

BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

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COMMISSION MEETING
SEPTEMBER 14, 2010

BE IT REMEMBERED that the above entitled matter came on for hearing on the 14th day of September, 2010, beginning at 10:31 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.

APPEARANCES

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Commissioners:

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

1 CHAIRMAN PABLOS: All righty, folks.
2 Good morning. The time is 10:33. And at this time I'd
3 like to call today's meeting of the Texas Racing
4 Commission to order.

5 Carolyn, will you please call the roll?

6 MS. WEISS: Commissioner Kent Carter?

7 COMMISSIONER CARTER: Here.

8 MS. WEISS: Commissioner Tom Clowe?

9 MR. CLOWE: Present.

10 MS. WEISS: Commissioner Ron Ederer?

11 COMMISSIONER EDERER: Present.

12 MS. WEISS: Commissioner Scott Haywood?

13 COMMISSIONER HAYWOOD: Here.

14 MS. WEISS: Commissioner Gloria Hicks?

15 COMMISSIONER HICKS: Here.

16 MS. WEISS: Commissioner Ann O'Connell?

17 MS. O'CONNELL: Here.

18 MS. WEISS: Commissioner Vicki Weinberg?

19 COMMISSIONER WEINBERG: Here.

20 MS. WEISS: Vice-Chairman Robert

21 Schmidt?

22 VICE-CHAIRMAN SCHMIDT: Here.

23 MS. WEISS: Chairman Rolando Pablos?

24 CHAIRMAN PABLOS: Here.

25 Do we have a quorum?

1 MS. WEISS: Yes, sir.

2 CHAIRMAN PABLOS: Thank you very much.

3 Grace, is there anyone signed up for
4 public comment?

5 MS. MOODY: We do have some, sir.

6 CHAIRMAN PABLOS: Okay.

7 MS. MOODY: I'm sorry. Not for public
8 comment, sir.

9 CHAIRMAN PABLOS: Not for public
10 comment? Okay. Thank you.

11 Then we will move on to Item III, general
12 business, III-A, budget and finance update. I'd like
13 to recognize Shelley Harris, please.

14 MS. HARRIS-CURTSINGER: Good morning,
15 Commissioners.

16 Behind Tab III.A.1 you will find an
17 update on the agency's FY 2010 budget status as of July
18 31st, 2010, with 91.67 percent of expenditures being
19 reported.

20 As of this accounting cycle, the agency
21 is 23 percent under the operational budget projections
22 for fiscal year 2010. We are currently closing out
23 fiscal year 2010 and working on the annual financial
24 report which is due to the oversight agencies by
25 November 20th.

1 Also, in accordance with Section
2 309.8(e)(1) of the agency rules, as the rules require,
3 after the end of the fiscal year, the agency will be
4 reviewing the fee structure to determine if any changes
5 should be recommended.

6 In conjunction with closing out fiscal
7 year 2010, we are also opening fiscal year 2011. We
8 are watching for the fourth quarter out payments which
9 are due September 15th and we will be updating the
10 operational budget for fiscal year 2011 once the race
11 dates for the 2011 calendar year have been approved.

12 I will be happy to answer any questions.

13 CHAIRMAN PABLOS: Thank you.

14 Commissioners, are there any questions?

15 All right. Thank you very much.

16 Item B, report on racetrack inspections.
17 Carol Olewin, please?

18 MS. OLEWIN: Good morning,
19 Commissioners. This is a report on racetrack
20 inspection activities.

21 The first two inspections were for
22 Gillespie, the veterinarian and safety and security.
23 There were no unsatisfactory items.

24 The next set were Gulf Greyhound, the
25 veterinarian, administrative, pari-mutuel, safety and

1 security inspections. On the administrative
2 inspection, the contract for the ATM machines had
3 expired and that has now been renewed. And on the
4 pari-mutuel inspection, a new kiosk for printing
5 programs was not licensed and the programs -- and the
6 programs did not contain the public information. All
7 of that has been corrected.

8 The next set of inspections were for Gulf
9 Coast, administrative and pari-mutuel. There were no
10 unsatisfactory.

11 The next set were for Retama, safety and
12 security, the administrative, and pari-mutuel. There
13 were no unsatisfactory.

14 Sam Houston Race Park had a veterinarian
15 and stewards inspection. On the stewards inspection,
16 two sauna boxes in the jockeys' room were out of
17 service and those will be inspected before live racing
18 resumes.

19 And at Valley, the safety and security
20 inspection showed that the Breathalyzer was out of
21 certification.

22 And we had five training facility
23 inspections.

24 And that is the inspection report. If
25 there's any questions, I'd be glad to answer them.

1 CHAIRMAN PABLOS: Commissioners, any
2 questions?

3 Thank you very much.

4 Item C, report on wagering statistics.
5 Sammy Jackson, please?

6 MR. JACKSON: Good morning,
7 Mr. Chairman.

8 CHAIRMAN PABLOS: Good morning.

9 MR. JACKSON: Under Tab III.C.1 through
10 III.C.3 will be the wagering report. Wagering is
11 through August the 29th, 2010, for this calendar year.
12 We still continue to be double-digit down decline in
13 both the greyhound and horse industry for wagering on
14 live and simulcast of same species, and the
15 cross-species simulcast continues to be down in a
16 single-digit zone.

17 The export of our races is slightly up in
18 both the greyhound and horse racing. The greyhounds
19 are up -- excuse me. The greyhounds are down slightly,
20 but the horse is up 5.5 percent.

21 Overall, the total wagers placed in Texas
22 are down 9.86 percent, and the total live and export of
23 our races to all outlets is down approximately 1.49
24 percent.

25 Staff is continuing to review

1 modifications to our waging report; and we hope to
2 have, at the next Commission meeting, the finalized
3 version for you.

4 If you have any questions, I'll be more
5 than happy to answer them.

6 CHAIRMAN PABLOS: Commissioners, any
7 questions of Sammy?

8 Sammy, thank you very much. Appreciate
9 it.

10 MR. JACKSON: You're welcome, sir.

11 CHAIRMAN PABLOS: Item D, enforcement
12 report. Chuck Trout, please?

13 MR. TROUT: Good morning, Mr. Chairman,
14 ladies and gentlemen.

15 CHAIRMAN PABLOS: Good morning.

16 MR. TROUT: For the eight months of this
17 year, there have been 220 greyhound performances at
18 Gulf Greyhound Park and a total of 176 live race days
19 at Manor Downs, Lone Star Park, Gillespie County Fair,
20 and Sam Houston Race Park.

21 During these first eight months,
22 licensing technicians have issued 2,217 new licenses
23 and processed 4,665 renewals. Investigators have
24 conducted 20 gate, barn, and kennel searches that have
25 resulted in 19 administrative investigations.

1 Our veterinarians inspected 14,427 horses
2 and supervised the collection of 3,624 horse samples
3 for drug testing. At Gulf there were 22,018 greyhounds
4 inspected prerace; and from those, 4,369 greyhound
5 samples were collected.

6 The judges and stewards issued 332
7 rulings during the first eight months of this year.
8 237 resulted in a fine. Fines assessed totaled
9 \$67,750. 124, over a third of the rulings, resulted in
10 the licensee being suspended. Additionally, 16 horses
11 were disqualified and their portion of purses were
12 redistributed.

13 11 percent of the rulings, 37, were for
14 medication violations. As you recall, drugs are
15 classified by their effect on the animals, with Class 1
16 being the most serious for greyhounds and horses, and
17 for greyhounds, Class 6 is the least serious and for
18 horses, Class 5 is the least serious.

19 Out of the 3,624 horse samples, only .9
20 percent, or 33 of the total, resulted in a positive
21 test. Of the 33 horse medication violations, there
22 were two violations for Class 2 drugs. Class 2 drugs
23 do have a high potential for affecting the outcome of a
24 race and are not generally accepted as therapeutic
25 agents in racehorses. These two serious violations

1 resulted in each licensee being fined and suspended for
2 six months and the affected horse was disqualified and
3 its purse redistributed.

4 Although we all agree that two Class 2
5 violations is two too many, it represents less than .06
6 percent of the horses tested.

7 There were 13 rulings for medication
8 violations involving Class 4 drugs and three for Class
9 5 drugs. 14 of the 33 medication violations were for
10 overages of a permitted medication, phenylbutazone, and
11 one violation was for not administering the permitted
12 medication furosemide.

13 Now for the greyhounds. There were four
14 greyhound medication violations, all for the least
15 serious of greyhound drug classification, Class 6
16 drugs. Out of the 4,369 samples taken, these four
17 violations represent only .9 -- I'm sorry, .09 percent
18 of the greyhounds tested.

19 I will be happy to answer any questions.

20 CHAIRMAN PABLOS: Commissioners, any
21 questions?

22 MR. TROUT: Thank you.

23 CHAIRMAN PABLOS: Thank you very much.

24 Item E, update on application to change
25 ownership of Lone Star Park. Mark Fenner, please?

1 MR. FENNER: Good morning,
2 Commissioners.

3 The Department of Public Safety's
4 investigation of Global Gaming LSP is ongoing. I've
5 spoken with the Department of Public Safety staff, and
6 they've reported that they are making good progress and
7 that they intend to submit that report soon.

8 The staff report is also almost
9 finished. However, Global Gaming LSP did submit a
10 request to amend its application. We are reviewing
11 those changes and determining the degree to which the
12 staff report would need to be adjusted to reflect those
13 changes.

14 Global Gaming did submit a request to
15 hold a special meeting in October, early October, to
16 consider the change of October -- change in ownership.
17 We will be reviewing that request.

18 CHAIRMAN PABLOS: Any questions,
19 Commissioners?

20 Thank you very much, Mark. Appreciate
21 it.

22 Okay. We'll move on to Item F, update on
23 application to change ownership and location of
24 Longhorn Downs and Austin Jockey Club. Mark, please?

25 MR. FENNER: The change of ownership of

1 Longhorn Downs, the -- what's called the KTAGS group
2 submitted its application and the DPS background
3 disclosure documents. We are reviewing that
4 application for completeness and we intend to notify
5 KTAGS of any deficiencies by the end of the month.
6 Once the application is complete, we'll begin a
7 detailed assessment in preparation of the staff
8 report.

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

11 Thank you, Mark.

12 Item G, report by rules committee. I'd
13 like to recognize Commissioner O'Connell, please.

14 MS. O'CONNELL: Thank you, Mr. Chairman.

15 The rules committee met August 31st in
16 Austin and we began by -- with an update on Chapter
17 321, which is the pari-mutuel wagering chapter. The
18 bulk of the review of this chapter is being done in a
19 subcommittee, which is the Texas pari-mutuel advisory
20 committee.

21 This group met most recently on August
22 12th and 13th at Sam Houston Race Park.
23 Representatives of the tote companies, racetracks, the
24 comptroller's office, and Commission staff attended
25 these meetings.

1 These participants are delving into the
2 minutia of wagering and the technology that supports
3 it. And there have been a lot of technological
4 advances since the last review of this chapter and it's
5 quite a challenge to have rules and draft rules that
6 keep up with changes in technology.

7 Because of that, the Commission has
8 contracted with a company called BMM Compliance that
9 has assisted Australia in updating their pari-mutuel
10 standards. Rule drafts are expected by our next rules
11 committee meeting, which is scheduled for November
12 2nd.

13 The rules committee also discussed
14 Chapter 307, which is the chapter on proceedings before
15 the Commission. And that rule review has focused on
16 standardizing the disciplinary hearing process.

17 The committee felt that the rules did not
18 adequately guide stewards and judges on what evidence
19 is admissible in a hearing, what standard of proof
20 should be used when deciding the outcome of a hearing,
21 and what factors should be considered when granting a
22 motion for continuance on a hearing.

23 After reviewing other jurisdictions'
24 rules on these points and any RCI model rules and after
25 a discussion of the various differences in these rules,

1 the staff drafted proposed rules on all three points
2 which were discussed at the June 8th and August 31st
3 rules committee meetings.

4 The current drafts -- Commissioners have
5 current drafts of these rules and we expect to finalize
6 these drafts and propose that they be referred to the
7 full Commission at our next rules committee meeting on
8 November 2nd.

9 In addition to our rule review, we also
10 had an update on equine piroplasmosis control efforts.
11 We did this as a prelude to possible rulemaking on this
12 subject because in the absence of Commission rules
13 about this disease, some of the tracks are starting to
14 make their own rules and policies.

15 We were fortunate to have, in addition to
16 Dr. Quirk, the assistant executive director for the
17 Texas Animal Health Commission, which is Dr. Andy
18 Schwartz. He gave us an update on the latest in
19 control efforts for this disease. And he is also on
20 the USDA's working group on equine piroplasmosis.

21 The staff plans to post information
22 sheets on best practices for protecting horses against
23 this disease in the test barns. Meanwhile, staff will
24 be working with Dr. Schwartz to formulate some proposed
25 rules that address testing.

1 The issues that have been discussed at
2 this point involve the point or location at which proof
3 of a negative test should be presented, how to ensure
4 that the results presented to authorities match the
5 horse that is present, how frequent testing should be
6 required, how fast test results can be obtained, and
7 the cost of testing. We anticipate a lot of discussion
8 on this issue and encourage interested parties to
9 attend the meetings so that they can be heard.

10 The final topic at our August 31st
11 meeting was a request by Lone Star Park to amend Rule
12 313.110, which is the rule on coupled entries.
13 Currently, when owners or trainers have more than one
14 horse in a single race, the rules require that the
15 entry be coupled. The entered horses are coupled
16 together as a single wagering interest. When a person
17 bets on one of the horses, the money and place position
18 will also apply to any other horses in which the owner
19 or trainer has a partial interest.

20 The original rationale of this rule was
21 to protect the bettor from a situation where an owner
22 or trainer was in a position to affect the outcome of a
23 race. However, advances in technology, video cameras,
24 other electronic race observation methods have made
25 questionable racing behavior much easier to detect and

1 they serve to protect the public.

2 Lone Star Park has proposed that the
3 coupling requirement be deleted. The Texas Horsemen's
4 Partnership, Retama Park, and Sam Houston Race Park are
5 in favor of this proposal. The staff will review other
6 states' rules and any other RCI model rules on this
7 subject and present its findings for discussion at our
8 next rules committee meeting on November 2nd.

9 That concludes our report.

10 CHAIRMAN PABLOS: Thank you,
11 Commissioner. That's great work. I really appreciate
12 you taking the helm and looking into all those items.

13 Are there any questions, Commissioners,
14 on Commissioner O'Connell's report? Commissioner
15 Ederer?

16 COMMISSIONER EDERER: No. Thank you.

17 CHAIRMAN PABLOS: Okay. Well, thank you
18 very much for that report. Appreciate it.

19 Next item, Item H, report on safety and
20 medication. Dr. Quirk, please?

21 MR. QUIRK: Good morning, Mr. Chairman,
22 Commissioners.

23 CHAIRMAN PABLOS: Good morning.

24 MR. QUIRK: Just a brief update on a
25 couple of items that fall into this category to follow

1 up on Commissioner O'Connell's comments about
2 piroplasmosis. There has been, unfortunately, the
3 discovery of this disease at Calder Race Course over
4 the weekend and 160 horses are currently quarantined in
5 South Florida because of piroplasmosis. So it
6 continues to raise its ugly head in various venues.

7 Something on the near horizon for us to
8 consider -- for you to consider, I suppose, will be a
9 recommendation coming from the model rules committee of
10 RCI regarding the possibility of lowering the bute
11 threshold from five micrograms to two micrograms.
12 We're currently at five as you know.

13 The thinking -- this was brought to the
14 forefront really by the RCI regulatory vets committee
15 with the thought that this five-microgram level allowed
16 for horses being inspected on a prerace basis to still
17 be under the influence of an antiinflammatory drug.

18 The science on this issue is not totally
19 clear. It's somewhat conflicting, frankly. However,
20 it is firmly believed that it does influence the
21 decisions that they make at that time. The lowering of
22 the threshold to two micrograms is supported by the
23 Jockey Club. It's supported by the American
24 Association of Equine Practitioners. It is also
25 supported by RMTC, which, of course, is an agency of

1 the Jockey Club. Not surprising there.

2 The HBPA nationally spoke on this matter
3 recently at their most recent meeting and they're
4 opposed to this. They simply don't think the science
5 is there for us to go there. And their argument
6 basically was that it opens up this discussion to -- or
7 this subject to unintended consequences, those being
8 the fact that the public really -- we're likely to
9 experience more overages on bute and the public doesn't
10 understand this. They see these as being drug issues
11 and reflecting badly on the sport.

12 Commissioner Hicks, and I think all of
13 you, will be happy to hear that from the greyhound
14 standpoint, there is a greyhound initiative. We're
15 moving forward with the initiative to develop the
16 relationship with Texas A&M to do everything we can to
17 save the injured greyhounds that can be saved. And I
18 think if you look at the statistics from that segment
19 of the industry that a lot can be done there and we can
20 reduce those dramatically.

21 Do you have any questions on either of
22 these subjects?

23 CHAIRMAN PABLOS: Any questions,
24 Commissioners?

25 MR. QUIRK: Thank you.

1 CHAIRMAN PABLOS: Thank you very much,
2 Doctor. Appreciate it.

3 The next item is Item I, designation of
4 industry advisory group. As many of you know, we've
5 been working hard -- staff has been working very hard
6 to put together this advisory group that came about as
7 a result of the House Resolution 252. We're to the
8 point where we've now put a group together. The group
9 will be made up of Sally Briggs, Bryan Brown, Dave
10 Hooper, Phil Leckinger, Joe Quinn, Dr. Jacquelyn Rich,
11 Diane Whiteley, and Tammy Wincott. In addition, with
12 respect to the Commission, we'll have Commissioner
13 Ederer -- Commissioners Ederer, Hicks, Schmidt, Carter,
14 and O'Connell participate. The first meeting will be
15 held October 6th.

16 Charla Ann, do you have anything to add
17 with respect to that?

18 MS. KING: Thank you, Mr. Chairman.

19 Yes. We have planned a meeting for
20 October 6th at 10:30 a.m. in the Reagan Building down
21 next to the capitol. And we've developed a general
22 approach for a committee meeting to have a discussion
23 on some topics that we've been hearing the most about
24 so far.

25 We would like to bring in some speakers

1 and some experts from some other places, but we believe
2 that's going to require us to potentially have two
3 meetings and so we're looking for another date, perhaps
4 in conjunction with a Commission meeting that's going
5 to be held in November, so that we can have two
6 meetings a little more compact and then more
7 opportunity for the Commission committee members to
8 visit with the advisory group members that were just
9 mentioned by the chairman so that we can get that group
10 together on the 6th, maybe some teleconferences, and
11 then have one more meeting after that. And the staff
12 is looking forward to it very much.

13 CHAIRMAN PABLOS: Thank you, Charla Ann.
14 And thank you for all your good work.

15 This is extremely important. I think I
16 would encourage everyone who can to attend and I want
17 to thank everyone who's agreed to be part of the
18 group. This is a good step forward.

19 And, Commissioners, thank you for
20 agreeing to participate as well.

21 Thank you, Charla Ann.

22 Charla Ann, the next item is Item J,
23 legislative proposal process for amending the Texas
24 Racing Act during the 82nd Texas Legislature. Would
25 you please give us a report on that?

1 MS. KING: Thank you, Mr. Chairman.

2 Over the course of the last two
3 legislative sessions, staff has developed a process for
4 preparing legislative proposals for consideration by
5 the Commission.

6 We identify potential statutory changes.
7 They come from a variety of sources, including field
8 staff, management staff, the industry, their
9 stakeholders there, and individual Commissioners.
10 We've been trying to keep track of the feedback that
11 we've been getting about the need for legislative
12 change.

13 Comments come through the rulemaking
14 process. They may have come up also in our briefings
15 with legislators and their staffs and also from the
16 committees themselves, such as the House Licensing and
17 Administrative Procedures Committee.

18 So before each session, as staff, we
19 compile and review a list to determine which of the
20 suggested changes merit your consideration as
21 Commissioners. We'll prepare a summary of the list,
22 including a discussion of each of the proposal's
23 advantages and disadvantages, and we will present it at
24 a Commission meeting.

25 The Commission then may identify any

1 proposal it wishes and recommend to the Legislature
2 that piece -- that legislative change. We can do
3 technical changes also, any kind of housekeeping, to
4 the Texas Racing Act at that time.

5 Once the Commission adopts its
6 recommended proposals, then we work with the
7 legislators and the Texas Legislative Council to
8 prepare the legislation. And we most often work with
9 the committee to which we are assigned for oversight.

10 Examples of proposals that we've gone
11 forward with in the past, we requested changes to bring
12 more consistency to the regulation of horse and
13 greyhound racing, such as last time asking for the
14 change in the definition of greyhound judge to be more
15 in line with a steward. We've made requests on budget
16 and administrative changes, such as the authority for
17 the agency to charge fees for racetrack background
18 checks, which that issue has been coming up a lot more
19 lately as well.

20 So in anticipation of the 82nd
21 legislative session, we've begun preparing a list of
22 the potential changes. And Commissioners, staff,
23 stakeholders are welcome to submit their proposals
24 during the next few weeks so that we can get a list to
25 prepare and bring back to you at the November meeting.

1 Of course, we have the sunset process
2 that continues because of the failure for the sunset
3 legislation to pass and we have been in contact with
4 sunset and they are going forward with the same slate
5 of changes. They will be with us for about a month for
6 a review but anticipate publishing a report comparable
7 to the report that they published before, kind of
8 picking up where they left off. And I provided a list
9 of those issues for you in a handout in case your
10 memory is not bringing those forward right off.

11 On the back -- or the last page of that
12 handout, though, I do point out the legislative
13 recommendations that were made by the Texas Racing
14 Commission, providing additional oversight of stewards'
15 and judges' decisions, changing the definition of
16 performance relating to greyhound races, adding a
17 definition for handicapper tournament and amending the
18 definition for handicapper, and then providing an
19 alternative method of financing for the agency's
20 operation, which is a continuing change that we started
21 two sessions ago and wasn't quite complete in terms of
22 changing the method of finance by allowing us to
23 decrease our reliance or eliminate our reliance on
24 outstanding ticket revenue.

25 So we do anticipate some additional

1 proposals, possibly identified through the study
2 committee. That is one possibility. And staff will
3 continue its review and then look forward to any
4 feedback that you might have for us.

5 Thank you, Mr. Chairman.

6 CHAIRMAN PABLOS: Great. Thank you.

7 Any questions of Charla Ann,
8 Commissioners?

9 Thank you, Charla Ann. Appreciate it.

10 We'll move on to Item IV, proceedings on
11 racetracks. We'll start with Item IV-A, allocation and
12 amendment of live race dates for greyhound racetracks
13 under Commission Rule 303.41 for the period beginning
14 January 1, 2011, and ending August 31st, 2012. At this
15 time I'd like to recognize Commissioner Hicks.

16 COMMISSIONER HICKS: We have had meetings
17 and we came up with a plan to where the greyhound track
18 at Gulf would be running. I understand that Valley is
19 going for five days. I don't know if we'll be able to
20 actually proceed with this today or if we need to table
21 that.

22 Sally, did you want to talk on that?

23 MS. BRIGGS: Sure. Not on the Valley,
24 but --

25 COMMISSIONER HICKS: But on the

1 greyhound.

2 MS. BRIGGS: Good morning,
3 Commissioners. Sally Briggs.

4 Our 2011 calendar that you have requests
5 that we run 311 performances, six performances a week,
6 with 13 races for each performance. In 2010, this
7 year, we're running 312 performances.

8 You will note that in August we're
9 requesting to run the Gulf Coast Racing request of five
10 performances at Gulf Greyhound Park because we do not
11 realistically believe that we will have the Corpus
12 track repaired enough to run there.

13 This year at the main building at Corpus,
14 we've had to make some major repairs. Repairs and
15 reconstruction would have to be made to the kennels,
16 the paddock area. There's no equipment in the paddock
17 area as well. We've got a lot of cast iron pipes that
18 we're having problems with throughout the main building
19 as well as some of these other buildings. The entire
20 track itself will have to be completely reconstructed,
21 including the rail and lure system, and the tote board
22 will also have to be replaced.

23 Of course, you know, we'll be working
24 with the Commission staff to remedy this situation; and
25 as you can see by the number of performances that we're

1 requesting to run, we realize and appreciate that the
2 Commission encourages live racing.

3 During the six months of operation of
4 2009 at Gulf Coast Racing, we had about 30 full-time
5 and part-time employees, with a payroll of
6 approximately \$305,000, and their purchased goods and
7 services totaled 885,000 for the Corpus Christi and
8 Nueces County area. And of course, these numbers are
9 continuing in 2010.

10 As you will remember, we ran 17 Tuesday
11 evening performances for Gulf Coast Racing starting in
12 January through the end of April; and when that proved
13 to be unbeneficial, then we canceled those and added
14 one race to our Wednesday matinee card and one race to
15 our Saturday matinee card, which we will continue in
16 2011.

17 Therefore, we are requesting that Gulf
18 Greyhound Park be able to run 311 performances, with
19 five of these performances being Gulf Coast Racing.

20 Any questions?

21 CHAIRMAN PABLOS: Maybe not now, but
22 maybe in just a bit.

23 I'd like to ask Sammy to please give us
24 his take on this, please.

25 MR. JACKSON: I guess I'll start with a

1 little background.

2 CHAIRMAN PABLOS: Please.

3 MR. JACKSON: In 2009, the Texas
4 Greyhound Association approached the Commission and
5 presented a race date plan that would be for 2010 that
6 was a significant departure from previous practice.
7 Their plan was built around a reduction on live race
8 dates and consolidation of race dates and purse money.
9 And part of that was to keep the greyhound industry
10 afloat in Texas through these tough economic times.

11 Their basic plan called for continuous
12 live racing at Gulf Greyhound Park for 52 weeks a year
13 and that each of the two other tracks would run what
14 they referred to as a festival meet of one-week
15 racing. Their focus in that was to set the point value
16 at a fixed rate at the two festival meets and then
17 transfer the additional purse money earned that was
18 above needed to fund that to Gulf Coast Racing to
19 increase the point value to a rate that was hopefully
20 going to be profitable for those who still participated
21 at Gulf Greyhound Park for the year-round racing.

22 In doing that, they were also fortunate
23 enough to be able to add two of the Texas kennels to
24 Gulf Greyhound Park that had typically operated out of
25 Valley at the time when they did this. So they were

1 also able to expand the stabling -- excuse me,
2 kenneling opportunities there at Gulf Greyhound Park.

3 The Commission did approve this plan via
4 the approval of the racetracks' requested race dates
5 during that time frame.

6 At our Commission race date -- greyhound
7 race date calendar committee meeting that we held this
8 year and that Commissioner Hicks chaired for us, we had
9 a report from Diane Whiteley on the success of that
10 plan. I thought that was pretty important for all of
11 us to hear.

12 Diane reported to us that her analysis
13 revealed that the implementation of the plan had
14 resulted in the stabilization of decline in breeding of
15 the Texas greyhounds and an increase in purse money to
16 the participants at Gulf Greyhound Park, which was key
17 to their plan. That was one of the real needs for that
18 plan to go through because the point value at Gulf had
19 slid at times to below \$50 a point and they had told us
20 in our meetings that approximately 60 to 65 dollars was
21 break-even for the greyhounds to operate out of that
22 facility.

23 And their business model, while that is
24 so important there, is that whenever an owner leases
25 their dog to a kennel operator, the kennel operator is

1 totally responsible for the care and keep of the dog
2 and they get their money through the point values
3 through the success of the dogs that run in that
4 kennel. So increasing that point value to a break-even
5 margin is very important to their industry.

6 In addition to that, the racetrack
7 operators indicated to us that the continuing economic
8 decline that all of us are going through at this time
9 was somewhat strainful for them at the moment; however,
10 they were continuing to be able to operate underneath
11 this plan and they hoped to do so again through this
12 race date calendar cycle.

13 The race date request that we have before
14 us today for consideration would do that, if approved.
15 The calendar is actually crafted and underneath page
16 IV.A.21 of the packet if you wanted to see it in a
17 calendar format.

18 With that, Commissioner, that kind of
19 gives you the background on what we have today before
20 us. I believe the issue that they've raised with Gulf
21 Coast Racing, you have in your agenda briefing here
22 comments that we've made about that. You know, we
23 treat that just like as it would be an inactive track
24 who did not prepare to run their meet. Obviously
25 they're still a contributing factor to the economy and

1 helping to keep greyhound racing. I think that should
2 be considered as part of all of this. But that's where
3 we could go, if the Commission deemed we needed to, for
4 that.

5 We have no problem with their request.
6 We've talked about this at great length with staff.
7 We're happy to move forward with it with that
8 understanding behind it.

9 I would offer to suggest that we have
10 Diane Whiteley come up and let her echo her thoughts on
11 this because it's very important, since this was their
12 initial plan, that we hear from them and make sure that
13 they're on board with continuing down this path.

14 CHAIRMAN PABLOS: I totally agree.

15 Diane, please, come on up.

16 MS. WHITELEY: Good morning,
17 Commissioners.

18 Thank you, Sammy, for that background. I
19 think everybody is up to speed on what our plan was
20 last year.

21 The president of the TGA and I had gone
22 to Sammy and had said we have to make some changes
23 because our breedings were declining significantly in
24 Texas. And since we represent the owners and breeders
25 of greyhounds in Texas, that is our primary concern, to

1 make sure that we can supply an adequate inventory of
2 greyhounds to race in Texas.

3 It was a hard decision back then and it
4 still is a hard decision. But it has succeeded in what
5 we wanted to get accomplished. Our breedings have
6 stabilized. In fact, they have increased, because
7 Texas breeders now recognize that they can indeed be
8 profitable raising a greyhound in Texas and running it
9 in Texas. And to that extent, I think it's been very
10 successful for us.

11 We hope with future legislative changes
12 that we will be able to further increase our breeding,
13 but we have succeeded in getting established what we
14 wanted, which was to stabilize.

15 The purse monies that are paid out at
16 Gulf Greyhound every week are more than adequate to not
17 only maintain the kennels and the welfare of the
18 greyhounds but also create a profit. So there are
19 people that are continuing to stay in it and to make
20 investment in greyhounds, which is a long-term concern
21 of ours. So we are in support of the race plan.

22 Valley is going to be a little
23 difficult. It's got five race days in the summer. And
24 where our concern is is getting an adequate inventory
25 of greyhounds to run for five days because that will be

1 between four and five hundred greyhounds.

2 Due to our kennel system, where the
3 kennels contract with racetracks throughout the
4 country, it's going to be very difficult, I think, for
5 us to find 400 to 500 greyhounds to run for five days.
6 And I'll address that in the next topic, which is our
7 allocation of cross-species.

8 But that is our biggest concern and we
9 will be in a continuing dialogue with Valley to see how
10 they're going to be able to progress on this.

11 CHAIRMAN PABLOS: Great. Thank you.

12 Is there anyone else signed up to speak
13 on this matter?

14 MS. MOODY: No.

15 CHAIRMAN PABLOS: Okay. Are there any
16 questions of Sammy, Commissioners?

17 Okay. So we have a request and we've
18 heard from staff. They're in support of the request.
19 I'd like to at this time entertain a motion.

20 Do I have a motion on this item?

21 COMMISSIONER HICKS: I make a motion to
22 approve.

23 CHAIRMAN PABLOS: We have a motion to
24 approve. Is there a second -- by Hicks. Is there a
25 second?

1 COMMISSIONER EDERER: Second.

2 CHAIRMAN PABLOS: Seconded by Ederer.

3 Okay. Is there any discussion on this
4 item, Commissioners?

5 Hearing none, I'll take this up for a
6 vote. All those in favor please signify by saying
7 aye.

8 COMMISSIONERS: Aye.

9 CHAIRMAN PABLOS: Any opposed?

10 Okay. That motion carries. Thank you.

11 Our next item is Item B, allocation by
12 the Texas Greyhound Association of interstate
13 cross-species purse money. I'd like to recognize Sammy
14 to lay out this agenda item, please.

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

16 The interstate cross-species purse
17 dollars are generated from wagers placed at our Texas
18 horse tracks on out-of-state greyhound races. Those
19 monies are then collected by the Gulf -- excuse me, by
20 the TGA, and they're allocated back to the greyhound
21 racetracks for purse monies. It is required by rule
22 that they submit their plan for allocation to the
23 Commission for approval, and that's what we have on our
24 agenda today underneath Section IV.B.

25 The proposal that's put forth would

1 continue the plan that was approved last year for
2 another year. It's my understanding from a phone call
3 conversation yesterday that Diane is going to request
4 today that that item be tabled. Staff has no problem
5 with either approval or a tabling of this idea.

6 And I would think we should go ahead and
7 let Diane come forward and explain the situation for
8 us.

9 CHAIRMAN PABLOS: I'm sorry, Sammy.
10 Could you repeat what you said about what staff is --

11 MR. JACKSON: Staff has no problem with
12 this item being tabled or if we wanted to go ahead and
13 approve it. Either way, it's good for the staff.

14 CHAIRMAN PABLOS: Thank you.

15 Diane, please?

16 MS. WHITELEY: As I mentioned before, we
17 have a concern whether or not Valley is going to be
18 able to get the inventory of greyhounds to run, and
19 that's going to be somewhat determinant on what their
20 purse values are. When I submitted this, it was prior
21 to any lengthy discussions with Valley; and I would
22 request that it get tabled until the next Commission
23 meeting so that we have further time to talk to Valley
24 and crunch some more numbers to see what we can
25 accommodate for everyone.

1 CHAIRMAN PABLOS: Okay. Any questions,
2 Commissioners?

3 Anybody else -- thank you, Diane.

4 Anybody else signed up to speak on this
5 item?

6 Okay. We have a request to table this
7 item, Commissioners. Do I have a motion?

8 COMMISSIONER EDERER: Motion to table,
9 please.

10 CHAIRMAN PABLOS: Motion to table by
11 Ederer. Is there a second?

12 VICE-CHAIRMAN SCHMIDT: Second.

13 CHAIRMAN PABLOS: Seconded by Schmidt.

14 Is there any discussion on this item?

15 Okay. All those in favor please signify
16 by saying aye.

17 COMMISSIONERS: Aye.

18 CHAIRMAN PABLOS: Any opposed?

19 The motion to table carries. Thank you.

20 Okay. The next item, we'll take up Item
21 IV-C and D together. We'll start with Item C,
22 allocation and amendment of live race dates for horse
23 racetracks under Commission Rule 303.41 for the period
24 beginning January 1, 2011, and ending August 31st,
25 2012, including alternative race date calendars; Item

1 C-1, request by Sam Houston Race Park to amend its live
2 racing schedule.

3 I'd like to recognize Commissioner Ederer
4 for this item.

5 COMMISSIONER EDERER: Well, I'd like to
6 get into a little history and then talk about what has
7 taken place over the last few months. Most of you know
8 what has taken place because most of you were present.

9 Last year when we were discussing race
10 dates, Dr. Schmidt and I talked to the industry and
11 told the industry, "Go out and make your decision as to
12 when you'd like to have your race dates and bring them
13 to us. We don't need to have a bunch of meetings."

14 Fortunately, they did that. The times
15 were a little different then. Everything was a little
16 different. This year, that's not what we ran into.
17 This year, the economy is a lot tougher. We have
18 problems with Manor Downs. The competition from
19 surrounding states continues to grow and increase,
20 cause us problems.

21 As a result of that, we decided that we
22 would have various meetings and we would have a number
23 of meetings throughout the state to try to give
24 everyone the opportunity to discuss not only the dates
25 but other matters that may come up because we also know

1 that this advisory group business with the State
2 Legislature is coming so we could kind of start the
3 process. And that's what we did.

4 We had -- the first meeting was at Lone
5 Star. Lone Star, that meeting was directed by and
6 chaired by Dr. Schmidt. At that meeting there was a
7 number of participants from both sides of the aisle, so
8 to speak. We have the horsemen on one side and the
9 tracks on the other. It was kind of like setting up
10 the Hatfields and the McCoys. But that's not what
11 happened. That was just merely, I think, the best way
12 to sit everybody down.

13 At the meeting at Lone Star, Dr. Schmidt
14 has advised me that there were a number of people who
15 did talk. Of course, we first heard from the
16 industry -- excuse me, from the tracks, then from the
17 various associations, and then from the industry.
18 Everyone did have the opportunity to discuss their
19 concerns concerning race dates and other matters.

20 The second meeting was held at Sam
21 Houston. Again, it was very well attended. I chaired
22 that meeting. Dr. Carter assisted me, along with
23 staff. Staff, of course, was at all the meetings.
24 Without the staff, we'd be in real trouble.

25 At the second meeting, very well

1 attended, again, we heard from the racetracks, we heard
2 from the various horsemen's associations, and then we
3 did hear from the industry. Now, when I say "the
4 industry," I'm referring to the trainers, to owners, to
5 whoever else wants to speak. They did have the full
6 opportunity. Everyone did have their opportunity to
7 speak. That meeting got a little lively, very
8 interesting at times.

9 We then had a meeting that was called --
10 it was not a meeting called by the Commission, but it
11 was a separate meeting that Retama felt they needed to
12 have to show representation and concern by Retama for
13 the people in their area. Bryan Brown, of course,
14 called that meeting together. And we did attend. I
15 attended as well as staff, Charla Ann.

16 Again, we had considerable input, not
17 from all of the tracks, because it was just at Retama,
18 and not from all of the horsemen's associations because
19 it wasn't a formal setting. However, they did have the
20 opportunity and they did speak.

21 We heard much more from the industry at
22 that meeting. We even heard not only from owners,
23 trainers, but we also heard from others, including the
24 pony people, which I thought was really interesting,
25 and it kind of gives you a different perspective as to

1 just how strong this industry needs to be and the
2 impact that this industry has on the State of Texas and
3 should have on the State of Texas.

4 We then had the summation meeting, which
5 was the fourth meeting. It was held here. At that
6 point in time, again, we had the Hatfields and the
7 McCoys setup more or less and then we had the industry
8 speak.

9 The Hatfields and the McCoys, let's say,
10 were much more congenial. I think everyone listened to
11 everyone. There was -- the posturing had ended and
12 everyone realized the importance of coming up with
13 dates, and also concerns, not only dates but concerns.
14 All of us heard these dates and these concerns; and
15 these will be carried on into the advisory group, the
16 concerns.

17 As far as the dates are concerned, I
18 think it was very successful to have these meetings.
19 Starting at the beginning, dates that we received --
20 excuse me. I don't know what's the matter with my
21 throat.

22 Back August 18th we had 146 race dates.
23 However, when we finished up, we had 188 race dates, 42
24 more race dates. One of the big concerns of the
25 Quarter Horsemen were no dates in the spring, no

1 ability to run in the spring. They now have that
2 ability and they are going to be able to run in the
3 spring. Sam Houston has very much stepped up and
4 picked up many dates. Whereas before they had 28 days,
5 they now have 57 days.

6 So I think that the meetings were very
7 successful not only in establishing the dates but also
8 establishing -- or giving everyone information as to
9 what they have to deal with. I think the industry
10 realized a lot of the problems that the tracks have.
11 The associations realized a lot of -- they got a lot of
12 comments from the association -- not the association --
13 from the industry concerning representation, their
14 representation, what the industry would request the
15 association do more.

16 So I think it was a very healthy
17 experience. It was very lengthy. It was entertaining
18 at times. It was very serious at times. But I think
19 that the outcome has been terrific. I thank everyone
20 who did participate in this. I think that in the
21 interest of racing, it was very good. And I think
22 everyone came away with the true understanding that
23 Texas racing is extremely important and it must survive
24 and we must do everything that we can to make Texas
25 racing survive.

1 Now I'll get off my soapbox and refer you
2 to Sammy. Sammy can talk more succinctly about the
3 dates.

4 MR. JACKSON: Thank you, Commissioner.

5 The final amended request from the tracks
6 ended up with Lone Star Park requesting a 52-day
7 Thoroughbred meet and a 26-day Quarter Horse meet, for
8 a total of 78 days. Retama Park requested a 21-day
9 Thoroughbred meet, a 10-day Quarter Horse meet, and a
10 14-day mixed meet, for a total of 45 days. Sam Houston
11 requested a 27-day Thoroughbred meet, a 30-day Quarter
12 Horse meet, for a total of 57 days.

13 Manor Downs requested no days in 2011.
14 Gillespie County Fair requested their traditional
15 eight-day mixed meet. And in addition, we had a
16 request from Sam Houston Race Park to eliminate 14 days
17 of Thoroughbred racing in 2010 and then the 44 days of
18 Thoroughbred racing in 2011 so that they could reissue
19 the 57 days to blanket back over that area of the
20 calendar. We also had a request from Saddle Brook Park
21 to eliminate their nine-day mixed meet in 2011.

22 In terms of 2012, Lone Star Park has
23 submitted a request for a 60-day Thoroughbred meet.
24 Retama Park has submitted a request for a two-day mixed
25 meet at the end of August. And realizing that in 2012

1 our application period did not go past August 31st, we
2 assume this is the front end of a meet that would
3 continue on beyond that.

4 And then we have a 14-day mixed meet
5 request from Manor Downs for 2012. And then Laredo
6 Race Park submitted an eight-day request for a mixed
7 meet in 2012. Longhorn Downs submitted an 18-day mixed
8 meet request for 2012. Valle de los Tesoros requested
9 a six-day Quarter Horse meet in 2012. And Gillespie
10 County Fair requested, again, their traditional
11 eight-day meet in 2012.

12 In addition to this, we also included
13 within the packet the alternative race date -- four
14 alternative race date calendars that were submitted to
15 the working groups by industry participants and they've
16 been included in here, as well as an alternative plan
17 that the Racing Commission prepared and discussed at
18 the final September 1st meeting.

19 And with that, Commissioners, if you have
20 any questions, I'll be more than happy to answer them.

21 CHAIRMAN PABLOS: Thank you, Sammy.

22 Commissioners, are there -- yes.

23 COMMISSIONER EDERER: I have one more
24 comment.

25 CHAIRMAN PABLOS: Yes.

1 COMMISSIONER EDERER: I didn't mean to
2 leave off, but I did, at the final meeting,
3 Commissioners O'Connell and Commissioner Haywood also
4 were present and did assist us.

5 CHAIRMAN PABLOS: Thank you,
6 Commissioners, very much for all your help.

7 I want to congratulate the industry for
8 doing it again where, you know, everybody comes
9 together, recognizes each other's needs, and works
10 through all of the obstacles. And so I'm very happy to
11 see this today.

12 Charla Ann, thank you and your staff for
13 mediating all of this because I know it's not easy.

14 Now we have in front of us some
15 requests.

16 Sammy, thank you very much.

17 I just had one point to clarify. On the
18 Sam Houston's 2010 Thoroughbred, are they asking for 16
19 or 14 race days?

20 MR. JACKSON: I believe it's -- well,
21 it's a request to eliminate and I believe it's 16.

22 CHAIRMAN PABLOS: 16? Okay.

23 All right. Well, let's look at who
24 signed up to speak. We've got Marsha Rountree. Let's
25 go through our public comment section here and we'll

1 get that out of the way.

2 Good morning.

3 MS. ROUNTREE: Good morning. I'm Marsha
4 Rountree, interim executive director of the Texas
5 Horsemen's Partnership.

6 Our organization supports the allocation
7 of dates based on the calendar in the packet titled
8 "The 2011 Racetrack Granted and Requested Race Date
9 Calendar". There are, however, two conditions to that
10 approval.

11 The Thoroughbred HBPA approved the
12 calendar with the stipulation that Retama Park and Sam
13 Houston Race Park work together to find a way to
14 accommodate our horsemen during the nearly three-month
15 period between those two meets concerning stabling.
16 And whether by allowing the horsemen to move onto the
17 grounds earlier or stay a little later or by a reduced
18 stall rent, we're requesting that these two tracks find
19 a solution to this issue and we feel confident that
20 they will.

21 Since the Thoroughbred meet and the
22 Quarter Horse meet at Sam Houston flow into each other,
23 there's no gap in between, we've also asked that Sam
24 Houston Race Park allocate stalls in a fair and
25 equitable manner so that both breeds are accommodated

1 equally. And they also have agreed to work on this
2 with us.

3 I received a letter yesterday from the
4 Texas Paint Horse Association asking me to express
5 their support for this calendar as well.
6 Unfortunately, I neglected to bring it with me today so
7 I could give you copies. But I did tell Karen Utecht
8 that I would express her approval or their association
9 approval as well.

10 Are there any questions?

11 CHAIRMAN PABLOS: Any questions,
12 Commissioners?

13 COMMISSIONER EDERER: Thank you for your
14 help.

15 MS. ROUNTREE: Thank you.

16 CHAIRMAN PABLOS: Thank you very much.

17 Dave Hooper?

18 Good morning.

19 MR. HOOPER: Good morning, Mr. Chairman,
20 Commissioners. I'm David Hooper, executive director of
21 the Texas Thoroughbred Association.

22 The Texas Thoroughbred Association is in
23 support of the amended request filed this week by --
24 this past week, by the three Class 1 tracks for 2011
25 Thoroughbred racing dates, including the mixed meet

1 opportunities at Retama Park and Gillespie County
2 Fair.

3 I'd also like to comment on one
4 application for 2012, and that's from Manor Downs. Our
5 board of directors is strongly opposed to the
6 allocation of dates at Manor Downs. They've been --
7 rather than part of the solution, they've been part of
8 the problem with the sudden closing down this year and
9 we think it's appalling that Manor would come in with a
10 request for 2012 dates and not any request for dates in
11 2011.

12 CHAIRMAN PABLOS: Thank you.

13 Any questions, Commissioners?

14 Thank you, Mr. Hooper. Appreciate it.

15 Rob Werstler, please?

16 MR. WERSTLER: Good morning,

17 Mr. Chairman, Commissioners. I'm Rob Werstler
18 representing the Texas Quarter Horse Association. We
19 are also in support of the amended racing calendar.

20 I would like to thank the Commission, in
21 particular Dr. Schmidt, Commissioner Ederer, for
22 allowing the process to evolve, for staff, in
23 particular Sammy for putting together those numbers
24 that kind of shocked everybody back to reality as to
25 what we can and cannot do.

1 I would like to thank all of the
2 racing -- the racetrack managers, Drew Shubeck, Bryan
3 Brown, Andrea Young. We worked together. It wasn't an
4 easy process. When we came out of it, there were no
5 bridges burned. We still have a great relationship.

6 It was -- the calendar is far from
7 perfect for us. The Texas Quarter Horse Association in
8 particular really has to make a lot of concessions. A
9 lot of our programs will have to be changed to times
10 when we're not used to running them. But we think it's
11 a good calendar. It's much better than what we've been
12 looking at.

13 Also, did you want us to comment on 2012
14 while we're here or do you want to call us back up on
15 those?

16 CHAIRMAN PABLOS: Go ahead.

17 MR. WERSTLER: Okay. As far as Manor
18 Downs is concerned, for 2012, we would ask that you
19 table their race dates request until horsemen have the
20 opportunity to sit down with officials from Manor to
21 discuss when they will be opening back for
22 simulcasting.

23 In order for them to have purses to fund
24 a meet in 2012 in the spring race dates that they
25 normally race, they will have to start simulcasting

1 very, very soon. And we haven't heard any type of plan
2 as to when they plan to open back up for simulcasting.
3 The one thing we don't want to do is get horsemen's --
4 get it into horsemen's heads that we will be running in
5 the spring again in 2012 and that not come to
6 fruition.

7 Also, as far as -- in the packet you will
8 see some people thinking outside the box. And I'd like
9 to comment on that. Gillespie County Fair has talked
10 about receiving some money from Valle de los Tesoros
11 and through simulcasting efforts to add some race
12 dates.

13 I'd like to thank personally the
14 officials at Gillespie County Fair, Sally Briggs, Greg
15 LaMantia, for thinking outside the box, coming up with
16 ideas to help the horse racing industry. I believe at
17 the time when Sally wrote her letter stating that she
18 would add race dates in the spring, March and April, of
19 2011, she didn't -- she probably didn't realize that we
20 were going to be racing at Sam Houston Race Park at
21 that time because, you know, as Commissioner Ederer
22 explained earlier, spring race dates had been a problem
23 for us.

24 All we would ask is that they sit down
25 with the industry and come up with a plan as to when

1 they would run those race dates. June would be a great
2 time, if they could. It would give them more time to
3 accrue more simulcast money as well.

4 So I just wanted to thank them and state
5 that we're looking forward to working with them.

6 CHAIRMAN PABLOS: Thank you very much.

7 Any questions, Commissioners?

8 Thank you.

9 Marsha, did you have something?

10 MS. ROUNTREE: I'm sorry. I didn't know
11 we were going to discuss the two at the same time.

12 So I would just like to go on record
13 also, representing the Texas Horsemen's Partnership,
14 that any race dates or allocation of race dates of
15 Manor Downs in 2012 be also tabled.

16 CHAIRMAN PABLOS: Thank you.

17 MS. ROUNTREE: Thank you.

18 CHAIRMAN PABLOS: Howard Phillips?

19 They've been talking about you.

20 MR. PHILLIPS: I think we have a case of
21 the cart before the horse. As I've said before this
22 Commission, our intentions 100 percent are to get some
23 new ownership in and to make a significant
24 multi-million-dollar cap expenditure, enclosing the
25 grandstand, a lot of improvements. That becomes very

1 difficult if they don't know if you're going to race or
2 be granted race dates or be able to simulcast. And
3 additionally, to establish a schedule to start that,
4 that's part of the process.

5 I'm out trying to negotiate with some
6 interested parties, and this is a main issue that comes
7 up. You can see why I need to be able to tell them I
8 have some -- give them some assurance that, yes, we
9 will race and, yes, we'll be able to start simulcasting
10 to build purse money to race, let's get on with the
11 building project.

12 That's my purpose for requesting 2012
13 race dates. There's not some Machiavellian plot out
14 there that's -- I don't know what they're thinking.
15 But anyway, that is the purpose and the sole purpose.

16 CHAIRMAN PABLOS: Any questions,
17 Commissioners?

18 COMMISSIONER EDERER: No. But I'd like
19 to make a comment that, you know, if you built it,
20 you're going to get your race dates. You know, you can
21 be assured that the industry wants to see Manor run if,
22 in fact, it can run properly and it can -- you know,
23 the horses will be safe and so on and so forth. But as
24 far as allocating race dates at this time are
25 concerned, that will be up to the Commissioners.

1 MR. PHILLIPS: I understand. I don't
2 think the issue -- or maybe I wasn't clear on the
3 capital expenditure. I don't think the issue is or has
4 been in the last several years the condition of the
5 track. I think the oval and the racetrack is probably
6 one of the best surfaces in the state. It's about the
7 grandstand and paved parking lots and three or four
8 million dollars worth of improvements on the front
9 side, which I came to this Commission in 2000 and
10 wanted to do but instead we built a five-million-dollar
11 oval. That's another point. But we've got to take it
12 there to get new money, new interest in it.

13 I'll be glad to answer any other
14 questions.

15 CHAIRMAN PABLOS: Any other questions or
16 comments?

17 I think the simulcasting issue is
18 important. I think, you know, being able to lay out
19 your plans is certainly something that I would want to
20 see prior to making any decision on this. And so I
21 just wanted to let you know how I felt on that.

22 MR. PHILLIPS: Certainly. And I would
23 like to ask the Commission or staff that if we have
24 some interested party that we could, at a convenience,
25 have meetings so that we could give them some assurance

1 that here you go through the procedure and, yes, you
2 will be able to simulcast, build purses, and race, et
3 cetera, et cetera.

4 I think that's very important because
5 being outside and trying to raise money as -- and build
6 tracks, as some of these Class 2 tracks for three years
7 or 20 years have been involved in, is a lot more
8 difficult than just sitting up here and talking about
9 it. The people don't write those multi-million-dollar
10 checks without some real assurance. And that's what
11 I'm trying to establish there.

12 CHAIRMAN PABLOS: Well, I think your
13 potential investors, if they look at the history of
14 this agency, will know that we will not withhold any
15 unreasonable request back. And so bringing a
16 reasonable request, showing that you've taken the
17 proper measures, I don't think -- I personally wouldn't
18 have any problem moving forward on it.

19 And so if your potential investors want
20 to sit down with staff, I'm happy to ask Charla Ann to
21 facilitate that. She does that already. But anything
22 to help you convince your investors that this agency
23 will work hard to give you those race dates, we're open
24 to it.

25 MR. PHILLIPS: I appreciate it,

1 especially in these economic times.

2 CHAIRMAN PABLOS: We hear you.

3 Any other questions or comments,

4 Commissioners?

5 Thank you very much.

6 Bryan Brown?

7 MR. BROWN: Good morning, Commissioners.

8 Bryan Brown, CEO of Retama Park and vice-president of

9 Austin Jockey Club.

10 First of all, I want to thank all the
11 Commissioners that were involved. You probably won't
12 volunteer again if you're smart. And hopefully you got
13 a good look at both sides of the industry in detail,
14 the horse side, breeding side, and the track side, and
15 what all we have to worry about and what the horsemen
16 and breeders have to worry about.

17 And right now, as you all have said over
18 and over again, it's tremendous what we're dealing with
19 in the surrounding states and what pressure we have
20 operationally and what pressure the horsemen have to be
21 able to pay their bills and they are, in large part,
22 dependent on race dates and purses.

23 We very much, as tracks, took into
24 consideration everything we heard. I think the process
25 was beneficial to hear these stories. The pony girl at

1 Retama Park, an outstanding story. A girl who I've
2 known since she was nine, who is in the Quarter Horse
3 industry, had an outstanding story, really gave it to
4 me, which was kind of hard to take from a nine-year-old
5 because that's the way I still think of her.

6 But we really heard some wonderful
7 stories of good people who need race dates, who need
8 purse money, and more than anything else need the
9 playing field in our state to be level with those in
10 the surrounding states.

11 We've agreed on a calendar that starts
12 January 21st and ends November 12th. It's important
13 that that calendar be what it is because spring race
14 dates are crucial both to the Thoroughbred horsemen and
15 the Quarter Horsemen.

16 The calendar, as you may remember when we
17 first started talking, had almost all the dates
18 starting -- or occurring at Lone Star Park and the
19 purse money being shifted to Lone Star Park. That cut
20 out a huge, huge part of the industry and as tracks and
21 Commissioners and staff involved, I think, knew pretty
22 early on that that wouldn't work, that our industry has
23 been supported for years by good, hardworking people
24 who deserve opportunities and a chance to make their
25 business successful.

1 So we will continue this pitch in Austin
2 beginning in January because that's really where it has
3 to change. I mean, we can rearrange race dates and
4 provide opportunities; but ultimately there's a bigger
5 picture that we're dealing with; and that is the
6 surrounding states and the benefits they offer their
7 horsemen and tracks.

8 The agreement of the industry is
9 contingent upon approval of the purse and escrowed
10 purse account agreement that's in your package that's
11 an agenda item after the race dates. That's crucial
12 because we have done all our projections, Sammy has
13 done all his projections, on purse money based on those
14 percentages that are in that agreement continuing.

15 There is one aspect of that, and that is
16 the money that's allocated from the escrowed purse
17 account to Manor Downs. The industry will need to get
18 together and decide where that money goes. And I think
19 we have plenty of time to do that. But that's one
20 aspect of that agreement that could change. But other
21 than that, we need that agreement approved and the
22 percentages in there approved by the Commission to make
23 our race dates work.

24 Other than that, I'd be happy to answer
25 questions. I also want to thank staff. They were

1 outstanding. Sammy worked God only knows how many
2 hours putting together different scenarios, responding
3 to anyone and everyone that had an idea. And I think
4 it was important for each idea to be examined, and the
5 only way to do that is with purse money and projections
6 from Sammy.

7 So staff, Charla Ann, everybody was
8 wonderful to work with. The horsemen and breed groups,
9 I can tell you, represent their membership very, very
10 well. They were very, very tough on us and fighting
11 for their membership. And they are to be commended for
12 what all they did and all the time and energy and
13 effort they put into the process.

14 I'd be happy to answer any questions.

15 CHAIRMAN PABLOS: Any questions,
16 Commissioners?

17 MR. BROWN: Yes, sir.

18 COMMISSIONER CARTER: I have one, Bryan.
19 In the summary here and you just said that the industry
20 has to agree on the allocation of the escrowed purse
21 account. How is that going to happen? How do you see
22 that happening so that you guys know that this is going
23 to be successful?

24 MR. BROWN: The agreement that's in your
25 package has been signed by everybody in the industry.

1 Again, the only piece that would have to be decided is
2 the Manor Downs piece, which is, I believe, about
3 \$72,000 over the course of the year. I think we came
4 up and were able to agree on the big, big picture.
5 That aspect of it will be rather -- relatively easy to
6 agree on.

7 COMMISSIONER CARTER: Okay.

8 CHAIRMAN PABLOS: Any other questions,
9 Commissioners?

10 Thank you, Bryan.

11 MR. BROWN: Thank you.

12 CHAIRMAN PABLOS: Appreciate it.

13 Drew Shubeck, please?

14 MR. SHUBECK: Thank you, Commissioner
15 Pablos.

16 I really just have a couple of brief
17 comments. I am thankful that we worked long and hard
18 with the horsemen's organizations and the industry to
19 come up with a plan for race dates for 2011. Like
20 Bryan Brown just mentioned, I think a lot of this is
21 contingent on other things, particularly breed splits.
22 I mean, we have to maintain breed splits at the current
23 allocation. Cross-species money, it needs to be
24 allocated as it's been consistently.

25 Business trends, even though we're

1 forecasting business trends to be weak, we can't have
2 another crisis in the United States. We're already
3 forecasting in about an eight and a half percent
4 decline for 2011, and anything beyond that would make
5 us have to rethink our race dates.

6 We're also re-examining the stakes
7 schedule at Lone Star Park. I'm sad to be able to
8 report right now I think Million Day is going to go the
9 way of the dodo bird at least for 2011. We're going to
10 be reshuffling our stakes schedule. We'll probably be
11 putting a graded stake or two into dormant status for
12 one year and allocating that money towards overnights.
13 Right now we are forecasting that we can spend about
14 170,000 a day for the 52-day Thoroughbred meet. That
15 will be weighted more heavily towards overnights.

16 My racing office will be out recruiting
17 all winter. I think everybody understands that Mike
18 Shamburg is my racing secretary for the Thoroughbred
19 meet. I share him with Zia Park and Turf Paradise.
20 The luxury of VLT money at Zia gives him 3400 stall
21 applications in for his stalls at Zia Park. We don't
22 have that luxury here in Texas, but we are trying to
23 recruit horsemen to come in. I would like to be, you
24 know, oversubscribed at stall applications for 2011.
25 That would help us in the entry box. That would help

1 us obviously on our average horses per race.

2 I understand what Diane Whiteley said
3 just previously before us about what the dogs were able
4 to do. And still in future years, unless we get some
5 significant legislation passed in 2011 or 2013, we'll
6 probably continue to have these disagreements on race
7 dates because, unfortunately, there's just not enough
8 purse money to have any type of year-round racing
9 opportunities for horsemen of both breeds.

10 So that's a little bit of doom and gloom,
11 but really that's the situation we're in. I'm still
12 going through the process of an ownership transfer.
13 That's dragging on. And just to give a little update
14 from my perspective on that, I hope we get it done
15 sooner rather than later. Even though we have the
16 commitment from Magna that they'll maintain our funding
17 levels and they'll maintain the operation until the
18 transfer, I'm still in need of capital money and things
19 like that and those things are a bit frozen right now.

20 That's all. If anybody has any
21 questions, I'd be glad to answer them.

22 CHAIRMAN PABLOS: Any questions,
23 Commissioners?

24 Thank you, Drew. Appreciate it.

25 MR. SHUBECK: Thank you.

1 CHAIRMAN PABLOS: Mr. Joe Kerby?

2 MR. KERBY: I was at the first one. I
3 might as well be at the last one.

4 Basically the -- as the representative, I
5 guess, of only myself, the only problem that we have
6 with the race dates that we see at this time is on Lone
7 Star Park. The reduction in race days, racing
8 opportunity, is, again, a bit of an issue with the
9 total drop of 20 percent of the race dates overall.

10 It appears to us, my little group, that
11 with the changes in ownership and with the potential
12 changes that Mr. Shubeck has discussed that the actual
13 purse revenue that they would be generating next year
14 we would expect to be higher.

15 I think Monmouth Park took a big chunk of
16 air out of the room when they were running head to head
17 against Monmouth; so I would assume this year, if
18 Monmouth does their million-dollar-day, that Drew will
19 actually adjust and tag on to them and stuff like
20 that.

21 Our only comment is that the purse
22 structure be capped at the 170,000 a day until we can
23 get our race days back and racing opportunity back. If
24 he is underestimating or -- hopefully there's more
25 purse money -- will be more purse money available next

1 year than this year. We also have the relative new
2 information from Remington Park. Their ability to sell
3 their signal this year has already gone up 40 percent,
4 46 percent over last year. So there's some very
5 positive things out there that could be out there.

6 But if we do not up front get basically a
7 recommendation to cap the purses so that we can get
8 more race days, I'm afraid we will lose that racing
9 opportunity forever.

10 And that's all I have to say. Are there
11 any questions?

12 CHAIRMAN PABLOS: Any questions,
13 Commissioners?

14 Thank you very much.

15 VICE-CHAIRMAN SCHMIDT: I just received
16 this, Mr. Kerby, so I'm trying to digest it. So you
17 want the -- would you just reiterate again your
18 reasoning, by capping the purse level at 170 or 180 --

19 MR. KERBY: Right.

20 VICE-CHAIRMAN SCHMIDT: -- how Lone Star
21 will attract more advance deposit wagering across the
22 country? You say that Monmouth will not -- Monmouth
23 will not --

24 MR. KERBY: If Monmouth doesn't have
25 their million-dollar -- actually Ms. Young brought it

1 up in an earlier Commission meeting. The amount of
2 money wagered at Sam Houston on Lone Star dropped, I
3 believe, 25 percent and the money that was wagered on
4 Monmouth went up 34 percent. The total between the two
5 tracks basically stayed the same.

6 So if Monmouth is no longer, forgive the
7 phrase, sucking the air out of the room, we would
8 assume that that 25 percent would go back to Lone Star
9 next year because at this point in time, Monmouth, they
10 don't know whether they're going to run at a million
11 dollars or whatever. They don't even know if they're
12 going to exist. Who knows what's going to happen
13 there?

14 But if they did do their, quote,
15 "million-dollar-a-day" deal, Mr. Shubeck brought up
16 about adjusting their times earlier in another
17 Commission meeting. If they went to tag onto -- come
18 in after Monmouth, that would actually help bring that
19 in also.

20 The other part of the deal is, if you
21 look at particular events, the way the signal is sold,
22 a lot of times it is on a flat rate so that when the
23 handle goes down, the percentage goes up that's being
24 charged and therefore they go to other cheaper signals
25 to sell.

1 There was something brought up about the
2 Las Vegas signal. If you look at the Las Vegas signal
3 in the last five years, you can see the drop in the
4 amount of money bet on Las Vegas on the Texas tracks
5 and it's not necessarily because of, you know, field
6 size and quality of the horses. Right now we're seeing
7 very good numbers from Retama Park, full fields. Their
8 first two weekends was pretty remarkable. In fact,
9 they've outperformed Remington on one or two days.

10 Does that make sense?

11 VICE-CHAIRMAN SCHMIDT: I'm not quite
12 sure I buy it, sir.

13 MR. KERBY: Okay.

14 VICE-CHAIRMAN SCHMIDT: But I think I
15 understand it now.

16 MR. KERBY: Well, it's already been --
17 it's already in one of the proposals. It was written
18 up. And you can look under Sharon Kerby. She's got
19 30-something pages to verify those things.

20 COMMISSIONER EDERER: This has been
21 discussed at length.

22 CHAIRMAN PABLOS: That's what I was
23 wondering.

24 Okay. Thank you very much.

25 Any other questions, Commissioners?

1 Thank you very much.

2 MR. KERBY: You're welcome.

3 CHAIRMAN PABLOS: Commissioner Ederer,
4 can you just expound on that a little bit on the
5 discussions that have been had regarding this
6 particular item, please?

7 COMMISSIONER EDERER: Well --

8 CHAIRMAN PABLOS: In very general terms.
9 Just give us an idea.

10 COMMISSIONER EDERER: In general terms,
11 Mr. Kerby and his group is requesting more race dates
12 and requesting larger purses.

13 Bottom line? Bottom line.

14 MR. KERBY: Racing opportunities first.

15 COMMISSIONER EDERER: Racing
16 opportunities first.

17 And so as far as what has been
18 accomplished, Mr. Kerby has achieved what he wanted to
19 achieve. He has gotten 42 more race dates for the
20 industry. Of course, he's had an awful lot of help.
21 But I mean, what he has asked for he has gotten.

22 So -- but as far as a cap, I mean, as far
23 as the money is concerned, everybody knows that's up in
24 the air. We're doing the best that we can. The
25 industry has come up with a proposal and it has been

1 blessed by Sammy and I think that it is the best that
2 we can possibly come up with at this point in time.

3 But as far as what Mr. Kerby wants,
4 again, it's more race dates; and he's gotten quite a
5 few more race dates.

6 CHAIRMAN PABLOS: Thank you,
7 Commissioner.

8 Andrea Young, please?

9 MS. YOUNG: I'm just going to make a
10 couple of brief comments. Andrea Young, Sam Houston
11 Race Park and Laredo Race Park.

12 I want to thank everyone personally that
13 spent a lot of time with us over the last several
14 months, everyone from the Commissioners, particularly
15 Commissioner Ederer for your leadership, the
16 racetracks, the horsemen.

17 You know, we kind of recognized a long
18 time ago that no one was going to be super-excited
19 about where we landed. This is a difficult time. But
20 this is something we're very satisfied with. Our --
21 you know, this is really a fairly significant change
22 from business as usual for Sam Houston Race Park. But
23 I'll tell you what. You know, it's something -- as we
24 go back and have started to talk about it now with our
25 own team, it's something, particularly on the

1 Thoroughbred side, that we're really looking forward to
2 implementing.

3 This schedule that we've laid out for
4 2011 is a four-day-a-week schedule. It's going to take
5 advantage of the success that we saw last March when we
6 had the opportunity to add those dates and run on
7 Mondays. So we're going to do a Friday, Saturday,
8 Sunday, Monday schedule. The compressed window is also
9 going to allow us to do two things that we're excited
10 about, which is maintain our overnight purse levels and
11 also maintain our stakes schedule.

12 We just heard Mr. Shubeck talk about
13 cutting back stakes. And that's what we've been in the
14 business of doing for a long time. And as it turned
15 out, we were running these long meets and less
16 marketable programs to draw people out in attendance to
17 the track, only one stakes maybe a month or every six
18 weeks. And so now, with our program, our plan is to
19 have a stakes race every single weekend of the meet.

20 So we're really looking forward to that.
21 We really hope that it will serve as an anchor to drive
22 more interest for our product again. And, you know,
23 we're also taking advantage of what historically are
24 our best months of that Thoroughbred meet, so we're
25 laying it right in where we've always had the best

1 success at generating handle and thus regenerating
2 purses.

3 So, you know, it's something we're
4 looking forward to doing and we're going to put a lot
5 of effort towards doing a great job with it, and the
6 Quarter Horses as well. We appreciate their allowing
7 us to go straight into a meet that -- we were always,
8 you know, willing to run in the spring and fill that
9 void that Manor left and the opportunity to do that
10 kind of back to back really helps us operationally.

11 So I'm happy to answer any other
12 questions that there might be.

13 CHAIRMAN PABLOS: Any questions,
14 Commissioners?

15 Thank you.

16 MS. YOUNG: Thank you.

17 CHAIRMAN PABLOS: Now, I have a request
18 here from Myron Jost.

19 MR. JOST: Mr. Chairman?

20 CHAIRMAN PABLOS: Yes, sir.

21 MR. JOST: I'm Myron Jost. I represent
22 Gillespie County Fair Association. And I know that
23 we're just kind of a small fish in a big sea here of
24 all the tracks.

25 CHAIRMAN PABLOS: No one is more

1 important than the other.

2 MR. JOST: But looking at the race dates,
3 I notice that Retama is going to run on us on six days
4 or five days again this year. It's just a request. I
5 think -- I don't think it's going to help either one of
6 us. You know, there is not enough horses to go
7 around. We are real close together. It's just a
8 request. You know, I don't know if we ask for them not
9 to run on top of us. I just don't think it's going to
10 do either one of us a whole lot of good.

11 CHAIRMAN PABLOS: Have you been
12 participating in these meetings, sir?

13 MR. JOST: I've come down at the Racing
14 Commission meetings. Yes, I have.

15 CHAIRMAN PABLOS: I'm talking about all
16 the meetings that we've been having.

17 MR. JOST: No.

18 CHAIRMAN PABLOS: You have not been
19 there?

20 MR. JOST: We have not been there.

21 CHAIRMAN PABLOS: Okay. Any questions,
22 Commissioners?

23 Thank you.

24 All right. So is there anyone else that
25 would like to speak on this item?

1 Okay. So let's take up Item C-1, which
2 is we have a request to approve Sam Houston Race Park's
3 request to cancel its winter Thoroughbred meet of 16
4 Thoroughbred race dates in 2010 and 44 race dates in
5 2011.

6 I'd like to ask Sammy. Sammy, what is
7 staff's recommendation on this particular item?

8 MR. JACKSON: Staff would recommend
9 approval. If the Commission is going to move forward
10 and grant the amended request, you'll have to do this.

11 CHAIRMAN PABLOS: Okay. So on this item,
12 staff is recommending approval.

13 Commissioners, I'd like to entertain a
14 motion, please.

15 MR. CLOWE: So move.

16 CHAIRMAN PABLOS: We have a motion.

17 COMMISSIONER EDERER: Second.

18 CHAIRMAN PABLOS: We have a motion
19 seconded by Ederer, a motion by Clowe.

20 Is there any discussion on this item?

21 MR. LaMANTIA: Mr. Chairman, do you want
22 me to comment at all about what we've put in place or
23 do you want me to wait until we do the recap on VDLT?

24 CHAIRMAN PABLOS: I don't know what
25 you're talking about.

1 MR. LaMANTIA: On the proposal to
2 simulcast and Gillespie having race dates in '12, et
3 cetera.

4 CHAIRMAN PABLOS: Is this germane to
5 this?

6 MS. KING: It's on the list. I don't
7 know if Mr. LaMantia handed in a card, but those --

8 CHAIRMAN PABLOS: I didn't see any cards
9 from you.

10 MS. KING: Okay. And Mr. Alexander as
11 well. There were just two racetrack associations that
12 were not called. And Mr. LaMantia is one of them.

13 MR. LaMANTIA: I mean, if you want me to
14 comment now or later.

15 CHAIRMAN PABLOS: No. Let's get it out
16 of the way. I just didn't get any cards from LaMantia
17 or Alexander.

18 MS. MOODY: I have them for the progress
19 reports.

20 CHAIRMAN PABLOS: Well, all right. Go
21 ahead, Greg, please.

22 MR. LaMANTIA: Sorry to interrupt.

23 CHAIRMAN PABLOS: Please strike where we
24 were. Then we'll start again.

25 Go ahead.

1 MR. LaMANTIA: I was just going to
2 comment on what we've turned in on your packet on the
3 letter, et cetera, requesting to start simulcasting in
4 Hidalgo County at a temporary location in town because
5 we don't have the infrastructure to do it on the 200
6 acres we have purchased. We're still waiting on sewer
7 and water and all those things. And we were looking at
8 trying to come up with an innovative way to do it, like
9 we were a small part of the greyhound industry, in
10 trying to get them more purse money and all that type
11 of stuff.

12 So what we've suggested, where it ended
13 up was that we be allowed to open up a simulcast
14 facility requesting dates, I believe, in '12 and then
15 take that money that's -- that we will make for the
16 purses and send it to Gillespie. And Sally is here for
17 Gillespie to talk about the race dates and things like
18 that that we would do.

19 And we just think it was a good way to do
20 the two things that everybody has been talking about,
21 increase purses and give another opportunity for horses
22 to race, which is what a lot of this discussion has
23 been about today. So this was the out-of-the-box
24 thinking that we came up with, just like we did in a
25 small way on the greyhound industry.

1 So I'll answer any questions, et cetera.
2 And I apologize for not getting here -- I know there's
3 a card here somewhere.

4 CHAIRMAN PABLOS: That's all right.

5 Okay. Any questions, Commissioners?

6 COMMISSIONER CARTER: You just said 2012,
7 but I see you've got down six racing days in 2011.

8 MR. LaMANTIA: I may have misspoken. And
9 Sally can answer for Gillespie if you would like to
10 visit with her, if you don't have any other questions
11 for me. But it was just a way to, outside of the box,
12 come up with some additional purse money and racing
13 opportunities for the industry.

14 CHAIRMAN PABLOS: Okay. Sally, please?

15 MR. LaMANTIA: Thank you.

16 COMMISSIONER EDERER: Excuse me. Are you
17 asking for six race dates in '11?

18 MS. KING: They're previously granted.

19 MR. LaMANTIA: I'm sorry?

20 MS. KING: Previously granted.

21 COMMISSIONER EDERER: They have been
22 granted.

23 MS. KING: Yes, sir.

24 MS. BRIGGS: You have a copy of a letter
25 that we did submit on behalf of Gillespie County Fair;

1 and we did say, I believe, in the letter, March --
2 alternate weekends in March and April. Those dates are
3 not in stone. We are willing to race additional days,
4 if needed, if the horse industry feels like that those
5 are needed. And Greg has offered to use the purse
6 money generated from simulcasts at the McAllen facility
7 to go to those races if there are alternate dates.

8 But we actually did not submit definite
9 alternate dates or more dates in 2011, just the eight
10 weekends in July and August that we usually run.

11 CHAIRMAN PABLOS: Okay. Thank you.

12 Mr. Alexander, would you like to come up
13 and speak?

14 And I'm going to close public testimony
15 at this point after Mr. Alexander. We need to move
16 on.

17 MR. ALEXANDER: Drew Alexander
18 representing Saddle Brook Park.

19 I don't have a lot of information to
20 bring to you that I didn't bring last time, but with a
21 little bit more. The Innovation Group have finished
22 their study on the track site in Amarillo which was
23 asked for by the other Racing Commission. And I'm just
24 waiting for the Commission to approve the transfer of
25 the license, the Lone Star license, the transfer to

1 Global Gaming.

2 And as soon as that happens -- and I'm
3 like Drew Shubeck. I hope that's sooner than later. I
4 think Mark Fenner kind of indicated that maybe that
5 could possibly happen next month. And if that does,
6 then I will be submitting a letter asking for the
7 transfer of the gaming license for Saddle Brook Park to
8 Global Gaming. And we should be able to get -- or they
9 should be able to get their application in and get it
10 completed and this process actually done pretty quickly
11 since they've been through the whole process of the
12 transfer of Lone Star Park, so there shouldn't be a
13 whole lot left to do. But we'll hope that there's
14 not.

15 So that's kind of where we are right
16 now.

17 CHAIRMAN PABLOS: So you're submitting a
18 request to cancel nine -- your 2011 nine dates, right?

19 MR. ALEXANDER: I did.

20 CHAIRMAN PABLOS: Okay. Any questions,
21 Commissioners?

22 Okay. Thank you.

23 Okay. So now we go back to where we
24 were, Item C-1. We have a motion and a second. And I
25 was asking if there was any additional discussion,

1 Commissioners.

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

5 COMMISSIONERS: Aye.

6 CHAIRMAN PABLOS: Any opposed?

7 That motion carries.

8 Next we'll look at 2011. We have Lone
9 Star Park requesting the 78 race days, Retama Park 45
10 race days, Sam Houston 57, Gillespie County Fair
11 eight.

12 I'd like to ask Sammy what staff's
13 recommendation is on this item, please.

14 MR. JACKSON: Staff has no concerns.

15 CHAIRMAN PABLOS: Staff has no concerns?

16 At this time, Commissioners, I'd like to
17 entertain a motion.

18 COMMISSIONER WEINBERG: I make a motion.

19 CHAIRMAN PABLOS: A motion --

20 COMMISSIONER WEINBERG: To approve.

21 CHAIRMAN PABLOS: -- to approve by
22 Weinberg.

23 COMMISSIONER EDERER: Second.

24 CHAIRMAN PABLOS: Seconded by Ederer.

25 Any discussion on this item,

1 Commissioners?

2 MR. CLOWE: I have a question.

3 CHAIRMAN PABLOS: Yes, sir.

4 MR. CLOWE: Does the staff have a comment
5 on the budgetary impact as a result of these proposed
6 race dates on the funding of the Commission?

7 MR. JACKSON: The staff's budget, I
8 believe, will handle these race dates because in the
9 baseline of the budget, the dates that we had put in
10 are less than the 188.

11 In addition to that, Commissioner, we put
12 in a rider provision within the budget that hopefully,
13 if we can get it passed, would trigger in the event
14 that additional race dates would need to be granted
15 that our budget would be fluctuated up to cover those
16 additional dates.

17 MR. CLOWE: So if the Commission were to
18 approve these proposed race dates, the impact would be
19 beneficial on the budget as submitted.

20 MR. JACKSON: Yes, sir.

21 MR. CLOWE: Thank you.

22 MR. JACKSON: You're welcome.

23 CHAIRMAN PABLOS: Excellent question,
24 Commissioner Clowe.

25 Any other comments?

1 Okay. We have a motion and a second. I
2 would like to take this up for a vote. All those in
3 favor please signify by saying aye.

4 COMMISSIONERS: Aye.

5 CHAIRMAN PABLOS: Any opposed?

6 That motion carries.

7 Next we'll take a look at 2012. We have
8 Lone Star Park requesting 60 days, Retama Park two
9 days, Laredo Race Park eight days, Longhorn Downs 18
10 race days, Valle de los Tesoros six race days, and
11 Gillespie County Fair eight race days.

12 Sammy, could you please tell us what the
13 staff's recommendation is on this item?

14 MR. JACKSON: Staff has no concerns,
15 Mr. Chairman, and would recommend approval.

16 CHAIRMAN PABLOS: Staff has no concern
17 and is recommending approval.

18 Commissioners, I'd like to entertain a
19 motion on this item, please.

20 MR. CLOWE: So move.

21 CHAIRMAN PABLOS: Moved by Clowe.

22 VICE-CHAIRMAN SCHMIDT: Second.

23 CHAIRMAN PABLOS: Seconded by Schmidt.

24 Any further discussion on this item?

25 All those in favor please signify by

1 saying aye.

2 COMMISSIONERS: Aye.

3 CHAIRMAN PABLOS: Any opposed?

4 That motion carries.

5 Next we'll move on to the 2012 Manor
6 Downs item. We have two requests to table this item,
7 one made by Mr. Hooper, the other made by -- help me
8 out. Who made the second request? Okay. Marsha.

9 MS. KING: Mr. Werstler.

10 CHAIRMAN PABLOS: And Werstler. That's
11 right. So there's three requests to table this item.

12 MS. KING: Actually, Mr. Chairman, there
13 were two requests to table, one from Mr. Werstler, one
14 from Ms. Rountree. The other request from Mr. Hooper,
15 I believe, was to deny the request, was it not?

16 CHAIRMAN PABLOS: I'm sorry. Okay. I
17 just wanted to --

18 MS. KING: Is that correct?

19 COMMISSIONER CARTER: "Absurd" was the
20 word, wasn't it?

21 MS. KING: Absurd. That was the word.

22 CHAIRMAN PABLOS: I just wanted to
23 refresh everybody's recollection of that.

24 Okay, Commissioners. So we have an
25 item.

1 Sammy, what is staff's recommendation on
2 this item?

3 MR. JACKSON: Staff has concerns over
4 this request and I would like to delineate for the
5 record why.

6 CHAIRMAN PABLOS: Please.

7 MR. JACKSON: Part of the problem with
8 the race date calendar process we went through was
9 Manor's, obviously, announcement at July, late July, of
10 their closing and the gap of no spring race dates for
11 the Quarter Horse industry, which they had -- in the
12 process, they had signified to us was their priority
13 meet. To cover that gap, there's been a lot of
14 shifting of race dates around. There have been a lot
15 of discussion about mitigation of the purse monies that
16 we need to cover those dates as people have moved up
17 and shifted into the calendar.

18 So by them coming forward and requesting
19 these dates at this point, our concern is do they
20 really intend to run those dates. And if they are,
21 then staff would be comfortable with that. However,
22 the comments made at the podium today are not assuring
23 to me or to members of my staff that that's the
24 intention. It's about marketability to sell or get
25 investment. That's what I've heard today. And maybe I

1 misunderstood.

2 However, understanding that, staff is
3 also very aware of the importance of those dates and
4 the ability that they have on the Quarter Horse
5 industry in Texas. And since the Quarter Horse
6 industry has come forth and asked to table, for them to
7 have discussions with it, I think that might be a good
8 opportunity to give them that opportunity to vet this
9 with Mr. Phillips to see what it is that they can find
10 out.

11 CHAIRMAN PABLOS: When is our next
12 scheduled Commission meeting, Charla Ann?

13 MS. KING: It's November 16th.

14 CHAIRMAN PABLOS: November 16th?

15 Mr. Phillips, will you please come up?

16 MR. PHILLIPS: Mr. Chairman.

17 CHAIRMAN PABLOS: Hearing what you have
18 heard, do you have any request of this Commission at
19 this time to perhaps wait awhile?

20 MR. PHILLIPS: Well, that's fine. We can
21 table this.

22 Sammy, to answer your question, it's not
23 about the marketability. It's that -- well, ask these
24 tracks that haven't put a spade of dirt in the ground
25 yet. It's about getting somebody to commit

1 multi-millions of dollars to do the upgrade that I
2 think the industry and everybody here wants.

3 MR. JACKSON: Then here's my question.
4 Is it a sale or is it an investment?

5 MR. PHILLIPS: Well, it's going to be
6 from 51 to a hundred percent new ownership.

7 MR. JACKSON: Then that would require a
8 new application, would it not?

9 MR. PHILLIPS: Probably so.

10 I mean, so what are you asking me?

11 CHAIRMAN PABLOS: Why don't we do this.
12 Why don't we -- why don't we table this item. I
13 think -- I don't think you guys have had plenty of
14 discussions to walk you through what is required and
15 obviously staff isn't aware of what your plans are.
16 And so why don't we just table this item and in
17 November you can come back after having done all your
18 homework with staff and see what it is that you can
19 bring to us.

20 Again, you know, I want to make sure you
21 find the right investors, partners, whatever you want
22 to call them; but at the same time I think this is a
23 little bit premature right now.

24 Yes, Charla Ann.

25 MS. KING: And, Mr. Chairman, we are

1 happy to sit down and have a meeting with any investors
2 that Mr. Phillips would need.

3 COMMISSIONER EDERER: Do we need a motion
4 to table, Mr. Chairman?

5 CHAIRMAN PABLOS: We do.

6 COMMISSIONER EDERER: I make that
7 motion.

8 CHAIRMAN PABLOS: I would entertain a
9 motion.

10 VICE-CHAIRMAN SCHMIDT: Second.

11 CHAIRMAN PABLOS: A motion to table by
12 Ederer, seconded by Schmidt.

13 Any discussion, Commissioner?

14 All those in favor please signify by
15 saying aye.

16 COMMISSIONERS: Aye.

17 CHAIRMAN PABLOS: Any opposed?

18 That motion carries.

19 Our next item is we have a request by
20 Saddle Brook to cancel its nine mixed race dates for
21 2011.

22 Sammy, can you give us your take on this,
23 please?

24 MR. JACKSON: We've had --

25 CHAIRMAN PABLOS: I don't mean to put you

1 on the hot seat today, Sammy, but you're our guy.

2 MR. JACKSON: Thank you, Mr. Chairman. I
3 feel like a deer right now. I know what it feels like
4 to be in a blind.

5 We've had a lengthy discussion about this
6 request, and at this time staff does not recommend its
7 approval. We would recommend denial or just letting it
8 die of no motion.

9 CHAIRMAN PABLOS: Can you expound on
10 that? Why are you making that recommendation?

11 MR. JACKSON: Yes. Because we have had
12 several meetings with Mr. Alexander in regards to --

13 CHAIRMAN PABLOS: Do you have a
14 microphone, Sammy?

15 MR. JACKSON: Yes.

16 Staff has had several meetings with
17 Mr. Alexander about pre-meet opening simulcasting over
18 the last several months, and we were in hopes that this
19 was going to happen. And now it's our understanding
20 this has ceased moving down that path because of a
21 pending sale.

22 We have no application on that yet.
23 Obviously you've heard that today. And by elimination
24 of these dates, the only path that staff has or the
25 Commission has in terms of if a penalty was wanting to

1 be administered for failure to begin or have your meet
2 ready to run is that you're required to have race dates
3 allocated for that rule to be in place.

4 So by eliminating dates, that would take
5 that opportunity off the table for either staff or
6 yourselves. So at this time we recommend not granting
7 this request.

8 CHAIRMAN PABLOS: Okay. Thank you,
9 Sammy.

10 So, Commissioners, we have this request.
11 Staff is recommending denial. Do I have a motion?

12 MR. CLOWE: Move denial of the request.

13 CHAIRMAN PABLOS: I have a motion to deny
14 the request by Clowe. Is there a second?

15 VICE-CHAIRMAN SCHMIDT: Second.

16 CHAIRMAN PABLOS: Seconded by Schmidt.

17 Any further discussion on this item?

18 All those in favor please signify by
19 saying aye.

20 COMMISSIONERS: Aye.

21 CHAIRMAN PABLOS: Any opposed?

22 That motion carries. Thank you.

23 Item D -- let's go ahead and take a
24 five-minute break, please. Then we'll -- we'll get
25 back quickly. Thank you.

1 (Recess from 12:11 p.m. to 12:18 p.m.)

2 CHAIRMAN PABLOS: All right, folks.

3 Okay. We'll reconvene at this time and we'll take up
4 Item D, allocation of purse revenue and escrowed purse
5 account revenue among the various breeds of horses.

6 I'd like to recognize Sammy Jackson to
7 lay out this agenda item.

8 By the way, I'd like to also for the
9 record state that Commissioner Clowe has left. Thank
10 you.

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

12 This item is a tabled item. It was
13 tabled at the last two meetings. And we tabled it
14 because of the closure of Manor Downs and the continued
15 discussion on race dates and how this might impact this
16 proposal. I believe all those items have been resolved
17 now other than the closure of Manor Downs and its
18 impact upon this.

19 What you have before you is an industry
20 agreement on the allocation of simulcast purse revenue
21 amongst the various breeds of horses for each racetrack
22 as well as an allocation of the escrowed horse purse
23 fund to the individual racetracks and the allocation
24 between the various breeds of their purse accounts at
25 those tracks that this money is to be allocated to.

1 This is covered by Rule 321.505 and
2 321.509. And in those rules, it both provides a means
3 that if the industry comes to an agreement, that that
4 agreement can be submitted in lieu of the process
5 that's outlined for the approval on these issues
6 underneath the various rules.

7 That being said, since the closure of
8 Manor Downs, staff has -- and I should back up and say
9 that this current rule -- or current proposal of the
10 industry agreement is currently in place right now and
11 this is a continuation of it, with a slight
12 modification for further allocation of the minor breed
13 purse money between the Paints and the horses -- excuse
14 me, Paints and Arabians.

15 But since Manor Downs' closure, staff has
16 been holding the money that's been allocated to Manor
17 Downs from the escrowed horse purse because there is no
18 way that they're going to be running and the purse
19 money cannot be used there. So we've been holding that
20 since then and looking for at some point in time to ask
21 for a remedy to that situation and how it can be
22 further allocated.

23 Our recommendation today, and as you may
24 hear from comments later from the industry people who
25 brought this forward, is that this agreement should be

1 approved today. And we would also ask that, with that,
2 that the Commission instruct the industry people who
3 signed this agreement to come back to us at a later
4 Commission date with a remedy on how to allocate the
5 portion, 7.8 percent, of the escrowed horse purse that
6 has been set aside for Manor Downs within this
7 agreement.

8 We also would be advised -- let you know
9 that we continue to hold this money until further
10 notice and until that remedy can be brought forth by
11 the industry for the Commission for approval.

12 Any further questions, I'd be more than
13 happy to answer them or give any further context to
14 this piece.

15 CHAIRMAN PABLOS: Commissioners, any
16 clarifying or technical questions of Sammy?

17 Okay. I have three individuals signed up
18 to speak on this item. I have Andrea Young.

19 MS. YOUNG: I'm up here to say that we
20 support staff's recommendation about finding a way to
21 deal with the money from Manor and, you know, we'd like
22 to see the rest of the agreement approved at this
23 time.

24 CHAIRMAN PABLOS: Thank you very much.

25 MS. YOUNG: Uh-huh.

1 CHAIRMAN PABLOS: Any questions,
2 Commissioners?

3 Rob Werstler?

4 MR. WERSTLER: Hello again.

5 The Texas Quarter Horse Association
6 supports the breed splits extension for another year.
7 As far as the escrowed money at Manor, we would ask the
8 Commission to continue to hold that money in escrow.
9 2011 will be a new frontier facing Quarter Horsemen,
10 some new racing schedules. In order to keep our purses
11 where they need to be in these new locations, I think
12 that's when we will look back at that money and let the
13 horsemen decide where it's best served.

14 Any questions? I'll entertain them.

15 CHAIRMAN PABLOS: Thank you.

16 Sammy?

17 MR. JACKSON: Mr. Werstler, are you
18 supporting the industry agreement for one year, 2011
19 only, or for both years? This agreement is a two-year
20 agreement.

21 MR. WERSTLER: I thought it went
22 through -- it goes through 20 -- December of 2012?

23 MR. JACKSON: 2012. Yes, sir.

24 MR. WERSTLER: We would rather revisit it
25 next year for 2012.

1 MR. JACKSON: Thank you for your
2 clarification.

3 MR. WERSTLER: Okay.

4 CHAIRMAN PABLOS: Bryan Brown?

5 MR. BROWN: Bryan Brown with Retama
6 Park.

7 We support staff's recommendation and
8 wanted to add on that last question about the one year
9 versus two years, there is an out that any of the
10 parties can exercise, I believe, with 90 days' written
11 notice. It may be after December 31st of 2011. So
12 I'll have to go back and look at it. But there is an
13 out in the agreement that would protect any of the
14 breeds, the horsemen, or, for that matter, any of the
15 tracks.

16 I'd be happy to answer any questions you
17 have.

18 CHAIRMAN PABLOS: Thank you.

19 For the record, I'd like to welcome
20 Commissioner Clowe back.

21 Okay. Is there anyone else signed up to
22 speak?

23 Okay. Commissioners, we have a request
24 to approve the allocation of purse revenue and escrowed
25 purse account revenue among the various breeds of

1 horses as described in the industry's proposed
2 agreement. I'd like to entertain a motion.

3 COMMISSIONER EDERER: So move.

4 CHAIRMAN PABLOS: For approval, sir?

5 COMMISSIONER EDERER: Yes.

6 CHAIRMAN PABLOS: Is there a second?

7 VICE-CHAIRMAN SCHMIDT: Seconded.

8 CHAIRMAN PABLOS: Moved by Ederer,
9 seconded by Schmidt.

10 Is there any further discussion on this
11 item?

12 I'll take it up for a vote. All those in
13 favor please signify by saying aye.

14 COMMISSIONERS: Aye.

15 CHAIRMAN PABLOS: Any opposed?

16 That motion carries.

17 Item E, we'll step into the progress
18 reports. I'd like to take up E-2 first and have
19 Mr. Alexander come up because he has to catch a
20 flight.

21 So, Mr. Alexander, please come on up.

22 MR. ALEXANDER: I kind of got in ahead of
23 everybody a little bit earlier, so I don't really have
24 anything to tell you except what I would have told you
25 when I was up here previously. That was my report, my

1 update or report, unless you have any questions for
2 me.

3 I do think the not approving my request
4 to cancel the 2011 race dates is probably a pretty good
5 idea because that leaves us -- or at least we know
6 where we need to go from there. And I'm kind of in a
7 tough spot because I have my license ready to be, you
8 know, transferred and Global Gaming is going to be
9 making most of those decisions. So now they know what
10 they need to do, so I think that was a good idea. I
11 think it was a good move and I thank you.

12 CHAIRMAN PABLOS: Thank you for
13 agreeing. I appreciate that.

14 Anybody else? Any questions?

15 Thank you.

16 MR. ALEXANDER: You bet.

17 CHAIRMAN PABLOS: Item E-1, Austin Jockey
18 Club. Bryan Brown, please?

19 MR. BROWN: Good afternoon,
20 Commissioners. Bryan Brown, vice-president of Austin
21 Jockey Club.

22 Just a quick update. Importantly, we
23 turned in the application for a change of location and
24 ownership to the parcel in Creedmoor. We also turned
25 in the completed DPS disclosure forms, tax returns,

1 fingerprint cards, and, painfully, an 85,000-dollar
2 check to Mr. Fenner. He has a real nice new car, I've
3 seen, too.

4 We also will be progressing with talks
5 with the City of Creedmoor on becoming annexed -- for
6 having the property annexed into the city. The
7 partners met and voted on it. We'll proceed ahead down
8 that route. So we'll be looking forward to discussions
9 with city officials in the next couple of weeks or so.

10 I'll be happy to answer any questions you
11 have.

12 CHAIRMAN PABLOS: Any questions,
13 Commissioners?

14 Thank you for your progress, Mr. Brown.
15 Appreciate it.

16 MR. BROWN: Thank you.

17 CHAIRMAN PABLOS: Items 3 and 4, Valle de
18 los Tesoros and Laredo Downs. Mr. LaMantia, please?

19 MR. LaMANTIA: Hello again.

20 There's nothing really new on VDLT or LRP
21 other than what I discussed earlier. And maybe I
22 should have waited until now. But it was the idea of
23 coming to the Commission with a request for a temporary
24 change in location and --

25 CHAIRMAN PABLOS: Can you explain that a

1 little bit, please?

2 MR. LaMANTIA: Yeah. The idea was -- I
3 mean, everybody has been talking about not having purse
4 money where it should be and then the race dates that
5 the horsemen want; and with Manor Downs closing, there
6 was this gap of money and opportunity. So we came up
7 with the idea of trying to create and answer those two
8 questions, which is to have simulcasts in McAllen at a
9 location that would bring people to it, to create purse
10 money, and then have additional race days at
11 Gillespie.

12 And I've been working with Gillespie on
13 this idea and they seem to like it as far as the race
14 days. And the question is how do you get the purse
15 money. The idea was, well, let's open up as soon as we
16 can at a temporary facility, start simulcasting, create
17 income and purse money, send it to Gillespie, and then
18 they have an additional five or six days, whatever it
19 is they put in their request. And it kind of -- I
20 don't see a downside. It seemed to help everywhere
21 around.

22 I mean, we were a small part of what the
23 greyhound industry did at creating more purse money,
24 which you heard earlier, for the dogs and helped that
25 industry. So it seemed like a way that's a little bit

1 out of the box to come up with more money for the
2 purses and opportunities for racing. And that's what
3 it's about. And that's what people are trying to get
4 to and here's one way to do it.

5 CHAIRMAN PABLOS: Charla Ann -- and I
6 don't mean to catch you off guard, but is this already
7 in process? I mean, has there been a request
8 submitted? Or where are we on all of this?

9 MS. KING: The letter is in the packet,
10 was part of the race date request process, and so
11 they've laid out that proposal and we included it and
12 so they are on the record for asking for us to review
13 the request and that's what we're doing as soon as we
14 wrap up the race dates Commission meeting.

15 CHAIRMAN PABLOS: Thanks.

16 COMMISSIONER HAYWOOD: Is there a
17 mechanism to allow for the simulcasting to occur at a
18 temporary location prior to the facility being built?

19 MS. KING: Mark can -- if you would like,
20 Mark can brief you on Section 6.15, Racing at a
21 Temporary Location, and the simulcasting question comes
22 out of that as well, if you'd like.

23 CHAIRMAN PABLOS: Yeah, please, Mark.

24 MR. FENNER: Section 6.15 of the act does
25 provide that before an association has completed its

1 facility at the designated place for which the license
2 was issued that it can get the Commission's permission
3 to conduct racing at a temporary location within the
4 same county.

5 So it is possible for -- that they could
6 make a request -- find a location and then request
7 permission from the Commission to conduct simulcasting
8 at that facility. But it's only for two years, if
9 approved, and it can't be renewed. So it's a onetime
10 short-term solution while construction -- while a
11 facility is built.

12 CHAIRMAN PABLOS: And does construction
13 have to begin? Do they have to show --

14 MR. FENNER: That's not required anywhere
15 in the statutory language.

16 CHAIRMAN PABLOS: Okay. Thank you,
17 Commissioner.

18 Okay, Mr. LaMantia. Sorry. So you've
19 got your request in. Staff is going to begin to
20 consider it.

21 MR. LaMANTIA: Yeah. And that's all I
22 have right now unless you have any questions or anybody
23 has any questions. We're just simply trying to think
24 out of the box and come up with some help for the
25 industry all the way around.

1 CHAIRMAN PABLOS: Okay.

2 MR. LaMANTIA: Thank you all.

3 CHAIRMAN PABLOS: Thank you very much.

4 The next item, Item 5, a report by Laredo
5 Race Park. Andrea Young, please?

6 MS. YOUNG: Commissioners, you have our
7 most recent written submission to the Commission that
8 identifies kind of what we've been doing since the last
9 meeting a little over 30 days. We've participated in
10 the race date meetings. Like Mr. LaMantia just
11 mentioned, you know, we understand, particularly
12 because of our various interests in the industry, the
13 challenges that the industry faces.

14 Mr. LaMantia was actually very -- shared
15 with us this concept a number of weeks ago, and I would
16 say it's something that we're going to really await to
17 see what staff comes back and says for Laredo because
18 it's something we'd share a little bit of interest in
19 as well but we kind of want to see how it all shakes
20 out.

21 In the meantime, we're going to continue
22 to work on parallel paths. I anticipate that I'll be
23 in Laredo next week meeting on a potential site there,
24 the LIFE Downs location that I've mentioned to you all
25 before.

1 I'm happy to answer any other questions
2 you might have.

3 CHAIRMAN PABLOS: Are there any
4 questions, Commissioners?

5 Thank you very much.

6 MS. YOUNG: Thanks.

7 CHAIRMAN PABLOS: Appreciate it.

8 We have a question.

9 VICE-CHAIRMAN SCHMIDT: I have a question
10 of Charla Ann --

11 CHAIRMAN PABLOS: I'm sorry.

12 VICE-CHAIRMAN SCHMIDT: -- triggered by
13 these discussions. Is it possible that staff could
14 look at maybe over the past three years -- obviously
15 our whole discussion today was really on the problem
16 with how to distribute purse money. Do we have any
17 estimate how much money we've lost from not
18 simulcasting as intended? Is that possible to
19 calculate in a reasonable way?

20 MS. KING: Yes, sir.

21 VICE-CHAIRMAN SCHMIDT: I didn't want to
22 surprise you.

23 MS. KING: Yes, sir, it is. And in fact,
24 when we were reviewing the record from the race date
25 proceedings last year at about this time, the

1 Commission had made that request. And so I followed up
2 on that and asked Sammy to do an estimate of the
3 impact, the economic impact, the negative economic
4 impact, for failure for the inactive tracks to build --
5 to simulcast, to build, and to run races. And we have
6 some estimates on that and Sammy is prepared to explain
7 that to the Commission today, if they would like.

8 CHAIRMAN PABLOS: Is that something you'd
9 be interested in?

10 VICE-CHAIRMAN SCHMIDT: Sure.

11 MR. JACKSON: Thank you, Charla Ann,
12 Commissioners.

13 In preparing this calculation, there was
14 some assumptions I had to come up with. And one of
15 them that I decided to do was looking at it from a year
16 from the date that we granted race dates, that they
17 would have at least a year and a few months to build
18 and get their facility open. Obviously the simulcast
19 area could possibly be open sooner. That's been a
20 discussion we've always had through this process.

21 But giving them a year from the date that
22 those race dates were granted, and if that was the
23 case, then they could begin simulcasting obviously on
24 September the 16th, 2010, which is two days from today,
25 and if we were to move forward in the race date

1 calendars that you've just approved here today through
2 2012 and said that they would be simulcasting all the
3 way to August 31st of 2012, that's what we're
4 contemplating -- excuse me, in this case it's 2011,
5 August 31st, 2011. Then this is what I'm going to give
6 you the estimates would be based off of.

7 That -- and I should also say that the
8 handles were based off of projections that were
9 included in their racetrack applications. And for
10 those who were older, i.e., the old Longhorn Downs
11 application and what we call Saddle Brook, which used
12 to be the Lubbock Downs application, I couldn't find
13 handle projections for those, so I used similar tracks
14 of the same race date operations that they intend to
15 run, what we've seen.

16 And if I pull all that together, there's
17 41 live race dates there that those tracks have been
18 granted; and based on this time frame, there would be
19 an additional 349 days of simulcasting for each
20 facility, for a total of 1745 days of simulcasting.
21 That would be 123 million dollars in handle.

22 The projected horse purse off of that
23 would be 8.9 million dollars. The ATB program would
24 have been an additional 1.4 million dollars. State tax
25 off of the simulcasting would have been approximately

1 1.2 million dollars. And the race day fees paid to the
2 Racing Commission would have been approximately
3 \$800,000, for a total pari-mutuel revenue impact of
4 12.35 million.

5 Any questions? Thank you.

6 VICE-CHAIRMAN SCHMIDT: Nine million
7 would go a long way toward the purses, wouldn't it,
8 Sammy?

9 MR. JACKSON: Yes, sir.

10 VICE-CHAIRMAN SCHMIDT: Thank you. I
11 didn't realize we had requested that before. Thank you
12 very much.

13 CHAIRMAN PABLOS: Thank you,
14 Commissioner.

15 At this time I'd like to recognize Charla
16 Ann. She'd like to present to us an item that I had
17 requested and that she and staff have done a great job
18 in developing. So, please, Charla Ann.

19 MS. KING: Thank you, Mr. Chairman.

20 This is to address this section of the
21 agenda on progress reports and the way that the
22 Commission and the staff is overseeing this process.
23 And I wanted to make sure that I was keeping you all
24 informed about that.

25 I asked the staff to prepare a

1 standardized racetrack progress and construction report
2 for our use in the racetrack licensing and monitoring
3 process. And it looks like this. And I've provided a
4 copy of it for each of you at your place today.

5 So I just wanted to hand it out as an
6 information item because this is the report format that
7 should assist you as Commissioners and will assist
8 staff as we oversee the development and construction
9 process that the folks have just been testifying
10 about. It will also serve as a guide for licensees as
11 to the Commission's expectations.

12 You can see the report is quite
13 extensive, covers many different elements of the
14 racetrack's progress. In fact, it includes 112
15 elements. It covers items such as original licensure,
16 changes of ownership, change of location,
17 preconstruction in the case of a new track, monitoring
18 during construction, and, of course, preopening
19 inspections for simulcasting and preopening inspections
20 for live racing.

21 The report should be valuable in several
22 ways. It identifies the structure and sequence of
23 monitoring construction, which can be fairly complex.
24 This is important for the license holders so they will
25 understand the steps that we expect for the monitoring

1 process to be successful.

2 It should keep the license holders moving
3 forward. If we see the same report Commission meeting
4 after Commission meeting with no additional items
5 checked off and no further progress being made, we will
6 use the report to counsel the license holder about the
7 need and the opportunities for making progress.

8 If we decide to assess administrative
9 penalties for the failure to open for simulcasting and
10 live racing, the report will help to determine whether
11 the amounts should be mitigated because of the license
12 holder's good-faith efforts to move forward.

13 And finally, if we decide to refer a
14 license for suspension or revocation, the report will
15 serve as a clear and objective measurement for the
16 State Office of Administrative Hearings as to whether
17 the license holder has exercised reasonable diligence
18 in preparing its racetrack for racing.

19 As to any currently contemplated
20 administrative action against the racetracks, I've
21 directed the general counsel to prepare a draft
22 preliminary report. This is a mechanism that is in our
23 statute for enforcement purposes. The report could lay
24 out the Commission's options should I decide to either
25 impose financial penalties or refer the license for

1 disciplinary action. I have a draft template at this
2 point, and I can make that available to you at a later
3 point if you wish.

4 I hope you find the progress and
5 construction report useful. Please take a look at the
6 report at your convenience and let us know if you have
7 any suggestions because it's my expectation that you
8 all will want to use the report as well as the staff
9 and that the license holders will be interested in the
10 contents of the report as well.

11 I hope to bring a completed report for
12 each of the inactive licenses to you at the next
13 Commission meeting to go in conjunction with the
14 reports that they just provided to you.

15 I'm happy to answer any questions,
16 Mr. Chairman.

17 CHAIRMAN PABLOS: Thank you, Charla Ann.

18 Are there any questions, Commissioners?

19 COMMISSIONER CARTER: I have one. It
20 seems like maybe about a year ago we talked about some
21 fines or something to help supplement purses or at
22 least horsemen's accounts for inactive licenses.
23 Wasn't there something about that, trying to take their
24 lack of productivity and apply some of that to the
25 horsemen's accounts?

1 MS. KING: I believe, yes, there has been
2 some discussion in the industry stakeholder groups
3 about that proposition, which might have provided for
4 some out-of-the-box thinking that we've seen recently.
5 And that is a possible approach and staff is reviewing
6 that. I think that is the key, is to get things as
7 productive as possible as quickly as possible. So we
8 will be reviewing those options.

9 CHAIRMAN PABLOS: Any other questions,
10 Commissioners?

11 Thank you, Charla Ann. I appreciate it.
12 Good job on that.

13 MS. KING: Thank you, Mr. Chairman.

14 CHAIRMAN PABLOS: We will not have an
15 executive session today.

16 Commissioners, is there any old or new
17 business that you'd like to discuss?

18 Our next scheduled meeting will be
19 Tuesday, November 16th, 2010.

20 COMMISSIONER EDERER: Mr. Chairman?

21 CHAIRMAN PABLOS: Yes, sir.

22 COMMISSIONER EDERER: Just I would like
23 to remind everyone about the October 6th meeting.
24 Everyone is invited for comment. I think it's going to
25 be extremely important. We hope we have legislators

1 there. There's no telling who's going to be there.

2 Do we have any idea how many yet?

3 MS. KING: We don't.

4 COMMISSIONER EDERER: But this is our
5 opportunity to talk to the State Legislature at the
6 beginning, you know, as they begin their process. So I
7 think it's important that we all be there. And
8 everyone is invited. And it is October 6th at 10:30
9 a.m. in the Reagan Building. There's better parking
10 down there.

11 CHAIRMAN PABLOS: Any other business?

12 Okay. The time is 12:43. At this time
13 I'd like to adjourn today's Racing Commission meeting.
14 Thank you very much.

15 (Proceedings concluded at 12:42 p.m.)

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1 STATE OF TEXAS)

2 COUNTY OF TRAVIS)

3

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

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

14 GIVEN UNDER MY OFFICIAL HAND OF OFFICE at Austin,
15 Texas, this 22nd day of September, 2010.

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