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APPEARANCES

Commissioners: ROBERT SCHMIDT
 RONALD F. EDERER
 MIKE MARTIN
 GARY P. ABER
 VICKI WEINBERG
 ANN O'CONNELL
 A. CYNTHIA LEON

1 CHAIRMAN SCHMIDT: The time is 10:34 and
2 I'd like to call the Texas Racing Commission meeting to
3 order. Today's date is June 11th.

4 Carolyn, would you please call the roll?

5 MS. NORWOOD: Commissioner Ederer?

6 VICE-CHAIRMAN EDERER: Present.

7 MS. NORWOOD: Commissioner Leon?

8 MS. LEON: Present.

9 MS. NORWOOD: Commissioner O'Connell?

10 MS. O'CONNELL: Here.

11 MS. NORWOOD: Commissioner Hicks?

12 Commissioner Weinberg?

13 COMMISSIONER WEINBERG: Here.

14 MS. NORWOOD: Commissioner Martin?

15 COMMISSIONER MARTIN: Here.

16 MS. NORWOOD: Commissioner Steen?

17 Commissioner Aber?

18 COMMISSIONER ABER: Here.

19 MS. NORWOOD: Chairman Schmidt?

20 CHAIRMAN SCHMIDT: Present.

21 We have a quorum, don't we?

22 MS. NORWOOD: Yes, sir.

23 CHAIRMAN SCHMIDT: Great.

24 The first order of business is

25 Commissioner Polunsky has rotated off and I'd like to

1 welcome Commissioner Cynthia Leon to the Texas Racing
2 Commission. It's a pleasure to have you.

3 Cynthia "Cindy" Leon is the chairman of
4 the Texas Public Safety Commission. She was first
5 appointed to that Commission by the governor in January
6 of 2011. She was named chair in March of 2012. She
7 and the Commission work, as we know, and oversee the
8 policies of the Texas Department of Public Safety, the
9 State's chief law enforcement agency.

10 Commissioner Leon is from Mission, Texas,
11 where she currently resides today. She served her
12 nation for 25 years in the Naval Reserve, retiring as
13 captain. She's also a retired regional director for
14 the United States Department of Housing and Urban
15 Development, HUD. She lived in beautiful downtown Fort
16 Worth. She's a life member of the Naval Reserve
17 Association, past chair of the Dallas-Fort Worth and
18 San Antonio Federal Executive Boards, and a member of
19 the International Women's Forum.

20 Commissioner Leon received a Bachelor's
21 degree from Austin College. She received a Master's
22 degree in public administration from the University of
23 Colorado in Boulder. And she's a graduate of the
24 Federal Executive Institute in Charlottesville,
25 Virginia.

1 It's a pleasure to have you on the
2 Commission. I think you'll enjoy working with us.
3 It's a great group. Any comments?

4 MS. LEON: Just thank you very much,
5 Dr. Schmidt. I'm looking forward to serving on the
6 Commission. It's going to be great. I don't know very
7 much about racing. I've been to the track and the dogs
8 and the horses maybe four times in my life and I've
9 gone to Las Vegas and played a little bit of the
10 simulcasts, so I understand, you know, some of it, but
11 not the totality. I had a great briefing by Mr. Trout
12 and Mr. Fenner the other day. They were great. They
13 spent about three or four hours with me. I'm going to
14 need a lot more.

15 It's been -- but so far I'm very
16 impressed with the background of the Commission and the
17 staff. I was very impressed with them. I got to meet
18 all of them the other day. And I'm just looking
19 forward to seeing how we at DPS can be of better
20 service to this Commission and looking forward to
21 participating.

22 So thank you very much for welcoming me
23 here today.

24 CHAIRMAN SCHMIDT: It's a pleasure to
25 have you. Certainly for the background of the

1 Commission, Mr. Fenner and Mr. Trout are excellent
2 sources. For handicapping lessons, though, I'd go with
3 Mr. Jackson.

4 Carolyn, has anyone turned in a card for
5 public testimony?

6 MS. NORWOOD: No, sir.

7 CHAIRMAN SCHMIDT: No public testimony
8 today. Okay.

9 One other item. We'd like to call Bill
10 Childs up and recognize him.

11 Bill, good to see you.

12 MR. CHILDS: Good to see you, too, sir.

13 CHAIRMAN SCHMIDT: For those of you who
14 don't know, Bill Childs, our public information officer
15 for the past three years, has left the agency on May
16 31st. He accepted a job in the Adjunct General's
17 office with an old friend and a former mentor. In his
18 new job, Bill will help support the Army National
19 Guard, the Air National Guard, and the Texas State
20 guard.

21 Bill, I'm happy for your opportunity, but
22 I did want to really thank you for your service to the
23 Racing Commission.

24 Bill's official title is public
25 information officer. I think that really just belies

1 the influence he had on our Commission. He's really
2 served in his three years as perhaps deputy chief of
3 staff, a policy adviser, a consigliere. He provided us
4 with a great deal of insight and wisdom.

5 He was our principal liaison to the
6 Sunset Commission. He worked closely with the
7 Legislature. He handled their requests efficiently and
8 evenhandedly. He did revise our strategic plan and
9 annual reports and put them in a clear and concise
10 fashion. He also did work with the press. He ensured
11 reporting, I felt, was fair and accurate.

12 And unbeknownst to most of you, I think
13 Bill provided the Commission and the Commissioners with
14 a steady stream of e-mails and background information
15 almost on a bi-daily or certainly a weekly basis. I
16 really think it provided a background which made us all
17 as Commissioners much better informed. We still, I'm
18 sure, made many wrong decisions, but we had the
19 information to make the correct ones.

20 So I wanted to commend you for the work
21 you've done, let you know how much we appreciate the
22 work you've done for us. We really appreciate your
23 skill in working with people, your insights and
24 understanding the legislative process, your dedication
25 to the people of Texas. You'll do super over on West

1 Austin with the Adjunct General's office. But we did
2 want to give you something that's a small token of our
3 appreciation.

4 MR. CHILDS: Thank you very much.

5 CHAIRMAN SCHMIDT: Take care.

6 Okay. General business. A budget and
7 finance update, Lane Goetsch, director of
8 administration and finance. Can you present the
9 update, Lane?

10 MS. GOETSCH: Good morning,
11 Commissioners. My name is Lane Goetsch and I'm finance
12 and accounting administrator for the Texas Racing
13 Commission and I'm here to give you the budget and
14 finance update.

15 On pages four and five of your agenda
16 packet, you will find the agency's fiscal year 2013
17 operating budget reflecting revenue collections and
18 expenditures as of April 30th, 2013. As of that date,
19 the agency had collected 7.4 million or 76 percent of
20 revenues and expended 4.9 million or 53 percent of
21 budgeted expenditures. At this time the Racing
22 Commission is in good operating condition.

23 If you have any questions, I will be
24 happy to answer them.

25 CHAIRMAN SCHMIDT: Any questions of

1 Ms. Goetsch?

2 Thank you very much.

3 Wagering statistics. Mr. Jackson?

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

5 Commissioners, on pages six through eight
6 of your agenda packet, you'll find the report on
7 wagering statistics for the periods of January 1st
8 through June 2nd for both 2012 and 2013.

9 The report reflects that 2013 total
10 wagering activity has decreased at our horse racetracks
11 by 1.25 percent and has increased at the greyhound
12 racetracks by 1.07 percent.

13 If you have any questions, I'll be happy
14 to answer them. And I would let you know that the next
15 report on that that we include with the weekly update
16 to the Commissioners should include the last of the
17 Triple Crown races.

18 CHAIRMAN SCHMIDT: Thank you, Sammy.

19 Any questions of Mr. Jackson? Great.

20 Then, Mr. Blodgett, can you combine the
21 report on racetrack inspections and your enforcement
22 report?

23 MR. BLODGETT: Yes, sir.

24 Commissioners, for the period of time of
25 March 22nd through June the 1st, 2013, a total of 14

1 racetrack inspections are reported by staff. As
2 outlined in your packets, these inspections were
3 conducted within the areas of veterinarian, safety and
4 security, administration, wagering, and racing at Gulf
5 Greyhound Park, Gulf Coast Racing, Valley Race Park,
6 Sam Houston Race Park, Lone Star Park, and Gillespie
7 County Fair. A breakdown of the inspections include
8 nine scheduled inspections, three no-notice
9 inspections, and two follow-up inspections.

10 As of the filing of this report, only one
11 unsatisfactory inspection issue remains as a result of
12 our inspection activity at Sam Houston Race Park.
13 Staff is presently working with management to resolve
14 that issue.

15 CHAIRMAN SCHMIDT: Great. Thank you.

16 Any questions? Okay.

17 MR. BLODGETT: Commissioners, your
18 enforcement report for this agenda item can be found in
19 your packet material this morning on page 10 and covers
20 information documented for the time period of April 1st
21 through May 31st, 2013. In comparison to last year's
22 data from this same time period, most categories are
23 reasonably constant, with only slight variations.

24 Commissioners, a notation has been made
25 on this report in the category of number of animal drug

1 positives for horses. This data reflects 29 positives
2 for overages on permissible medications. The figure is
3 slightly elevated from last year's numbers, but it's
4 largely due to changes in the permissible medication
5 levels that were initiated this year.

6 This concludes the report and I would be
7 happy to answer any questions that you may have.

8 CHAIRMAN SCHMIDT: I just had one
9 question. Compared to last year, we're up this year
10 because of Clenbuterol testing?

11 MR. BLODGETT: The Clenbuterol as well as
12 the phenylbutazone.

13 CHAIRMAN SCHMIDT: Phenylbutazone?

14 MR. BLODGETT: Yes, sir.

15 CHAIRMAN SCHMIDT: All right. Any other
16 questions?

17 Thank you, Jim.

18 A report on Texas legislative proposals.
19 Mr. Trout?

20 MR. TROUT: Good morning, Commissioners.

21 The two bills that the Commission had
22 asked for from the Legislature both passed the
23 Legislature and the governor has signed both bills. HB
24 1186, which is related to the Commission's ability to
25 share investigatory information with other State

1 agencies, is already in effect; and HB 1187, the bill
2 relating to the power of the stewards and judges to
3 impose penalties -- that is, it increased our ability
4 to give penalties, increased the penalties that we can
5 give -- will go into effect 1 September.

6 That concludes my report.

7 CHAIRMAN SCHMIDT: Any questions of
8 Mr. Trout?

9 Thank you.

10 Then Vice-Chair Ederer attended the
11 annual RCI, Racing Commissioners International, meeting
12 this past spring. Could you update us on your
13 experience there?

14 VICE-CHAIRMAN EDERER: Yes, briefly.

15 RCI is the Association of Racing
16 Commissioners International and so there are, of
17 course, a lot of regulators there and that's the
18 primary function of the organization. However, of
19 course, it is a huge support for racing.

20 This is my second time attending the
21 event and I was very pleased at one thing. The whole
22 overall attitude and feeling in my opinion -- and Chuck
23 was with me -- was, I thought, very positive. Last
24 year -- well, the year before last, there was a lot
25 more doom and gloom than there seemed to be this year,

1 a much more positive attitude by the folks, which I
2 thought was very good. There was some doom and gloom,
3 but the majority of it was very positive.

4 Racing, of course, internationally has
5 the same problem that we have. There's no difference
6 in any of the problems. One of the most discussed in
7 my opinion -- and this was more casually than
8 formally. One of the most discussed was how in the
9 world do we attract new bettors? How do we get the
10 younger generation to appreciate the sport of kings?

11 Well, of course, there was a lot of, you
12 know, how do we compete with NASCAR and how do we
13 compete with baseball and hockey and basketball and how
14 do we attract these folks. And so there was a lot of
15 discussion. And many different approaches were talked
16 about. And not unlike what is happening at Sam Houston
17 and at Retama and at Lone Star, the new approach that
18 they are taking is very similar to what's being taken
19 nationally. But I thought that that was very
20 encouraging.

21 As far as there is -- a more important
22 thing, there is definitely a national movement to make
23 change in the industry. And this is being driven by
24 the Jockey Club, the RNPC, the Jockey Guild, the AQHA,
25 and all of the others. The industry itself is striving

1 to make changes. Of course, the stricter drug protocol
2 is utmost and is discussed. And of course, it's
3 discussed here and with our Commission.

4 But also, and I think more importantly,
5 and the reason for it was to improve our public image,
6 improve the public image of racing. You know, the New
7 York Times -- and this was -- I think the catalyst was
8 the New York Times article, recent articles, that just
9 really hammered us.

10 The RCI is very much aware of that and is
11 doing what they can to correct the image. As far as --
12 what the RCI is very much afraid of is that the Federal
13 Government is going to start sticking its nose into
14 racing more so than it already has. There are two
15 bills pending right now. There's one in the Senate and
16 one in the House. And it all has to do with the USADA,
17 the United States Anti-Drugging -- Anti-Doping Agency.

18 If these bills are passed, what they're
19 going to do is they're going to give the USADA much
20 more authority than it has now. It will give them the
21 same authority that our Commissions have, that the
22 various State Commissions do have, and it will actually
23 give them more authority in some areas. So these are
24 bills that you do want to pay attention to. And like I
25 said, the RCI is paying much attention to them. And

1 like I said, that's one of their main thrusts is to
2 improve the overall image of racing and hopefully keep
3 the Feds -- the Federal Government out of our hair and
4 let us run our own racing in our various states.

5 But other than that -- oh, and there was
6 also some discussion about where old horses go to die,
7 you know, quite a bit of -- the Jockey Club is very
8 interested and very active as far as what happens to
9 the old horses after they can no longer run, where they
10 go. They have -- if you're interested in that -- I
11 believe it's -- I don't have my notes with me. I'm
12 sorry. I didn't go back to Corpus after a little
13 trip.

14 But I can give you that if anybody would
15 be interested as to the -- there are two main entities
16 besides the Jockey Club that regulate what happens to
17 old horses and to make sure that these old horses
18 aren't turned into glue and that they are taken care of
19 into their -- you know, until they die. But that
20 was -- that was kind of interesting.

21 It was a good meeting. I would recommend
22 that all of you go if you get a chance from time to
23 time. There were three representatives from Texas
24 there: Chuck, myself, and Dr. Quirk. But that's
25 pretty typical. There were only a few representatives

1 from every state. But there were two groups from
2 Canada, people from Japan, people from Puerto Rico,
3 Trinidad and Tobago. Britain I don't think -- the
4 English weren't there this trip. No. They were there
5 before, but they weren't there this trip. And the
6 Chinese weren't there this trip. They've been there
7 before. So it varies.

8 But anyway, overall it was a good meeting
9 and I enjoyed it.

10 CHAIRMAN SCHMIDT: Thank you for taking
11 the time to go there and thank you for your report.

12 Any questions, Commissioners, of
13 Vice-Chair Ederer?

14 Great. We'll move on then. Proceedings
15 on racetracks, designation by the Commission of an
16 application period for race dates under Commission Rule
17 303.41.

18 Mr. Jackson, can you give us some
19 background information, please?

20 MR. JACKSON: Yes, sir.

21 Commissioners, one of the big powers of
22 this body is to issue race dates to the racetracks. To
23 begin that process, our rules require that we open an
24 application period for tracks to file for those race
25 dates for you to consider later on. It's a two-vetted

1 process where there's an application period opened that
2 they file the application and then those applications
3 are vetted before your race date working group
4 committees. There's typically one for the greyhounds
5 chaired by the greyhound designee, Ms. Commissioner
6 Hicks, and then one for the horses which is chaired by
7 Commissioner Ederer who's the designee for the horse
8 side of our Commission.

9 Today what we've put before you and in
10 your packet on page 11 is a memorandum outlining the
11 application period that your staff is recommending.
12 And we're recommending that we open an application
13 period to accept race dates for calendar year 2014 and
14 the first eight months of 2015. This is what we have
15 done in the past. It allows for the racetracks as well
16 as the agency to plan and budget and plan out staff for
17 a distant period of time.

18 If you approve this, the application
19 period will be open for 30 days. It will begin June
20 the 14th and end on July 15th. And soon thereafter
21 then we would meet with the Commissioner designated to
22 each of the working groups to begin the working group
23 planning process.

24 If you have any questions, I'd be happy
25 to answer them.

1 CHAIRMAN SCHMIDT: Carolyn, any cards?

2 MS. NORWOOD: No, sir.

3 CHAIRMAN SCHMIDT: Any questions of
4 Mr. Jackson?

5 Just for clarity, the motion is -- a
6 proposed motion is to consider opening up a month of an
7 application period beginning the 14th of June for a
8 month to the middle of July and during this period that
9 will be the application period for race dates beginning
10 January 1, 2014, through August 30th, 2015.

11 MR. JACKSON: Yes, sir.

12 CHAIRMAN SCHMIDT: Everybody clear?
13 Great.

14 Any further discussion by the
15 Commission?

16 I'll certainly entertain a motion.

17 VICE-CHAIRMAN EDERER: So move.

18 CHAIRMAN SCHMIDT: There's a motion by
19 Commissioner Ederer.

20 COMMISSIONER WEINBERG: Second.

21 CHAIRMAN SCHMIDT: Seconded by
22 Ms. Weinberg.

23 Any further discussion?

24 We have a motion and a second. All those
25 in favor signify by saying aye.

1 COMMISSIONERS: Aye.

2 CHAIRMAN SCHMIDT: The motion carries.

3 A request by Gulf Coast Racing to amend
4 its 2013 live racing schedule. Do we have a
5 representative of Gulf Coast Racing?

6 MR. FENNER: I believe Ms. Briggs is --

7 CHAIRMAN SCHMIDT: Ms. Briggs? I'm
8 sorry. Great.

9 Would you mind just laying out the
10 request for us, Sally?

11 MS. BRIGGS: I'd be glad to. Thank you.
12 Good morning, Commissioners. Sally Briggs. And this
13 morning I'm here as operating manager of Gulf Coast
14 Racing.

15 Because of a shortage of greyhounds in
16 the State of Texas, unfortunately, we don't feel that
17 we have enough greyhounds to run these five races at
18 Gulf Coast Racing. However, we do feel that to support
19 the charities that we have named as beneficiaries of
20 our racing dates, we would like to use the simulcast
21 monies in that way to benefit the charities, the five
22 charity days that we have requested.

23 CHAIRMAN SCHMIDT: So just for clarity,
24 we're short on dogs.

25 MS. BRIGGS: Yes, sir.

1 CHAIRMAN SCHMIDT: Okay. And so you're
2 requesting that we hold a charity simulcast racing --

3 MS. BRIGGS: Right.

4 CHAIRMAN SCHMIDT: -- in lieu of the live
5 racing. And that's August 27th through August 31st
6 this year.

7 MS. BRIGGS: Right. Five performances,
8 yes, sir.

9 CHAIRMAN SCHMIDT: So that will basically
10 take the place of the charity live races and it will be
11 a simulcast charity.

12 MS. BRIGGS: Yes. Unfortunately, the
13 States of Florida, Arkansas, Iowa, and West Virginia
14 have expanded gambling, so all of the greyhounds that
15 are available go to those states, of course, instead of
16 coming to Texas, where the points pay much more money.

17 CHAIRMAN SCHMIDT: Okay. Thanks.

18 Any questions of Ms. Briggs? Okay.

19 MS. BRIGGS: Thank you.

20 CHAIRMAN SCHMIDT: Mr. James has
21 requested to testify representing the Texas Greyhound
22 Association.

23 MR. JAMES: Hello, Mr. Chairman,
24 Commissioners. Nick James with the Texas Greyhound
25 Association.

1 We do have fewer dogs in the state
2 because they're all over in the other states that have
3 expanded gaming. And we support Gulf Greyhound on
4 this. We appreciate the LaMantias' continued support
5 for our industry and hopefully you all will find a
6 place for this.

7 CHAIRMAN SCHMIDT: Great. Any
8 questions?

9 Thank you.

10 So briefly, because of the shortage of
11 dogs, a motion really is to allocate their charity
12 responsibilities to simulcast racing for a few days at
13 the end of August. I'll certainly entertain a motion
14 to approve Gulf Coast Racing's request to amend its
15 2013 live racing schedule. Is there a motion?

16 COMMISSIONER ABER: I'll make the
17 motion.

18 CHAIRMAN SCHMIDT: A motion made by
19 Commissioner Aber. Second?

20 COMMISSIONER MARTIN: Second.

21 CHAIRMAN SCHMIDT: Seconded by
22 Dr. Martin.

23 Any further discussion?

24 There's a motion made and seconded to
25 approve Gulf Coast Racing's request to amend its 2013

1 live racing schedule. All those in favor signify by
2 saying aye.

3 COMMISSIONERS: Aye.

4 CHAIRMAN SCHMIDT: The motion carries.

5 No. 3 is a request by Retama Park for
6 approval to amend its totalisator contract with AmTote
7 International.

8 Mr. Jackson, can you update us on this?

9 MR. JACKSON: Yes, sir, Mr. Chairman.

10 Commissioners, the AmTote contract
11 between itself and Retama Park expired a few months
12 ago. The amendment is just to continue that contract
13 through the end of the year. That contract had been
14 previously approved by this Commission. The amendment
15 was reviewed by staff and it's in compliance with all
16 sections of the act and the Commission's rules. Staff
17 would recommend approval.

18 CHAIRMAN SCHMIDT: Okay. Thank you.

19 Any questions of Mr. Jackson?

20 Okay. Is there -- excuse me. Is there a
21 motion to approve the request by Retama Park for
22 approval of an amendment to its contract with AmTote
23 International?

24 COMMISSIONER WEINBERG: I so move.

25 CHAIRMAN SCHMIDT: Moved by Commissioner

1 Weinberg, seconded by Commissioner Aber.

2 Any further discussion?

3 All those in favor signify by saying
4 aye.

5 COMMISSIONERS: Aye.

6 CHAIRMAN SCHMIDT: That motion carries as
7 well.

8 Okay. Item D, a request by Retama Park
9 for approval of one change of ownership of less than
10 one percent. Hopefully, if our rules change, we can
11 move through these a little quicker in the future.

12 Mark, can you lay this out for us,
13 please?

14 MR. FENNER: Yes, sir.

15 Retama Park has requested approval for a
16 change of ownership from the estate of Margaret King to
17 her two heirs, Margaret King Stanley and Creston
18 A. King, Jr. The Department of Public Safety has run a
19 background check on these two individuals and has found
20 no disqualifying information.

21 CHAIRMAN SCHMIDT: And is there any
22 public comment whatsoever? None, Carolyn? Thank you.

23 Any further questions or discussion by
24 the Commission?

25 Okay. So I'll certainly entertain a

1 motion to approve the request by Retama for a change in
2 ownership of less than one percent.

3 COMMISSIONER MARTIN: I make a motion to
4 approve.

5 CHAIRMAN SCHMIDT: A motion made by
6 Dr. Martin.

7 VICE-CHAIRMAN EDERER: Second.

8 CHAIRMAN SCHMIDT: Seconded by Vice-Chair
9 Ederer.

10 We have a motion made and seconded. All
11 those in favor signify by saying aye.

12 COMMISSIONERS: Aye.

13 CHAIRMAN SCHMIDT: The motion carries.

14 Then, Mark, the second part of this act,
15 a request by Retama Park for approval of changes in the
16 management committee. Can you lay this item out for
17 us?

18 MR. FENNER: Yes, sir.

19 As you may recall, when you approved the
20 change of ownership of 75 and a half percent ownership
21 in Retama Park to Pinnacle Entertainment, they created
22 a four-member management committee and they put on to
23 the management committee, with your approval, three
24 members representing Pinnacle, but there was an absence
25 or an opening available on the Retama Partners

1 component of that management committee.

2 They have now nominated Mr. Drake Leddy
3 to be the Retama Partners representative on the
4 management committee. The Department of Public Safety
5 has run a background check on him and we provided you
6 the results of that background check in your red
7 envelopes and it's now ready for your review,
8 discussion, and approval if you like.

9 CHAIRMAN SCHMIDT: It's worked its way
10 through the process, right?

11 MR. FENNER: Yes, sir.

12 CHAIRMAN SCHMIDT: Any questions of
13 Mr. Fenner? Mr. Brown is available to testify if
14 needed. Any other questions of anyone?

15 MR. FENNER: Mr. Chairman, I do have one
16 thing I should have mentioned also.

17 CHAIRMAN SCHMIDT: Yes, sir.

18 MR. FENNER: They had also submitted a
19 separate request to put Mr. Gino Iafrate on to the
20 management committee, but they have -- due to some
21 changes in Pinnacle, they've withdrawn that request, so
22 they're going to maintain the Pinnacle representatives
23 on the management committee.

24 CHAIRMAN SCHMIDT: Okay. But this motion
25 just involves Mr. Leddy.

1 MR. FENNER: Yes, sir.

2 CHAIRMAN SCHMIDT: Okay. Great.

3 Any further discussions or questions?

4 Okay. I'll certainly entertain a motion
5 to approve Retama Park's request to appoint Mr. Drake
6 Leddy to its management committee.

7 COMMISSIONER ABER: I move.

8 CHAIRMAN SCHMIDT: A motion made by
9 Dr. Aber, seconded by Dr. Martin.

10 All those in -- we have a motion which
11 has been made and seconded to approve Retama Park's
12 request to place Mr. Drake Leddy on its management
13 committee. All those in favor signify by saying aye.

14 COMMISSIONERS: Aye.

15 CHAIRMAN SCHMIDT: That motion also
16 carries.

17 And then a request by Lone Star Park for
18 approval of a change in its management committee.

19 Can you lay this one out for us, Mark?

20 MR. FENNER: Yes, sir.

21 Global Gaming LSP has a five-member
22 management committee, two of which represent the 49
23 percent owner Global Gaming Solutions. One of the
24 previously approved members who represents Global
25 Gaming Solutions was Michael Chang, but he is no longer

1 working for the company, so Lone Star Park has
2 nominated Mr. Robert Lannert to be the replacement
3 representative on the management committee. The DPS
4 has done their background check on Mr. Lannert and his
5 materials are also in your packet.

6 CHAIRMAN SCHMIDT: Great.

7 Any questions of Mr. Fenner?

8 Any public comment, Carolyn?

9 MS. NORWOOD: No, sir.

10 CHAIRMAN SCHMIDT: Okay. I'd certainly
11 entertain a motion then to approve Lone Star Park's
12 request to place Mr. Robert Lannert on its management
13 committee.

14 COMMISSIONER WEINBERG: So move.

15 CHAIRMAN SCHMIDT: A move made by
16 Commissioner Weinberg.

17 VICE-CHAIRMAN EDERER: Second.

18 CHAIRMAN SCHMIDT: Seconded by Vice-Chair
19 Ederer.

20 Any further discussion?

21 We have a motion and a second. All those
22 in favor signify by saying aye.

23 COMMISSIONERS: Aye.

24 CHAIRMAN SCHMIDT: The motion to approve
25 Lone Star Park's request has been approved.

1 Let's just move to proceedings on
2 rulemaking. We actually have three new proposals that
3 are actually not new to the racing rule subcommittee
4 but certainly to the Commissioners which we'll take as
5 a group and then we'll take the two rule adoptions
6 second. So we'll take them in two groups.

7 Mark, can you discuss the -- I guess the
8 new modifications of the rules, allocation of race
9 dates, change in ownership issues, and the grading
10 system if you don't mind?

11 MR. FENNER: Yes, sir.

12 The first one, the allocation of race
13 dates, is in response to a situation that you recently
14 approved and reviewed. We had two racetracks that
15 wanted to modify their race dates, make small changes
16 to their race dates, but there was not enough time to
17 bring it to the Commission for approval, which is the
18 standard process.

19 Now, after much discussion and
20 consideration, the executive director approved those
21 minor changes subject to the ratification of the
22 Commission at its full meeting, which you did at the
23 last meeting. You approved it. But it raised the
24 possibility of perhaps delegating to the executive
25 director the authority to approve minor changes in race

1 dates if they're noncontroversial.

2 So what we've done is we've proposed an
3 amendment to Rule 303.41, the allocation of race dates,
4 that would allow him to make changes or approve changes
5 to race date allocations if they're within 14 days of
6 the start or the end of an existing approved race meet,
7 if it is supported in writing by each of the breed
8 organizations that are affected and also by any
9 affected racetracks, and then if it's horse race dates
10 it also has to be supported in writing by the
11 horsemen's organization.

12 It also gives the executive director,
13 when determining whether to approve those race dates,
14 the ability to consider the agency's budget and
15 workload status to determine whether it's going to
16 negatively impact the agency.

17 Now, if this is approved, then he can
18 make those -- approve those changes requested by the
19 associations. Now, that does not preclude the
20 associations from always bringing any race date
21 requests to the full Commission. So even if he were to
22 reject it, they could always come up and ask you to
23 approve it.

24 This has been discussed at the rules
25 committee meeting and we made one minor tweak to the

1 proposal before the last meeting, so it's actually been
2 through two rules committee meetings.

3 CHAIRMAN SCHMIDT: We have some
4 testimony, so we'll vote on each one separately.

5 MR. FENNER: Yes, sir.

6 CHAIRMAN SCHMIDT: Okay. Great.

7 So in summary, we have a process in place
8 in which we're planning for 18 months in advance and
9 this gives us some latitude and some flexibility as we
10 go forward once the race dates are allocated.

11 MR. FENNER: Yes, sir, it does. It
12 provides additional flexibility to the associations to
13 make changes without having to come to the full
14 Commission and also to make changes on a shorter notice
15 basis.

16 CHAIRMAN SCHMIDT: Great.

17 Bryan Brown, public testimony?

18 MR. BROWN: Good morning, Mr. Chairman
19 and Commissioners. Welcome, Commissioner Leon. It's
20 great to have you here.

21 I think the rule change is excellent. We
22 appreciate the work staff put into it. It does give us
23 a lot more flexibility for minor changes down the
24 road.

25 The only thing I'd like to comment on, in

1 Paragraph (3)(C), it talks about the requirement of any
2 affected track signing or issuing in writing the
3 approval for the change. So the question will become
4 what an affected track is. And I think in our opinion
5 or in my opinion, and I think it's shared by some of
6 the tracks, that as an example, an affected track could
7 be one in which a two-week gap between meets becomes a
8 one-week gap, so the gap would narrow and therefore
9 cause a potential disruption in the supply of horses
10 for the next meet and for that next track.

11 So I think there does need to be some
12 thought put into what "affected" means down the road
13 and I think there is some -- I don't want to speak for
14 everybody -- some agreement amongst the tracks that a
15 tighter gap, too tight of a gap, between tracks and
16 between meets then makes that second track that would
17 be involved an affected track, if that makes any sense
18 whatsoever.

19 I'd be happy to answer any questions you
20 have. But we do support the rule.

21 COMMISSIONER ABER: You know, we
22 discussed this in the rules committee. But they can
23 shorten those days, too, right?

24 MR. BROWN: Yes.

25 COMMISSIONER ABER: But in order to do

1 any of this, you're going to have to have the approval
2 of the associations, like the racing associations,
3 right?

4 MR. BROWN: Correct.

5 COMMISSIONER ABER: Okay. Now you're
6 saying we need the approval of each track.

7 MR. BROWN: That is affected. That is
8 part of the draft of the rule, the proposal.

9 COMMISSIONER ABER: I was originally not
10 for this because it takes the Commission out of that
11 part of it, but I've since seen that the approval --
12 they have to have the approval of the associations and
13 of the tracks before you can do that.

14 CHAIRMAN SCHMIDT: Any further questions
15 of Mr. Brown?

16 MR. BROWN: Thank you for your time.

17 CHAIRMAN SCHMIDT: Thank you, Bryan.

18 Commissioner O'Connell, any comments,
19 insights?

20 MS. O'CONNELL: I think we felt pretty
21 secure that we could identify the affected tracks and
22 that that would be liberally construed. So I think
23 everyone will have notice and be able to sign off on it
24 or not; and if someone doesn't sign off on it, then it
25 can't be granted. Unanimity is required.

1 CHAIRMAN SCHMIDT: It does seem like
2 there are a lot of checks and balances along the way.

3 Any further -- excuse me. Is there any
4 further public comment? No?

5 Any -- Commissioner Aber or any further
6 Commission comment whatsoever?

7 COMMISSIONER ABER: No.

8 CHAIRMAN SCHMIDT: Well, I'll certainly
9 entertain a motion then to publish Rule B in the Texas
10 Register for public comment.

11 COMMISSIONER MARTIN: I make a motion.

12 CHAIRMAN SCHMIDT: A motion made by
13 Dr. Martin.

14 MS. O'CONNELL: Second.

15 CHAIRMAN SCHMIDT: Seconded by
16 Commissioner O'Connell.

17 We have a motion made and a second. All
18 those in favor signify by saying aye.

19 COMMISSIONERS: Aye.

20 CHAIRMAN SCHMIDT: The motion carries and
21 we'll publish Rule B -- excuse me, Proposal B.

22 Item C, a proposal to amend Rule 309.151,
23 Change of Ownership, Board of Directors, or Management
24 Committee.

25 Can you bring us up to date on this,

1 Mark?

2 MR. FENNER: Yes, sir.

3 This is intended to address the situation
4 like we've had today where there was a transfer of
5 ownership involving a quarter of one percent of Retama
6 Park. And there are a number of these over the past
7 few years. In fact, I looked back and there were, I
8 think, 10 transfers in the last few years involving 14
9 different individuals who were acquiring ownership
10 interests of minute levels.

11 And to try and streamline this process
12 and not bog down the Commission's time, we have
13 developed a proposal that would delegate to the
14 executive director the ability to review small changes
15 of ownership where the person who is acquiring the
16 ownership is going to have less than five percent of
17 the association at the conclusion of the transfer.

18 And if that person is going to acquire
19 less than five percent, there's still a background
20 check where we get the information from the acquiring
21 person, name and business address and telephone and
22 personal address and phone. And DPS can also require
23 the person to submit fingerprints at the department's
24 option.

25 And then once we receive the background

1 check from DPS, the executive director will review it
2 and then within 10 days must notify the association
3 whether it is deemed approved or whether he is going to
4 elect to bring it to the full Commission for review and
5 consideration.

6 CHAIRMAN SCHMIDT: That's pretty
7 straightforward, Mark.

8 Any questions of Mr. Fenner?

9 Mr. Straus has signed to testify, Mr. Joe
10 Straus.

11 MR. STRAUS: Thank you, Mr. Chairman,
12 Commissioners.

13 We support this rule change,
14 overwhelmingly support it. A case in point, you just
15 got through approving a change that involved one-eighth
16 of one percent. You took your time to do all of that.
17 And that points it out, I think, pretty strongly. Most
18 of these changes, if not all of them, are less than --
19 much less than one percent.

20 So we just think it will streamline the
21 whole process a whole lot easier to let your staff
22 investigate these and approve them without taking up
23 your time and the time of the whole Commission to
24 approve those kind of changes. So we approve it -- we
25 support it.

1 CHAIRMAN SCHMIDT: Thank you,
2 Mr. Straus.

3 Are there any questions of Mr. Straus?

4 Okay. Thank you, sir.

5 Commissioner O'Connell?

6 MS. O'CONNELL: Nothing to add.

7 CHAIRMAN SCHMIDT: Pretty
8 straightforward? Great. Thank you.

9 So there's a proposal as noted. I'd
10 certainly entertain a motion --

11 VICE-CHAIRMAN EDERER: So move.

12 CHAIRMAN SCHMIDT: -- to -- and a
13 second?

14 COMMISSIONER WEINBERG: Second.

15 CHAIRMAN SCHMIDT: Seconded by
16 Commissioner -- a motion made by Mr. Ederer,
17 vice-chair, and seconded by Commissioner Weinberg to
18 publish the amended Rule 309.151 in the Texas
19 Register.

20 All those in favor signify by saying
21 aye.

22 COMMISSIONERS: Aye.

23 CHAIRMAN SCHMIDT: That motion carries as
24 well.

25 And Item D, a proposal to amend Rule

1 309.355, Grading System.

2 And, Mark, can you bring us up to date on
3 this, please?

4 MR. FENNER: Yes, sir.

5 This rule proposal was brought by Gulf
6 Greyhound Park where they have noted that because of a
7 lack of greyhounds in certain situations that they are
8 sometimes unable to fill out a card, a complete race
9 card for a day, but that they have noticed that there
10 is the opportunity to schedule a mixed grade race,
11 which is two greyhound -- two different grades not more
12 than one apart, a mixture of greyhounds running
13 together.

14 There's currently a cap of eight mixed
15 grade races per week, but they see an opportunity to on
16 occasion schedule additional mixed grade races during a
17 week. This rule would allow them to do so, but they
18 would need to get the approval of the racing judges,
19 who would make sure that this is the driving reason for
20 that need for an extra mixed grade race, that there
21 aren't enough greyhounds to schedule a typical race and
22 this is the last remaining alternative.

23 CHAIRMAN SCHMIDT: So this is really a
24 rule to modify the situation because at times there's a
25 shortage of greyhounds in the same grade.

1 MR. FENNER: Yes, sir.

2 CHAIRMAN SCHMIDT: Great.

3 Any further questions of Mr. Fenner?

4 Mr. James is scheduled to testify.

5 MR. JAMES: I just wanted -- we're in
6 support -- the TGA is in support of it. That's --

7 CHAIRMAN SCHMIDT: Great. Thank you,
8 sir.

9 Does anybody have any questions of
10 Mr. James? Any further discussion by the Commission or
11 questions or concerns? Commissioner O'Connell, any
12 insights?

13 MS. O'CONNELL: No.

14 CHAIRMAN SCHMIDT: Thank you.

15 I'll certainly entertain a motion to
16 amend Rule 309.355 as stated in the agenda to publish
17 in the Texas Register. Is there a motion?

18 COMMISSIONER MARTIN: I make the motion.

19 CHAIRMAN SCHMIDT: A motion made by
20 Dr. Martin, seconded by Dr. Aber.

21 We have a motion made and seconded. All
22 those in favor signify by saying aye.

23 COMMISSIONERS: Aye.

24 CHAIRMAN SCHMIDT: The motion carries and
25 it will also be published in the Texas Register for

1 public comment.

2 Thank you, Mark.

3 And again, Commissioner O'Connell, thank
4 you for doing the heavy lifting, working through all
5 this and taking care of the details.

6 We have two rule adoptions. These have
7 been worked through the system.

8 Mark, can you just bring us up to date,
9 please?

10 MR. FENNER: Yes, sir.

11 These rule proposals, we received no
12 comments back in response to their publication in the
13 Texas Register. What they would do is they would
14 recognize the licensee type of an equine dental
15 provider and that this would be a substitute for what
16 we currently license as the tooth floater.

17 It would have the same licensing fee and
18 it would establish that in order to be licensed as an
19 equine dental provider that that person would have to
20 be licensed and in good standing with the Texas Board
21 of Veterinary Medical Examiners.

22 So the change to 311.5, License Fees,
23 changes the title to equine dental provider from tooth
24 floater and then 311.112 provides the criteria by which
25 you become licensed as an equine dental provider.

1 CHAIRMAN SCHMIDT: And our Commissioner
2 veterinarians were comfortable with these changes?
3 Great.

4 Any further -- any public comment?

5 Any further Commission comment?

6 I'll certainly entertain a motion to
7 adopt the rule proposals in E and F as published in the
8 Texas Register.

9 COMMISSIONER MARTIN: Motion.

10 CHAIRMAN SCHMIDT: A motion by
11 Dr. Martin, seconded by Dr. Aber.

12 We have a motion made and seconded. All
13 those in favor signify by saying aye.

14 COMMISSIONERS: Aye.

15 CHAIRMAN SCHMIDT: That motion is also
16 carried.

17 There will be no executive session
18 today.

19 Our next Commission meeting is scheduled
20 for the 13th of August.

21 Any further questions, concerns,
22 outstanding business?

23 Then we're adjourned.

24 (Proceedings concluded at 11:14 a.m.)

25

1 STATE OF TEXAS)
2 COUNTY OF TRAVIS)

3

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

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

14 GIVEN UNDER MY OFFICIAL HAND OF OFFICE at Austin,
15 Texas, this 20th day of June, 2013.

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