11 that horse isn't coming back. I've got a horse in
12 Oklahoma right now because the purses are bigger. You
13 know, it's an economic decision.

14 Secondly, our breeders don't know --
15 we've got breeders with open mares that don't know what
16 to do with those mares because they're trying to decide
17 whether they should breed in Louisiana, Texas, or
18 wherever because they don't know what we're going to
19 do.

20 So what you do is really important, but
21 it's important -- I won't be here the 14th to talk.
22 I'm having surgery the 13th and the doctor said I
23 couldn't come then. So I'm kind of telling you what I
24 would say at that time. And our two boards are going
25 to gather and have a real long discussion and try to

1 come up with an agreement.

2 But bear in mind, Commissioners, that it
3 took us a long time to agree contractually what the
4 breed splits are at the racetracks based on purses. It
5 took us forever. And nobody -- everybody said we
6 couldn't do it. I go to other states where there's two
7 or three breeds, and they can't believe that we have --
8 that the Thoroughbred and Quarter Horse horsemen get
9 along in Texas. They can't believe it. Oklahoma says
10 it's not possible, other states, Minnesota and
11 wherever.

12 So we've got a tenuous partnership that
13 we have to work hard to maintain. And there's been
14 times that I thought we ought to split it up. And I
15 was wrong about that. We've got to maintain or try to
16 maintain where we are.

17 But if the Commission recommendations
18 that Sammy is talking about indicate that we're going
19 to mess with breed splits based on simulcast revenue
20 coming into the racetracks -- where 91 percent of the
21 revenue comes from is from simulcasting imported
22 signals. If we're going to mess with that, then the
23 Thoroughbred side is going to have a real problem with
24 that happening. And I don't want to go into detail
25 about what could happen, but there are a lot of things

1 that could happen that could economically affect all of
2 us.

3 And that's about all I've got to say.
4 But we need -- we need separate meets. And Dr. Hays
5 and I have agreed on that forever. A mixed meet is not
6 good for anybody because what happens is the backside
7 of the racetrack -- both breeds want the stalls. And
8 you end up with half the Thoroughbred and Quarter Horse
9 people both not being able to get stalls. And so
10 that's a big problem with a mixed meet, in my opinion.

11 And secondly, the other problem is during
12 a mixed meet, how do you allocate simulcast revenue
13 except -- I mean, you can't allocate between
14 Thoroughbred and Quarter Horse based on live racing.
15 But how do you allocate our signal -- our signal going
16 out or coming in race signals? It creates a nightmare,
17 in my opinion.

18 The only clean way to do this is for us
19 to have spring race dates at Sam Houston for
20 Thoroughbreds and the Quarter Horse guys to have that
21 meet at March or whenever you all need it, to have that
22 Quarter Horse meet so they can get those two-year-olds
23 ready for the big futurities. That's so important to
24 them.

25 But let me stop, Mr. Chairman, by saying

1 I'm sorry I took up so much time; but as I said, I've
2 got to have surgery and I won't be here.

3 I think the horsemen can unite, as we
4 always have in the past, and come up with at least a
5 loose agreement on where we stand. And I think we can
6 do that by the 14th.

7 We're going to work hard to do that every
8 day, aren't we, Marsha?

9 And we're going to work with the breed
10 organizations to try to get them on the same page we
11 are, aren't we, Rob and Dave? Aren't we? We're going
12 to try, aren't we?

13 Okay. So that's what we're going to do.
14 And Dr. Hays and I, we're going to try, aren't we?
15 We're going to try to do that between the breeds and
16 become the better people, become the better people and
17 make the race -- the racetracks, they've never --
18 racetracks don't want to be horsemen's partners.

19 The image between racetrack and horsemen
20 is they're the employer, we're the employees. That's
21 kind of the way they think of us, because we're only a
22 necessary evil. They'd rather be there simulcasting
23 and not have any live racing. That's what they'd
24 rather do.

25 So all the racetracks need to have meets

1 next year. They need to have the kind of meets they
2 had this year. And if the purses are going to be
3 smaller, we can work -- we can live with that. We can
4 live with that. We don't want to run for a four- or
5 five-thousand-dollar-purse race, but we can work out
6 what happens with that.

7 And the people back here who say that
8 they're not being represented, not one of them has ever
9 run for this board. They don't want to be on the
10 board. They just want to complain. Now, if they want
11 to run for the board, that's fine.

12 But I've been involved in this from the
13 very beginning. And to say that this board -- that
14 they're not represented, to me, is an insult because we
15 work our tails off to try to help them and we try to
16 look out for the -- not only the big horseman that
17 comes in from out of state but the horseman who breeds
18 and races here. We work hard to try to get a middle
19 ground.

20 And that's all I've got to say,
21 Mr. Chairman. I'm sorry I took so long.

22 COMMISSIONER EDERER: No. That's fine.
23 Well said. We appreciate that.

24 MR. ROARK: Any questions?

25 COMMISSIONER EDERER: No, we don't have

1 any questions.

2 But I still believe that the meetings
3 that we have held and the comments that have been made
4 by the horsemen that have not run for the board that do
5 complain about the board, I think they have seen now
6 that the board does, in fact, represent them and that
7 these folks do work very hard to support the horsemen.
8 And I think that's been very important.

9 And I think that you've made yourself
10 loud and clear with the tracks and I think that's what
11 everybody is trying to work out now. And it's good
12 that everybody -- that you all are all working
13 together. Now we've got to make sure that -- and the
14 tracks are all working together. Now we've got to
15 combine the two and make them all work together.

16 MR. ROARK: Well, we're used to having to
17 force the tracks to do something they don't want to do
18 and we're willing to do it again. Thank you.

19 COMMISSIONER EDERER: It's all
20 economics.

21 MR. ROARK: Yes, sir.

22 COMMISSIONER EDERER: For everybody.

23 MR. ROARK: Yes, sir. But they're making
24 money off simulcasts when they're not running and that
25 money comes to us. But without those signals coming

1 in, they wouldn't be making any money.

2 MR. BROWN: Mr. Chairman, is it
3 appropriate to comment by each speaker or wait until
4 all the speakers come up? What would you like to --

5 COMMISSIONER EDERER: Let's get the one
6 more board member and then, yes, I'll let you comment.

7 Elaine Hutchins? Oh, Lane Hutchins. I'm
8 sorry.

9 MS. HUTCHINS: Ladies and gentlemen, I'm
10 Lane Hutchins from Gillespie County. I own and operate
11 Spring Creek Thoroughbreds. I race. I birth them.
12 Sometimes I ride them. I feed them. I pay a lot of
13 training bills. I have one three-year-old and two
14 two-year-olds. I planned on running these horses in
15 November and December of this year at Sam Houston Race
16 Park. When you raise racehorses, you make your plans
17 far ahead.

18 Now, you talk about a sustainable
19 business program? Well, we need to sustain. They
20 eat. They get hurt. They have vet bills. Well, now I
21 find out that maybe I don't -- I've had these horses in
22 training for three months focusing on November. I have
23 partners, maybe some rather difficult partners, who
24 don't know yet that they're all dressed up with nowhere
25 to go. But I suppose that's our problem to figure this

1 out. If I have to look down the road until next April
2 to run them, I mean, they could have broken their legs
3 by then and we may all be dead by then.

4 So I'm just a little bit upset about
5 this. But I'm even more upset -- I've been a director
6 of the HBPA going on now six years. And we've worked
7 together and we've done the best we can within the
8 bounds of the law, because we are bound by the Texas
9 Racing Act. And I would just pretty much reiterate
10 what Marsha said.

11 But the thing is, there's a group here
12 and they're sitting behind me and some of them sat
13 behind me at the meeting at Houston. And there was --
14 you know, there was consternation as usual and there
15 was complaining and they were saying "Fire them all."
16 Well, I'm a volunteer. You can't fire me. I'd have to
17 quit.

18 And then I read on a very nasty couple of
19 websites that we are all in collusion with the
20 racetracks, that we're being paid, we're having secret
21 meetings, and Dave Hooper is in on it and we're bad
22 people and we are not representing horse racing
23 people.

24 Well, half of these people don't even
25 race. Joe has run one horse in a year. No, I don't

1 represent them. But I do represent people who race in
2 the state and I think we do a pretty good job of it.
3 And if, in fact, we are in collusion with the
4 racetracks and on the payroll, I have a problem and I'm
5 going to ask Bryan Brown to write me a check when I
6 leave here because you see this shoe? I'm going to
7 have to stop on the way home to Fredericksburg and buy
8 some new shoes and I want you to write me a check. If
9 I'm going to be accused --

10 MR. BROWN: You've got it, Laney.

11 MS. HUTCHINS: -- I want to be hung for a
12 dog just as much as a goat.

13 Thank you.

14 MS. KING: Lane, did you fill out a
15 card?

16 COMMISSIONER EDERER: You need to fill
17 out a card for us.

18 MS. HUTCHINS: I filled out a card. You
19 have it.

20 COMMISSIONER EDERER: Bryan, you wanted
21 to comment?

22 MR. BROWN: Yeah. A couple of things.
23 I'll start by agreeing with Mr. Roark on one point, and
24 that is with regard to the board representation. I can
25 tell you these people beat us up, you know, to the

1 limit. They do. And you aren't going to do any better
2 than what you've got with board representatives.
3 They're great. Marsha, Dave, Rob, you know, go to the
4 lengths that -- you know, seven o'clock phone calls, 10
5 o'clock phone calls, phone calls from the hospital
6 where his daughter is losing a baby. That's what these
7 people do.

8 And I read some of this stuff. I try not
9 to, but people send it to me. And you guys are so far
10 off base with these board members and executive
11 directors and staff. So far off base.

12 The idea that we're in collusion on
13 anything, if you were in our meeting on Monday and
14 heard the four-letter words, some of them out of my
15 mouth -- well, just one -- it's ludicrous. It is
16 absolutely ludicrous. And I've been dealing with these
17 people for 15 years and it's never gotten any better.
18 And I say, in a positive sense, they have always,
19 always been honest, to try to do the best for their
20 members. And their members are so diverse that how can
21 you do anything that would make almost anybody happy?
22 And that's one of my points I want to make, which gets
23 back to the tracks. Okay?

24 We're getting pushed and pushed and
25 pushed and pushed and we finally almost get to the

1 point where we're not going to make anybody happy, so
2 let's just make ourselves happy. That's where we get
3 to if people aren't careful. And I say make ourselves
4 happy. Make our shareholders. And not because we're
5 making money. And, John, we don't make money on
6 simulcasts at Retama. We don't. Okay?

7 The offer used to be anybody can lease
8 our facility for a live racing meet for a dollar. Now
9 you can do it for simulcasting for a dollar. And none
10 of you are going to take me up on it because you don't
11 want to be in my shoes. All right?

12 I've offered to have anybody that wants
13 to sit down with our CFO, make sure I'm not a liar,
14 you're welcome to do that. You've seen financials in
15 the package that Sammy has put together. You can talk
16 to Sammy. He knows our financial position. We've had
17 meetings with Sammy and Charla Ann to go into detail of
18 our financial position.

19 We are not blowing smoke and your board
20 members are not blowing smoke and your executive staff
21 is not blowing smoke. This is a real serious problem
22 that you're making worse, in my opinion, by pushing
23 them and us into a corner where we just step back and
24 say, "Okay. We're not making very many people happy.
25 Let's make our shareholders happy. Let's make our

1 chairman happy. Let's make our boards happy," because
2 that's the only people we can, seemingly.

3 With regard to live racing, we want to
4 race live. You know, Retama raced 65 Thoroughbred days
5 back in 1997 and I believe 35 Quarter Horse days, 100
6 days in 1997. Okay? It was the same Bryan Brown back
7 in 1997. I loved the live racing. Handle was great.

8 We did run a mixed meet in 1998 and
9 1999. It worked. The Quarter Horsemen and the
10 Thoroughbreds somehow got together and got along on the
11 backside. We had our arguments. We had arguments
12 about who could go into an 870, whether a Thoroughbred
13 could race in an 870 and win Quarter Horse purse money
14 and who got what in terms of outbound simulcast
15 handle. We had all those arguments, but it worked.
16 Mixed meets can work. They may have to work because
17 they may be our only solution.

18 But please, people, you have to
19 understand, you're backing us into the corner where I
20 may just sit back and say this race date calendar
21 satisfies my board and I've got two boards and both of
22 them are happy with this. Okay? To extend out beyond
23 this calendar is going to be painful for us. We're
24 going to lose more money. But we're willing to look at
25 it to help.

1 But I hope we don't hear any more of this
2 these people don't represent you and whether you run a
3 horse or not. These people do. And we sit down and
4 you can see in their faces, as we talk about proposals,
5 going from one end where they know they're going to
6 make X number of people unhappy and we talk about
7 another proposal and that makes X number of people
8 unhappy and they're in a no-win position, absolutely.
9 We are in a no-win position, you know. Forcing Marsha
10 to yell at me and call me names and things like that is
11 no fun. But they're doing their best. I can promise
12 you --

13 MS. ROUNTREE: Yes, it is.

14 MR. BROWN: -- we're doing our best. And
15 you just need to know that.

16 COMMISSIONER EDERER: Thank you, Bryan.

17 Karen?

18 MS. UTECHT: I think we're such a very
19 small piece of this puzzle, but we just want to try to
20 help support and get -- keep our Paints running in
21 Texas.

22 COMMISSIONER EDERER: It's your turn,
23 Rob.

24 MR. WERSTLER: I thought you forgot my
25 name.

1 COMMISSIONER EDERER: You've got Robert
2 on here. I was like "Who's that?"

3 MR. WERSTLER: When somebody calls the
4 office and asks for Robbie, I know it's from my high
5 school days.

6 I just want to make some comments. I
7 think the time for venting and pulpit pounding is
8 over. We need to, like you said, Mr. Chairman, come up
9 with some solutions.

10 The communication between everybody at
11 that table and everybody at this table has been
12 wonderful. I can pick up a phone and get ahold of them
13 any time. It hasn't been like anybody has been
14 stonewalling. We have had great communication with
15 staff as well.

16 The horsemen are not being hardheaded
17 about this. They're not being hardheaded about this.
18 They're trying to run a business. But we have been
19 given a task and we've had some things that they have
20 said we cannot do.

21 One was Sam Houston and Retama said we
22 cannot and will not run separate meets. So we've
23 had -- so we put that in our book. They also said they
24 will not run dates for another racetrack. So we've put
25 that in there.

1 One of the other things that's come to
2 light is does the Commission have the power to urge a
3 racetrack or force a racetrack to run more race dates
4 than what they apply for. So that's one other issue
5 that we've been looking at and everybody in the room
6 needs to understand we've been looking at.

7 Another thing I'd like to point out,
8 we've had people say, well, you've been screaming about
9 summer dates, so we've been trying to take care of your
10 summer dates. Well, I pointed out in our meeting the
11 other day, the only reason we're screaming about no
12 spring dates is because we don't have them and we have
13 summer dates at the first application. But if Manor
14 had been running and Houston was the one that closed
15 down, we would have been screaming for summer dates
16 because we need both.

17 Now, will we get both? I don't know.
18 But we do need both. It's not that we -- spring dates
19 and that we're going to be happy as clams.

20 I would just point out one thing. In
21 Bryan's current for 24 mixed days, that -- that means
22 24 Quarter Horse races, period, in those 24 mixed days
23 that he's applied for. That's hardly reasonable
24 access.

25 Also, one other thing I'd like to point

1 out that came out of our meeting the other day is Manor
2 Downs said that they would reopen -- Howard said --
3 October 1st for simulcasting if the horsemen had put up
4 \$5,000 of purse money a week to help them stay open,
5 offset operational costs, and then also stated for
6 300,000 they would run a 14-day meet in the spring.
7 And that would be using horsemen's purse money.

8 Andrea gave us something similar, which
9 was they would run additional days in the summer for --
10 I think it was \$120,000. 30,000 a week. 30,000 a
11 week.

12 So, you know, we've been trying to work
13 with all of those things together to try and come up
14 with a solution. And truthfully -- and this is just my
15 opinion. Until, I think -- I hope we can come to some
16 type of an agreement before the September 14th
17 meeting. But we've been trying since March; and
18 unless, I think, all of us feet are held to the fire,
19 it's going to be tough. It's going to be real tough.

20 COMMISSIONER EDERER: It's going to be a
21 real problem for us.

22 MS. KING: But to be fair to yourselves,
23 Rob, Manor had not closed when you started this
24 process. And so --

25 MR. WERSTLER: Exactly.

1 COMMISSIONER EDERER: Things have
2 changed.

3 MS. KING: Things have changed. July
4 25th is when he closed.

5 MR. PHILLIPS: But in our meetings back
6 in April and May, I let it be known to everybody in the
7 industry we were not applying for 2011 race dates, so
8 much so that I got calls from magazines saying, "Are
9 you all not applying?" We weren't even in the process
10 yet. And I said, "At this time it looks highly
11 unlikely we'll apply for 2011." That was early May.

12 So I want to -- and the reason I did that
13 is because I didn't want to spring it on anybody. I
14 wanted everybody to start putting this in your thinking
15 because we're not financially in a position to do
16 this. And I knew then. And you didn't believe me.
17 Early July you said, "Well, when are you closing? I
18 thought you said you were closing July 1st." Because
19 with Doc Hays last year, I said we'd run through Triple
20 Crown, probably through the end of June. I drug it out
21 to July 25th, as long as I could.

22 So I didn't surprise anybody. I let
23 everybody know plenty far in advance. But you were
24 like me, incredulous, like I can't believe it, 21 years
25 and we're closing. I understand that.

1 MR. WERSTLER: Well, I mean, you've been
2 letting us know that for the last five years, that you
3 weren't going to run. And until it happens --

4 MR. PHILLIPS: We've been that close.
5 The economy just went ahead and pushed us underwater.

6 MR. WERSTLER: And I will say, too, to
7 all the e-mails that I'm receiving from all the nice
8 people in here, I appreciate the e-mails. Just stating
9 that we are opposed to losing any race dates in 2011,
10 we've been opposed to that for the last 12 years on the
11 Quarter Horse side. I can tell you that. And at this
12 point it's like me being opposed to losing my hair. I
13 don't have anything to do with it.

14 MS. ROUNTREE: Can I comment about the
15 e-mails, please? It's very brief.

16 Joe, Sharon, your website has informed
17 some people, misinformed a lot of people. But the
18 e-mail -- this mass e-mailing that you've enabled on
19 your website I think is a good thing. I like hearing
20 from our horsemen. And some of them have some really
21 good ideas.

22 But like Rob says, it does us no good for
23 someone just to say "I'm opposed to a reduction in
24 horse dates." We all know that. If you could remind
25 people to keep it on point. It doesn't do any good to

1 fill up our mailboxes with e-mails that say "Could you
2 ask Retama to have more 50-cent beer nights," you know,
3 things like that. If it could be kept to the point and
4 informative, that would be great and we'd appreciate
5 that.

6 COMMISSIONER EDERER: Dave Hooper?

7 MR. HOOPER: Mr. Chairman, Commissioners,
8 I, too, want to thank Sammy in particular. I've worked
9 in 11 jurisdictions. I know of no one, no one, across
10 the country, who can run numbers the way he can and has
11 the love of racing and knowledge of the industry that
12 works to our great benefit to have the material that he
13 supplies.

14 I also want to thank Bryan for his
15 comments.

16 And Marsha made a statement about when
17 tracks are allocated racing dates, there ought to be --
18 they ought to be made to run the dates. Part of my
19 career was spent in Illinois, where I worked in Charla
20 Ann's position. And the Illinois Racing Board, when it
21 allocated racing dates, it allocated a start date and a
22 finish date; and if you wanted to adjust your schedule
23 between the start date and the finish date, you could
24 come and make a request. But you were going to run
25 from that start date to that finish date. And I think

1 the Commission needs to take a look at some point
2 whereby we have something similar here.

3 Mr. Chairman, I recall your comment as
4 you and I were leaving the Retama meeting here on
5 August 24th and that the calendar -- that the proposed
6 dates that were out there at that time were not going
7 to work and something needed to be done. And I would
8 agree with that. And I have testified at other
9 meetings to the effect that the proposed mixed schedule
10 at Retama and at Sam Houston did not work in our
11 viewpoint. So I am not going to comment on that
12 because I think that's not going to happen. There's
13 going to be some other schedule.

14 And I thought we had movement in that
15 direction as recently as the middle of last week, when
16 Marsha informed me that Sam Houston had had a change of
17 heart and now wanted to run 21 Thoroughbred dates from
18 the latter part of January on into the first part of
19 March.

20 Our board had a regularly scheduled board
21 meeting last Friday at Lone Star Park; and I gave them
22 what I perceived to be at that time as good news, that
23 it looked like we had a schedule out there now whereby
24 there could be twenty -- three straight Thoroughbred
25 meets and three straight Quarter Horse meets, no mixed

1 meets except where there's always been a mixed meet and
2 that's at Gillespie County Fair.

3 And I laid out a schedule that basically
4 was 21 Thoroughbred dates from late January until the
5 first weekend of March or so at Sam Houston, 60 days at
6 Lone Star Park, movement of purse money from Sam
7 Houston that was not used for the 21 days to Lone Star
8 to bring them so that we would have at least one meet
9 in Texas that was regionally competitive. And that was
10 the idea to start with when Sam Houston came forward
11 and said, "Look, we would love to run Thoroughbreds.
12 We'd love to run a Thoroughbred meet." But
13 realistically, the best meet in the state historically
14 has been at Lone Star Park for Thoroughbreds beginning
15 in 1997 and carrying through this year.

16 And then Retama, it appeared, would be a
17 24-day Thoroughbred meet beginning Labor Day weekend,
18 maybe the following weekend, and running on into
19 certainly late October, maybe early November.

20 And the board approved that concept and
21 said "Go back, work with them, and try and finalize a
22 schedule" based on what I laid out to them.

23 We did meet on Monday, except the game
24 had changed and now Sam Houston laid out another
25 proposal. And that was that they would run 27

1 Thoroughbred dates and, when we get to March, not mixed
2 days but mixed weekend days, which is -- I commended
3 Andrea for thinking out of the box.

4 And the schedule had starting on January
5 21st, running two three-day weeks in January, running
6 the first weekend in February three days, Friday,
7 Saturday, and Monday while we all enjoy Super Bowl
8 Sunday, there's no racing, and then go to a four-day
9 week in February, running Friday, Saturday, Sunday, and
10 Monday, until we get to March, and then we come up with
11 mixed weekend racing.

12 And mind you, these are straight -- these
13 are sellable straight signals. Thoroughbreds run
14 Friday and Saturday, Quarter Horses run Sunday and
15 Monday, and get to tap into some of the marketplaces
16 like California and Florida whereby they can generate
17 some decent simulcast handle. Certainly it's not as
18 profitable or not as good for them as far as live
19 racing is concerned on Sunday and a Monday, but it
20 certainly is simulcast-wise. And run that -- run that
21 mixed weekend format through the end of March.

22 And I thought it was very creative. But
23 the kicker was we're going to go at \$150,000 a day,
24 Thoroughbred purses, which leaves next to no money to
25 go to Lone Star Park and means Lone Star runs again at

1 about \$150,000 per day.

2 We've had some phone conversations, some
3 sit-down meetings with Marsha, Drew, Rob since the
4 meeting on Monday because we couldn't come to an
5 agreement. The game had changed for at least the third
6 major time. And this continues to be a work in
7 progress.

8 I commend Sammy for coming up with an
9 alternative schedule and I do want to make a couple of
10 comments, early observations on it, and I think the way
11 he has laid out his calendar may be something that will
12 help us get to the goal line.

13 But I can't support 15 races a day. I
14 would certainly agree -- you will wear out bettors. I
15 can't conceive very many players staying for 15 races a
16 day. And if you do it day after day, they well could
17 be tapped out so soon that they won't be around by the
18 end of the meet.

19 It wears out horsemen. It wears out
20 riders. It wears out officials who late in the day
21 can't be as sharp as what they would be earlier in the
22 day. I remember my mentor, Keene Dangerfield, the dean
23 of racing officials in North America for a long period
24 of time, and he was -- when they went from eight races
25 to nine and then 10, he said, "That's too much. We

1 don't need that many races per day."

2 So I've got to look at that schedule and
3 see where we can make some adjustments. And maybe it's
4 the kind of idea that you put on the table on Monday,
5 which is a mixed weekend format for both you, in part,
6 and for you, Bryan, in part, maybe.

7 I'm not happy with the process. I've
8 told you that, Mr. Chairman. This has been long and
9 drawn out. Charla Ann and Sammy were invited to start
10 meeting with us as early as May; and the choice was not
11 to, that we're going to do our own thing; and that's
12 what we've done.

13 Now, if we do this again next year, I
14 want to ask one thing. And I think my colleagues
15 sitting to my right will agree. Please start this
16 process sooner. Before you got on the Commission, the
17 dates weren't allocated in September. They were
18 applied for in July and they were allocated in August.

19 Please, if we can possibly get these
20 dates allocated no later than July, it will help the
21 business and the part of the business that deals with
22 owners, breeders, and breed organizations and sales.

23 Their sale in late July was -- yearling
24 sale, was significantly hurt and down, particularly
25 compared to last year, because the dates were unsettled

1 and Quarter Horsemen didn't know where they were going
2 to race. Frankly, we got a little lucky this past
3 Monday at Lone Star Park. Our sale was actually up.
4 Unfortunately, the Texas-breds in the sale were down
5 about \$300 on average compared with last year.

6 But please, if we're going to go through
7 this process next year, let's get it -- let's start
8 early and let's get it done at least so the dates are
9 agreed upon -- if they aren't approved by the
10 Commission until August, all well and good. But at
11 least if we've got an agreement in July and we've had
12 this similar process, let's get it done so that it
13 helps the whole business, including the sales aspect of
14 the business.

15 Thank you.

16 COMMISSIONER EDERER: I'm certainly with
17 you as far as meetings are concerned. The more we can
18 eliminate, the better off we are. And if, in fact, it
19 is in everybody's best interest to get those dates in
20 sooner, we will see if we can't just do that.

21 As far as I'm concerned, it was
22 traditionally September, so that was my thinking. If
23 it's possible to do it earlier, then I'm sure we can do
24 it earlier. Of course, an awful lot of it is going to
25 depend on you guys, too.

1 MS. KING: Sammy, do you think we need to
2 address this or should we just wait?

3 COMMISSIONER EDERER: Let's talk about
4 it. Not now.

5 MS. KING: Okay.

6 COMMISSIONER EDERER: I haven't asked my
7 fellow Commissioners if they have any questions. At
8 this point in time, this would be a good time to do it
9 because I'm about to start calling on folks in the
10 audience. Do you all have any comments or any
11 questions for anybody?

12 COMMISSIONER HAYWOOD: No, no problem at
13 all.

14 COMMISSIONER EDERER: I'm not used to
15 having anybody here but myself.

16 COMMISSIONER HAYWOOD: Well, and my main
17 objective today has been to -- while we've been able to
18 read the testimony of the last two meetings, I wasn't
19 able to be at them so I wanted to get some of this
20 feedback directly from you guys.

21 But also, as he just said, you know, you
22 guys are a huge part of the process and can help
23 shorten that time frame immensely on your sides as
24 well. So we would like to work with you to do that if
25 it's beneficial; but at the same time, if you, as

1 bodies, can do that and help us do that, it will help
2 that process immensely.

3 So that's really it.

4 MS. O'CONNELL: I appreciate your frank
5 discussion today and I'm glad to be here to hear it in
6 person. I've been following lots of articles. I have
7 lots of Google alerts set on this, following all kinds
8 of trade publications and media. But I wanted to come
9 and hear it for myself and on behalf of the comptroller
10 and I'm glad to be here.

11 COMMISSIONER EDERER: Thank you.

12 As far as the audience is concerned,
13 again, we've all heard an awful lot and this is our
14 fourth meeting now. So -- no. We had Lone Star.

15 MS. ROUNTREE: It's our sixth meeting.

16 COMMISSIONER EDERER: Well, at Retama, a
17 lot of the folks were at Retama. A lot were not.

18 MS. KING: We were invited guests to that
19 meeting.

20 COMMISSIONER EDERER: We were invited
21 guests at Retama. But a very similar meeting took
22 place at Retama. In fact, it was very well attended by
23 the folks at Retama. It was probably the largest of
24 the three. But it was very similar, very similar
25 comments. I think one thing that got my attention more

1 that was just different at Retama was when the pony
2 people got up and spoke.

3 MR. BROWN: That was special.

4 COMMISSIONER EDERER: It really was.

5 MR. BROWN: Absolutely.

6 COMMISSIONER EDERER: Just the
7 devastating effect that all this is having on them and
8 what it can have on them in the future. You know, we
9 shouldn't, but I'm sure that we tend to overlook the
10 pony people sometimes and it was very impressive to
11 have them and she was a very well-spoken young lady.

12 MR. BROWN: Absolutely.

13 COMMISSIONER EDERER: Eric Johnston from
14 Sam Houston, did you want to say anything?

15 MR. JOHNSTON: No, sir. Thank you.

16 COMMISSIONER EDERER: Tooter, you've
17 always got something to say.

18 MR. JORDAN: Mr. Chairman, thank you.
19 Commissioners, staff.

20 This has been a process -- a long
21 drawn-out process. Everybody here has put in many,
22 many hours, both from the racetracks' side and from the
23 THP and the breeders. They've all put in a lot of work
24 and a lot of effort toward this. And I just want the
25 people to know whom we do represent that there is a

1 source out there that's trying to come together for
2 everybody's best interest.

3 I can't -- I can't tell you how much the
4 people that I represent on the Quarter Horse side -- I
5 can't tell you how much I appreciate their comments to
6 me and everything about the importance of spring race
7 dates. That's been one of the things that has just
8 been on everybody's mind. We're making -- we're
9 making -- along with myself, I mean, we're making a --
10 we're trying to put together a year's worth of racing
11 next year; and without spring race dates in Texas and
12 summer race dates, it's a -- it's an impossibility for
13 any of us to stay here in Texas.

14 We've either got to have a spot to where
15 we can get our young horses ready, see what we have.
16 There's different types of Quarter Horses out there,
17 whether people -- people realize that or not. We look
18 at -- we look at the Quarter Horse racing. There's
19 inexpensive, so to speak, kind of horses that we
20 cherish and run early in the year, but yet the bigger
21 races where -- if we do come out ahead, in the black,
22 it's because of those horses that we've raced and been
23 able to qualify in futurities and derbies. And we've
24 got to have that opportunity to find out if we have
25 those horses and, if not, we go on down the line.

1 But we have got to have spring and summer
2 racing in the Quarter Horse business, I mean, if we're
3 going to race in Texas. I mean, in --

4 COMMISSIONER EDERER: Is that getting the
5 horses, a lot of them, ready for New Mexico?

6 MR. JORDAN: To some extent, yes, sir.

7 COMMISSIONER EDERER: There's a lot of
8 big races in New Mexico in the summer.

9 MR. JORDAN: And what happens in New
10 Mexico follows through at Lone Star Park. Those horses
11 that were qualified to make that trip to New Mexico for
12 the All American Futurity, which is every Quarter Horse
13 person's dream, I guess, those horses follow up and
14 come to Lone Star Park and run both in the Dash For
15 Cash and the Classic, which are huge races in the
16 Quarter Horse business.

17 The fact that the -- I don't want to say
18 the population of the horses is a big difference, but
19 we have so many -- so many horses that we run in the
20 spring for so many of the people that we represent, the
21 South Texas people especially. A very minimal amount
22 of the horses that go to Ruidoso and run at Lone Star
23 are horses that participate in the spring, in March and
24 April, May and June, are the people from South Texas,
25 which is a huge percent of the people that we represent

1 and that we have to -- we have to make racing available
2 for them.

3 You know, Mr. Roark made a comment awhile
4 ago about running at 4,000-dollar purses. That's --
5 that's about the height of our racing. I mean, that's
6 a good purse in the Quarter Horse racing.

7 COMMISSIONER EDERER: I thought the same
8 thing. Back when I had the inexpensive horses that
9 you're talking about or cheap horses as I used to call
10 mine --

11 MR. JORDAN: Yeah.

12 COMMISSIONER EDERER: No, I can remember
13 a 4,000-dollar race wasn't all bad.

14 MR. JORDAN: I sit there and drool when I
15 listen to them talking about running 130 -- I mean,
16 200 -- a hundred thousand dollars a day, that would be
17 fantastic, you know. I mean, they're talking about
18 wanting to run 200,000, which that's a different
19 story. I'm not going to get into that.

20 COMMISSIONER EDERER: I understand.

21 MR. JORDAN: But racing opportunities
22 means a lot. It means a whole lot to us. Just to --
23 you know, to show you what the kind -- the kind of
24 money that we're running at right now, which we've had
25 to -- we had good purses this year, it seems like, at

1 Houston. We had an opportunity to run at an average of
2 about probably around \$5,000 a race. And that was
3 pretty good compared to what we've done in the past.

4 But opportunities obviously are more
5 important to us than the purse structures or the amount
6 of the purse could be or there wouldn't be much
7 argument. We could -- but I really want to -- I want
8 to commend both -- like I said before, both the
9 racetracks and the organizations involved. There's
10 been a lot of countless hours put into it.

11 And I think that although a lot of these
12 people feel like they haven't been represented, like
13 Dr. Hays said while ago, there's a way of representing
14 yourself. And that's run for the board.

15 COMMISSIONER EDERER: There you go.

16 Also, I'm sure they're going to be
17 putting a lot more hours in in the next few weeks.

18 Thank you.

19 MR. JORDAN: Thank you.

20 COMMISSIONER EDERER: Sheila Klein?

21 MS. KLEIN: Sheila Klein. I'd like to
22 thank all of you for the time that you've spent in
23 listening to all of us. I won't take but a few
24 moments.

25 In 1976 in the State of Texas, I got my

1 jockey license at Manor Downs. I rode up until 1992.
2 Then I got my owner's, trainer's license. Since then
3 we also raise, own, breed Thoroughbreds and Quarter
4 Horses. I have seen a lot in the industry since I
5 started at a very young age. A lot of it I don't
6 like. A lot of it's not fair to what we used to call
7 the true Texas horseman. A true Texas horseman doesn't
8 necessarily worry about 230,000-dollar-a-day purses
9 because that's not what brought the racing industry
10 into the State of Texas. It's a true horseman.

11 A lot of us, including myself -- I'm just
12 about completely out of business due to dates declining
13 in the state. I have no idea what I'm going to do. I
14 have turned down clients that I've had for years
15 because Sam Houston is not running a meet in November,
16 December, January, February, and March. Well, that's
17 affecting my business.

18 When you take and these horses keep
19 leaving the state, we won't be sitting here worrying
20 about race dates because there won't be any horses left
21 in the state to worry about, the Texas horsemen.

22 True enough, \$230,000 a day will bring
23 out-of-state horsemen in here, but what does that do to
24 the Texas horseman? It doesn't help that fix at all
25 because the money is not here. It's going to somebody

1 else that they accommodate for the larger stables, the
2 bigger names. That's not what made racing in the State
3 of Texas. It was the little Quarter Horse people that
4 got out and worked this whole state to get that
5 general -- on the general ballot so we could vote to
6 get pari-mutuel wagering in the State of Texas. And
7 what has it done for the horsemen today, the true Texas
8 horsemen? Back to Square One.

9 I remember when we had to -- you entered
10 a horse. You put up your own money. You knew when you
11 were going to run, where you were going to run, how
12 many horses were in the race, cut and dried, before
13 pari-mutuel was ever in the State of Texas.

14 And our business, as an industry, will
15 depend on you all making the racetracks uphold what
16 they have committed to the Texas horsemen as far as
17 holding their dates. If we ran our business as
18 trainers, owners, and breeders the way the racetracks
19 are maintaining them, we wouldn't even be here today
20 because there would be no horses left in the State of
21 Texas to train. And that's exactly what's happening to
22 us overall.

23 And I'm speaking for a lot of horsemen.
24 I mean, at one time I had 30 head of horses in
25 training. Today I have six. I have two outside

1 clients. You know where those horses are? Three
2 states around me. And they won't be back.

3 The racetracks are banking on changing
4 things around to help horsemen. They don't understand
5 a true horseman. Once those horses are gone, they're
6 not coming back.

7 And as earlier, if we do not stand as
8 one, unity, we can forget the slots. I've worked the
9 capitol enough to know that if we cannot manage to get
10 along together and get this settled without a big
11 hoopla, our representatives, our legislators, it won't
12 happen, because they look at us, well, they can't get
13 together on this; they're not going to get together on
14 the rest of it. And without the horsemen, there won't
15 need to be for slots.

16 But I think the Commission should -- when
17 they apply for race days, the Commission should hold
18 them to that because that's something we bank on. We
19 set our programs through the year to plan on things and
20 make our living out of. And when you get your horses
21 snatched out from underneath you, sent to outer states,
22 you can't make a living either. And if you can't make
23 a living, you can't support the racetracks.

24 Thank you for your time today.

25 COMMISSIONER EDERER: Thank you.

1 Sharon Kerby?

2 MS. KERBY: Good morning.

3 COMMISSIONER EDERER: Have you got
4 anything new for us?

5 MS. KERBY: I do. I do. And it's not a
6 book. I don't have a book. Actually -- because I just
7 this morning saw the Racing Commission's proposal and
8 actually I think there's really some good things in
9 there. As far as the -- I have two problems with that
10 really. The one is with the -- actually just primarily
11 one, which is the 16-day Thoroughbred meet. And I
12 think that's -- I can --

13 COMMISSIONER EDERER: Well, all of us
14 have just seen -- a lot of us have just seen this for
15 the first time. So if you have any comments, of
16 course, give them to your associations as soon as
17 possible so they can put that in their negotiations.

18 MS. KERBY: I do. And actually the
19 figures I was given to -- that's actually helpful in
20 this argument, too.

21 But first of all, I want to say that I
22 don't hold a license except a driver's license. But
23 this --

24 COMMISSIONER EDERER: We understand. But
25 your husband is back there and he's going to speak,

1 too, so if you -- we'd rather hear it from you.

2 MS. KERBY: But these do -- I mean, these
3 issues affect everybody. Anyway -- okay. I think a
4 mixed meet that would include seven Thoroughbred races
5 and seven Quarter Horse races, whatever, could actually
6 be a conceivable idea. I think it could be a really,
7 really long day. But I think if you group the Quarter
8 Horses together and the Thoroughbreds together, then
9 you could still maximize the export signal on the
10 Thoroughbreds because that's generally typically much
11 higher.

12 And you could actually make -- as far as
13 patrons going to the track, you could actually have
14 people that go, "Well, it's a long day, but I want to
15 go see the Thoroughbreds," or, "I want to go see the
16 Quarter Horses," where it's actually more like two
17 events in one. So I don't -- it does have some hitches
18 in there, but I actually think that's conceivably a
19 good deal.

20 The other idea of doing mixed days on the
21 weekend, I never thought of that before, but that's got
22 potential, too. But either way, we know the
23 Thoroughbred signal sells a lot better than the Quarter
24 Horse signal, so we've got to maximize that.

25 But I've done some research on track

1 handle and I've put it into these spreadsheets here.
2 And I went back to 2007 because that was the first year
3 that wasn't affected by Hurricane Ike. That was also
4 reason enough to be --

5 COMMISSIONER EDERER: Have you submitted
6 this to us before?

7 MS. KERBY: No.

8 COMMISSIONER EDERER: Have you given
9 copies of it now?

10 Sammy, have you got a copy of it?

11 MR. JACKSON: Yes, sir.

12 COMMISSIONER EDERER: Okay. Good. All
13 right. Thank you.

14 MS. KERBY: And so basically I'm just
15 trying to make a -- you know, just look at it by the
16 numbers. The only number in here that's really not
17 completely accurate is I have that Sam Houston ran for
18 an average Thoroughbred purse of \$100,000 in this meet
19 that just closed. I did not know that correct number.
20 And how far off am I on that?

21 MS. YOUNG: You're very close.

22 MS. KERBY: Then that's pretty close.

23 Okay. But there's one thing or a few
24 things that really stands out. One is the amount of
25 export handle that's generated at Sam Houston. And the

1 Thoroughbred dates run this year, in 2010 -- I don't
2 have the -- have it calculated out from -- the 2009 is
3 included in the 2009 portion. But in the 2010 portion,
4 this year, which is 49 dates, Houston generated more
5 export handle in 49 days than Lone Star did in 60, and
6 quite a bit more actually.

7 But this is -- what I did not realize is
8 this is not an isolated incident, that Houston actually
9 surpassed Lone Star in export handle in 2007 and 2008
10 as well. And in fact, in 2009 they only had 15
11 Thoroughbred dates to run; and I would strongly
12 suspect, if they would have had more, then they would
13 have surpassed Lone Star in that year as well. But I
14 guess according to Mr. Shubeck's logic, then that would
15 mean Houston has a better quality product than Lone
16 Star if you go by export handle. But we won't go
17 there.

18 But looking at export handle generated
19 from purse dollars, you can see that Sam Houston blows
20 the other tracks out of the water. For every purse
21 dollar spent, Houston returned between nine and 12
22 dollars in export handle. And this does not include
23 the year they only ran the 15 Thoroughbred dates and
24 generated only \$3.72, which was the lowest of anybody.

25 But by comparison, Lone Star generally --

1 roughly generates \$5.50 in each of these four time
2 frames. Retama has run in the five-dollar range. But
3 for the purse investment, we've seen a better return in
4 export handle from Houston.

5 And on live handle, obviously Lone Star
6 is heads above the rest and gets more bang for the buck
7 there because for every purse dollar Lone Star produces
8 an average of over \$1.75 in live handle; and Houston
9 and Retama are in the red and losing anywhere from a
10 penny to 30 cents a day on a purse dollar invested.

11 COMMISSIONER EDERER: So where are we
12 going?

13 MS. KERBY: We're getting there.

14 So all the three tracks are consistent in
15 that way, but the -- okay. Well, I'll skip that.

16 The biggest difference is when you look
17 at the 15-day Thoroughbred meet for Houston in 2009 is
18 look at what it's done to the handle. The handle
19 bottomed out. Export handle, live handle, everything
20 just went down the tubes. So instead of leading in
21 export handle, they were at the bottom of the Class 1
22 tracks. And I mean, it's just totally devastated the
23 handle to run 15 days.

24 And then also in a 15-day meet -- or I
25 guess we're now -- what we're proposing -- well, I

1 guess we're proposing no Thoroughbred meet. But the
2 idea of even a 16-day Thoroughbred meet is right here
3 with 15. And my issue with that, aside from the number
4 that it's going to kill us on handle, is that -- and
5 one of the reasons it does kill us on handle, we've got
6 people that go to the races and they, like, go and
7 they, like, watch a horse run this week and they're
8 going to go back and they follow them over the course
9 of a meet. So when you look at your Racing Form, it
10 says stats at Lone Star Park or stats at wherever they
11 are. People actually use that and it builds a fan base
12 and it builds a handicapper ability. But it's
13 obviously not good for --

14 COMMISSIONER EDERER: So your point is
15 you want more race dates at Sam Houston.

16 MS. KERBY: Not just more race dates, but
17 the fact that, I mean, we can see right here what 15
18 days did. I mean, it's not just a guess. I mean, it
19 actually happened.

20 COMMISSIONER EDERER: Okay.

21 MS. KERBY: And so it's -- I mean, as far
22 as knowing what kind of effect it would have on handle
23 or whatever, I mean, this is actually -- we've got 16
24 days on the Racing Commission's proposal, alternate
25 proposal, so that's one of my issues with that is the

1 15 days.

2 COMMISSIONER EDERER: I think that's
3 being addressed.

4 MR. JACKSON: Mr. Chair, may I ask a
5 question?

6 COMMISSIONER EDERER: Yes.

7 MR. JACKSON: You're talking about the 15
8 days in 2009 at Houston. You're looking at the average
9 export of 337,812?

10 MS. KERBY: Yes.

11 MR. JACKSON: Is that your comparison?

12 MS. KERBY: I'm sorry. Comparison to
13 what?

14 MR. JACKSON: You're saying those are
15 Thoroughbred days?

16 MS. KERBY: No. These are total days. I
17 don't have -- I do not have those broken down into
18 Thoroughbred and Quarter Horse. I don't have that
19 information available at this time.

20 MR. JACKSON: I suspect those are Quarter
21 Horse days.

22 MS. KERBY: No. This is the combined for
23 the year. It's combined for the year. The '07, '08,
24 and '09 are combined for the year. That's Thoroughbred
25 and Quarter Horse.

1 MR. JACKSON: Thank you.

2 MS. KERBY: But in '07 and '08 those
3 numbers are both about a little over a million
4 dollars. So you'd have to assume that everything being
5 even, the only -- the big difference in '09 was the
6 15-day Thoroughbred meet. So I mean, that had to be
7 where the big chunk came from. I mean, it would make
8 sense to me.

9 So I really have an issue with, you know,
10 the 16 days. I think I would -- and I think it would
11 be better money spent, instead of running at 150,000 a
12 day at Houston, just to back that up into November or
13 December, however it fits, and put that extra 50,000 a
14 day or whatever into purses and extend the meet.

15 And that's not only just from a
16 horseman's point of view. I mean, that's from a --
17 from looking at it, how much we're going to generate in
18 handle and purses and the whole bit.

19 So I think the -- I mean, like I say, the
20 Texas Racing Commission's alternate plan, I think it's
21 got some really good points to it. But that's -- my
22 primary objection right there is the 16-day
23 Thoroughbred meet there. I think it's -- but I
24 think -- I mean, we've already lost -- obviously nobody
25 wants to lose dates. I think we've pretty well

1 established that.

2 COMMISSIONER EDERER: Well, we appreciate
3 the information that you've given and it's been noted
4 and I think we all want more race dates if at all
5 possible. Everybody does, if we can make it all work.
6 So your statistics help us and we appreciate your input
7 from the past, too, at Houston also.

8 MS. KERBY: All right. Thank you.

9 COMMISSIONER EDERER: Yes, ma'am.
10 Joe, are you going to add anything here?

11 I don't let Joe talk very much.

12 MR. KERBY: Yeah, I know. That's okay.

13 A lot of people would probably agree with you.

14 But basically on the proposal that I
15 submitted, it was done in July. And so as far as
16 leaving the Quarter Horse guys out, I actually called
17 Rob and asked him about including them. And so there
18 was no intent to leave the Quarter Horses -- Quarter
19 Horse dates out of my proposal. The numbers on that
20 were based solely on the original time-tacked crisis
21 proposal that the racetracks put in at the first
22 meeting at Lone Star Park.

23 COMMISSIONER EDERER: You see Sammy did a
24 lot of work here with your proposal.

25 MR. KERBY: Right. And all that's

1 valid.

2 As far as the frustration of everyone
3 with the comments and all that kind of stuff, your
4 frustration with the mushrooms or the whatever on our
5 website and stuff is nothing compared to the
6 frustration of the horsemen that have gotten out of the
7 business or have left because they feel like that they
8 have no options left.

9 And we have talked to hundreds of these
10 people that are extremely, extremely -- to the point
11 that they've gotten out and stuff like that. If you
12 want our -- don't want -- if you want to better
13 represent your people, talk to them. Don't talk to
14 me. Call them. You've got their phone numbers.

15 And, yes, I do have two horses in
16 training at Retama Park and hopefully they'll be
17 running this meet.

18 COMMISSIONER EDERER: I know they've
19 heard loud and clear. Everyone has. Thank you.

20 Theo?

21 MR. SCALES: Is it okay -- can you all
22 hear me if I just sit here?

23 COMMISSIONER EDERER: We'd rather get you
24 up here for the microphone.

25 MR. SCALES: You'd rather me get up

1 there. Okay.

2 COMMISSIONER EDERER: Theo spoke to us in
3 Houston.

4 MR. SCALES: Well, I didn't want to get
5 accused of being too loud again and I'm going to stay
6 away from this microphone.

7 COMMISSIONER EDERER: You don't have to
8 get too loud. But you can make your points. Now, of
9 course, this group has heard your points and this is
10 the second time that --

11 MR. SCALES: These are brand-new. I've
12 got some brand-new ones.

13 COMMISSIONER EDERER: This is the same
14 group that is going to be making --

15 MR. SCALES: It's the same group and I've
16 got some brand-new stuff. Can I make a couple of quick
17 comments before --

18 COMMISSIONER EDERER: Just a second.

19 MR. SCALES: Okay. Go ahead.

20 COMMISSIONER EDERER: Like I say, they've
21 heard your comments loud and clear and you made very
22 good points in Houston and I know that they have taken
23 it to the bank when they've sat down with their
24 meetings. So anything you have to add to it, please
25 do.

1 MR. SCALES: Okay. There was some --
2 first of all, I'd like to say to all of you guys that I
3 appreciate what I believe everybody is trying to do. I
4 am -- as a small guy in the horse business, I'm very
5 pleased with the Racing Commission. Mr. Jackson has
6 always returned my phone calls. I'm sorry if I've been
7 a burden. I don't have hundreds of thousands of
8 dollars. I've just got a few. But they're mine and I
9 worked real hard for them and I really wanted to try
10 and make a go at this with the race business.

11 Running for the boards was a comment that
12 was made. I never had any aspirations to run for any
13 boards, whether it's the Horsemen's Partnership or the
14 TTA. I appreciate the push. Now I'm going to make
15 that a goal of mine.

16 I have an opportunity -- and I will run.
17 I have an opportunity to -- in America, to talk to
18 whoever I want to talk to if they're willing to talk to
19 me without having to get the official recommendation or
20 the authorization from the breed organizations. My
21 horses will all be running if there's racing in Texas
22 this year and next year. I do plan on running my
23 horses.

24 So -- and for the \$14, if you all would
25 have ever told me, I promise you, that's just a pizza.

1 I could have gave you the 14 bucks.

2 Now to my quick questions. I just have a
3 question for Ms. Young. You commented about the loss
4 of revenue, what it costs you. What would you estimate
5 your losses -- or have you ever figured out what the
6 losses would be of Sam Houston not running versus
7 running? The amount of money that you would lose at
8 the track if you ran the 60-day meet that you've
9 already -- the dates that you've been granted already.

10 MS. YOUNG: So you're -- because we've
11 not submitted to run no dates. What we've submitted --
12 so you're saying the difference between what we've
13 proposed and if we proceeded.

14 MR. SCALES: Okay.

15 MS. YOUNG: I'm just -- I want to make
16 sure I understand your question.

17 MR. SCALES: That's fine. The 2010 dates
18 that are scheduled, the ones that you guys requested
19 and you got, you said the problem with running them was
20 the cost. You went from -- to a reduced date format as
21 a potential to 27 days that Mr. Hooper brought up and
22 stuff like that. What is the difference in loss,
23 dollars and -- dollar-wise with not running those
24 days?

25 MS. YOUNG: If you put all that together,

1 so if it means we don't have two separate meets, we
2 have very -- yes, we've calculated that. I think, you
3 know, we think it will save us probably in the
4 neighborhood of a million dollars a year, which means,
5 like I said at the beginning, we're still going to lose
6 money. We're just going to be able to lose less.

7 MR. SCALES: Okay. So running the
8 proposed mixed meet versus the 60-day Thoroughbred meet
9 and then the subsequent Quarter Horse meet for 2011
10 would still lose you -- you'd lose a million dollars
11 less.

12 MS. YOUNG: Let me put this in
13 perspective for you. I had a board presentation a
14 couple of weeks ago and I presented to our board that
15 we will probably lose -- we are on track to lose about
16 2.4 million dollars in operating cash this year. And
17 so I presented a scenario where we could cut that in
18 about half by doing the types of things we're talking
19 about.

20 And I'd remind you, you know, if we keep
21 dates the same and revenues decline every single year
22 and there's not much less to keep, 2.4 is going to
23 become three and then it's going to become four. And
24 so what we're trying to do is head that off.

25 MR. SCALES: I was going to ask the next

1 question to Bryan; but since I'm talking to you, I'll
2 ask you. What do you believe is the cause of the
3 decline overall? Because Bryan mentioned, actually,
4 this last month, that they broke even at Lone -- I
5 mean, at Retama. And how do we offset that? How do we
6 offset the amount of the decline in OTB revenue? I'm
7 sorry. In the simulcast revenue. Because that's where
8 it seems like you guys are experiencing a big loss.

9 MS. YOUNG: First, I think Bryan should
10 clarify what he said.

11 MR. BROWN: I said we were even and --
12 relatively even, close to it, in handle.

13 MR. SCALES: Right, and thanked Howard.

14 MR. BROWN: We still lost money, plenty
15 of money. But even -- as close to even as we've been
16 this year versus last year's handle. That's what we
17 did in August.

18 MR. SCALES: So do you believe that --
19 you believe -- your quote was 15 percent less. Is that
20 still --

21 MR. BROWN: That's what we're planning
22 on. We're planning on a further reduction of 15
23 percent of simulcast handle month after month in our
24 purse projections and our own internal projections.

25 MR. SCALES: Okay. And for Mr. Shubeck I

1 had a quick question. Is there any shot of Lone Star
2 for the dates that you have for the Thoroughbreds -- is
3 there any shots of that ever going to nights so that we
4 can get out of the heat?

5 MR. SHUBECK: We're exploring -- the
6 short answer is yes and no. We're exploring, for next
7 year, a lot of different things. We are aware of the
8 extreme heat that happens in Dallas. The problem is we
9 lure a lot of on-track customers. And the on-track
10 handle is really what it's all about.

11 We talk about export handle and that's
12 great and there's a lot of profit in it for us and
13 purse money for horsemen. But I think everybody
14 understands that the on-track dollar is worth to the
15 horseman, I believe, four or five times as much.

16 So if I go to nights and my export handle
17 goes up by a few hundred thousand but my
18 in-the-building handle goes down by an equal amount,
19 the horsemen are losers and I'm a loser. If I can't
20 book groups to come to the track on certain nights, if
21 I don't have, you know, customers come in at the same
22 vigor that they come in during the day, it's a loser.

23 And we weigh all of these things all the
24 time. There's a lot of things I'd like to do to
25 maximize outbound handle, but a lot of the things would

1 erode the in-the-building handle.

2 When you say that Houston handles more
3 outbound, that's true, because, number one, they run at
4 a time of the year when there's less competition. The
5 first quarter is better than the second quarter because
6 there's more competition and there's more Thoroughbred
7 tracks running. They also primarily run at night, I
8 believe. I apologize for not knowing. So they're
9 better at night. But then again, my in-the-building
10 handle is better during the day.

11 So I think the mix that we do right now
12 just about maximizes the in-the-building experience
13 versus the export. But we are seriously looking at
14 nights during the weekend after the Triple Crown races
15 are over for 2011.

16 MR. SCALES: That's good.

17 MR. SHUBECK: So that's a long answer to
18 a short question.

19 MR. SCALES: Okay. And again, I
20 appreciate you guys. And to Howard and Manor Downs,
21 I'm one of the people -- I'm kind of like your little
22 fan. But I think that you guys -- you try. I -- as a
23 person who lives in this area, I love Manor Downs being
24 there and I used to be able to go and bet my daily
25 double, but I can't anymore. But you guys are

1 appreciated.

2 And I thank you sincerely, Mr. Ederer and
3 Charla Ann and everybody that's here today.

4 And as far as the Horsemen's Partnership,
5 all of the organizations, I said what I said. I don't
6 retract what I said. And I feel as though there is a
7 good thing. And the good thing is we're talking. The
8 good thing is we're meeting. And my experience -- and
9 I've got the list, and I'm not going to go through
10 it -- of all of the people who I have called who are
11 owners, breeders, and trainers in the State of Texas,
12 is that they feel the same frustration level that I
13 have. They're sick. They're tired. They're leaving.
14 They've left. They've quit.

15 I'm not from Texas. I got here as quick
16 as I could, though. I'm born and raised in Cleveland,
17 Ohio. I love Texas. I love Texas racing. Tooter
18 Jordan gave me my trainer test. And it is my intention
19 to always race in Texas. I don't want to be a part of
20 the problem. I want to be a part of the solution. So
21 I'm not your enemy. I'm actually your friend. And I
22 will give you your \$14.

23 Thank you.

24 COMMISSIONER EDERER: Thank you, Theo.

25 MR. SCALES: I've got to go to work.

1 I've got to go.

2 COMMISSIONER EDERER: I just realized the
3 time right now, too. So we're getting close here.
4 We've got a couple more.

5 Charles Wright?

6 Mr. Wright also spoke to us in Houston.

7 MR. WRIGHT: Sir, my purpose for putting
8 the slip in was solely because Mr. Jackson asked me to
9 be available to answer any questions about my proposal
10 that I submitted last time. I'm respecting your time
11 and I want to thank you for your service. I'm going to
12 decline comment unless there's any specific questions.
13 The proposal was entered as, you know, something to try
14 and promote the discussion. It sounds like there's
15 good movement. So thank you.

16 COMMISSIONER EDERER: Well, we appreciate
17 your work. And I know that Sammy has reviewed it. And
18 of course, it's all part of the packet. I know it's
19 been taken into consideration.

20 Did you have any questions, Sammy or
21 anyone, for Mr. Wright?

22 MR. JACKSON: No, sir. Mr. Wright has
23 done an outstanding job and we appreciate his coming
24 down to visit with us.

25 COMMISSIONER EDERER: Linda Broussard?

1 MS. BROUSSARD: That's me. Okay. I'm
2 really, really nervous. And I'm --

3 COMMISSIONER EDERER: Don't be nervous.

4 MS. BROUSSARD: Well, I sat there and I
5 watched Mr. Drew rolling his eyeballs when somebody
6 else was talking. If he rolls his eyeballs at me, he
7 knows he's going to get a telephone call.

8 COMMISSIONER EDERER: There you go.

9 MS. BROUSSARD: Mr. Bryan Brown, I call
10 him. He calls me back. You know, I don't want to get
11 into this -- there's a word -- I spend too much time on
12 the backside and my language can deteriorate. A
13 cluster hug. Is that a good word? You all know what
14 I'm talking about.

15 I have found the Racing Commission
16 incredibly accessible. You call them people. They
17 will talk to you. They will talk to you. You call
18 Ms. Marsha over here. She will talk to you. You go to
19 their office. They will talk to you. I mean, I didn't
20 know this, because I listen to what I'm told, right?
21 And you know how it is on the backside. Oh, it's like
22 a bunch of old grannies. And most of it's not true.
23 Some of it is true. Some of it's really interesting.
24 But -- I mean, really interesting.

25 I mean no disrespect. I put together

1 pictures because we all -- I don't know the numbers. I
2 don't understand numbers. I have to trust other people
3 to explain to me the numbers. I don't know numbers.
4 But I know what -- something that has rattled on my
5 mind since the very beginning of this -- and this was
6 not my intention to get involved. I've got a lot of
7 horses, too many horses, most of which are currently
8 non-revenue-generating assets. Isn't that how we talk
9 in these meetings? Non-revenue-generating assets is
10 what I've got.

11 All right. But I've been in horses all
12 my life and I picked a hell of a time to get back into
13 racing, didn't I? I mean, I really did. But I'm going
14 to tell you this. I bought this horse last November.
15 He's won me 17 times his purchase price as of today's
16 date. My win percentage at Lone Star Park is 70
17 percent. And my horses don't run on artificial
18 ankles. I love Lone Star. Except for -- now, is this
19 quality racing? You all look at -- did you look at the
20 pictures?

21 MR. SHUBECK: I looked at it a little
22 bit.

23 MS. BROUSSARD: It's your racetrack. Do
24 you want to use that bathroom?

25 Okay. I'm sorry. I'm sounding like

1 Mr. Theo, but I've been sitting next to him.

2 I understand. And I have to trust the
3 greater minds than mine to do the numbers. And I do
4 trust. And I do trust. I see why a certain person
5 sitting in this room won an award. Well deserved and
6 well earned. And I could start crying, because I'm a
7 Cajun. But I've lived in Texas -- you know, I went to
8 high school at a private school in Shaker Heights,
9 Ohio. I can talk that way, if that's how it would be
10 more appropriate for the meeting. If you would choose
11 me to put on my boarding school voice, I shall do so
12 for your all's entertainment and purposes. But that's
13 not me. This is me.

14 And I know this is dorky and juvenile,
15 but I made this into pictures because the pony rider --
16 I've been to all these meetings and I've not said a
17 word because I'm not a numbers person. You know, I
18 don't -- I don't understand a lot.

19 And I want to say very briefly, the thing
20 that has affected me so profoundly from the beginning
21 is the trash talking. You said to the national media
22 the quality of racing in Texas has declined to the
23 point of irrelevance on the national stage. Well, they
24 didn't contextualize your remark. We conversated on
25 it. I know what you meant. But you make a remark like

1 that and it hits the press, and what about the people
2 who bet on the races? Well, the president and CEO of
3 Lone Star Park says we don't have quality horses. So
4 where are they going to bet their money?

5 MR. SHUBECK: I think I apologized for
6 that statement in Houston.

7 MS. BROUSSARD: Oh, yeah. I'm just
8 making a point, you know. You're a public person. And
9 anything I say, this woman here is type, type, typing.
10 I know it's going to be quoted. So, you know, I mean,
11 I don't want to go before the stewards or whatever.

12 But, you know, we've got the OTB out at
13 Manor and this is what it looks like. And I'm sorry,
14 Mr. Howard. I mean no disrespect. And I truly don't.
15 If I meant any disrespect, you'd know it.

16 Mr. Bryan Brown, I respect him. He
17 called me back.

18 You didn't call me back.

19 MS. YOUNG: I didn't receive a call from
20 you, but I will call you back and talk to you in time.

21 MS. BROUSSARD: Well, you didn't. I left
22 you a message and you didn't call me back. That's not
23 cool. That's not quality.

24 MS. YOUNG: That's not the way I
25 operate.

1 MS. BROUSSARD: I believe you. I accept
2 your non-apology or whatever.

3 What we have got to do here is we have
4 got to stop this us against them and this front side
5 versus backside versus side-side versus the Torquemada
6 and inquisitioners up there on the dais versus the
7 little guy who doesn't have the license versus the
8 fellow with the beard, without the beard. I mean, this
9 is ridiculous. Okay?

10 I'm sorry. I shouldn't have sat next to
11 that man.

12 It's ridiculous. And there's so much
13 disrespect. And we are treated like employees. We're
14 treated like dirt. We're treated like dirt.

15 MR. SHUBECK: I disagree.

16 MS. BROUSSARD: I just made a statement
17 of fact. He disagrees. But you're not back there.
18 You're not back there. And you're not -- all this
19 petty power play where the stall man wields the power
20 and we're all scared to speak up because we're scared
21 we're not going to get stalls. And you think that's
22 not real. It's very real. That's why more people
23 aren't here and speaking up, because we're afraid.
24 We're afraid we're not going to get stalls. We're
25 afraid we're going to be mistreated.

1 But we talk about quality, and I see
2 quality and quality and quality all over the place,
3 what Ms. Klein had to say. I mean, can one of you
4 please tell me which -- very few states have produced a
5 Triple Crown winner. What's the name of the Triple
6 Crown produced by the State of Texas and what year
7 did he win and who bred him? Answer me.

8 MR. HOOPER: Assault, '46.

9 MS. BROUSSARD: Thank you. King Ranch,
10 Assault, uh-huh. This gentleman knows.

11 You all don't know. This is a gap we
12 need to close. You don't have a job without us. We
13 can leave the State of Texas. I've got horses in
14 Louisiana. I've only got two of my State licenses on
15 because I'm only going to be in two states today. But
16 I've got horses in Illinois, Louisiana, and Texas. And
17 I don't want to be anywhere but Texas. I run for less
18 money.

19 And I read here, oh, well, we've got to
20 get the big purses and we've got to get the bigger boys
21 in. And I don't understand all the insider stuff on
22 this. But I do know that this us against them against
23 them -- why can't we all just get along? I know I
24 wanted to sing Cumbaya after the rules meeting
25 yesterday, but nobody wanted to go with me.

1 You rolled your eyes when somebody was
2 talking. That's disrespectful. Please. You did. You
3 rolled your eyes.

4 MR. SHUBECK: Because it's been
5 repetitive.

6 MS. BROUSSARD: But you rolled your eyes,
7 sir. And I did not roll my eyes. I'm not rolling my
8 eyes. I respect you.

9 COMMISSIONER EDERER: Your point is well
10 made, but -- and I think everyone is hearing what
11 you're saying.

12 MS. BROUSSARD: Okay. Then I'll be
13 done.

14 COMMISSIONER EDERER: And I can assure
15 you, I bet if you call up Drew, he'll call you back, or
16 any of the rest of them. But your point is well made.
17 But I mean, that's the whole purpose of these meetings
18 and that's the reason we've been going through all this
19 is to allow everyone to say their piece and to -- I'm
20 sure that some of your comments these folks over at the
21 track probably have never heard.

22 MS. BROUSSARD: Maybe they don't listen.

23 COMMISSIONER EDERER: That could be,
24 too. But they will now. I'm sure of that.

25 MS. BROUSSARD: If I get stalls.

1 COMMISSIONER EDERER: There you go.

2 But that's the purpose of these
3 meetings. And we appreciate you coming.

4 MS. BROUSSARD: Well, I'm going to ask
5 you to look because this is the reality.

6 COMMISSIONER EDERER: I already have.
7 They're great. I want to look at them a little
8 closer.

9 MS. BROUSSARD: This is the reality.

10 And I thank you very much. And now I'm
11 going to cry because this is really nerve-racking.

12 COMMISSIONER EDERER: You did very good.

13 MR. SHUBECK: I've met with Ms. Broussard
14 and I respect her.

15 MS. BROUSSARD: Hey, we're friends. I
16 respect him and I sort of trust him.

17 MR. SHUBECK: The only picture in her
18 scrapbook that I'd like to take just a little bit of
19 issue with is the picture of the vet trucks, because I
20 don't think that's fair. There's a lot -- there's big
21 outfits. There's medium outfits. There's small
22 outfits. I've been involved in every one of them. I
23 was a small horseman. We talked about that. I know
24 how expensive vets are. I know how expensive it is to
25 keep horses running.

1 You don't have to be afraid of the barns
2 that have the vet trucks. You've got to be afraid of
3 when they're not there and when there's horsemen
4 self-medicating their horses with syringes they're
5 bringing into the backside by themselves.

6 So big outfits that have a -- and I call
7 it they have a program and they put all their horses on
8 a program and they're doing things by the rules but
9 they're taking every liberty they can to keep those
10 horses healthy, to return them to racing, to get the
11 time in between races to be minimized. They're playing
12 by the rules. They're passing their drug tests. And
13 there's nothing that they're doing wrong.

14 I would definitely encourage the
15 Commission -- and in fact, this is something that I'm
16 doing on my own. I represent racetracks in Uruguay and
17 in Argentina and we visit the testing labs there to see
18 how the procedures are done. They show you how those
19 technicians load up those ELISA test strips and what
20 they do with the further examination of tests that come
21 up positive.

22 And I think it would be enlightening for
23 a lot of people to see that, to know that these samples
24 are being tested and there's -- the screenings for
25 drugs are thorough. And we're doing the right things

1 because one thing you can say is, everybody in this
2 room, we all are on the same team. And you can't be
3 saying things out of school that you don't understand
4 because then the outsiders look at the industry must be
5 dirty because the horsemen are calling it on
6 themselves. And we can't do that.

7 We have to understand drug testing
8 procedures. We have to understand that even if you're
9 a zero tolerance state that there's a -- the limit
10 before that thing pops to be a positive in that ELISA
11 test and it goes on to the different screenings. We
12 can't hide the fact of that and we have to understand
13 that.

14 That's all I have to say.

15 COMMISSIONER EDERER: That concludes
16 everyone who has asked to speak. As you see, I have
17 folded up. I'm going hunting this afternoon for the
18 first time in 10 years.

19 So are there any other comments?

20 MS. BROUSSARD: Where are we going?

21 COMMISSIONER EDERER: Hondo. I've got to
22 drive over to Hondo.

23 MS. ROUNTREE: Caravan?

24 COMMISSIONER EDERER: No. Just going by
25 myself.

1 Yes, sir?

2 MR. BACKUS: I apologize for this. My
3 name is Bill Backus. I'm from San Marcos, Texas. What
4 happened in 1930 -- '29, '30, '31, '32 when Seabiscuit
5 was here and everybody was doing good? We had bad
6 economic times then, too. What is the difference?
7 Maybe we should study history a little bit. Maybe we
8 could understand it better.

9 COMMISSIONER EDERER: If there's nothing
10 further, we are adjourned.

11 (Proceedings concluded at 12:56 p.m.)

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1 STATE OF TEXAS)

2 COUNTY OF TRAVIS)

3

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