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1 MR. TROUT: The time is 10:30. Good  
2 morning. I'm Chuck Trout. I'm the executive director  
3 of the Texas Racing Commission. And with me today is  
4 Mark Fenner, the general counsel. Here to assist us  
5 and you this morning are Devon Bijansky, our deputy  
6 general counsel; Robert Elrod, our public information  
7 officer; Cathy Cantrell, our director of licensing; and  
8 Jim Blodgett, our director of investigations. Sherri  
9 Fisher is the court reporter and she will be preparing  
10 a transcript for the Commissioners of everything that's  
11 said today at this meeting.

12 Before we begin, I'd like to describe the  
13 purpose and procedures for today's hearing. The  
14 purpose is to accept public comments on the proposed  
15 rule amendments and new rules that the Commission  
16 published in the June 27th edition of the Texas  
17 Register. These proposals fall into three categories.

18 First, we have a number of proposals  
19 related to the authorization of historical racing.  
20 While these are listed in the agenda as Items A through  
21 X, you are welcome to address these proposals as a  
22 group or to identify specific rule proposals and  
23 discuss them individually.

24 Second, we have Agenda Item Y which is a  
25 proposal that sets out criteria and processes for the

1 issuance and possible extension of a temporary license  
2 to conduct racing at a location other than a  
3 racetrack's designated location.

4           And finally, we have Agenda Item Z which  
5 is a proposal to amend the anabolic steroids rule to  
6 more closely follow the national standards established  
7 by the Association of Racing Commissioners  
8 International.

9           Now I'd like to lay out some of the  
10 procedures we're going to follow today. First,  
11 everyone must complete and sign a testimony card in  
12 order to speak. It's important that you complete the  
13 form fully, including the address fields and the  
14 sections relating to whether you represent anyone. If  
15 you are to speak about the proposals on historical  
16 racing, we have some cards in the back that have the  
17 specific agenda items premarked for you.

18           Second, you don't have to speak in order  
19 to show your position on any of these issues. Each  
20 form allows you to indicate whether or not you wish to  
21 speak and to indicate whether you are for or against  
22 the proposal. If you just want to indicate your  
23 position, you can complete the card and turn it in to  
24 Ms. Bijansky.

25           Where are you, Devon?

1 MR. FENNER: She's in the hallway  
2 outside.

3 MR. TROUT: She's outside? Okay. You  
4 are then free to leave if you'd like. Otherwise, you  
5 can stay and listen to what's being said. We will  
6 report all comments to the Commissioners.

7 If you want to speak, complete a card and  
8 bring it up to Mr. Fenner. He's going to manage the  
9 cards for me today and so that we can move from speaker  
10 to speaker as quickly as possible. To the extent  
11 possible, we will take those who are officers or  
12 directors of organizations before those who are  
13 speaking as individuals. If you have any written  
14 materials, you may turn them in to Mr. Fenner.

15 Third, in the interest of allowing as  
16 many people to speak as possible, we are going to limit  
17 speakers to three minutes. We're going to try to allow  
18 everyone to speak who wants to.

19 Fourth, Ms. Fisher, the court reporter,  
20 needs to hear you clearly. When you approach the dais,  
21 please identify yourself and state for the record  
22 whether you represent anyone or any organization.  
23 Ms. Fisher is an important member of this team and we  
24 may interrupt -- and she may interrupt you if she  
25 doesn't hear something that you say. She may want you

1 to repeat, possibly spell your name; but if she doesn't  
2 hear something, she may interrupt you and have you  
3 repeat.

4           And finally, this is a listening  
5 opportunity for us and the Commissioners. We may ask a  
6 clarifying question or two so that we are sure we  
7 understand your position. But this is not -- the  
8 purpose of this hearing is not to have a discussion or  
9 a debate. We especially appreciate comments that are  
10 insightful and that help inform the Commission about  
11 the policy issues or about changes that should be made  
12 to these proposals. I appreciate your patience. I'm  
13 not sure how long this will take today. But just bear  
14 with us.

15           And I'm going to begin by calling Andrea  
16 Young, president of the Sam Houston Race Park.

17           Ms. Young, are you prepared?

18           MS. YOUNG: Thank you, Mr. Trout,  
19 Mr. Fenner, Commission staff. Good morning. My name  
20 is Andrea Young. I serve as the president of Sam  
21 Houston Race Park, Valley Race Park, and Laredo Race  
22 Park. I'm here today to speak on behalf of those  
23 tracks as well as the broader interests of the Class 1  
24 horse tracks in Texas, including Lone Star Park and  
25 Retama Park, along with the people we employ.

1 I would like to start with a few  
2 troubling statistics that I believe provide a lot of  
3 context for this rule. In 2005, total handle on Texas  
4 live horse races was more than 360 million. By last  
5 year, 2013, this number had dropped by nearly  
6 two-thirds, to 130 million.

7 Thoroughbred purses have seen similar  
8 declines over the last nine years. In 2005,  
9 Thoroughbred earned purses were 25 million. Last year  
10 they fell to about 14 and a half million.

11 The number of live race dates in the  
12 state has also significantly declined. In 2005, there  
13 were 192 Thoroughbred race dates between the three  
14 Class 1 tracks. In 2013, all three tracks combined  
15 held 109 race dates, a nearly 50 percent decline. This  
16 number at Sam Houston Race Park fell to just 32 days  
17 this year.

18 Quarter Horses have seen similar  
19 declines. In 2005, Quarter Horse earned purses were  
20 6.8 million; last year, 4.1 million, a 40 percent  
21 decline.

22 Jobs related to the racing industry are  
23 also declining. We've seen this firsthand at the Class  
24 1 tracks and it is best illustrated by the Commission's  
25 issuing of occupational licenses. There were over

1 12,000 occupational licenses granted at horse and  
2 greyhound tracks in 2005. Last year this number dipped  
3 below 6,000.

4           The decline in the racing industry is  
5 because Texas purses simply are not competitive with  
6 purses in our neighboring states like Louisiana,  
7 Oklahoma, and New Mexico. Tracks in these adjacent  
8 states have lured away our customers and most of our  
9 good horses as well as the breeders and other key  
10 players in our industry.

11           As you can see, our tracks have gone  
12 downhill while racetracks in surrounding states have  
13 prospered. The reason is the large amount of cash  
14 generated by expanded gaming options giving those  
15 tracks the ability to create big purses, which are the  
16 lifeblood of our industry.

17           In adjacent states purses are often two  
18 to three times greater on an average daily basis than  
19 those offered in Texas tracks. In 2013, purses in our  
20 neighbor states with less than half of our state's  
21 population generated more than 200 million dollars in  
22 purse money, a far cry from the numbers I just  
23 described to you. The results of this disparity are  
24 startling. Until this problem is addressed, the  
25 industry will continue to suffer.

1                   We are excited about the prospect of  
2 historical racing here in Texas, which we expect to  
3 significantly increase our purses. Higher purses will  
4 bring better animals back to our tracks and will  
5 increase attendance and handle on our live races.

6                   With the legal restrictions we have here,  
7 we believe that historical racing technology provides  
8 the best opportunity to give the Texas racing industry  
9 a fighting chance to survive in the near term.

10 Historical racing is a natural technological extension  
11 of the existing pari-mutuel wagering on horse and  
12 greyhound races. It will not expand the gambling  
13 footprint here in Texas, but it will give Texas tracks  
14 a better opportunity to compete with the neighboring  
15 states than we currently have.

16                   I'd like to point to some of the  
17 experiences in other states that have adopted  
18 historical racing. For example, in Kentucky, Kentucky  
19 Downs doubled its purses in 2013 compared to 2012. The  
20 historic Red Mile racetrack located in Lexington,  
21 Kentucky, announced plans just a few months ago that it  
22 intends to develop a new 25-million-dollar facility for  
23 historical racing and create 150 new and permanent  
24 jobs. Keeneland, which will host the 2015 Breeders'  
25 Cup, is also now building a multi-million-dollar

1 facility to house its historic racing operation and is  
2 expected to create 60 to 75 new permanent jobs. And  
3 these are just the jobs at the racetracks.

4 We expect similar results in Texas, but  
5 on a larger scale. We have done some preliminary  
6 calculations based on these initial results in Kentucky  
7 and we expect purses in Texas to increase by about 40  
8 percent if historical racing is permitted. That's  
9 nearly 12 million dollars annually to horsemen and  
10 breeders.

11 There will be significant economic  
12 development benefits for the state as well. Internally  
13 we have used standard economic input and output  
14 analysis to estimate some of these impacts. We  
15 estimate that the total economic activity in the state  
16 will increase by 500 to 600 million dollars. Increased  
17 economic activity is the demand change immediately  
18 associated with a new activity, for example, the amount  
19 generated for purses at the racetracks, but also the  
20 meal purchased on the way to a racetrack made by a  
21 visitor or a cab fare by a visitor paid to be  
22 transported to the racetrack. We also estimate that  
23 historical racing will add somewhere between 3800 and  
24 5,000 permanent jobs in Texas.

25 Please note these estimates represent

1 long-term impacts and do not include the short-term  
2 initial benefits to be expected from things like new  
3 capital expenditures.

4           We also expect historical racing to  
5 reinvigorate the Texas breeding industry. The horsemen  
6 can speak better to this than I, but we know with  
7 certainty that breeding will increase as a result of  
8 racing -- better racing purses for Texas horsemen.

9           In conclusion, I do want to emphasize  
10 that historical racing is not any sort of home run for  
11 the racetracks. Authorizing historical racing alone  
12 will not resolve the struggles this industry has faced  
13 and will continue to face due to competition from our  
14 neighbor states. But on behalf of the track interests  
15 in this room, we strongly support adopting the proposed  
16 rules to help our industry and to help the Texas  
17 economy.

18           With that, I'd be happy to answer any  
19 questions you might have.

20           MR. TROUT: Thank you.

21           MS. YOUNG: Thank you.

22           MR. TROUT: Ms. Jan Haynes and Dr. Hays,  
23 Dr. Tommy Hays?

24           MR. HAYS: Good morning. My name is  
25 Dr. Tommy Hays and I'm president of the Texas

1 Horsemen's Benevolent and Protective Association.

2 And --

3 MS. HAYNES: And I'm Jan Haynes,  
4 president of the Texas Thoroughbred HBPA.

5 MR. HAYS: And as you know, together we  
6 make up the Texas Horsemen's Partnership, which we are  
7 the organization that the Commission recognizes as the  
8 official organization representing the horsemen.

9 And on behalf of the 4300 members that we  
10 have, horsemen and horsewomen, we urge the Commission  
11 to adopt the rules as presented earlier. And we  
12 really -- we both -- we have already had testimony in  
13 the record of letters, but we just wanted to say we're  
14 thoroughly in this together, the horsemen are, and  
15 we're committed to helping the Commission any way we  
16 can.

17 So if you have any questions, we'd be  
18 happy to answer them.

19 MR. TROUT: Ms. Haynes?

20 MS. HAYNES: We both feel the same way on  
21 behalf of our membership. We're speaking for them.

22 MR. TROUT: Thank you.

23 MS. HAYNES: Thank you.

24 MR. TROUT: Mary Ruyle?

25 MS. RUYLE: Good morning.

1 MR. TROUT: Good morning.

2 MS. RUYLE: My name is Mary Ruyle and I'm  
3 the executive director of the Texas Thoroughbred  
4 Association. We currently have over 1100 members and  
5 I'm here to speak on their behalf.

6 It is well-known that the Texas horse  
7 racing and breeding industry is at a serious  
8 competitive disadvantage with our neighbor states,  
9 threatening its viability as reflected in serious  
10 declines across the board from wagering handle to the  
11 number of race days and purse levels to the number of  
12 horses and people involved.

13 In many of the surrounding states,  
14 additional forms of gaming supplement purses and breed  
15 programs. As a result, many participants in the Texas  
16 horse industry have relocated to these surrounding  
17 states in order to grow their business, while those who  
18 remain here are struggling simply to stay in business.  
19 These hard working men and women face the real  
20 possibility that the Texas horse industry will continue  
21 to decline if new sources of revenue are not generated  
22 and will eventually be driven out of state or out of  
23 the industry altogether.

24 We've seen the benefits that pari-mutuel  
25 wagering on historical races has provided in Arkansas

1 and Kentucky and believe that it will provide  
2 substantial growth in revenue to the Texas horse  
3 industry and subsequently to the state through  
4 peripheral businesses, such as feed producers,  
5 equipment suppliers, farriers, tack stores,  
6 veterinarians, and so on.

7           Your support of historical racing is  
8 essential to resurrecting the Texas breeding and racing  
9 industries and bringing them back from the brink of  
10 imploding to assuming a prominent position on the  
11 national horse racing scene. We've not had many  
12 opportunities such as this and we urge the Commission  
13 to adopt the proposed rules and provide us with a tool  
14 to stop this decline and rebuild our industry.

15           Thank you. And I'd be happy to answer  
16 any questions.

17           MR. TROUT: Thank you, Ms. Ruyle.

18           MS. RUYLE: Thank you.

19           MR. TROUT: Val Clark?

20           MS. CLARK: Thank you. And good  
21 morning.

22           MR. TROUT: Good morning.

23           MS. CLARK: My name is Val Clark and  
24 today I'm representing the American Quarter Horse  
25 Association as a director and I'm representing the

1 Texas Quarter Horse Association as the executive  
2 director.

3           The American Quarter Horse Association,  
4 as you know, is located in Amarillo and they have  
5 executive meetings going on this week, so no one was  
6 able to attend. So they have written a letter which I  
7 have just put into the record and they have asked me to  
8 read that to put this on record. So pardon my reading  
9 skills.

10           Dear Mr. Trout and Members of the Texas  
11 Racing Commission: The American Quarter Horse  
12 Association located in Amarillo, Texas, is the world's  
13 largest equine breed registry and membership  
14 organization with nearly 300,000 members and some six  
15 million horses on the roster. In Texas alone, AQHA's  
16 largest state, there are more than 425,000 American  
17 Quarter Horses owned by nearly 105,000 Texans.

18           It is AQHA's mission to support  
19 initiatives that will promote and enhance the growth of  
20 this already popular breed. As it relates to the  
21 racing American Quarter Horse, AQHA is committed to  
22 increasing opportunities for the breed and to grow  
23 purses for owners of racing American Quarter Horses.  
24 To that end, AQHA is a strong supporter of the efforts  
25 to introduce historical racing terminals at racetracks

1 and other approved facilities in the Lone Star state.

2           As president of AQHA, a Texan, and owner  
3 of horses that race in Texas and a breeder of hundreds  
4 of American Quarter Horses, I am writing to encourage  
5 the Texas Racing Commission to place this matter on an  
6 upcoming agenda and to pass this for the benefit of the  
7 racing industry in Texas.

8           It is conservatively estimated that Texas  
9 racing influences nearly 18,000 jobs directly and  
10 indirectly and makes nearly a one-billion-dollar impact  
11 on the state's economy. Bringing historical racing  
12 terminals to racetracks in selected locations will  
13 substantially increase these numbers, make it more  
14 attractive to race in Texas, and put Texas back into a  
15 competitive situation with the states it borders.

16           Please give the Texas racing industry the  
17 resources it needs to be competitive and vote to allow  
18 historical racing terminals at Texas racetracks.

19 Sincerely, Johnny Trotter, president of the American  
20 Quarter Horse Association.

21           And now as Texas Quarter Horse  
22 Association, as Mr. Trotter mentioned, we are the  
23 largest affiliate also, not just the largest state, of  
24 the American Quarter Horse Association. And Texas  
25 Quarter Horse echoes the statement that I just read.

1 Please give the Texas racing industry the resources it  
2 needs to be competitive and vote to allow historical  
3 racing terminals at Texas racetracks. The Texas  
4 Quarter Horse board of directors has voted in support  
5 of supporting the rules as submitted and urges the  
6 Commission to adopt these rules.

7 Thank you.

8 MR. TROUT: Thank you, Ms. Clark.

9 Ed Wilson?

10 MR. WILSON: I'm president of the --

11 MR. TROUT: Welcome, Mr. Wilson.

12 MR. WILSON: Thank you, Mr. Trout. Ed  
13 Wilson, president of the Texas Arabian Breeders  
14 Association.

15 We have filed a letter indicating our  
16 support for it. And we and the other breeds have seen  
17 quite a decline in the last few years in our breeding  
18 program and our opportunities to race at the track, and  
19 we see this as a way to help us get our economy moving  
20 and get our breed going better. We appreciate all the  
21 support you will give us.

22 Thank you very much.

23 MR. TROUT: Thank you, Mr. Wilson.

24 Nick James?

25 MR. JAMES: I'm Nick James, executive

1 director of the Texas Greyhound Association. I  
2 appreciate the opportunity to get up today.

3           The TGA represents greyhound breeders in  
4 Texas as well as kennel owners, workers, and other  
5 interested parties in greyhound racing and breeding.  
6 When pari-mutuel greyhound racing started, the tracks  
7 were full of patrons and each track had a full  
8 allotment of kennels. However, once other states  
9 permitted new forms of gaming at tracks and casinos,  
10 patronage reduced substantially.

11           The TGA board fully endorses the rule  
12 changes to include instant racing terminals in  
13 anticipation of increased purses, more breeding in  
14 Texas, and year-round racing at the two tracks where it  
15 doesn't presently occur.

16           TGA members work under rules and policies  
17 designed by the National Greyhound Association, which  
18 has commendably established high standards for racing  
19 greyhounds. These cover every aspect of greyhound  
20 care, including housing, nutrition, exercise,  
21 sanitation, and management, and are based on sound  
22 veterinary science. Anyone found in violation of NGA  
23 standards is banned from racing activities for life and  
24 members of the TGA and NGA are prohibited from doing  
25 any business with such person.

1           The TGA is proud to work with eight  
2 adoption groups to find homes for retired racers. We  
3 also plan to make sure, by inspections, that these  
4 groups adhere to the same standards breeders and others  
5 in the greyhound industry must abide by. To my  
6 knowledge, no outside group purportedly concerned with  
7 greyhound welfare has ever contacted the TGA to offer  
8 any assistance in any capacity.

9           The TGA employs two NGA-approved  
10 inspectors who assess farms and provide reports to the  
11 Commission and the NGA. The Commission vet and your  
12 head of inspections have accompanied our inspectors to  
13 verify that appropriate inspections are always taking  
14 place.

15           As greyhound health and safety is  
16 paramount to the TGA, we work closely with track  
17 officials to be sure racing conditions are safe. We  
18 maintain weekly contact with them and hold monthly  
19 meetings at the track. Track safety has improved and  
20 injuries have been reduced since we began this intense  
21 inspection program three years ago. Now less than one  
22 percent of all racing starts result in injuries, and  
23 most of those dogs returned quickly. For those dogs  
24 unable to return, we work with the previously mentioned  
25 adoption groups and kennel owners and breeders to find

1 comfortable and permanent homes for them. Therefore,  
2 we strongly support the allocation of revenue proposed  
3 under the rule change to be used for treatment and  
4 rehabilitation of injured greyhounds.

5 In contrast to this, the ASPCA seeks to  
6 end greyhound racing despite the positives that it  
7 creates for Texas. The ASPCA has had significant  
8 issues that raise serious questions about its motives  
9 and effectiveness. As an example, in 2009 the ASPCA  
10 raised 116.5 million in California alone, only to spend  
11 a paltry .3 percent, or \$352,000, on its activities in  
12 California in 2010. In addition, the ASPCA recently  
13 settled a racketeering lawsuit for nearly 10 million  
14 dollars.

15 It is difficult to understand why the  
16 Racing Commission, an organization dedicated to the  
17 care of the greyhound racing industry, would listen to  
18 such a troubled group that doesn't care about the  
19 health and welfare of either greyhounds or the industry  
20 that supports them.

21 Thank you.

22 MR. TROUT: Thank you.

23 I might need some help with the next  
24 name. Mr. James D-e-a-t-h --

25 MR. DEATHERAGE: I'll help you out with

1 it.

2 MR. TROUT: I'm sorry.

3 MR. DEATHERAGE: I'll help you out with  
4 it. I'm James Deatherage.

5 MR. TROUT: Thank you very much.

6 Good morning, sir.

7 MR. DEATHERAGE: Thank you. I am James  
8 Deatherage and I'm here as a supporter of the horse  
9 industry. I appreciate the opportunity to make a few  
10 comments this morning.

11 I am an employee of an agricultural  
12 cooperative that supplies inputs to farmers and  
13 ranchers that, in turn, sources those crops from Texas  
14 farmers and manufactures those crops into value-added  
15 products, i.e., horse feeds. Our cooperative is also a  
16 provider of many product lines that are essential to  
17 the needs of the horse industry.

18 This issue is more than a horse issue.  
19 It is also an agricultural issue. Many individuals are  
20 oblivious of the journey that Texas-raised grains take  
21 from the field to the feed troughs. Many are unaware  
22 of the amounts of inputs that high-end hay producers  
23 must purchase to grow the amount of hay needed from  
24 horse owners and trainers.

25 The horse industry is a high maintenance

1 industry. The horse industry is a high input  
2 industry. The horse industry is not only the greatest  
3 example of trickle-down economics, but for horse owners  
4 it is the Niagara Falls of economic redistribution.

5 As I understand it, this proposal is not  
6 expanding the footprint, but enhancing the product  
7 already offered at pari-mutuel tracks. If the end  
8 result is more horses are bred, raised, and raced in  
9 the State of Texas, then I believe it is our job and  
10 duty as horse lovers, horse enthusiasts, and horse  
11 owners to work towards that goal. If the end result is  
12 that more horses are bred, raised, and raced in Texas,  
13 then I believe it is our job as Texans to work towards  
14 that goal.

15 Texas has always been an agricultural  
16 leader, whether that be cattle, cotton, corn, or  
17 horses. And horses are a powerful economic engine. So  
18 why now should we take a back seat to our neighboring  
19 states?

20 Thank you for the opportunity.

21 MR. TROUT: Thank you, sir.

22 Jacquelyn Rich? Dr. Rich?

23 MS. RICH: Good morning. My name is  
24 Jacquelyn Rich and I serve as the president of Texas  
25 Horse this year. You have a letter in your file

1 already. We are in support of this.

2           You have heard from many of our  
3 organizations already this morning. I will not  
4 reiterate that. I just wanted you to know we have  
5 other organizations not represented today, the National  
6 Cutting Horse Association, the American Paint Horse  
7 Association, that are also -- we have all met and  
8 agreed to write this letter in support of promulgating  
9 these rules for historical racing. We think it's very  
10 important that that be done in this next Commission  
11 meeting.

12           We have approximately -- and my figures  
13 are not exact -- about a 350,000-dollar membership --  
14 350,000 membership, not dollars. So that's how many  
15 people we are representing today asking for you to move  
16 this forward.

17           Questions?

18           MR. TROUT: No, ma'am. Thank you,  
19 Dr. Rich.

20           Bob Gaston?

21           MR. GASTON: My name is Bob Gaston. I'm  
22 here -- I'm on the executive board of the Texas Quarter  
23 Horse Association. I'm also a breeder and racer of  
24 Quarter Horses in Texas.

25           I won't repeat everything that everybody

1 said because they pretty well covered the bases, except  
2 that as a -- in competition with the other states, I  
3 have one horse that's a Cal-bred and the breeder awards  
4 for that horse were \$32,000 last year. I have two  
5 horses in Louisiana that are Louisiana-bred and I  
6 received \$31,000 in breeder awards. I have six or  
7 seven Texas-bred horses and I got about \$3,000 last  
8 year.

9                   So I know this is not a cure for that,  
10 but any little thing, we need every patch we can get.  
11 And this would be something that would enhance it  
12 enough to encourage more people to breed in Texas.

13                   Thank you very much.

14                   MR. TROUT: Thank you, sir.

15                   Sally Briggs?

16                   MS. BRIGGS: Good morning. And thank you  
17 for this opportunity. I am Sally Briggs and I'm  
18 general manager at Gulf Greyhound Park and operations  
19 manager for Gulf Coast Racing and Gillespie County Fair  
20 & Festival Association.

21                   We have reviewed the proposed rules and  
22 regulations for historical racing and we appreciate the  
23 time that the Commissioners, the Commission staff, the  
24 tracks, and breed organizations put in to develop  
25 them. We strongly support these rules. We look

1 forward to being able to add another venue that will  
2 benefit not only our racetracks but also the greyhound  
3 and horse owners and breeders. We urge the  
4 Commissioners to adopt these rules.

5 Thank you.

6 MR. TROUT: Thank you.

7 Stephen Fenoglio, is it? Did I pronounce  
8 that right?

9 MR. FENOGLIO: It's Fenoglio. The G is  
10 silent. And if I may, I have a couple of handouts for  
11 you, Mr. Executive Director.

12 So if I may.

13 MR. TROUT: Yes, sir.

14 MR. FENOGLIO: For the record, my name is  
15 Stephen Fenoglio. I'm an attorney in Austin. I'm a  
16 board member of the Texas Charity Advocates. I'm here  
17 representing the Texas Charity Advocates, which is a  
18 group of primarily nonprofits, over 300, who conduct  
19 charitable bingo in Texas. I'm also representing a  
20 number of those individual charities. I also represent  
21 the Bingo Interest Group, which is a group of  
22 commercial lessors that lease the charitable bingo  
23 halls out.

24 We recognize the dire straits of the  
25 racing industry. Charitable bingo has suffered as

1 well. So it is with reluctance that we're here today  
2 to oppose the rules -- and I say "the rules". Every  
3 rule with the exception of the drug testing rule. We  
4 take no position on that one -- because we know that --  
5 in our opposition, we know that the racing industry is  
6 suffering and has suffered, no question about it.

7           But what we have determined is, without  
8 question, if this -- if these series of rules are  
9 adopted as drafted, it will devastate charitable  
10 bingo. It will put many halls out of business. We  
11 estimate that within five years, 90 percent of the  
12 halls in the state will either close their doors or be  
13 a small fraction of what they were.

14           And the reason is that these machines,  
15 the historical racing, operate and appear to be a slot  
16 machine and our customers will leave those halls to go  
17 to those locations that have these machines, without  
18 question.

19           So I want to start, though, first with we  
20 don't believe there's any statutory authority to do  
21 what the Commission proposes to do. We believe it's  
22 the Texas Racing Act for a reason; and obviously the  
23 races that are featured, most of the races that are  
24 featured -- we've looked at some of the machines in  
25 Kentucky and Arkansas -- are featuring races that

1 weren't run in Texas and we think you don't have the  
2 authority to do what you're proposing to do.

3           It's kind of ironic that only in Austin,  
4 Texas, would we talk about live racing with dead horses  
5 and dead jockeys. And the reason I say that is if it's  
6 a historical race and you go back 15 years, there's not  
7 going to be many three-year-old horses alive 15 years  
8 after the fact. We believe if you go back 25 or 30  
9 years, there are going to be a lot of jockeys that are  
10 running the race that's depicted on the historic racing  
11 machines that are not living. So it's really not some  
12 sort of live racing, if you will.

13           As I said, TCA is represented by  
14 charities -- or is comprised of charities all over  
15 the state, from veterans organizations to volunteer  
16 fire departments, to organizations in Austin, Texas.  
17 Family Elder Care, Arc of the Capital Area, nonprofits  
18 that have been in longstanding for over 45, 50 years,  
19 are publicly funded in part by state, local, county  
20 governments, sometimes Federal governments, advocacy  
21 groups and the like. And so this rule will devastate  
22 charitable bingo. And the two handouts I had highlight  
23 that.

24           The first handout is a three-page  
25 document and it's the bingo locations near licensed

1 racetracks. And it doesn't include licensed tracks  
2 that have not been operated in the last five years.  
3 And what you see is we've identified the charitable  
4 bingo halls that are within that area of influence,  
5 within 10 to 12 miles.

6           The bottom line is -- and we believe all  
7 of those halls will close within 60 to 180 days of when  
8 these locations start operating these machines. The  
9 economic impact of that is easily 42.1 million in those  
10 markets. That's the direct impact. We don't know what  
11 the long-term impact will be. And the impact that  
12 we've identified is comprised of the net proceeds,  
13 which is the profit charitable bingo halls operate,  
14 their employee salaries, their professional services,  
15 CPA's, security companies, lawyers, janitorial  
16 services, and the like, prize fees that are paid to the  
17 State that in turn are shared with cities and  
18 counties.

19           And the second handout is charitable  
20 bingo statewide totals, and those same numbers are  
21 reflected statewide. And you can see in calendar year  
22 2013 that total was 102 million dollars, of which the  
23 State and counties got 27.4 million dollars, direct  
24 numbers to the State and/or county and city governments  
25 where charitable bingo is conducted.

1                   And they don't do anything to, quote,  
2 "earn" that because all of the license fees that  
3 charitable bingo pays more than cover all of the  
4 salaries of all the employees at the Texas Lottery  
5 Commission that regulates bingo. So this is pure  
6 profit to the State and county and city governments.

7                   We believe you have a statutory duty to  
8 do an economic impact statement and a regulatory  
9 flexibility analysis. And the language in the proposed  
10 rules is the agency believes there will be no impact.  
11 Well, these two charts show clearly there is an impact  
12 and it's a devastating impact.

13                   Some charities earn over a hundred  
14 thousand a year from charitable bingo. Those locations  
15 are solely within a 15-mile radius of a licensed  
16 racetrack. Those locations will go away and that money  
17 will no longer be available to those charitable  
18 organizations, which, again, highlights the reason  
19 we're here reluctantly.

20                   So under Chapter 2006.002 of the  
21 Government Code, you have to do those analyses. You  
22 have not done so. The local employment impact under  
23 Section 2001.022 has not been done. And we know there  
24 were people -- those people -- by the way, there are  
25 about 11,700 people employed directly by the charities

1 in charitable bingo. Those jobs are gone.

2 And I say if this rule -- this series of  
3 rules are adopted and rolled out, 90 percent of the  
4 bingo halls are within a 50-mile radius of where we  
5 think the tracks either are or can be located because,  
6 as you know, there are several licenses that are on the  
7 shelf, with no tracks built.

8 One of your rules allows them to open a  
9 facility for two years, up to two years, at a new  
10 location. And no big surprise, we believe those  
11 facilities won't be located in Monahans, Texas. They  
12 will be located in Midland or Lubbock or Dallas or Fort  
13 Worth or Houston, where the people are. That's where a  
14 reasonable person would locate those on-the-shelf  
15 licenses where there's no racetrack.

16 So the bottom line on the second table,  
17 which is the statewide totals, is we believe 90 percent  
18 of those numbers will go away. There will still be  
19 charitable bingo if your rule were adopted. It will be  
20 a small position from where it is today. In small  
21 towns there will still be charitable bingo. There may  
22 be in the Dallas-Fort Worth area, where Lone Star Park  
23 is. There may still be some very small bingo halls,  
24 but they won't be doing anything near. Austin is the  
25 same way.

1           And the reason we took the 50-mile radius  
2 is pretty simple. We know today that the Indian nation  
3 tribe at Exit 1 in Oklahoma regularly sends buses to  
4 Dallas, Fort Worth. They even send buses to pick up  
5 customers in Austin and San Antonio. So a 50-mile  
6 radius, it's easy to identify that the charitable bingo  
7 footprint will be absolutely devastated if this rule is  
8 adopted.

9           And the reason that's so is because of  
10 the following: Let's say you've got a hundred  
11 customers today. The rule is adopted. There are 500,  
12 5,000 machines. There's no limit on the number of  
13 machines that a facility can have under the proposed  
14 rule. So those hundred customers become 70 because  
15 some of those customers will automatically flock only  
16 to the racetrack. They'll still be wanting -- some of  
17 those customers will still be wanting to play bingo;  
18 but instead of spending 30 to 50 dollars a session,  
19 they'll spend half of that. So you've got 30 percent  
20 fewer customers and they're spending half of what they  
21 were.

22           Ask any business with the inventory and  
23 the costs involved to open a bingo hall, an  
24 8,000-square-foot facility. Ask any business, "Are you  
25 going to survive if your revenues are cut in half?"

1 Not many people will. The margins aren't there for  
2 charitable bingo. So that's why we take a 50-mile  
3 radius.

4           Initially, the halls within 10 to 15  
5 miles will go out of business within 30 to 180 days,  
6 without question, once the machines are placed. The  
7 halls that are located a further distance will be a  
8 slower death, but they'll die, no question about it.

9           So when we look at the statewide  
10 totals -- and I did four years so you have an idea.  
11 And you can see under Column B is the net proceeds.  
12 That's statewide for all charitable organizations.  
13 That's their profit that they put to their bottom line  
14 and are used for additional operations. The salaries  
15 are Table -- or Item C; professional services, D; and  
16 then the prize fees are E.

17           And then Column F is a subset of Column E  
18 because, again, about half of that number is shared  
19 with -- that's a five percent prize fee for every  
20 dollar of bingo prize is paid to the State, half of  
21 which is generally shared with the city and county  
22 where that hall is located.

23           So then I took -- in Column G, I totaled  
24 E through F. And so you can see -- I'm sorry. Column  
25 H is Columns B through E. And you can see what those

1 numbers are. So for a four-year period, it's 381  
2 dollars -- 381 million dollars. If you figure 90  
3 percent goes away, then you've got 10 percent of that,  
4 so all of a sudden it's 38 million. All of a sudden  
5 the prize fees paid to the State goes from, in that  
6 four-year period, 106 million to 10 million.

7           So that's why we think the staff has to  
8 do a better job of looking at the impact. I'm sure the  
9 staff didn't think about impact of other industries.  
10 They were only looking at their racing. But this will,  
11 without question, adversely impact and devastate  
12 charitable bingo. And we know that because we've  
13 looked at other states where they've opened up either  
14 this type of gaming or something similar and charitable  
15 bingo goes away.

16           So the bottom line, there's a number of  
17 analyses that have to be done under Texas law. There  
18 are adverse fiscal impact on State and local  
19 government. There is a negative adverse impact on  
20 small and microbusinesses. And there are negative  
21 impacts on employment conditions.

22           As I started out, we're reluctantly  
23 here. We recognize the racing industry has serious  
24 problems. We do, too. We would like to join hands  
25 with the industry in the 2015 session and jointly pass

1 a program like this that will benefit the racing  
2 interests as well as charitable bingo.

3 I'll be happy to answer any questions,  
4 Mr. Trout.

5 MR. TROUT: Thank you.

6 Lisa Stevens?

7 MS. STEVENS: Good morning.

8 MR. TROUT: Good morning.

9 MS. STEVENS: My name is Lisa Stevens.

10 I'm actually here as a member representative of the  
11 Texas Humane Legislation Network. And we are speaking  
12 in opposition to what we consider as expansion of  
13 greyhound racing in Texas because we believe actually  
14 this instant racing option, which is also called  
15 historical racing, is truly an instant opportunity and  
16 it's not historical in the same sense that we would be  
17 seeing it if it was a 30-year-old race or a 40-year-old  
18 race.

19 It's going to increase the number of  
20 tracks and it's going to increase the frequency with  
21 which the dogs are raced. And we believe that it is  
22 actually slightly out of the purview of the Commission  
23 because we understand that State agencies and  
24 Commissions are here to help us clarify rules, not to  
25 add or expand their areas of activity. And given that

1 instant racing is not possible in the State of Texas  
2 now, or historical racing, this would be an expansion.  
3 So we question whether that should actually go to the  
4 Legislature. And that is actually our position on it.

5 In addition to it, I would let you know  
6 that I am an owner of two greyhounds, both of which are  
7 rescued, one of which has a broken right hind leg. And  
8 in the greyhound racing industry, broken right rear  
9 legs are very, very common because of the severe angle  
10 at which the dogs race around the tracks. My dog --  
11 when I adopted my dog, she was three years old, so it's  
12 been less than a couple of years. I've had her maybe  
13 four. I've had her three years, so she's not even six  
14 yet.

15 The organization that I work with is  
16 working with a specific kennel in Texas, Clear The Way  
17 Kennel. And Clear The Way Kennel on its website says  
18 that it does everything it can to try to place dogs  
19 that don't work out as racing dogs. And I respect that  
20 tremendously. They even say that they have options for  
21 the dogs to be homed permanently on their farm if there  
22 is no option for adoption. This is not a common  
23 thing. They actually put out money. If it were  
24 common, I probably wouldn't be saying what I'm saying  
25 to you right now.

1 I love the breed. It's an incredibly  
2 sensitive breed. It's not a piece of livestock. It's  
3 truly a companion animal. And while this will  
4 unfortunately impact horse racing -- and I have a  
5 horse, so I have feelings about that as well and I'm  
6 not real happy with that, increasing horse racing,  
7 either, because I've worked with a lot of the horses  
8 that didn't make it off the tracks -- or made it off  
9 the tracks because they couldn't run or were injured.

10 My position -- and I'd like you to  
11 consider it -- is that even though the intentions are  
12 all good and everybody who comes here comes with their  
13 own specific interests in mind, I would say please  
14 remember that their interests are monetary. I'm not  
15 here for a monetary reason and I don't speak from a  
16 monetary standpoint.

17 I do believe that -- we do believe that  
18 there is an issue with purview here and whether the  
19 Commission should be looking into an expansion of  
20 racing. And as a last comment, what I would say is  
21 that the greyhound racing association means well and I  
22 listened to the gentleman who spoke and I was  
23 impressed, very, very impressed, but then it occurred  
24 to me -- one thing occurred to me. And this is not  
25 even something really that should belong here, but

1 unfortunately it comes up.

2           If they're self-policing, we all know  
3 what that means. I mean, no one -- maybe even Abe  
4 Lincoln. Nobody self-polices all that well. And when  
5 you have a large group of people who are doing  
6 something to make a profit, unless there is an  
7 objective external organization that ensures that their  
8 policies are being adhered to and well administered,  
9 self-policing is just a nice way to put, you know,  
10 "We'll take care of it. You all don't have to worry  
11 about it." And that doesn't settle well enough for  
12 me.

13           So I'm here because I really believe that  
14 this is an expansion of racing and that probably needs  
15 to go to the Legislature and I'd like you guys to give  
16 that some consideration.

17           MR. TROUT: Thank you, ma'am.

18           MS. STEVENS: I appreciate you.

19           MR. TROUT: Jim Helzer?

20           MR. HELZER: Good morning. I'm Jim  
21 Helzer. And I represent myself and my family.

22           And, Mr. Trout, Mr. Fenner, and staff, I  
23 would like to echo all of the comments that those that  
24 have spoke in favor of authorizing the -- letting the  
25 Texas Racing Commission authorize historical racing

1 terminals at racetracks. Those statistics that were  
2 presented this morning are overwhelming, in my opinion,  
3 and I think going forward we can renew the horse and  
4 greyhound industry in Texas.

5 I think that -- you know, just to give  
6 you a small statistic, I think it's deplorable that  
7 we've let all of our horses and greyhounds go to other  
8 states. Okay? We have lost the best quality of  
9 Thoroughbred horses that used to reside in Texas to  
10 other states and we need to get all of those good  
11 horses back.

12 And being here in Texas for most of my  
13 life, I know that Texas likes to be first in  
14 everything. We would like to be first in the horse  
15 industry. We would like to be first in the greyhound  
16 industry. And in order to start making that climb of  
17 that very steep hill, we need historical racing  
18 terminals at racetracks.

19 I think another thing that we need to  
20 consider is where are we globally. Okay? And I'm  
21 talking around the world. You know, right now we are  
22 nearly at the bottom rung relative to horses. I'm not  
23 sure where we are relative to greyhounds. But we have  
24 all the management techniques. We have all the  
25 skills. We have all the real estate in the world. And

1 I think that if we implement the new terminals, we can  
2 get all of those broodmares back, we can get better  
3 quality of stallions in the state, and within several  
4 years we can be a global force rather than just one  
5 that's being mentioned out there.

6 Texas is a very large state. We need to  
7 take advantage of everything that Texas can do. We  
8 have some small sale companies here in Texas right  
9 now. They could grow to phenomenal size. And that's  
10 what we want to do.

11 To give you a typical example, I have a  
12 stallion farm -- I have a breeding farm in Whitesboro  
13 and we breed about 600 mares -- 500 mares a year  
14 there. I also have one in Oklahoma that I was forced  
15 to leave Texas because everybody wanted to participate  
16 in the Oklahoma racing. We breed over 600 mares there  
17 every year.

18 I would like to move that operation back  
19 to Texas. What that does -- and this is a small  
20 number, but it's just the tip of the iceberg -- is I  
21 would bring six full-time employees, I would bring 16  
22 part-time employees, and I would then purchase \$400,000  
23 of feed in Texas rather than in Oklahoma.

24 So the gentleman that spoke representing  
25 the agricultural industry, we need to support -- we

1 need this in order to support our agricultural industry  
2 in Texas, a very, very important element in this  
3 equation.

4           So with that, I think it's very important  
5 of the jobs that we can grow to. And I think those  
6 statistics have already been mentioned. And I know  
7 Governor Perry, with his Economic Development Fund, has  
8 increased employment here in Texas. You know, I know  
9 Toyota brought in 2500. I'm not sure what are the  
10 other numbers.

11           But the horse racing industry will jump  
12 to 10,000 employees without any money from Texas  
13 Government at all. We'll stand on our own. We'll make  
14 the investment. We look forward to making that  
15 investment.

16           Relative to the humane treatment of both  
17 the greyhounds and the horses, I would like to be taken  
18 care of like a racehorse is taken care of. And my wife  
19 is a pretty darn good keeper. But I'm telling you that  
20 these horses get the best care in the world. I mean,  
21 there is no animal taken better care than the horses.  
22 I've got several friends in the greyhound industry as  
23 well. I know that they take very, very good care of  
24 these dogs.

25           You know, another specific example, you

1 know, I have over 400 head of horses. You know, out  
2 there running, they get injured. They get injured more  
3 so than the ones on the racetrack. Dogs, I've just got  
4 three of them. I had one that had a broken leg last  
5 year. She was just running and playing. Okay? They  
6 get injured. Okay? That's just part of the animals  
7 that we love and that we cherish and that we take very,  
8 very good care of.

9           Additionally, relative to the charities,  
10 I really believe that competition -- I've never seen,  
11 in my 74 years, where competition didn't make something  
12 better. It will make it better. You know, you don't  
13 want to say, "Hey, don't get in my territory."

14           You know, I was in the roofing supply  
15 business for 35 years. Okay? Everybody wanted to  
16 come. The manufacturers would come to see and they'd  
17 say, "Jim, what do you think?" I says, "Bring them  
18 on. I don't care. They can set up shop right  
19 next-door to me."

20           It makes you better. It makes you think  
21 out of the box. Competition has never hurt anybody one  
22 iota. Okay? But if you're saying, "Hey, don't touch  
23 me," you're going to get touched. Somewhere out there  
24 somebody is going to touch you.

25           And on the flip side of that, rather

1 than -- like my family, rather than make a few thousand  
2 dollars donation to charitable organizations throughout  
3 the state that we do each and every year -- and I'm  
4 sure many of the greyhound people, many of the horse  
5 owners do the same thing. Rather than doing three or  
6 four thousand dollars a year, you might do 10 or 15  
7 thousand dollars a year.

8           So there's a plus side to everything that  
9 this additional historical gaming terminals would allow  
10 us. And I want you to strongly consider those as we go  
11 forward.

12           And I guess that's all of the comments I  
13 have. I'd be interested in taking any questions.

14           MR. TROUT: Thank you, sir. Appreciate  
15 it.

16           MR. HELZER: Thank you.

17           MR. TROUT: Dallas Keen?

18           MR. KEEN: Thank you. My name is Dallas  
19 Keen. I'm a Thoroughbred horse trainer. I also, along  
20 with my wife, own and operate a training facility and a  
21 breeding facility here in the State of Texas. We  
22 also -- I'm a cofounder with my wife, Donna Keen, with  
23 Remember Me Racehorse Rescue. We place hundreds of  
24 horses from our facility. We retrain them and find  
25 them homes after their racing careers are over.

1 Right now there is no racing for  
2 Thoroughbred horses in the State of Texas. Everybody  
3 is exiting right now from -- Lone Star just finished  
4 their meet. They're going to Louisiana, New Mexico,  
5 Oklahoma, the states that have lobbied against our  
6 industry here in the State of Texas and has continually  
7 taken our best horses and our best owners, our best  
8 horse players into these states.

9 It is very important to us as a  
10 Thoroughbred industry here to support our industry and  
11 I think these historical terminals definitely can help  
12 save an industry that is dying at this point. Right  
13 now I have -- my racing stable is actually in southern  
14 Florida at Gulfstream. And I'm a Texan. I want to  
15 race in Texas. And I'm seeing all these big farms here  
16 in Texas. You know, they're sitting vacant right now.  
17 We're not talking bingo halls. We're talking about big  
18 industry. We're talking about a lot of employees and  
19 real people out there that are really hurting right now  
20 in this industry. And we need some help. I support  
21 historical racing terminals.

22 Thank you.

23 MR. TROUT: Thank you.

24 Michael -- is it Mark or Marke?

25 MR. MARKE: Hello. My name is Michael

1 Marke, M-a-r-k-e. And I don't have a dollar on the  
2 table in this game other than when I go to the betting  
3 window. I'm a horse racing fan. I've been a horse  
4 racing fan in Texas for over 25 years. And I realize  
5 how the horse racing industry is suffering in Texas and  
6 I do support historical racing terminals in the state.

7 I think it will be good for the tracks,  
8 good for people I know that work at the tracks, good  
9 for people I know that are jockeys, good for people I  
10 know that are trainers, and some horse owners that I  
11 know. And I support it.

12 And that's all I have to say. I  
13 appreciate the opportunity to speak.

14 MR. TROUT: Thank you, sir.

15 Michael Bingaman?

16 MR. BINGAMAN: Director Trout,  
17 Mr. Fenner, as you know, I'm the chaplain at Retama  
18 Park Racetrack. What you might not know is I have the  
19 longest history of chaplaincy in horse racing in the  
20 history of the world, in Texas, in the United States.  
21 I'm also the only chaplain in the country that's a  
22 licensed practicing counselor. And I'm here to speak  
23 in favor of the proposition.

24 You know that I love my community. I  
25 came to Texas specifically to work in horse racing from

1 Washington State, where I was a chaplain there. When I  
2 came to Texas, I came bringing an education in  
3 compulsive gambling -- or compulsive addictions. And I  
4 began the education process on compulsive gambling in  
5 Dallas with the Texas Council on Compulsive and Problem  
6 Gaming.

7 I was only able to complete half of that  
8 education because the funding ran out. But I learned a  
9 lot about compulsive gaming. And during that education  
10 I learned that only five percent of gamblers are  
11 attracted to pari-mutuel wagering. Since one of the  
12 greatest arguments against gaming in Texas is a moral  
13 argument, I'd like to speak to the moral argument for a  
14 moment as a chaplain.

15 Pari-mutuel wagering is the fairest form  
16 of wagering for the public in that the bettor is given  
17 a wealth of information in order to intelligently  
18 wager. For that reason, I am most comfortable with  
19 this expansion in that it doesn't increase the  
20 footprint nor change the manner of gaming. It is just  
21 an improvement in technology.

22 About six years ago I again was here in  
23 Austin speaking on behalf of my industry. At that time  
24 I ran into the director of the compulsive gaming  
25 program that I had attended. Her name is Sue Cox.

1 During our conversation, I assumed that she was here to  
2 speak against the expansion that the industry was  
3 asking for at that time. To my surprise, she stated  
4 that she acknowledged that Texans love to gamble. She  
5 was here to ask that if any expansion were to occur,  
6 she was not here to speak against it, but she was here  
7 to ask that she might have some funding dedicated to  
8 support the Texas Council on Compulsive and Problem  
9 Gambling. I'm asking that same thing today.

10 I noticed on the State of Texas website  
11 that there is no longer a local state network to aid  
12 any and all Texans who wrestle with compulsive gaming.  
13 She said that she had been offered a large amount of  
14 money to lobby against the industry by entities in  
15 Louisiana but that she declined to take that offer.

16 Sue Cox is correct. Texans do love to  
17 gamble. You've heard it said many times that parking  
18 lots of racetracks in neighboring states are flooded  
19 with Texas license plates. I can attest to that. It's  
20 true, insofar as I visited tracks in Louisiana and  
21 Oklahoma. Although I haven't visited the tracks in New  
22 Mexico, I did note that the last time Zia Park was  
23 arguing for expansion, they cited Texas gamblers as the  
24 reason for needing to expand.

25 I love my industry. I love my

1 community. These are good people. I have no moral  
2 problem with gambling in that in the form of  
3 pari-mutuel wagering. I'm respectfully asking the  
4 Commission to consider adopting this change. It will  
5 benefit the racing community by putting Texas racing on  
6 a more level footing with the surrounding states, thus  
7 allowing expatriated Texans to come back to the state  
8 and at the same time restore funding, if considered, as  
9 a network for helping -- restore funding, if  
10 considered, basing a network for helping not only those  
11 problem gamblers who attend horse racing, but also  
12 problem gamblers who are addicted to poker, bingo,  
13 eight-liners, and any other form of gambling. I ask  
14 that you consider that.

15 Thank you for your time.

16 MR. TROUT: Thank you.

17 Steve Bresnen?

18 MR. BRESNEN: Thank you, Mr. Chairman --  
19 or Mr. Trout. My name is Steve Bresnen. I'm here on  
20 behalf of Bingo Interest Group.

21 I learned a long time ago in a hearing  
22 like this you can't respond to everything everybody  
23 says even if you're not exactly happy with it. So I  
24 won't. I do want to say to everybody behind me, the  
25 people in bingo look a lot like you all. They're

1 everyday people. The people we represent, sir, are  
2 everyday people. 17 million everyday people went to a  
3 bingo hall. We don't represent bingo halls. Bingo  
4 halls are buildings. We represent the people, the  
5 everyday people that go to those bingo halls.

6 Just by comparison, if I heard right, the  
7 purses at the tracks are about 130 million dollars in  
8 the most recent numbers. Prizes in the bingo locations  
9 around the state were 550 million dollars. So these  
10 people in these halls have a very significant  
11 interest.

12 So who are the people? At Mr. Anawaty's  
13 hall in La Marque, Texas, it's the Galveston Marine  
14 League. And by Marine, I don't mean the water and  
15 boats in it. I mean Marines, the people that serve  
16 their country. There's the Boys and Girls Club, the  
17 Mark Kilroy Foundation that does after-school programs  
18 for kids that have got no place else to go, the Knights  
19 of Columbus. And by the way, the people in Hitchcock,  
20 Texas, the everyday people, appreciate the fact that  
21 they have a volunteer fire department that gets money  
22 from Mr. Anawaty's bingo hall in order to put out the  
23 fires in the area.

24 Those real people are located in about  
25 12 -- there's about 1200 charities and about 400

1 locations. They're spread throughout the state. They  
2 have a very significant payroll, with 12,000 people  
3 registered to be able to work in those bingo halls, all  
4 of whom have gone through criminal background checks  
5 and all of whom are working for a lot less than a whole  
6 lot of the people in this room, including me. So it's  
7 a big deal. They're everyday people.

8 I regret that we're here in opposition to  
9 something with people who we have no beef with and no  
10 battle with. It's a shame that the politics in this  
11 state have pitted everyday Texans against each other  
12 who are just trying to make a living and do something  
13 that lots and lots of Texans, in the case of bingo 17  
14 million of them, want to participate in and benefit  
15 from.

16 And so I'm sorry for that to everybody  
17 behind me and I would hope during the legislative  
18 session that we would continue to work together as we  
19 have in the past. Most of you all probably don't know  
20 it, but we talk to your representatives down here and  
21 we have a very good relationship with them. And we  
22 don't come down here and we don't call names and we  
23 don't tell lies like some of the people that blew us up  
24 at the Lottery Commission when we just tried to do a  
25 little insignificant deal the other day. We will never

1 lie about you and we'll always respect the fact that  
2 you are everyday Texans.

3 We thank you very much and I appreciate  
4 the opportunity to make my little speech.

5 MR. TROUT: Thank you.

6 Mark, do you have some more to testify?

7 MR. FENNER: I have no other testimony  
8 cards at this time indicating that they wish to  
9 testify. If anybody would like to testify, now is the  
10 time to come up.

11 MR. TROUT: Okay. I have several cards  
12 of people who want to show that they're either for or  
13 against but do not want to testify and I'd like to read  
14 those into the record. Margaret Hoffman, against;  
15 Katie -- is it Jarl? J-a-r-l. Okay. Against. Kris  
16 Fullerton, for; Virginia Bonney, for; Chris Corrado,  
17 for. I can't read the writing here. Doug Petrich,  
18 for. Rick Pomposelli did not indicate whether for  
19 or -- sir, are you here? Are you for or against?

20 MR. POMPOSELLI: For.

21 MR. TROUT: For?

22 MR. POMPOSELLI: Yes, sir.

23 MR. TROUT: Matthew Stahlbaum is for; Joe  
24 Kerby, for; R.G. Johnson, for; Scott Sherwood, for;  
25 Charles W. Graham, for; Tyler Graham, for; Bruce

1 Bennett, for; John Cardwell, for; Denis Blake, for;  
2 Howard Phillips, for; Brandon Barentine, for; Alana  
3 Morse, for; Trey Malechek, for; Kim Chandler, for;  
4 R.D. Weilburg, for. Or is that Weilburg?

5 MR. FENNER: Weilburg.

6 MR. TROUT: Weilburg. Sorry. Charles  
7 Wright, for; Jennifer Gibbs, for; William Tracy, for;  
8 Joan Tracy, for; Rob Werstler, for; Jaime Hill, for;  
9 Jamie Nelson, for; Cindy Johnson, for; Mike Steindler,  
10 for; Tim Conley, for; Frank Hopf, for; Deborah Schmidt,  
11 for; Rae Kolajajak -- pronounce that name for me,  
12 please.

13 MS. KOLAJAJAK: Kolajajak.

14 MR. TROUT: I'm sorry?

15 MS. KOLAJAJAK: Kolajajak.

16 MR. TROUT: Kolajajak. I'm sorry. Thank  
17 you. For. Donald Ahrens, for; Paul Watt, for; Joe  
18 Frey, for; David Peck, for; Lane Hutchins, for; Tom  
19 Hutchins, for; Kay Helzer, for; Marilyn Helzer, for;  
20 Edward Gardner, for; Lewis Jordan, for.

21 Is there anyone else?

22 If there are no other individuals that  
23 want to testify or enter, I'm going to adjourn this  
24 meeting at 11:42.

25 (Proceedings concluded at 11:42 a.m.)

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 28th day of July, 2014.

16

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