

BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

COMMISSION MEETING
APRIL 12, 2016

BE IT REMEMBERED that the above entitled matter came on for hearing on the 12th day of April, 2016, beginning at 10:30 A.M. at 105 West 15th Street, Room 120, Austin, Travis County, Texas, and the following proceedings were reported by SHERRI SANTMAN FISHER, Certified Shorthand Reporter for the State of Texas.

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APPEARANCES

Commissioners: ROLANDO PABLOS
 RONALD F. EDERER
 MARGARET MARTIN
 GLORIA HICKS
 GARY P. ABER
 JOHN T. STEEN, III
 VICTORIA NORTH
 A. CYNTHIA LEON

1 CHAIRMAN PABLOS: Good morning,
2 everyone. Good morning and welcome. The time is 10:30
3 and at this time I'd like to call this meeting of the
4 Texas Racing Commission to order.

5 Mary, can you please call the roll?

6 MS. WELCH: Commissioner Gary Aber?

7 COMMISSIONER ABER: Here.

8 MS. WELCH: Commissioner Gloria Hicks?

9 COMMISSIONER HICKS: Here.

10 MS. WELCH: Commissioner Cynthia Leon?

11 MS. LEON: Here.

12 MS. WELCH: Commissioner Margaret
13 Martin?

14 COMMISSIONER MARTIN: Present.

15 MS. WELCH: Commissioner Victoria North?

16 MS. NORTH: Here.

17 MS. WELCH: Commissioner Robert Schmidt?
18 Commissioner John Steen?

19 COMMISSIONER STEEN: Here.

20 MS. WELCH: Vice-Chairman Ron Ederer?

21 VICE-CHAIRMAN EDERER: Here.

22 MS. WELCH: Chairman Rolando Pablos?

23 CHAIRMAN PABLOS: Here.

24 Do we have a quorum?

25 MS. WELCH: Yes, sir.

1 CHAIRMAN PABLOS: Thank you.

2 Well, good morning, Commissioners. Good
3 morning. We'll look at the public comment.

4 Do we have anyone signed up for public
5 comment today?

6 MS. BIJANSKY: No, sir.

7 CHAIRMAN PABLOS: No public comments.

8 So we'll go into Item III, general
9 business, Item III-A. We'll look at III-A-1, budget
10 and finance update.

11 Adrienne, will you please present the
12 update?

13 MS. COURTNEY: Good morning,
14 Commissioners.

15 On pages five through 10 of your agenda
16 packet you will find the agency's fiscal year 2016
17 operating budget showing revenue collection and
18 expenditures through February 29th.

19 With 50 percent of the year completed,
20 the agency has collected 4.5 million or 49 percent of
21 projected revenue and has spent 3.8 million or 44
22 percent of our budgeted expenditures. Approximately
23 3.3 million of those expenditures are appropriated.
24 Approximately half a million of those expenditures are
25 unappropriated.

1 I'd be happy to answer any questions that
2 you may have.

3 CHAIRMAN PABLOS: Commissioners, do you
4 have any technical or clarifying questions?

5 Hearing none, thank you very much.

6 We'll move on to A-2, report on wagering
7 statistics.

8 Curley?

9 By the way, Commissioners, I failed to
10 mention, I believe today is our first day that we are
11 live streaming. Is that correct, Chuck?

12 MR. TROUT: Yes.

13 CHAIRMAN PABLOS: We're live streaming
14 today?

15 MR. FENNER: Yes, sir.

16 CHAIRMAN PABLOS: So we'll have folks at
17 home and in their offices able to participate today.

18 MR. TRAHAN: Good morning,
19 Commissioners.

20 On pages 11 through 13 of your meeting
21 materials is the comparison report on wagering
22 statistics for the period of January 1 through March 20
23 for calendar years 2015 and 2016.

24 The report reflects that total wagering
25 activities at the horse racetracks increased for 2016

1 by 3.25 percent and decreased at the greyhound
2 racetracks by 32.87 percent. Overall, the total wagers
3 placed in Texas increased by 5.12 percent while the
4 total wagers placed on Texas races decreased by 12.50
5 percent.

6 I would be happy to answer any
7 questions.

8 CHAIRMAN PABLOS: Thank you.

9 Commissioners, any questions?

10 VICE-CHAIRMAN EDERER: The decrease was
11 because of Gulf not running?

12 MR. TRAHAN: Primarily, yes, sir.

13 CHAIRMAN PABLOS: Any other questions?

14 Thank you.

15 MR. TRAHAN: Thank you.

16 CHAIRMAN PABLOS: Appreciate it.

17 We'll move on to Item 3, inspection and
18 enforcement reports.

19 Jim Blodgett?

20 MR. BLODGETT: Mr. Chairman,
21 Commissioners, good morning.

22 Commissioners, Sam Houston Race Park
23 conducted --

24 CHAIRMAN PABLOS: Excuse me. Is your
25 microphone on? Yes.

1 MR. BLODGETT: Yes, sir.

2 Sam Houston Race Park concluded its
3 Thoroughbred meet on March 8th, 2016, and then started
4 its spring Quarter Horse meet which runs from March
5 25th through May 16th. Lone Star Park began its spring
6 Thoroughbred meet on April 7. To date, Gulf Greyhound
7 Park, Retama Park, Valley Greyhound Park, Gulf Coast
8 Racing, and the Race Barn in Fredericksburg are
9 conducting simulcast operations.

10 Commissioners, Sam Houston Race Park's
11 Thoroughbred meet that concluded on March 8th had a
12 total of three animal positives during that meet. The
13 positives included two phenylbutazone and one
14 omeprazole positive. No unusual enforcement activities
15 were reported for that meet.

16 Inspection activities for the month of --
17 for the months of February and March totaled six
18 compliance inspections. Three inspections -- or these
19 inspections identified a total of three wagering
20 noncompliance issues and one security noncompliance
21 issue. Two of these noncompliant issues have currently
22 been resolved, leaving two issues at Sam Houston Race
23 Park that we're working with the association to
24 conclude.

25 I'd be happy to answer any questions.

1 CHAIRMAN PABLOS: Commissioners, any
2 questions?

3 Thank you very much.

4 MR. BLODGETT: Yes, sir.

5 CHAIRMAN PABLOS: Chuck, at this time I'd
6 like to pass it over to you. You have --

7 MR. TROUT: Yes, sir.

8 Commissioners, we have a new staff member
9 that I'd like to introduce this morning.

10 Dr. James, please stand.

11 This is Dr. Robert James. His nickname
12 is Trey. He is our new director of veterinary
13 medicine. He is a 1989 graduate of Texas A&M's College
14 of Veterinary Medicine in 1990 -- I'm sorry, 1989, and
15 a 1999 graduate of St. Mary's Law School. So we have a
16 veterinarian and an attorney. We can never have too
17 many attorneys. Attorneys are like bullets. You can
18 never have too many of them.

19 I believe that his unique skill set is
20 going to really add to the management team here in
21 Austin and I think we're very, very fortunate to
22 acquire him.

23 CHAIRMAN PABLOS: Doctor, Counselor,
24 welcome.

25 MR. JAMES: Thank you very much. I'm

1 looking forward to this.

2 CHAIRMAN PABLOS: Thank you.

3 Okay. Now we'll move on to Item III-B,
4 discussion, consideration, and possible action on the
5 following matter. I'd like to have Adrienne lay this
6 out, please.

7 MS. COURTNEY: On pages 17 and 18 of your
8 agenda packet you'll see a comparison of the agency's
9 FTE count, expenditures, and revenues over the past 11
10 years.

11 As you can see, the agency has reduced
12 staff from a high of 71 FTE's in 2007 to the current
13 projected FTE count of 47.5. In 2017 we project a
14 further reduction to 46.5 FTE's by not filling an open
15 position. We have reduced staff not only because of
16 fewer race dates at the track but also through
17 increased administrative efficiencies by not replacing
18 some staff who have left the agency.

19 The agency has incurred increased benefit
20 costs such as insurance costs for both current
21 employees as well as retirees and increased retirement
22 contribution costs for current employees and for
23 retirees who have returned to work. This increase is
24 reflected in the unappropriated costs as well as in the
25 operating expenditures. These are costs that are

1 mandated by the Legislature.

2 Over this time period the agency's
3 revenue structure has changed significantly. From 2006
4 through part of 2012, the agency received revenue from
5 uncashed tickets, which are outs, annual fees, live and
6 simulcast race day fees, and also from occupational
7 licensing fees. Since that time, the revenue from the
8 uncashed tickets, the simulcast fees, and the live
9 racing fees have been eliminated and the agency relies
10 solely on fees from annual -- annual fees charged to
11 the racetracks and also occupational licensing fees.

12 When the Commission developed its LAR for
13 the current biennium, the LBB reviewed the agency's
14 projected expenses and found that they were
15 reasonable. Staff assessed the current fee structure
16 at that time and saw that it was adequate to meet the
17 agency's needs for the biennium but that it would leave
18 no cash to carry forward to the next biennium.

19 Therefore, we knew the Commission would need to revisit
20 the fees this year.

21 This need has now been intensified by the
22 refusal of Saddle Brook and Manor Downs to pay any
23 further annual fees. As a result, the agency's revenue
24 is now about 172,500 below projections and we
25 anticipate it to be below estimates by \$747,500 by the

1 end of the biennium. Costs have been reduced due to
2 the reduction in greyhound racing and other cost
3 savings, but staff does project a deficit of
4 approximately \$150,000 going into or towards the end of
5 the biennium.

6 When confronted with these types of
7 changes in the past, the Commission has appointed an ad
8 hoc committee on finance to review the issues and make
9 recommendations. This happened in 2008 and again in
10 2011 with Commissioner Hicks and Commissioner Ederer.
11 We are asking that the chairman again appoint a
12 committee to work through these issues.

13 I'd be happy to answer any questions you
14 may have.

15 CHAIRMAN PABLOS: Commissioners, do you
16 have any questions?

17 So what I'd like to do is designate
18 Commissioners Ederer, Hicks, and North to serve on this
19 committee and help us out with this issue.

20 Would you all be willing to serve?

21 COMMISSIONER HICKS: Yes.

22 VICE-CHAIRMAN EDERER: Yes.

23 MS. NORTH: Yes.

24 CHAIRMAN PABLOS: Okay. Well, then I
25 would ask you to get together and work with staff on

1 this very important issue. Having a 150,000-dollar
2 deficit is certainly something that worries me, so
3 let's work on that, please.

4 Thank you.

5 Okay. At this time we'll go into Item
6 IV-A.

7 Mark, will you please lay out the item?

8 MR. FENNER: Yes, sir.

9 Commissioners, under the Texas Racing
10 Act, Section 6.0602, the Commission has to conduct an
11 annual review and renewal of the inactive racetrack
12 licenses. And at the conclusion of the review, the
13 Commission can either designate the license as
14 active-operating, designate it as active-other, renew
15 the license as inactive, or refer the inactive license
16 to the State Office of Administrative Hearings for an
17 evidentiary hearing and for a proposal for decision as
18 to whether or not the Commission should refuse to renew
19 the license.

20 On page 21 of your packet you'll see a
21 memo from the executive director describing the renewal
22 criteria that the Commission should look at in
23 determining whether or not to renew the license.

24 Also, on page 28 of your packet you'll
25 see a letter from Manor Downs that came in since the

1 submission of the applications for renewal in which it
2 has refused to pay the annual license fee.

3 After that, on pages -- I guess beginning
4 on page 29, you'll see that there are all of the
5 applications for renewal in which each of the
6 racetracks described how and whether they met each of
7 the criteria necessary for renewal.

8 So if you have any questions for me, I'd
9 be glad to try and answer them for you. Otherwise, I
10 would let the racetracks address their individual
11 applications.

12 CHAIRMAN PABLOS: Commissioners, do you
13 have any technical or clarifying questions of Mark?

14 MS. NORTH: Mr. Chairman?

15 CHAIRMAN PABLOS: Yes, ma'am.

16 MS. NORTH: I do have a question about
17 Longhorn Downs and whether or not it still has its
18 charter to do business in Texas.

19 MR. FENNER: Longhorn Downs does not
20 currently have a charter to do business in Texas. I
21 have alerted Mr. Bryan Brown, who's a representative of
22 Longhorn Downs, about this. He and his -- the other
23 people who work on that license have taken it up with
24 the Secretary of State's office and the Comptroller's
25 office and they're trying to address that.

1 The charter -- you know, when you get
2 something that says that the charter has been revoked,
3 you know, that's kind of alarming sounding. It really
4 means that you're not allowed to do business in Texas.
5 In the case of Longhorn Downs, they're not doing
6 business, so it doesn't really have an impact on their
7 ongoing situation. I believe it's a situation that can
8 be remedied by completing the forms and paying any fees
9 that are -- or taxes that are due. And Mr. Brown, I
10 think, can address that issue.

11 Does that answer your question, ma'am?

12 MS. NORTH: That does. I do think that
13 not being able to do business in Texas would make it
14 hard for them to fulfill the standards for the inactive
15 license.

16 MR. FENNER: I think that's a reasonable
17 conclusion, yes, ma'am.

18 CHAIRMAN PABLOS: Any other technical or
19 clarifying questions?

20 Okay. So what I'll do at this time is
21 I'll ask the license holders to come up and give us an
22 update. We'll start with Bryan Brown.

23 Will you please come up?

24 MR. BROWN: Good morning, Commissioners.
25 Bryan Brown representing KTAGS Downs Holding Company,

1 LLC, the entity that is recognized by the Commission as
2 the rightful owner of Longhorn Downs, Inc.

3 I wanted to add just a couple of things
4 to our license renewal application to update you all
5 on. And that is that with regard to the litigation, we
6 are potentially going before the Supreme Court. The
7 Supreme Court has asked for briefs from both sides.
8 Those briefs have not been completed, have not been
9 filed yet. Once those are completed, they will be
10 filed by both sides and the Supreme Court can make a
11 decision on taking up the case.

12 Just a quick -- I won't go through too
13 much detail of the application other than to say we do
14 believe we've met the requirements of the act. We've
15 demonstrated good faith to show that our continued
16 ownership of Longhorn Downs, Inc., is in the best
17 interest of racing and the best interest of the public
18 at large.

19 To respond to Commissioner North's
20 questions, apparently, I believe, our public
21 information forms and no tax due forms were not filed
22 and those either were filed yesterday or are in the
23 process of being filed. So we will definitely take
24 care of that and get back in good standing.

25 MS. NORTH: Mr. Chairman, can I ask a

1 question?

2 CHAIRMAN PABLOS: Yes, please.

3 MS. NORTH: The rules say that the person
4 who signs the application for renewal has to be the CEO
5 of the corporation. Who has authority right now as CEO
6 of the corporation?

7 MR. BROWN: I will comment and maybe
8 Mr. Fenner would like to comment as well. So the
9 entity that the Commission recognizes, which is, again,
10 KTAGS Down Holding Company, LLC, is the entity
11 recognized as the owner of Longhorn Downs, Inc. The
12 ownership of Longhorn Downs, Inc., is subject to
13 litigation; so Longhorn Downs, Inc., cannot itself at
14 this time, we believe, file and sign the application
15 for renewal, and that's why the application was signed
16 as it was by Mr. Cliff Thomas, who is the managing
17 partner of KTAGS.

18 MS. NORTH: Have the reports been filed,
19 the -- the no tax due reports been filed with the
20 Comptroller's office already?

21 MR. BROWN: They were. I know an attempt
22 was going to be made to file them yesterday. I just
23 haven't received confirmation. I tried to get that
24 before this meeting in case the question came up, but I
25 have not received confirmation that they would be

1 filed.

2 Longhorn Downs, Inc., has had almost no
3 business activity and certainly is eligible to file the
4 no tax due forms. Its activity won't qualify it to pay
5 franchise taxes. And those are the forms -- the no tax
6 due form and the public information form are the forms
7 that were not filed.

8 MS. NORTH: Mr. Chairman?

9 CHAIRMAN PABLOS: Yes.

10 MS. NORTH: I would just want to say that
11 currently they're not licensed to do business in the
12 State of Texas, so currently they couldn't -- they
13 couldn't fulfill the requirements for their renewal.
14 It's unfortunate that they weren't able to remedy it
15 prior to the meeting.

16 Is there any alternative -- you know, can
17 we only vote to renew or not renew? Or is there a way
18 to table it until they can get reinstated?

19 CHAIRMAN PABLOS: We can do either one.
20 I mean, we can take it independently. Tabling it, I
21 think, would be reasonable if they're making an effort
22 to have the filings in. But I'll leave it up to your
23 discretion, Commissioners.

24 But that's certainly something that needs
25 to be addressed, Bryan.

1 MR. BROWN: Absolutely.

2 CHAIRMAN PABLOS: Yes.

3 MS. LEON: Chairman, there is an option
4 here to refer them to the State for -- State Office of
5 Administrative -- whatever.

6 CHAIRMAN PABLOS: Hearings?

7 MS. LEON: Hearing, for further
8 discussion. Maybe at that time they would be prepared
9 to discuss it. I don't know if that's an -- these are
10 the four options we have before us today.

11 CHAIRMAN PABLOS: Right.

12 MS. LEON: I didn't see tabling as one.
13 But, you know, that's obviously Option No. 5.

14 CHAIRMAN PABLOS: Yeah.

15 MS. LEON: But would that be an
16 appropriate thing? Or would tabling be a more
17 appropriate thing?

18 CHAIRMAN PABLOS: Well, since we are
19 hearing from Mr. Brown that they are taking actions to
20 remedy it, what I would recommend is that we table.
21 And, you know, we have our next meeting in June; and,
22 you know, if by then, Bryan, you know, we don't see,
23 you know, these items addressed to our satisfaction,
24 then sending it to SOAH is definitely something that we
25 should do.

1 But, you know, we're hearing from the
2 representative today. Commissioner North, I'm with you
3 on your concerns. I mean, certainly, you know, you've
4 identified some very important issues. So perhaps we
5 ought to go that route. But we'll have that discussion
6 after we hear from everyone and then we can all decide
7 how to go there, if that's okay with you.

8 MS. LEON: Are we going to vote on each
9 one independently or are we going to take them all --
10 we're going to hear from everybody first?

11 CHAIRMAN PABLOS: We're going to hear
12 from everyone first.

13 MS. LEON: Okay.

14 CHAIRMAN PABLOS: And then we'll take
15 those votes.

16 MS. LEON: One at a time?

17 CHAIRMAN PABLOS: One at a time,
18 absolutely.

19 Okay. Any other questions of Mr. Brown?

20 Okay. Thank you, Bryan. Appreciate it.

21 MR. BROWN: Thank you, Commissioners.

22 CHAIRMAN PABLOS: Bill Moltz representing
23 Laredo Downs and Valle de los Tesoros?

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

25 CHAIRMAN PABLOS: Good morning.

1 MR. MOLTZ: Commissioners.

2 There is one update that I did want to
3 bring to your attention. And that is that the renewal
4 applications for Laredo Downs and VDLT in McAllen -- as
5 you may have noticed, they work in tandem. The concept
6 is for the tracks to work with each other and two being
7 better than one basically.

8 And kind of a linchpin in that was the
9 Laredo track moving to Tarrant County. That was all
10 ready to go back in late last summer. Applications
11 were being put together and the concept was there.
12 There was an option on a land in Tarrant County.
13 Although, you know, all of that was somewhat in place
14 anyway, as we all know, quite a bit has happened since
15 then. That was right in the middle of our hopefulness
16 of a new path forward for the industry which seems to
17 have, at least to a great degree, as of today
18 evaporated.

19 So the -- whether or not the track is
20 going to move to Fort Worth is very much up in the air
21 at this point. It's being reevaluated. That is -- the
22 reason I bring this to your attention is the renewal
23 applications made it sound like this is what's going to
24 happen and I wanted to bring to your attention that
25 that's being reevaluated at this point as to whether or

1 not the market makes sense to do that.

2 Other than that, the fees are being
3 paid. The planning is actively ongoing. There still
4 is an option on property in Tarrant County. But we're
5 just trying to sort out, under the new paradigm,
6 basically how we make this go forward. So I wanted to
7 bring to your attention that uncertainty that isn't
8 reflected in these applications.

9 At that time the biggest problem was how
10 to schedule getting all the tracks on line. We didn't
11 want them all to come on at the same time. And I don't
12 think we have that problem anymore. So it is a very
13 new backdrop against which the planning is being done.

14 And if you have any questions, I'd be
15 happy to answer them. We hope to be back in the
16 relatively near future with a concrete plan, although
17 it may be different than what's in the renewal
18 application.

19 CHAIRMAN PABLOS: Any questions,
20 Commissioners?

21 VICE-CHAIRMAN EDERER: Yes, I have a few
22 questions.

23 MR. MOLTZ: Sure.

24 VICE-CHAIRMAN EDERER: So what you're
25 saying is that nothing has changed since last year.

1 You've done nothing since the last time you were here.

2 MR. MOLTZ: Well, as at least some of you
3 know and perhaps you -- I'm not sure who all is aware
4 of this. There was quite a bit done as far as the plan
5 to move to Tarrant County.

6 VICE-CHAIRMAN EDERER: But that was a
7 year ago.

8 MR. MOLTZ: Well, it was not quite a year
9 ago. I mean, it was --

10 VICE-CHAIRMAN EDERER: Close.

11 MR. MOLTZ: It was the end of last summer
12 and into the early fall when that was done. And then
13 that was -- it was suggested we kind of put that on
14 hold.

15 VICE-CHAIRMAN EDERER: And you're saying
16 that the delay was caused because you were hoping that
17 we would have historic racing come to town?

18 MR. MOLTZ: That's the bottom line, yes,
19 sir.

20 VICE-CHAIRMAN EDERER: Now, as you know,
21 I was fairly involved as far as the historic racing is
22 concerned.

23 MR. MOLTZ: Yes, sir, you were.

24 VICE-CHAIRMAN EDERER: And we all knew
25 that it was going to be a minimum of two to three

1 years, even if everything fell into place, before
2 historic racing would have even helped or come on
3 board. Everyone knew that. I mean, there was no --
4 that was not a surprise to anybody.

5 MR. MOLTZ: There would be a lead time,
6 yes, sir.

7 VICE-CHAIRMAN EDERER: Yeah. So it seems
8 to me that you should have done something to try to
9 move forward. Or were you going to come back next year
10 and the year after, wait and ask us for a delay again?
11 Or what's your plan?

12 MR. MOLTZ: Commissioner --

13 VICE-CHAIRMAN EDERER: What I'm saying is
14 we keep hearing the same thing over and over, year
15 after year after year, that the pipe dream down the way
16 is we're going to have slot machines or we're going to
17 have open casinos or we're going to have something.
18 But in reality, as an industry, we've got to learn to
19 move forward and we've got to organize and move
20 forward.

21 And you say that you're going to have a
22 plan in place. How soon will it be before you can get
23 a plan to us?

24 MR. MOLTZ: Well, we're hoping to have a
25 plan -- I wouldn't commit to the next meeting, but

1 perhaps the meeting after that.

2 VICE-CHAIRMAN EDERER: Why?

3 MR. MOLTZ: Well, we have to come up with
4 a final plan, get a site, do a design. I mean, there's
5 a lot to it. It is under way.

6 And I will say that when you say nothing
7 has been done, there is -- there was -- a lot of what
8 you say is very true about, you know, lead time and
9 having to move forward and I'm fully on board on that.
10 But the facility that you would build and the place
11 where you would put a facility with historical racing
12 is quite different than the facility you would build --

13 VICE-CHAIRMAN EDERER: Well, forget the
14 historical racing. That's not going to happen.

15 MR. MOLTZ: That's kind of where we are,
16 yes.

17 VICE-CHAIRMAN EDERER: Right. So --
18 well --

19 MR. MOLTZ: And when this was filed, that
20 was the concept.

21 VICE-CHAIRMAN EDERER: I would request
22 that you have some sort of a plan for us next meeting,
23 in 60 days. You can put at least "This is where we're
24 going and this is how we're going to do it. We don't
25 have the plans to show you now." But at least give us

1 something other than the same rhetoric that we've heard
2 for years. Can you do that?

3 MR. MOLTZ: I suppose we could come up
4 with a conceptual plan. There's not going to be a lot
5 of hard --

6 VICE-CHAIRMAN EDERER: Something is
7 better than nothing.

8 MR. MOLTZ: -- work, engineering type
9 stuff done.

10 MS. LEON: Chairman?

11 CHAIRMAN PABLOS: Yes.

12 MR. MOLTZ: My client was intending to be
13 here, Mr. LaMantia. He got called out of state. I
14 wish he was here to describe this to you.
15 Unfortunately, he wasn't available.

16 MS. LEON: Last year we approved inactive
17 status for these?

18 VICE-CHAIRMAN EDERER: Inactive status.
19 I think that's correct. Is that right?

20 MS. LEON: And how long can they be in an
21 inactive status according to the -- maybe I should ask
22 the attorney.

23 MR. FENNER: There's not a statutory --

24 MS. LEON: There's not. It can go on
25 forever.

1 MR. FENNER: It can go on as long as the
2 Commission --

3 VICE-CHAIRMAN EDERER: But you are paying
4 your fees, right?

5 MR. MOLTZ: Yes.

6 VICE-CHAIRMAN EDERER: All fees have been
7 paid.

8 MR. MOLTZ: We've paid all the fees, yes,
9 sir.

10 MS. LEON: But there's no statutory
11 limitation as to the -- how long you can be an
12 inactive.

13 CHAIRMAN PABLOS: Mark, what is the
14 longest inactive track or license that we have?

15 MR. FENNER: Well, the two tracks that
16 have been -- well, the term "inactive," you know, came
17 about during the last sunset review, so technically
18 inactive has been since 2012 when the Commission
19 designated four or five licenses as inactive. The
20 longest standing racetrack that's out there and has
21 never conducted live racing is going to be Longhorn
22 Downs and Saddle Brook Park. Saddle Brook Park did
23 conduct simulcasting for two years.

24 CHAIRMAN PABLOS: How long ago? I mean,
25 how many years are we talking about?

1 MR. FENNER: Those two licenses were
2 issued in 1989, I believe.

3 CHAIRMAN PABLOS: 1989.

4 MS. LEON: What is the annual dues for --
5 I mean, fees for keeping the license? What is -- for
6 this particular track?

7 MR. FENNER: Class 2 licenses are
8 \$230,000 a year.

9 MS. LEON: So why would somebody pay
10 230,000 -- I mean, I guess it's because you thought
11 historic racing was coming. But 230,000 a year,
12 without -- being inactive, without getting income, that
13 just seems to be such a -- can you answer that
14 question? I mean, that would help me.

15 MR. MOLTZ: The only reason that I could
16 see -- you know, others may have other views on it.

17 MS. LEON: Right.

18 MR. MOLTZ: But the only reason I could
19 see was the intent to become active and at some point
20 you may get a positive revenue generator.

21 MS. LEON: And how many years have you
22 been inactive?

23 MR. MOLTZ: The license was granted --
24 and I'm trying to remember. I was part of that.

25 MR. FENNER: 2007.

1 MR. MOLTZ: It was in the early 2000's,
2 two thousand and --

3 MS. LEON: So you've been paying
4 \$230,000 --

5 MR. MOLTZ: 2007. Okay. 2007.

6 MS. LEON: \$230,000 a year since 2007,
7 that's quite a lot of money for not generating any
8 income.

9 CHAIRMAN PABLOS: Is that right, Mark?

10 MR. MOLTZ: The fees have gone up.

11 MR. FENNER: Well, originally, back in
12 2007, at that time period I think the annual fee was
13 about \$10,000. Then it increased to \$20,000 and then
14 it increased to the current level, I believe, in 2011
15 or '12, shortly after that ad hoc committee on finance
16 met. And one of the reasons, having reviewed it
17 recently, that the Commission set the level so high was
18 to provide encouragement for the inactive racetracks to
19 become active.

20 MS. LEON: Exactly. So that's why I'm
21 asking the question, I guess, trying to figure out why
22 would you want to continue in an inactive status. And
23 it doesn't seem that you have any plans that have been
24 talked to, to us, about your plans. They haven't been
25 really realized here. Why would you want to continue

1 paying \$230,000 a year to continue on this inactive --

2 MR. MOLTZ: The ultimate plan is to have
3 facilities. You know, there may have to be a paradigm
4 shift as to what the facility looks like or where you
5 put it or something like that. But, Commissioner, I
6 don't see a whole lot of reason why -- if that was not
7 the case, why my client would be spending a quarter of
8 a million dollars a year for the privilege of having a
9 piece of paper.

10 MS. LEON: I still am left with sort of
11 the same questions, you know.

12 MR. MOLTZ: That's not my -- that's a
13 business decision.

14 MS. LEON: Right. I know you're
15 representing and your client isn't here. But I just
16 have lots of unanswered questions.

17 CHAIRMAN PABLOS: Commissioner Ederer?

18 VICE-CHAIRMAN EDERER: Yes. Could you do
19 this? At the next meeting could you come forward and
20 maybe answer some of those questions, talk to
21 Mr. LaMantia and see what his directions are and if, in
22 fact, you're still aiming for Tarrant County or -- it
23 seems to me that the Valley is just booming down
24 there. That would be a nice place to put a track, I
25 think.

1 MR. MOLTZ: I think that is one of the
2 considerations at this time. And we could certainly
3 give a status report, progress report, answer
4 questions, whatever. I mean, there's no problem with
5 that.

6 VICE-CHAIRMAN EDERER: If you could do
7 that, I'd appreciate that. And keep paying your fees.

8 MR. MOLTZ: Okay. Thank you,
9 Commissioners.

10 CHAIRMAN PABLOS: That's certainly the
11 silver lining is that you are current on your fees.
12 And so thank you for that.

13 MR. MOLTZ: They are current.
14 Thank you.

15 CHAIRMAN PABLOS: Is there anyone here --
16 I don't have a card, but is there anyone here
17 representing Laredo Race Park?

18 MS. YOUNG: Good morning, Commissioners.
19 Andrea Young. I'm here on behalf of Laredo Race Park.
20 Laredo Race Park is one of three licenses owned by our
21 ownership group, the largest being Sam Houston Race
22 Park in Houston, Valley Race Park in Harlingen, and
23 Laredo Race Park in Laredo.

24 I submitted a letter to the Commission
25 that I think details how we believe we've met the good

1 faith criteria to have our license renewed.

2 We do have a solid ownership group. It's
3 a joint venture between MAXXAM, Inc., which is a
4 Houston-based real estate development company, and Penn
5 National Gaming. Penn is the largest operator of
6 racetracks in the United States. I think they have
7 approximately, plus or minus, 13 facilities across the
8 country. So I think, you know, absolutely we have the
9 backing when we believe the time is right to get the
10 project off the ground.

11 We have been always on time with our
12 fees. Last year we kind of led an effort to actually
13 take some pressure off of the timing of those fees by
14 making them quarterly as opposed to one lump sum of
15 \$230,000 annually.

16 We actively maintain an option on a piece
17 of property on Mines Road in Laredo and we continue to
18 work towards what we think are either regulatory or
19 economic incentives that could help us get a project
20 off the ground.

21 Commissioner Leon, I think you asked a
22 very wise question a few minutes ago of the person
23 before me, which is, you know, why would you spend this
24 sort of money and you haven't done anything. So I'd
25 like to address that, you know, head on, which is

1 it's -- like any development project, there are costs
2 associated with it and you go into that. We've
3 probably spent millions of dollars -- it was actually a
4 contested case between the person -- the group standing
5 before you -- to acquire the rights that we did in
6 Laredo. So that took us several, several years to
7 get. And we've spent a lot of time and effort, whether
8 it's buying a plane ticket to go down there, spending
9 \$230,000 with the Commission or \$100,000 in fees to
10 maintain an option on a piece of property.

11 But for us, we're looking for a day where
12 the supply and demand of today warrants getting the
13 project off the ground. And in our view, we continue
14 to always evaluate that every time one of these
15 payments comes due; and in our view, it's, you know, an
16 option we'd like to maintain; and we think when the
17 market corrects itself, you know, that we'll be first
18 in line to get the project -- actually a shovel in the
19 ground.

20 I'm happy to answer any questions.

21 VICE-CHAIRMAN EDERER: "The market
22 corrects itself". What market?

23 MS. YOUNG: Okay. The horse racing
24 market in the State of Texas. So, you know, for
25 example, this is Laredo. There's no other, you know,

1 track in Laredo today. But I don't have a bunch of
2 horses sitting in Laredo that I could fill a race meet
3 with.

4 I mean, some real -- a lot of things have
5 happened since 2007 when the license was awarded. If
6 you look at nationally, not just in Texas, but what
7 happened in breeding after the 2008 economic crisis,
8 you know, we just don't have the supply. I have a
9 three-day-a-week Quarter Horse meet going on right now
10 at Sam Houston Race Park and I can't fill 10 races
11 anymore. I've had a Monday where I had to run eight
12 races. I have -- next Monday we're going to run nine
13 races. So, you know, there's a fundamental supply and
14 demand problem that needs to be addressed first.

15 Does that answer your question?

16 VICE-CHAIRMAN EDERER: Yes. Yes.

17 MS. YOUNG: Okay.

18 VICE-CHAIRMAN EDERER: How is that
19 going?

20 MS. YOUNG: How is what going?

21 VICE-CHAIRMAN EDERER: Is it improving?
22 Or do you have -- down the road, looking down the road,
23 what do you anticipate is going to happen?

24 MS. YOUNG: As it relates to Laredo Race
25 Park or just the industry at large?

1 VICE-CHAIRMAN EDERER: Generally
2 speaking, horses.

3 MS. YOUNG: Yeah. So I think there's
4 some -- look, I think it's an unstable time for the
5 industry. We've actually -- we've seen a large
6 exodus. I think next year, kind of now that we're
7 behind kind of some of the theatrics of the past year,
8 it will be interesting to see how things stabilize. I
9 think they will, you know.

10 But I don't see there being growth absent
11 a focus on economic development opportunities that
12 might help us get a project off the ground, some sort
13 of, you know, tax incentives that might help us get off
14 the ground, just like a lot of projects look for in
15 Texas. So I would say those are things that we're
16 actively thinking about and working on and we're going
17 to continue to do so.

18 VICE-CHAIRMAN EDERER: So some help from
19 the Legislature, come the next meeting, would help. Is
20 that -- are you --

21 MS. YOUNG: Absolutely. Are we engaged
22 in those sorts of discussions? Yes.

23 VICE-CHAIRMAN EDERER: Yes.

24 MS. YOUNG: But I would call them
25 infancy, premature. You know, these things can take

1 time.

2 VICE-CHAIRMAN EDERER: Of course. And
3 who do you represent right now?

4 MS. YOUNG: Laredo Race Park.

5 VICE-CHAIRMAN EDERER: Okay. I thought
6 you mentioned three licenses.

7 MS. YOUNG: Well, we -- our ownership
8 group owns three licenses; but for purposes of this
9 agenda item, we're talking about Laredo Race Park.

10 CHAIRMAN PABLOS: Any other questions,
11 Commissioners?

12 COMMISSIONER ABER: You know, I'd like to
13 address you a little bit on you all -- you all have had
14 the trials for the Sam Houston Futurity. That looked
15 like it was pretty successful.

16 MS. YOUNG: It was.

17 COMMISSIONER ABER: And there's a lot of
18 Hispanic racing now. I think there's a tremendous
19 opportunity, don't you, like at Laredo? And they're
20 racing a lot of horses. If we can cut out some of the
21 match races and stuff like that, I think we could
22 really do a lot better. And it looks like there's a
23 good crowd -- you're having a pretty good crowd, too,
24 aren't you?

25 MS. YOUNG: Yeah. I mean, I think we

1 always -- you know, we have very limited meets, right?
2 We moved to kind of more boutique style meets four or
3 five years ago at Sam Houston. Specific to your
4 question on trials, we run a 32-day Thoroughbred meet.
5 You know, we get in with our marketing promotions. We
6 market them across the country. We're aggressive in
7 how we do that. We come up right behind it. You know,
8 we used to have these large breaks between meets. We
9 don't do that anymore. And in an effort to reduce kind
10 of overhead costs, we run -- 10 days later we start our
11 Quarter Horse meet. And that's a 24-day meet.

12 COMMISSIONER ABER: How much are your
13 fees for the three tracks you're --

14 MS. YOUNG: So our annual fees at Sam
15 Houston are approximately \$550,000 a year. Given, plus
16 or minus, how many dates we run, it might be slightly
17 higher than that, somewhere between 550 and 600. Our
18 Harlingen track is \$360,000 a year and 230,000 here.
19 So, you know, in excess of a million dollars of fees.

20 COMMISSIONER ABER: So what do you think
21 about that? Do you think we should reduce those? I
22 mean, I would just like -- that just sounds like a
23 tremendous amount of money for somebody to have to
24 pay. I know you do, but --

25 MS. YOUNG: Of course.

1 COMMISSIONER ABER: I just want to bring
2 that up.

3 MS. YOUNG: Of course. I mean, would
4 that help the industry? Absolutely. But I think we're
5 also sensitive to the idea -- you know, the fact that
6 this is a regulated industry. So this is a fine
7 balance you have to incur. And for me, when I
8 represent three -- you know, we are in every single
9 category, dog track, horse track, inactive track. I'm
10 like I don't want to rob Peter to pay Paul either. So
11 I mean, that's kind of our view sitting here today.
12 But we'd be happy to take a cut in fees.

13 COMMISSIONER ABER: That's a lot of money
14 to pay.

15 CHAIRMAN PABLOS: Any other questions of
16 Ms. Young?

17 COMMISSIONER STEEN: Could you just talk
18 about -- you talked a little about on the supply
19 side -- but just the demand side situation, how it's
20 changed from when you got the license? Given that we
21 have three kind of inactives in the area, just what's
22 your overall view of the demand side?

23 MS. YOUNG: Yeah. The demand side -- I
24 think there is demand in a place like Laredo for, you
25 know, a limited meet. Now, whether that could make the

1 project economically viable, you know, also depends on
2 things in the racing industry, like how much you can
3 get from your signal.

4 So for example, at my Sam Houston
5 Thoroughbred meet, Fridays and Saturdays we have a huge
6 on-track crowd. It's a big part of -- the wagering
7 there is a big part of what goes to our bottom line.
8 But we also now race on Mondays and Tuesdays and our
9 on-track wagering is pretty small in comparison, but
10 we're exporting in excess of two million dollars a day
11 on those days. And so, you know, we have a lot of
12 wagering activity, half of which occurs online, coming
13 into our races.

14 So that is a very different model for --
15 that two million I just described to you is typically
16 for us around 350 to 500 thousand on a Quarter Horse
17 race. And if we're talking about having Quarter Horse
18 racing, you know, I need to figure out a way to create
19 more demand for that by selling our signal. But I
20 think in terms of, hey, do you have people that want to
21 come out and buy hot dogs and do those things, yeah, I
22 think there's demand for that. But you've got to sell
23 a lot of hot dogs to get a 15-, 20-, 25-million-dollar
24 project off the ground.

25 CHAIRMAN PABLOS: Okay. Well, thank you

1 very much. Appreciate it.

2 MS. YOUNG: Thank you.

3 CHAIRMAN PABLOS: Is there -- I don't
4 have a card. Is there a representative from Manor
5 Downs here today?

6 MR. PHILLIPS: Good morning,
7 Commissioners, Mr. Chairman. I'm Howard Phillips
8 representing Manor Downs. And I'll be glad to answer
9 any questions you may have.

10 VICE-CHAIRMAN EDERER: Mr. Phillips,
11 you've now refused to pay the fee. Is that correct?

12 MR. PHILLIPS: We paid the --

13 VICE-CHAIRMAN EDERER: Are unable to
14 anyway.

15 MR. PHILLIPS: We paid the September and
16 December, but we declined on the March 1st.

17 VICE-CHAIRMAN EDERER: And you intend to
18 continue to decline?

19 MR. PHILLIPS: Well, we're hoping
20 something might change. But at this time, yes.

21 VICE-CHAIRMAN EDERER: At this time.

22 MR. PHILLIPS: Yes.

23 COMMISSIONER ABER: How many years have
24 you been paying that fee?

25 MR. PHILLIPS: Well, we've been -- almost

1 to the month, we've been licensed for 27 years.

2 VICE-CHAIRMAN EDERER: What do you
3 anticipate is going to happen to Manor Downs?

4 MR. PHILLIPS: Well, we're attempting to
5 find some new ownership to come in and take over. And
6 we've made a lot of concessions. We've had a few
7 inquiries. But everybody is -- as you've heard,
8 everybody is a little leery of the horse racing
9 industry in Texas, where it's going.

10 One of our partners was recently in
11 Florida at the Hialeah meet and I think they had a
12 boutique Quarter Horse meet. And ironically, most of
13 the trainers there were from Manor Downs. The horses
14 have left. The trainers are leaving. It's a big
15 problem. And for potential ownership of Manor Downs,
16 they see that as a very big problem also.

17 VICE-CHAIRMAN EDERER: So the potential
18 for Manor Downs is in real estate development rather
19 than racetracks?

20 MR. PHILLIPS: Well, maybe five or 10
21 years -- yeah, five to 10 years away, that's probably
22 where it's headed. It's a shame because there's -- I
23 think we put five million into racetrack and land and
24 oval and all that. It's -- you know, there's a lot
25 of -- a lot of investment on top of the land besides

1 just scraping it and turning it into a development.

2 MS. LEON: How long have -- Chairman?

3 CHAIRMAN PABLOS: Yes, ma'am.

4 MS. LEON: How long have you been
5 inactive status?

6 MR. PHILLIPS: Since July 25th -- well,
7 since the summer of 2010.

8 MS. LEON: And so you see no opportunity
9 to really start paying your fees?

10 MR. PHILLIPS: It's -- you know, it's a
11 tremendous cost. I mean, owning a facility, we also
12 maintain it so it doesn't go completely to seed, so to
13 speak. And recently we just had the Travis County
14 Appraisal District raise our property taxes a hundred
15 thousand dollars. And it's like there's fees
16 everywhere. But we're trying to find something that's
17 economically viable as some kind of a pari-mutuel
18 facility. And that's what we try to work on with
19 anybody who's interested. And it's tough. It's really
20 tough.

21 VICE-CHAIRMAN EDERER: I have a question
22 for Mark.

23 Mark, if this is referred, the inactive
24 track license, to the State Office of Administration,
25 what happens?

1 MR. FENNER: There will be a contested
2 case hearing. It's a full evidentiary hearing before
3 an administrative law judge there. The ALJ will
4 prepare a proposal for decision to the Commission, for
5 you, as to whether or not the license should be
6 renewed. That will probably take anywhere from six
7 months to a year to complete that process.

8 VICE-CHAIRMAN EDERER: And if the
9 decision is not to renew, the license then --

10 MR. FENNER: It goes away. Effectively,
11 it's revoked.

12 VICE-CHAIRMAN EDERER: Can it be
13 renewed? Can it be reestablished?

14 MR. FENNER: There's no provision in the
15 statute for that.

16 VICE-CHAIRMAN EDERER: So they'd have to
17 come in and start the process over again.

18 MR. FENNER: That would be the process, I
19 would suspect.

20 VICE-CHAIRMAN EDERER: And that would be
21 if we opened --

22 MR. FENNER: An application period.

23 VICE-CHAIRMAN EDERER: -- an application
24 period.

25 What's it going to do to you, to Manor

1 Downs, if we went ahead and we did refer it to the
2 State Office of Administration?

3 MR. PHILLIPS: At this time I'm not
4 sure. We would probably go -- right now I'm thinking
5 we'd go through the process and hopefully maybe
6 something would develop between now and that decision.

7 VICE-CHAIRMAN EDERER: I see. And if it
8 didn't?

9 MR. PHILLIPS: Well, I think that it
10 could be fatal, so to speak.

11 VICE-CHAIRMAN EDERER: Would that be a
12 good thing financially?

13 MR. PHILLIPS: Yeah, it would stop the
14 bleeding. I mean, we're over a half million dollars a
15 year just sitting there since 2010. That's painful.

16 VICE-CHAIRMAN EDERER: Yeah. I
17 understand.

18 I have nothing further.

19 CHAIRMAN PABLOS: Yes, sir. Yes,
20 Doctor.

21 COMMISSIONER ABER: To me, if we could
22 have some way -- if he didn't want to do this, if you
23 could have some way to expedite it for him to renew his
24 license, could the Racing Commission do that? Because
25 he's been sitting here paying and it's not just his

1 fault. It's the Racing Commission's fault, too. It's
2 all of our fault that he's not able to do this. Is
3 there any way that we could renew that license without
4 him having to go through the --

5 MR. FENNER: I would look for a
6 rulemaking process to explore that. As it stands now,
7 there's not a process in place for that, no.

8 COMMISSIONER ABER: Yeah, I know. That's
9 what I'm saying. So there could be a rulemaking
10 process to do that?

11 MR. FENNER: I don't -- I really don't
12 want to speculate on that.

13 CHAIRMAN PABLOS: Any -- pardon me. Any
14 other questions?

15 MS. NORTH: Mr. Chairman?

16 CHAIRMAN PABLOS: Yes.

17 MS. NORTH: I just wanted to clarify. I
18 wasn't sure if it was clear. If it does go to SOAH,
19 they'll send it back to us and the Commission will vote
20 on it. So the SOAH PFD isn't itself final?

21 MR. FENNER: That's correct.

22 MS. LEON: They're not final.

23 MR. FENNER: No, ma'am.

24 MS. LEON: They send it back to us.

25 MR. FENNER: Yes.

1 MS. LEON: With a recommendation?

2 MR. FENNER: Yes, ma'am. It would be a
3 decision by the Commission based on the proposal for
4 decision by the administrative law judge. And so --

5 MS. LEON: Okay. We have another
6 opportunity to hear it and --

7 MR. FENNER: Yes.

8 MS. LEON: And weigh the arguments that
9 were made clear at the SOAH then.

10 MR. FENNER: Yes, ma'am.

11 CHAIRMAN PABLOS: Okay. Any other
12 questions so we can go into discussion?

13 COMMISSIONER STEEN: What's the amount
14 outstanding that's owed at this point?

15 MR. FENNER: Well, at this point I
16 believe it's just one quarterly payment, so it's
17 57,500.

18 MR. PHILLIPS: That's correct.

19 MS. LEON: But I get a sense that that
20 payment isn't going to continue coming in.

21 MR. PHILLIPS: There's a March 1st
22 payment -- for this year, there's a March 1st payment
23 due and then a June 1st payment. Then we start the
24 next year over in September.

25 CHAIRMAN PABLOS: Okay. Any other

1 questions?

2 Thank you.

3 MR. PHILLIPS: Thank you.

4 CHAIRMAN PABLOS: Is there anyone else
5 signed up to speak on this item?

6 MS. BIJANSKY: No, sir.

7 CHAIRMAN PABLOS: Okay. So now let's go
8 into discussion. And let's go ahead and start with
9 Manor Downs.

10 Mark, so we've got our options laid out
11 for Manor Downs. We can either approve and renew it as
12 inactive. We can decline that, right? Or we can refer
13 to SOAH?

14 MR. FENNER: Yes. You could designate it
15 as active, either active-operating or active-other; you
16 could renew it as inactive; or you could refer to SOAH;
17 or you have the option to table.

18 CHAIRMAN PABLOS: Okay. And so referring
19 to SOAH, as we have heard, allows for the hearing to
20 take place and allows for the Office of Administrative
21 Hearings, a judge, to give us his or her opinion?

22 MR. FENNER: Yes, sir.

23 CHAIRMAN PABLOS: And then it would allow
24 us then an opportunity to take this item up again
25 whenever that opinion is forthcoming. And then at that

1 time we would be able to make a decision.

2 MR. FENNER: Yes, sir.

3 CHAIRMAN PABLOS: And there's another
4 license that's already at SOAH. Could you brief us on
5 that, please?

6 MR. FENNER: Yes, sir. The Saddle Brook
7 Park license has also refused to pay its license -- pay
8 its fee, and so we have already referred that to SOAH
9 for a contested case hearing. We referred that because
10 that is an active license. It doesn't go through the
11 annual review and renewal process that the inactives
12 go.

13 So since it's a contested case hearing, I
14 don't want to go into a lot of discussion about it. It
15 will come back before you at the conclusion of the
16 hearing. But, yes, sir, there is a case pending before
17 the State Office of Administrative Hearings.

18 MS. LEON: Is that an open hearing?

19 MR. FENNER: Yes, ma'am.

20 MS. LEON: And when is that supposed to
21 be heard? Or do we know?

22 MR. FENNER: It has not been scheduled
23 yet. At this point they're just undergoing discovery.
24 So it's preliminary stages.

25 CHAIRMAN PABLOS: Okay. So,

1 Commissioners, what's your pleasure with respect to
2 Manor Downs? Obviously we don't see any payment coming
3 on this license. We have been told that. And so in
4 order to move forward here, it seems to me that
5 referring to SOAH is perhaps the most reasonable
6 option. But I would certainly defer to your judgment
7 on that.

8 VICE-CHAIRMAN EDERER: It appears we
9 should take up each one separately.

10 CHAIRMAN PABLOS: Yes.

11 VICE-CHAIRMAN EDERER: I would make a
12 motion at this time that Manor Downs' license be
13 referred to SOAH.

14 CHAIRMAN PABLOS: There's a motion.
15 Is there a second?

16 COMMISSIONER HICKS: I'll second that.

17 CHAIRMAN PABLOS: Seconded by Hicks.
18 Any further discussion on that?

19 I'll take this up for a vote then. All
20 those in favor please signify by saying aye.

21 COMMISSIONERS: Aye.

22 CHAIRMAN PABLOS: Any opposed?

23 Okay. So that carries for Manor Downs.
24 Let's go ahead and now take it in order
25 of discussion. Longhorn Downs. We've heard from

1 Mr. Brown that they've had -- you know, they continue
2 to have the litigation situation. Commissioner North
3 brought up some good points regarding their status at
4 the Secretary of State's office as it relates to doing
5 business in Texas. For this one, we had discussed the
6 possibility of perhaps tabling it. And so if there is
7 a motion to table, I would certainly entertain. I
8 think --

9 MS. NORTH: So moved.

10 CHAIRMAN PABLOS: So moved. We have a
11 motion by North.

12 VICE-CHAIRMAN EDERER: Second.

13 CHAIRMAN PABLOS: And seconded by
14 Ederer.

15 Any further discussion on this?

16 All those in favor please signify by
17 saying aye.

18 COMMISSIONERS: Aye.

19 CHAIRMAN PABLOS: Any opposed?

20 Okay. That motion carries.

21 COMMISSIONER STEEN: Should we make it
22 clear when we'll want to talk about this again and
23 maybe give some guidance on that?

24 CHAIRMAN PABLOS: So by way of
25 background, we should have had this discussion in

1 August of last year, I believe, Mark. Is that
2 correct?

3 MR. FENNER: Yes, sir.

4 CHAIRMAN PABLOS: And so given, you know,
5 everything that transpired with respect to historical
6 racing, we weren't able to get to it until now. And so
7 the next review is coming right up, either June or
8 August, and so we will -- we will bring this up again.
9 So we'll have an opportunity to take these items up
10 again very shortly. So right now we're trying to
11 fulfill the obligation from last time.

12 COMMISSIONER STEEN: I understand.

13 CHAIRMAN PABLOS: Okay. So we have Manor
14 Downs. We have Longhorn Downs.

15 Let's take up Laredo Downs and Valle de
16 los Tesoros together. Here, again, we've heard from
17 Mr. Moltz. There's been good faith efforts. I still
18 don't understand the issue of moving to Tarrant
19 County. I don't know if there was ever anything
20 expressed by this Commission that that would be
21 acceptable. And we heard the reasons given for not
22 having started the process for live racing. But at the
23 same time they've been paying their fees and they've
24 certainly at least proven to me that they've made good
25 faith efforts to proceed in that direction.

1 MS. LEON: Did we want to table that in
2 terms of -- we asked him to come back with more of an
3 in-depth plan of what they were going to do, right?

4 CHAIRMAN PABLOS: You know, I think
5 everybody should come back with a plan, right? And so
6 what I would recommend in this instance is that we move
7 to approve and come back in June or August -- Mark?

8 MR. FENNER: Yes, sir. The process is
9 that they will have to submit a new application for
10 renewal by the beginning of June and that will give us
11 until August to compile it and make sure it's prepared
12 for the Commission's consideration. So the next time
13 you'll see it will most likely be the August meeting.
14 That's when we will schedule it.

15 CHAIRMAN PABLOS: August meeting. And
16 after this discussion I certainly want to have a
17 discussion about, as you mentioned, Commissioner Steen,
18 moving forward with some very clear guidelines. I
19 think, you know, following the letter of the law and
20 the rules is obviously of paramount importance here.
21 We have the rules in place. You know, we see entities
22 having options on land when, in fact, if you look at
23 the good faith effort rules, having an option is not an
24 option. It's really a long-term lease or purchase of
25 land. And so we have issues that we really need to

1 work through so that we can have, you know, the rules
2 respected, you know. So I think it's important to do
3 that.

4 But for this -- for this particular
5 meeting and for this effort, I think, you know, moving
6 forward to just approve and then come back for August
7 and really take a hard look at how these rules are
8 being interpreted I think is important.

9 And so if that's acceptable to you, I'll
10 entertain a motion.

11 Doctor?

12 COMMISSIONER ABER: I'd like to ask you.
13 We've been discussing this deal with going to Tarrant
14 County for about three years. And so tell me what the
15 status was on that. I think we had kind of gone along
16 with that.

17 MR. FENNER: Chuck, do you want to weigh
18 in on that?

19 COMMISSIONER ABER: I don't know if --

20 MR. TROUT: I don't think we've ever --

21 COMMISSIONER ABER: We've never approved
22 them going to Tarrant County?

23 MR. FENNER: There's never been an
24 application submitted.

25 COMMISSIONER ABER: Okay.

1 CHAIRMAN PABLOS: By the way, the
2 discussion of going to Tarrant has been going on for
3 many, many years, longer than you can imagine.

4 VICE-CHAIRMAN EDERER: I make a motion
5 that we table.

6 CHAIRMAN PABLOS: Actually, can we just
7 approve the status so that we can --

8 VICE-CHAIRMAN EDERER: Excuse me. Yes.
9 I'm out of line. Yes. You're exactly right.

10 CHAIRMAN PABLOS: Okay. And so would you
11 like to change your motion?

12 VICE-CHAIRMAN EDERER: Yes. Change my
13 motion that we do approve.

14 CHAIRMAN PABLOS: Okay. To renew as
15 inactive --

16 VICE-CHAIRMAN EDERER: Correct, to renew
17 as inactive.

18 CHAIRMAN PABLOS: -- for Laredo Downs and
19 Valle de los Tesoros.

20 COMMISSIONER STEEN: Can I ask a
21 clarifying question?

22 CHAIRMAN PABLOS: Yes, sir.

23 COMMISSIONER STEEN: So what's the
24 difference between what we just did on a table and
25 we're going to bring it up -- readdress it in August --

1 in June or August and approve here?

2 CHAIRMAN PABLOS: I think it's more of a
3 formality, you know, because -- again, because we
4 should have really done this back in August. If we
5 approve to become inactive, it's really just continuing
6 down the same path. But now I think we'll have an
7 understanding of coming back in August with some very
8 clear guidelines.

9 MR. FENNER: And my expectation from what
10 I've heard is that at the June meeting you will
11 hopefully hear a report from Longhorn Downs about their
12 charter and get that clarified and then renew them.
13 But then they will immediately go back into another
14 review and renewal in time for August. So they have a
15 two-step process.

16 CHAIRMAN PABLOS: And for this one in
17 particular, tabling just creates uncertainty. And so
18 if we just approve, we create certainty and then we
19 move forward.

20 So we have a motion by Ederer.

21 Is there a second?

22 COMMISSIONER STEEN: Second.

23 CHAIRMAN PABLOS: Seconded by Steen.

24 Any other discussion?

25 Okay. At this time if you can please

1 signify by saying aye if you approve. I'll take the
2 vote. All those in favor please signify by saying
3 aye.

4 COMMISSIONERS: Aye.

5 CHAIRMAN PABLOS: Any opposed?

6 Okay. So that carries. So now we have
7 Laredo Downs and Valle de los Tesoros.

8 And lastly, Laredo Race Park. We've
9 heard from Ms. Young. They are in compliance as it
10 relates to paying their dues.

11 MR. FENNER: Yes.

12 CHAIRMAN PABLOS: And what I would do
13 here is I would make the same recommendation as we did
14 in the previous item of moving to renew as inactive and
15 look forward to June with this group coming back with a
16 formal plan.

17 Is there a motion?

18 MS. NORTH: So moved.

19 CHAIRMAN PABLOS: A motion by North.

20 Is there a second?

21 COMMISSIONER HICKS: I'll second.

22 CHAIRMAN PABLOS: Second by Commissioner
23 Hicks.

24 Any further discussion?

25 Okay. All those in favor please signify

1 by saying aye.

2 COMMISSIONERS: Aye.

3 CHAIRMAN PABLOS: Any opposed?

4 Okay. So that motion carries.

5 So just to get on the same page with
6 everybody, so here we're going to be looking for the
7 June meeting to have each license holder come with a
8 plan.

9 MR. FENNER: Actually, what I anticipated
10 was that they will complete an application --

11 CHAIRMAN PABLOS: Okay.

12 MR. FENNER: -- which takes place in the
13 June time frame, and that this will come back to you at
14 the August meeting. And you can provide guidance to
15 them perhaps in the interim as to what it is you're
16 expecting about the rules.

17 CHAIRMAN PABLOS: So we would look for a
18 plan in August and we would use June as a platform for
19 basically laying out what our requirements would be for
20 this? Is that -- Commissioners, is that acceptable to
21 you?

22 Okay. So now we're on the same page as
23 it relates to, you know, what we're going to expect in
24 these next couple of meetings. All right. Well, thank
25 you.

1 Let's move on. We'll take items IV-B and
2 C together.

3 Mark, please?

4 MR. FENNER: Yes, sir.

5 These are two very interrelated items as
6 you know. The greyhound race dates have been in flux.
7 Previously Gulf Greyhound Park had been conducting
8 year-round racing. Valley Race Park had been
9 conducting live racing every other year for a short
10 period of time. Gulf Coast had not conducted racing
11 but had been conducting simulcasting and sending purse
12 money to Gulf Greyhound Park.

13 But Gulf Greyhound Park has now changed
14 and is no longer conducting year-round live racing.
15 Instead, the tracks have come forward and put in a new
16 proposal before you that would call for basically a
17 short meet each year that rotates among the three
18 racetracks. And this would be like a 36-day meet at
19 the end of 2016, the beginning of 2017, to be conducted
20 at Valley Race Park; similarly, a 36-day meet, the same
21 time period, to be conducted the following year, that's
22 the end of '17 and the beginning of '18; and then Gulf
23 Coast Racing in Corpus Christi perhaps looking at doing
24 a 36-day meet -- at least this was part of the plan
25 that was submitted -- at the end of '18, beginning of

1 '19.

2 Now, the thing that is of concern is that
3 they all propose that they conduct simulcasting
4 year-round based on a one -- you know, once every three
5 years at each track.

6 What the act says is that you can't
7 grant -- you can't approve simulcasting or conduct
8 simulcasting unless you have live race dates granted.
9 And so there is an opportunity for the Commission to
10 provide guidance to the executive director, who
11 provides the approval of simulcasting, as to how far
12 out is it acceptable to approve live race dates and
13 allow simulcasting to take place in advance of that
14 period.

15 I mean, is it okay for the Commission to
16 approve race dates three years out and then for
17 somebody to be able to simulcast during the entire year
18 for three years leading up to that point or is that
19 unacceptable? And that's a policy decision that we're
20 looking to the Commission for guidance on.

21 As to the plan, I understand there may be
22 some flux. I think -- I don't want to speak for
23 Commissioner Hicks and Commissioner Ederer. I think
24 you all met with them. I'll let you all address that
25 issue.

1 But this is what we're looking for is we
2 have a pending request for race dates by Valley and by
3 Gulf Greyhound, also a very minimal request for a race
4 date in 2018 from Corpus Christi, Gulf Coast Racing.
5 Those are up for approval by the Commission. And then
6 guidance about the simulcasting.

7 CHAIRMAN PABLOS: Commissioners, any
8 technical or clarifying questions of Mark on this
9 item?

10 Is there anyone signed up to speak?

11 MS. BIJANSKY: Yes, sir.

12 CHAIRMAN PABLOS: Okay. So let's take
13 public testimony and then we'll get into some
14 discussion about this item. We have several cards
15 here, so I'll just start from the top.

16 Marsha Rountree?

17 MS. ROUNTREE: Start with me?

18 CHAIRMAN PABLOS: Yes, we're starting
19 with you, Marsha.

20 MS. ROUNTREE: Oh, boy.

21 CHAIRMAN PABLOS: Luck of the draw here.

22 MS. ROUNTREE: Not exactly the order in
23 which I was anticipating this.

24 CHAIRMAN PABLOS: You did sign up for
25 this item, right?

1 MS. ROUNTREE: I did sign up, but I was
2 kind of hoping that the greyhound folks could have at
3 least come up here and laid it out for you.

4 But in light of the fact that I do have a
5 letter in your packet that was written on behalf of the
6 horsemen, I'm not going to repeat myself there and you
7 can refer to that letter.

8 But I would like to think, because I went
9 to a meeting a couple of months ago in Houston with
10 the -- I was invited to attend with members of the
11 greyhound industry, the TGA, tracks. I believe there
12 were some other people there as well. And I have to
13 say, in light of all the discussions that we have had
14 in the last couple of years, I was very impressed at
15 the way they got down to business, they talked to each
16 other, and found a solution for the issue that's facing
17 their part of this industry.

18 And they came up with a plan. When I
19 left that meeting, I wasn't sure that they were going
20 to. But they kept at it. They kept going. They kept
21 talking. And they came to a solution. And I really do
22 believe it's a good, viable plan. Is it the best plan
23 in the world? No, it's not. But with the situation
24 facing both sides of our industry now, I believe it's a
25 reasonable plan.

1 And so speaking on behalf of the
2 horsemen's organization which I represent, I have to
3 ask you to please carefully consider this plan because,
4 going forward now, our industry is looking for answers,
5 looking for solutions. We've obviously not achieved
6 the goal that we had tried to achieve. And so we are
7 still struggling and we're going to continue to
8 struggle until we do find new solutions.

9 And we're hopeful. We're working. We're
10 talking and trying to find some answers. But I
11 think -- and on behalf of the horsemen, I will say
12 please don't disregard this plan that has been
13 presented to you because what it does is it removes the
14 source of funding for purses for horses. And in a time
15 when we're looking for answers and ways to improve
16 purses, to find some more money to at least maintain
17 our current race days, the last thing in the world we
18 want to do is deliberately and intentionally remove
19 funding -- a source of funding for horse purses.

20 So I'm sure that the greyhound people
21 will be able to answer more questions than that, but
22 that's just the position from the horsemen's
23 perspective is please don't remove purse funding
24 sources for horses.

25 So if anyone has any questions --

1 CHAIRMAN PABLOS: Questions,
2 Commissioners?

3 Thank you.

4 MS. ROUNTREE: Thank you.

5 CHAIRMAN PABLOS: Appreciate it.

6 Okay. So now I'll ask Sally Briggs to
7 come up, please, and Andrea.

8 MS. BRIGGS: Good morning,
9 Commissioners. I'm Sally Briggs and I'm general
10 manager at Gulf Greyhound Park and operations manager
11 for Gulf Coast Racing.

12 And we have all worked together to put a
13 plan together. And Andrea is going to present the plan
14 first. And then Mr. Peck with the Texas Greyhound
15 Association is also here and I am also here
16 representing Gulf Greyhound and Gulf Coast Racing to
17 talk to you about those two tracks.

18 CHAIRMAN PABLOS: Okay. Andrea, please?

19 MS. YOUNG: Thank you.

20 So I think Mark did a nice job of laying
21 out kind of some of the dynamics and the background on
22 this issue. I think I'd like to elaborate on a couple
23 of them.

24 You know, this issue really came to a
25 head towards the third, fourth quarter of last year

1 when Gulf Greyhound made the announcement that they
2 were going to cease live racing at the end of the
3 year. So for the last four or five years, we've
4 operated in an environment -- Valley Race Park, which
5 we own and operate in Harlingen, used to run about
6 three to four months out of the year until 2009.

7 At that time, you know, some of this
8 pressure that we've already talked about today had
9 begun. And therefore, we came up with an industry plan
10 at that time where Valley would stop racing on top of
11 Houston and Gulf Greyhound and continue to send purse
12 money. But we've always had live race dates granted to
13 us so we could maintain the right to continue
14 simulcasting and we went to a situation where we raced
15 every other year. One year we ran five days. One year
16 we ran one day. And we are, in fact, scheduled to run
17 one day at the end of this year, the day after
18 Thanksgiving -- or the Saturday after Thanksgiving this
19 year.

20 So that plan worked because it was able
21 to boost -- for a while, because it was able to boost
22 the average daily purse structure at Gulf Greyhound.
23 So that worked for the TGA. Unfortunately for Gulf
24 Greyhound, the economics didn't work for them. It
25 helped maintain for us -- certainly at Harlingen, make

1 it viable to keep in business and continue contributing
2 both to dog purses; but to Marsha's point, you know,
3 each greyhound track in the state contributes to horse
4 purses as well.

5 So we obviously kind of realized we had a
6 real dilemma on our hands when -- you know, I was
7 hopeful Gulf would work something out and we would
8 never have to engage and they'd decide to keep racing,
9 but that became apparent to us at the end of last year
10 that that wasn't going to happen. So I came before
11 this body sometime late last year and said, you know,
12 give us a little more time to work on a plan. And
13 that's what we did.

14 In January -- I want to say the second or
15 third week of January we had a meeting that Marsha
16 described to you. That meeting was, I think it's
17 important to note, attended by Greg LaMantia, by the
18 ownerships of each track, including Greg LaMantia and
19 Scott Phelps. They came to Houston for that meeting.
20 Five of the nine TGA board members were present.

21 And it was a very productive meeting
22 because I think everyone sat in that room, said what
23 they had to say, and realized, you know, hey, we've got
24 to do something different because no track is going to
25 stand up and run 200 days a year in this environment.

1 And by the way, for the TGA, this is not great for your
2 product to have so much racing.

3 I always like to say, you know, the
4 Houston Texans, the NFL, the most powerful brand --
5 sports brand in the world, if they played 200 days a
6 year, I don't even think they would fill up NRG Stadium
7 every day.

8 So we have to fix this model. And, you
9 know, I stood up and said Valley Race Park will step in
10 first because we're already preparing to run this
11 year. Let's give Gulf a break so they can get some
12 breathing room. And let's come up with a way this
13 might all benefit us.

14 And so I just -- I want to -- you know,
15 that's kind of a little bit, again, about this supply
16 and demand model we talked about earlier, but I think
17 these are important points to note.

18 Gulf Greyhound Park ran 255 greyhound
19 dates compared to 186 horse racing dates split between
20 two breeds, Thoroughbred and Quarter Horses, last year,
21 spread among four tracks. So Gulf is really carrying a
22 significant load when you think about it in that
23 context.

24 In 2014 greyhounds ran for 2.96 million
25 or an average daily purse of \$12,724. In that same

1 period the horse industry ran for 23.8 million, average
2 daily purse of \$100,000.

3 So, you know, I started saying to David
4 and his membership, "How are you guys making money?
5 Like I don't even understand how this could work."

6 And I think everyone started kind of
7 coming to terms that something different would need to
8 happen. And I think, you know, it's also important to
9 note that, by simulcasting, every one of the three
10 greyhound tracks does contribute to general revenue for
11 the State via the simulcast tax.

12 It's also important to note there are
13 jobs at all these tracks. So a decision to not let
14 someone simulcast would mean you don't keep your doors
15 open and people are going to lose their jobs.

16 And so we went back and forth on a number
17 of concepts. Where we landed, as Mark outlined to you,
18 is the concept of a 36-day meet. Everyone who's been
19 up here for any time knows that I'm all about the
20 smaller boutique meets. And, you know, in fact, for
21 Harlingen, you know, we're excited to do this 36-day
22 meet. There aren't, you know, as many things to do in
23 Harlingen as there are in Houston, so we think we can
24 make it pretty marketable.

25 We have a plan to run three to four days

1 a week. Depending on the day of the week, on
2 Wednesdays we want to run during the day so we can
3 appeal to winter Texans that are in Harlingen that time
4 of year.

5 And more importantly, I think -- or most
6 importantly, particularly when you think about the TGA,
7 in this scenario, the 2.9 million -- there's less than
8 three million dollars in purse money available for the
9 greyhound industry in Texas today -- will be paid out
10 over two and a half months -- two and a half or three
11 months, instead of 12 months, for an average of \$81,000
12 a day. So if I own dogs or I'm breeding dogs, I'm
13 thinking "Wait. I can make the same money in two and a
14 half months or I could do it over the course of a whole
15 year."

16 So that opens up additional opportunities
17 to the greyhound industry. They could go to Florida.
18 In fact, 85 percent of the dogs or kennels that were at
19 Gulf Greyhound are now in Florida.

20 So, you know, there's a seasonal market
21 there opportunity. Or you can create value -- and I
22 think David could speak to this better than I can. But
23 you can create value as a breeder by racing younger
24 dogs because that's what David -- the TGA would like to
25 do. And you can create a market to sell and thereby

1 breed more in the future.

2 So actually, I think where we have landed
3 is a more attractive scenario maybe even, as a breeder,
4 than where the TGA was before.

5 Now, do we know with certainty that this
6 is going to be awesome and great and everything I'm
7 telling you? No, we don't. And I'm not going to
8 suggest otherwise. But we're optimistic. And I think
9 you, as a Commission, have the opportunity to say
10 "Okay. Let's see how this year goes."

11 If it's a debacle, it's a debacle. But I
12 certainly do not expect that. I think this will be
13 successful. I think like the one-day meet we ran in
14 Harlingen before or the five-day meet, it will be a
15 great experience at the track, and the TGA and their
16 members will all also have a great experience.

17 In addition, coming behind us -- and the
18 reason you need to stagger these meets and this is an
19 important part is we need to accumulate the purse
20 money. So if Sam Houston -- I mean, if Valley ran for
21 three months and then we only took two months off and
22 Gulf came right behind us, well, we're not talking
23 about three million dollars in purse money. All of a
24 sudden we're talking about a million dollars in purse
25 money. And so that's why you need time to build up the

1 money because most of the money generated for purses
2 comes from simulcast wagering.

3 Finally, additional components of the
4 proposal, we have all agreed to work together on track
5 safety, to ensure the safest conditions possible, work
6 together on kennel contracts. There's a stipulation in
7 either the act or the rules -- you could correct me,
8 Mark, on which one it is -- but that at least 50
9 percent of your kennels be, you know, for Texas kennels
10 and operators. We believe we will surpass that number
11 and could easily be at a hundred percent. Whereas when
12 Valley used to run a three-month meet, we relied a lot
13 on kennels coming from out of state in order to fill
14 races.

15 And we've also agreed to meet
16 semiannually with the greyhound association to discuss
17 the program, our key learnings, and address any issues
18 as they arise.

19 So I am happy to answer any questions you
20 have. That is the plan.

21 CHAIRMAN PABLOS: I'm wondering if we
22 should take up questions now or have David come up.

23 David, why don't you come up real quick
24 and then we can -- that way we can --

25 MR. PECK: Okay. Good morning,

1 Mr. Chairman and Commissioners. My name is David Peck
2 and I represent the Texas Greyhound Association. I am
3 president of it.

4 We are asking the Commission to support
5 the greyhound industry plan in order to preserve live
6 racing. Without this, we don't have live racing. We
7 have no -- we have purse being generated now but no
8 place to distribute it. So we're asking you for that.

9 The Texas Greyhound supports the plan.
10 We worked in conjunction with all the racetracks as
11 you've been told. They had these meetings and we came
12 to it. Is it the best option possible out there for
13 us? No. We would like, if we have an increase in
14 revenue, to have more opportunity to race.

15 But this is something that we came up
16 with that we felt could suffice to keep our breeders
17 going. This will enable the breeders to continue
18 breeding for the future. And we've had positive
19 feedback on people that would probably continue to
20 breed.

21 Now, the purse is critical because this
22 is a totally new concept for us as greyhounds. We're
23 used to running 12 months out of the year. It's going
24 to take some purse to draw dogs in here. It's going to
25 take some working with the Commission, as she was

1 saying, and trying to -- we want to try to promote this
2 for Texas as much as we can and to keep our people to
3 continue breeding.

4 As she spoke to, this will enable us to
5 either send the dog, after they've generated this money
6 and run, to other racetracks or we may have an
7 opportunity to be able to sell them to somebody. So it
8 just creates a new way of thinking and we're willing to
9 work on that.

10 Other than that, I'll be more than
11 willing to answer any questions you have.

12 CHAIRMAN PABLOS: Okay. Before we get
13 there, I have Rob Werstler and Mary Ruyle from the
14 Thoroughbred association and TQHA.

15 You signed up to speak. Is it other than
16 providing support? Is that --

17 MR. WERSTLER: That's it.

18 CHAIRMAN PABLOS: Being supportive?

19 MR. WERSTLER: Yes, sir.

20 CHAIRMAN PABLOS: Mary, is that the
21 same?

22 MS. RUYLE: Yes.

23 CHAIRMAN PABLOS: So if you don't mind,
24 we'll take that and put that into the record expressing
25 support of this item.

1 And now what we'll do is we'll open it up
2 for questions of David or Andrea. Commissioners, do
3 you have any questions?

4 VICE-CHAIRMAN EDERER: Yes.

5 CHAIRMAN PABLOS: Commissioner Ederer,
6 please.

7 VICE-CHAIRMAN EDERER: Andrea, as I
8 understand it, '16, you will be running in Valley from
9 November through December.

10 MS. YOUNG: Into February.

11 VICE-CHAIRMAN EDERER: I was going to
12 say, and then in '17 you'll actually run into
13 February. Gulf will pick up in November and run
14 November, December, and January and into February of
15 '18.

16 MS. YOUNG: Correct.

17 VICE-CHAIRMAN EDERER: Okay. I have no
18 problem with that. I think that's great. My problem
19 is with Coast. I call it Coast. Gulf Coast.

20 MS. YOUNG: Okay.

21 VICE-CHAIRMAN EDERER: As I understand
22 it, though, Gulf Coast is -- that the whole attitude
23 has now changed and that -- it's my understanding that
24 you're going to come forward at the next application
25 for race dates, which would be the next on the agenda

1 if it is opened up, and ask for mores dates in Corpus
2 and that the industry -- the greyhound industry has
3 come up with a new plan which adds to this plan.

4 MS. YOUNG: Well, I would say the
5 Corpus -- Corpus cannot have those dates today because
6 the application period was only opened to August 31st
7 of 2018.

8 VICE-CHAIRMAN EDERER: Yes.

9 MS. YOUNG: And so for them to continue,
10 you need to open up through February of '19
11 effectively.

12 VICE-CHAIRMAN EDERER: Well, but as I
13 understand it, that's -- I mean, I'm not worried about
14 any '19. We could care less about that. What we're
15 interested in is what's going to happen later this year
16 and next year.

17 It's my understanding that there will be
18 some requests for dates and that Corpus does, in fact,
19 believe they're going to be able to run. Because right
20 now we know they're not going to run. That track is in
21 no condition to run.

22 MS. YOUNG: It's in no condition to run.
23 So it's -- you know, I couldn't show up and start a
24 36-day meet in -- you know, when we first started
25 having these discussions in April because I wouldn't

1 have been prepared or had the sufficient marketing
2 time.

3 So Valley -- for your purposes, let me go
4 through each one of them because I think I know where
5 you're headed. Valley is in good operating condition.
6 We're going to -- instead of running one day, we're
7 going to have to make additional capital improvements
8 to do 36.

9 Gulf -- you know, we know Gulf can run.
10 They just finished running. They have sealed their
11 track, maintained all their equipment, maintained all
12 their surfaces.

13 Corpus, is it in condition to run today?
14 No. But can it be? Yes. And I think, you know,
15 obviously Sally can speak to that. But when you're
16 talking -- I think a lot of big numbers have been
17 thrown around about what it would take to get Corpus
18 racing ready. But when you're running 36 days compared
19 to 200 days, it's a totally different program. You can
20 rent equipment. You can use it from one of the other
21 operating tracks. We can share services. And that's
22 what we've talked about.

23 Specifically, if you're going to go
24 deeper on Corpus, I do think it would be more
25 appropriate for Sally.

1 VICE-CHAIRMAN EDERER: As I understand,
2 there's going to be equipment lent to Corpus from
3 Gulf. Is that correct, Ms. Briggs?

4 MS. BRIGGS: Exactly. Yes, yes.

5 VICE-CHAIRMAN EDERER: That there are
6 already plans in the works to bring the equipment to
7 Corpus.

8 MS. BRIGGS: Yes. Tractors, starting
9 boxes, equipment that will be needed in the paddock for
10 the greyhounds, a lot of different things like that we
11 have talked about.

12 VICE-CHAIRMAN EDERER: In the process.
13 And also you will be looking to hopefully ask for some
14 more dates --

15 MS. BRIGGS: Absolutely.

16 VICE-CHAIRMAN EDERER: -- when -- if, in
17 fact, the Commission approves opening up for dates.

18 MS. BRIGGS: Yes.

19 VICE-CHAIRMAN EDERER: Now, when do you
20 believe that it's possible to get the track in shape?
21 How quickly will this all happen?

22 MS. BRIGGS: Well, it's going to take --
23 it would take awhile.

24 VICE-CHAIRMAN EDERER: I understand
25 that.

1 MS. BRIGGS: Especially with -- the track
2 surface is probably the worst thing. I already have
3 two employees that are looking at and working on the
4 kennel buildings to get them in shape. And actually
5 while I was there -- I was down there last week, as you
6 know, and I did review a lot of the equipment, the
7 facilities again. And these two employees are already
8 working in the compound on some different things. And
9 then when Gulf gets through with our meet at the end
10 of -- or the first of February in 2018, immediately our
11 equipment will go to Corpus to start working down
12 there.

13 VICE-CHAIRMAN EDERER: That's 2018. I
14 thought there was going to be something in '17.

15 MS. BRIGGS: We will be working on
16 different things in 2017, but we won't be able to put
17 our equipment there until we finish. And our equipment
18 basically will be for the track surface. So that will
19 be the thing that we will start in February of 2018.
20 We anticipate having everything else ready and be
21 working on everything else before then.

22 VICE-CHAIRMAN EDERER: So there will be
23 nothing in '17 coming out of Gulf Coast?

24 MS. YOUNG: In terms of live racing?

25 VICE-CHAIRMAN EDERER: Uh-huh.

1 MS. YOUNG: No. And that goes back to
2 one of the points I made. There wouldn't be any purse
3 money available for it either.

4 VICE-CHAIRMAN EDERER: I understand. And
5 there's nothing in '16, of course, for Gulf Coast
6 either.

7 MS. BRIGGS: No, because all of that
8 purse money -- the '16 purse money will be going to the
9 Valley. The '17 purse money will be going to Gulf
10 Greyhound. And the '18 purse money would go to Gulf
11 Coast Racing.

12 CHAIRMAN PABLOS: Any other questions,
13 Commissioners?

14 Okay. Thank you very much.

15 So let's open this up for discussion.
16 And I would like to start, if I may, by congratulating
17 the industry coming together. The best phrase that I
18 heard is "We have all agreed to work together." And so
19 for that, I commend you. Seeing you all come together
20 I think is very important, the work that you have
21 done. The plan that you have in place -- we just
22 finished asking the inactive license holders for a
23 plan. Well, you have a plan. And so, you know, I
24 appreciate that.

25 Commissioners, we have this request.

1 Mark, can you walk us through the actual
2 item and what we should do as it relates to taking up a
3 vote?

4 MR. FENNER: Yes, sir.

5 What you have in your materials is a
6 request by each of the three tracks. Valley Race Park
7 has requested to conduct 35 -- 36 live race dates from
8 November 25th of '16 through February 4th of '17. Gulf
9 Greyhound has requested 36 live race dates from
10 November 24th of '17 through February 3rd of 2018. And
11 then Gulf Coast has made a request for five race dates
12 in August of 2018 and has indicated that they will
13 request additional dates during the next application
14 period.

15 So right now you have a Valley Race Park
16 request for 36 dates, Gulf for 36 dates, Gulf Coast for
17 five race dates in '18.

18 CHAIRMAN PABLOS: Commissioner Hicks, I'd
19 like to hear from you, if you don't mind, what your
20 thoughts are.

21 COMMISSIONER HICKS: Well, I have been
22 working with the greyhounds since I've been on this
23 Commission. And I was so impressed that they were all
24 able to come together, including the dog people, to
25 come up with a plan. And they definitely have one.

1 There is a plan that Sally is putting in
2 place for Gulf Coast in Corpus Christi and I think she
3 will be able to bring that to us, showing us what's
4 going to be done at different times at that facility.
5 The track is not available to be -- for any dogs to run
6 on now, but we did discuss what would need to be done
7 and all the sand and stuff. I know the LaMantia family
8 is coming to the table with the money to fund that
9 because they are willing to keep this 36-day going.

10 I think it's impressive that these people
11 have been able to come together. I've never seen this
12 since I've been on this Commission, which is a long
13 time now, with the horsemen or the dogs, that they
14 would be willing to share equipment, they're sharing
15 services, to make this all viable and to make it
16 happen.

17 I was thrilled to see this plan and I
18 would vote for it and I am hoping that everyone here
19 will think about it. And the seriousness of the
20 simulcast money will make the dog purses more viable
21 for the greyhound association. And I think that it
22 will keep the industry alive. If this isn't approved,
23 then I think it's pretty much over for the greyhound
24 industry in our state.

25 CHAIRMAN PABLOS: Thank you.

1 Commissioner Ederer, you've been very
2 close to this as well. Do you have any comment?

3 VICE-CHAIRMAN EDERER: The only comment
4 that I have or the request I would have is I would
5 request that Gulf Coast present to the Commission
6 something in writing as to what the plans are to get
7 Gulf Coast running. I would just like to see that.

8 Other than that, of course I think it's
9 excellent. I agree with everything that Mrs. Hicks has
10 said. But I would like to see something in writing. I
11 would like to -- I don't want to continue to see,
12 "Well, we're going to do it next year" or "We're going
13 to do it the year after." Let's see what you're going
14 to do. The hollow promises that we've heard so often
15 in this chamber are -- you know, I think we ought to --
16 we need to bring them to an end. Let's put it in
17 writing.

18 CHAIRMAN PABLOS: So perhaps an item
19 with -- a document with some milestones? Is that what
20 you're --

21 VICE-CHAIRMAN EDERER: Yes, yes,
22 exactly.

23 MS. BRIGGS: We did discuss that and
24 we'll be more than happy to do that. We'll be happy to
25 do that.

1 MS. LEON: Can we approve like these
2 first two and then say subject to more detail on the
3 third one?

4 VICE-CHAIRMAN EDERER: I think that gives
5 them a problem. I think it --

6 MS. BRIGGS: As far as simulcasting, I
7 think it does.

8 Is that right, Mark?

9 MS. LEON: We can approve simulcasting
10 for the first two. I mean, that's a possibility here.
11 I'm not saying we would do that. But approve those two
12 and then, subject to more detail, for Gulf Coast that
13 we would approve it later or table it until the next
14 time or --

15 CHAIRMAN PABLOS: Mark, what would that
16 direction be?

17 MR. FENNER: Well, Corpus Christi
18 currently has five race dates granted to it in August
19 of this year and so there is time for them to come
20 forward as part of the application process and address
21 the 2018 race dates and still have existing race dates
22 on the books on which to base their simulcasting. And
23 of course, you know, as you've heard, it does not
24 appear that they're actually going to conduct those
25 race dates.

1 Is that correct?

2 MS. BRIGGS: No, not this year, no, sir.

3 MR. FENNER: But they do have live race
4 dates currently granted to them.

5 So the bottom line is you could take up
6 Valley, you could take up Gulf Greyhound today, and
7 then not take action on the Valley -- I mean, on Gulf
8 Coast Racing and still have an opportunity for them to
9 come back at the next application period and address
10 the future race dates.

11 CHAIRMAN PABLOS: What would that do to
12 your plan, Sally, if we did that?

13 MS. BRIGGS: My only concern would be the
14 April 30th deadline, for not being able to simulcast
15 after that. Would we be able to simulcast?

16 MR. FENNER: Well, Gulf Coast is reliant
17 on the decision that the Commission makes today, yes.
18 You need race dates if you're going to continue
19 simulcasting.

20 MS. BRIGGS: Right. And we do want to
21 continue simulcasts obviously to be able to contribute
22 to the greyhound purse as well as the horse purse.

23 CHAIRMAN PABLOS: Commissioner Ederer, so
24 you're suggesting that we move forward as planned but
25 to require some type of written statement or

1 milestones?

2 VICE-CHAIRMAN EDERER: Well, I would like
3 to see at our next meeting -- I think there's going to
4 be a request for dates in '18.

5 MS. BRIGGS: Yes. If the dates are
6 open.

7 VICE-CHAIRMAN EDERER: If the dates are
8 open.

9 MS. BRIGGS: Yes, we will.

10 VICE-CHAIRMAN EDERER: Then at our next
11 meeting I would like for you to --

12 MS. BRIGGS: Yes. We can submit a
13 business plan like you -- I think you and Ms. Hicks and
14 I talked about doing that for Gulf Coast. So we'll be
15 happy to do that, an action plan of what we will be
16 doing.

17 CHAIRMAN PABLOS: I think Sally has an
18 excellent track record of delivering on her promises.

19 VICE-CHAIRMAN EDERER: I agree.

20 MS. BRIGGS: Thank you.

21 CHAIRMAN PABLOS: And so I like your
22 concept because -- you know, trust but verify, you
23 know. And so having it in writing makes me feel a lot
24 better. I do believe that in order to get this plan
25 off the ground and to ensure that all the good work

1 that you've done moves forward, I think we ought to
2 move forward to approve the race dates with a condition
3 that you would supply a business plan with milestones.

4 MS. BRIGGS: Right.

5 CHAIRMAN PABLOS: And also it gives us
6 the ability to review and bring it back for
7 discussion.

8 Is that acceptable to everyone?

9 COMMISSIONER STEEN: I would just add,
10 Commissioner -- Chairman, perhaps, you know, it has
11 milestones as to how to get to that point of live
12 racing, but potentially also a contingency plan -- if
13 that doesn't happen, you know, there are two other
14 racetracks. What would happen -- you know, is there
15 some option, if we don't get there, that we could
16 potentially run at one of the other tracks or something
17 like that, rather than just a plan of how to get into
18 live racing mode. Is that something that, Commissioner
19 Ederer, you think would be --

20 VICE-CHAIRMAN EDERER: I think so. But I
21 don't think that it would really be -- I see what -- if
22 I understand your question, what you're saying is that
23 if, in fact, they don't come through in '18 or whatever
24 their dates --

25 COMMISSIONER STEEN: Right. Well, let's

1 say we get off track on the milestones. Maybe a plan
2 for that point as well instead of where -- what would
3 be another option.

4 VICE-CHAIRMAN EDERER: I think that there
5 would -- well, as far as the simulcast is concerned,
6 you mean to cut it off?

7 COMMISSIONER STEEN: No, I'm not
8 necessarily saying that. I'm just saying we're -- I
9 guess what you're recommending is milestones of how to
10 get to live racing at Gulf Coast, correct?

11 VICE-CHAIRMAN EDERER: Correct.

12 COMMISSIONER STEEN: And that would just
13 be physical preparations, right, of how to get there?
14 And I guess is there some contingency if we don't get
15 there?

16 VICE-CHAIRMAN EDERER: Well, if I
17 understand it, what could happen is if Gulf Coast
18 has -- let's say they have 30 days set up in '18 and
19 they're not prepared to run in '18. They can take
20 those 30 days and shift them to Valley or to Gulf.

21 And you could pick those dates up. Is
22 that correct?

23 MS. BRIGGS: We would be happy to, yes,
24 at Gulf.

25 COMMISSIONER STEEN: So that would, in

1 fact, be the contingency plan, I guess.

2 VICE-CHAIRMAN EDERER: I think that would
3 be the contingency is that one of the other tracks,
4 either Valley or Gulf, would pick them up so that the
5 racing would continue.

6 COMMISSIONER STEEN: Right.

7 MS. BRIGGS: Mark, is that something we
8 could do?

9 CHAIRMAN PABLOS: David, please?

10 MR. PECK: Yeah. I'd just like to say
11 one thing.

12 CHAIRMAN PABLOS: Come on up, please.

13 MR. PECK: I'd just like to say one
14 thing, that we -- we have a two-year breeding program,
15 so all this stuff is critical to us and our breeders to
16 have a game plan. So that's really all I want to say
17 is that we need to know that this is going to happen so
18 that we can continue to breed.

19 CHAIRMAN PABLOS: Okay. All right.

20 MR. PECK: Thank you.

21 CHAIRMAN PABLOS: Any other questions or
22 comments, Commissioners?

23 COMMISSIONER HICKS: Mark?

24 CHAIRMAN PABLOS: We have a question of
25 Mark.

1 MR. FENNER: Regarding the issue of
2 moving live -- or moving -- transferring purse money
3 from, say, Corpus Christi to another track to conduct
4 live racing at that track if they were not physically
5 able to conduct the live racing, that's easily doable.
6 The question, though, then relates back to the earlier
7 item about simulcasting. How much tolerance does the
8 Commission have for condoning simulcasting at a
9 racetrack that has not conducted simulcast -- or
10 conducted live racing in several years and has no
11 ability to conduct live racing in the future?

12 VICE-CHAIRMAN EDERER: It seems to me
13 that if they don't meet the criteria after all the
14 years and everything that we have done to support them
15 and they still don't meet it, I think then it's over.

16 CHAIRMAN PABLOS: And I think that goes
17 to Commissioner Steen's point is if the milestones are
18 not met, what would happen. Am I --

19 COMMISSIONER STEEN: Yes.

20 CHAIRMAN PABLOS: So if Corpus is unable
21 to deliver on its promises, then it is our prerogative
22 to strip them of the simulcasting.

23 VICE-CHAIRMAN EDERER: Yes.

24 CHAIRMAN PABLOS: Correct?

25 MR. FENNER: Yes. Yes, it is. The

1 authority to end simulcasting is within the executive
2 director's hands, but obviously he wants the support of
3 the Commission --

4 CHAIRMAN PABLOS: Correct.

5 MR. FENNER: -- if he has to make that
6 decision.

7 CHAIRMAN PABLOS: And so under this plan,
8 the way it's laid out, I'm satisfied with simulcasting
9 continuing at all three tracks so that we can achieve
10 this objective. But going back to the milestone issue,
11 if we begin to see that the milestones aren't being
12 met, then we certainly can ask Chuck to take a look at
13 that when the time -- if and when the time comes.

14 MS. BRIGGS: Absolutely.

15 CHAIRMAN PABLOS: Is that acceptable?

16 MS. BRIGGS: Uh-huh.

17 CHAIRMAN PABLOS: Okay. Thank you.

18 MS. BRIGGS: I also would like -- you
19 know, greyhounds, we're not up here too often, but we
20 have what we consider a very good delegation in the
21 back of the room. I wanted you all to know that these
22 are all greyhound owners that are back here that have
23 come to support us as well as Mr. Peck. So thank you.

24 CHAIRMAN PABLOS: Thank you for being
25 here and congratulations on all the work. Again,

1 showing that you're working together and you're coming
2 up with a plan makes my day.

3 So at this time I'd like to entertain a
4 motion to approve the dates as requested.

5 Do I have a motion?

6 COMMISSIONER HICKS: I'll make that
7 motion.

8 CHAIRMAN PABLOS: A motion by Hicks.

9 Is there a second?

10 VICE-CHAIRMAN EDERER: I'll second.

11 CHAIRMAN PABLOS: Seconded by Ederer.

12 Any further discussion on this item,
13 Commissioners?

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

16 COMMISSIONERS: Aye.

17 CHAIRMAN PABLOS: Any opposed?

18 That motion carries. Thank you.

19 We'll move to Item D, designation by the
20 Commission of an application period for race dates
21 under Commission Rule 303.41.

22 Mark, can you please lay out the item?

23 MR. FENNER: Yes, sir.

24 Every year the Commission opens up an
25 application period for the racetracks to apply for

1 future race dates. In this particular year, what we're
2 proposing is that the Commission would open an
3 application period to run from May 1 through the end of
4 June and that this would allow people to apply for race
5 dates beginning January 1 of 2017 and ending August 31,
6 2018.

7 CHAIRMAN PABLOS: Is there anyone signed
8 up to speak on this item?

9 MS. BIJANSKY: I believe the last of the
10 cards in your stack there also included this item.

11 CHAIRMAN PABLOS: I mixed them up.

12 MS. BIJANSKY: I believe it was
13 Ms. Young's.

14 CHAIRMAN PABLOS: Andrea, are you wishing
15 to speak on this item? I mean, you don't have to. I
16 just -- I mixed up all the cards. I'm sorry. I
17 thought they were all part of the --

18 MS. YOUNG: No. I think this was just a
19 wrap-up of what we just discussed, a housekeeping item
20 to get the date period opened up.

21 CHAIRMAN PABLOS: Excellent.

22 Commissioners, are there any questions of
23 Mark? No questions?

24 Okay. So seeing no questions, I'd like
25 to entertain a motion to designate a race date

1 application period beginning on May 1 and concluding on
2 June 30, 2016, that will allow racetracks to apply for
3 race dates in calendar year '17 and for the first eight
4 months of '18.

5 Is there a motion?

6 COMMISSIONER STEEN: I'll make a motion.

7 CHAIRMAN PABLOS: A motion by Steen.

8 Second?

9 VICE-CHAIRMAN EDERER: I'll second.

10 CHAIRMAN PABLOS: Seconded by Ederer.

11 Any further discussion?

12 All those in favor please signify by
13 saying aye.

14 COMMISSIONERS: Aye.

15 CHAIRMAN PABLOS: Any opposed?

16 Okay. That motion carries. Thank you.

17 Commissioners, we have four more items.
18 Do you wish to take a break, a five-minute break, or
19 would you like to continue? Blow through. I hear blow
20 through. Okay. So let me blow through in the words of
21 Commissioner Ederer.

22 Okay. Item E, we'll take Item E, request
23 by Gulf Greyhound Park for approval of amendment to
24 tote contract with United Tote Company.

25 Curley, will you please lay out this

1 item?

2 MR. TRAHAN: Excuse me while I find it.

3 CHAIRMAN PABLOS: Take your time.

4 MR. FENNER: Page 109.

5 MR. TRAHAN: 109? All right. Thank
6 you. Excuse me.

7 Good morning again, Commissioners.

8 Gulf Greyhound Park has requested
9 Commission approval of a third amendment to tote
10 services agreement between itself and United Tote
11 Company. This contract amendment, if approved, would
12 make limited changes to the original contract dated
13 March 22nd, 2012, and approved by the Commission on
14 April 10th, 2012. This contract has had two previous
15 amendments. Among other things, this amendment will
16 extend the term of the contract to May 14th, 2020.

17 Staff has completed its review of the
18 amendment to the contract and finds it to be in
19 compliance with the Texas Racing Act and the Texas
20 Rules of Racing.

21 CHAIRMAN PABLOS: And what is your
22 recommendation?

23 MR. TRAHAN: We recommend approval.

24 CHAIRMAN PABLOS: Commissioners, are
25 there any questions?

1 Is there anyone signed up to speak on
2 this item?

3 MS. BIJANSKY: No, sir.

4 CHAIRMAN PABLOS: Thank you.

5 MR. TRAHAN: Thank you.

6 CHAIRMAN PABLOS: Okay. So we have staff
7 recommendation for approval.

8 Do I hear a motion to approve?

9 COMMISSIONER MARTIN: So move.

10 CHAIRMAN PABLOS: So moved by Martin.

11 Seconded? Do I hear a second?

12 COMMISSIONER HICKS: Second.

13 CHAIRMAN PABLOS: Seconded by Hicks.

14 Any further discussion?

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

17 COMMISSIONERS: Aye.

18 CHAIRMAN PABLOS: Any opposed?

19 That motion carries.

20 Item F, request by Global Gaming for
21 approval of change in management committee.

22 Mr. Blodgett?

23 MR. BLODGETT: Mr. Chairman,

24 Commissioners.

25 Commissioners, earlier this year staff

1 received a request from Global Gaming, the license
2 holder for Lone Star Park, for consideration of a
3 management committee change. This request would add
4 Mr. Skip Seeley to the managing committee.

5 Pursuant to this request, the Texas DPS
6 was asked to perform a background check on Mr. Seeley;
7 and on February 29th the Texas DPS provided
8 correspondence indicating that no negative information
9 was discovered during the background check.

10 Commissioners, supporting documentation
11 for this request can be found in your packet beginning
12 on page 110.

13 CHAIRMAN PABLOS: Thank you.

14 Any questions, Commissioners?

15 Thank you very much. Appreciate it.

16 So at this time I'd like to entertain a
17 motion to approve Global Gaming's request for a change
18 to its management committee.

19 Is there a motion?

20 COMMISSIONER HICKS: I'll make the
21 motion.

22 CHAIRMAN PABLOS: A motion by Hicks.

23 Is there a second?

24 VICE-CHAIRMAN EDERER: Second.

25 CHAIRMAN PABLOS: Seconded by Ederer.

1 Any further discussion?

2 All those in favor please signify by
3 saying aye.

4 COMMISSIONERS: Aye.

5 CHAIRMAN PABLOS: Any opposed?

6 That motion carries.

7 Item G, request by PM Texas for approval
8 of change in management committee.

9 Mr. Blodgett?

10 MR. BLODGETT: Commissioners, again,
11 earlier this year staff received a request from PM
12 Texas Holdings doing business as Sam Houston Race Park,
13 Valley Race Park, and Laredo Race Park for
14 consideration in a management committee change. This
15 request proposes to replace Mr. Shawn Hurwitz with
16 Mr. J. Kent Friedman as a member representative.

17 Pursuant to this request, Texas DPS was
18 requested to perform a background check on
19 Mr. Friedman. On March 9th the Texas DPS provided
20 correspondence indicating that no negative information
21 was discovered during their checks.

22 Commissioners, supporting documentation
23 for this request can be found in your packet beginning
24 on page 114.

25 CHAIRMAN PABLOS: Thank you.

1 Any questions, Commissioners?

2 Thank you.

3 So at this time I'd like to have a motion
4 to approve PM Texas' request for change to its
5 management committee.

6 Is there a motion?

7 A motion by -- moved by Martin.

8 Seconded?

9 VICE-CHAIRMAN EDERER: Second.

10 CHAIRMAN PABLOS: Seconded by Ederer.

11 Any further discussion?

12 All those in favor signify by saying
13 aye.

14 COMMISSIONERS: Aye.

15 CHAIRMAN PABLOS: Any opposed?

16 That motion carries.

17 We'll move on to Item V, proceedings on
18 rulemaking.

19 I'd like to recognize Mark Fenner.

20 MR. FENNER: Yes, sir.

21 There are five rules up for adoption.
22 These were all published in the January 21st, 2016
23 edition of the Texas Register. We have received no
24 public comment from any of them.

25 The change to 307.62 relates to the

1 summary suspension hearings and would change the notice
2 requirement from three days to seven days. This will
3 be an efficiency change for the agency.

4 The changes to 309.126 and 309.127 are
5 updates, technical updates, where we're replacing the
6 word "videotape" with the words "video recording" and
7 making a similar change to allow the racetrack to
8 provide either a print or a digital image from a
9 negative.

10 The change to 311.2, the application
11 procedure, is a response to Senate Bills 807 and 1307
12 which requires occupational licensing agencies to waive
13 certain education and examination requirements as well
14 as licensure fees for military members, veterans, and
15 military spouses. This amended rule would bring us
16 into compliance with those bills.

17 And finally, the adoption of the change
18 to 313.310, Restrictions on Claims, would amend the
19 claiming rules to more closely follow the ARCI model
20 rules regarding restrictions on claims and, in
21 particular, get rid of the undefined term "protection
22 claim" and use the more specific provisions that are
23 found in the model rules.

24 I'm happy to answer any questions I can.

25 CHAIRMAN PABLOS: Commissioners, any

1 questions of Mark?

2 Is there anyone signed up to speak on
3 this item?

4 MS. BIJANSKY: No, sir.

5 CHAIRMAN PABLOS: No one signed up to
6 speak.

7 Okay. So staff's recommendation, Mark?

8 MR. FENNER: To adopt all of these
9 amendments.

10 CHAIRMAN PABLOS: So we have a
11 recommendation to adopt.

12 Is there a motion to adopt?

13 COMMISSIONER MARTIN: So move.

14 CHAIRMAN PABLOS: We have a motion to
15 adopt by Martin.

16 Second?

17 VICE-CHAIRMAN EDERER: Second.

18 CHAIRMAN PABLOS: Seconded by Ederer.

19 Any further discussion?

20 All those in favor please signify by
21 saying aye.

22 COMMISSIONERS: Aye.

23 CHAIRMAN PABLOS: Any opposed?

24 That motion carries.

25 We will not be going into executive

1 session today.

2 Our next Commission meeting is scheduled
3 for June 14th.

4 Thank you all very much for being out
5 here today. And at this time, being 12:14, I'd like to
6 adjourn today's meeting of the Texas Racing
7 Commission. Thank you.

8 (Proceedings concluded at 12:14 p.m.)

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1 STATE OF TEXAS)

2 COUNTY OF TRAVIS)

3

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

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

14 GIVEN UNDER MY OFFICIAL HAND OF OFFICE at Austin,
15 Texas, this 21 day of April, 2016.

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