

VI. RACETRACK PROCEEDINGS

B. Discussion and possible action on LRP Group, Ltd. a/k/a Laredo Downs request to change location under 16 Tex. Admin. Code § 309.12

LRP Group, LTD

July 20th, 2022

VIA HAND DELIVERY

Executive Director
c/o Ms. Virginia Fields, General Counsel
Texas Racing Commission
1801 N. Congress Ave., Suite 7600
Austin, Texas 78701

REC'D TX RACING COMM
JUL 22 '22 AM 11:53

RE Laredo Downs
LRP Group, Ltd.
Relocation

Dear Ms. Cook and Ms. Fields:

As you are aware, LRP Group, Ltd. ("LRP") would like to move forward toward an active position in the Texas horse racing industry. As part of this process, LRP has had and continues to have discussions with the horsemen's groups as well as the other racetracks regarding the future structure of the racing industry in Texas, especially with regard to the design of any future Class 2 racetracks, the breed segments served, the market, the preferred racetrack locations, and other such issues. To continue with these discussions and move forward with the associated analysis while also beginning actual active participation in the industry, LRP must first obtain an approval from the Commission for a site to replace the now unavailable original site in Webb County. The purpose of this letter is to request approval of such a site.

When the license for Laredo Downs was first issued, the proposed location was on Highway 59 in Laredo, Webb County, Texas where LRP Group, Ltd. had an option on approximately 125 acres of land. The economics associated with opening a new racetrack at that time, however, were very bad and continued to deteriorate. The option on that site expired during that period and would no longer be renewed by the seller.

As you are probably aware, there were originally two Class 2 racetracks approved by the Commission for Laredo, Webb County. The other licensed Class 2 racetrack, Laredo Race Park, was proposed to be located on a tract on FM 1472 (Mines Road) which, like Laredo Down's initial site, was determined to be an appropriate location for a Class 2 racetrack by the Commission. Both of these licenses for Class 2 tracks in Webb County had been issued at approximately the same time. In 2018, Laredo Race Park surrendered its license for its proposed Class 2 horse racetrack on FM 1472 in conjunction with its owners acquiring Manor Downs in Travis County.

Approximately one- and one-half miles east down FM 1472 from the prior Laredo Race Park site, certain of the owners of LRP Group, Ltd. own approximately 12,000 acres of rural primarily undeveloped land (formerly known as the "Delores Ranch"). LRP initially obtained an option

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for a tract out of the Delores Ranch after Laredo Race Park surrendered its license for the purpose of relocating Laredo Downs. Due to difficulty in coordinating with the Commission's prior staff, however, approval for the relocation was never requested. Laredo Downs now has a 20-year lease on an approximately 150 acre tract out of that 12,000 acre Delores Ranch property for the same relocation purpose and is requesting Commission approval of that site.

This proposed site is approximately 2 miles from the previously approved Laredo Race Park site and, like the former Laredo Race Park site, is located with frontage on FM 1472 (Mines Road) in Webb County, Texas. Conditions in the surrounding area continue to be virtually identical to those that existed when the Laredo Race Park site was approved. The surrounding area was and continues to be primarily unimproved ranch or agricultural land with a few industrial/commercial facilities and a few dispersed residential structures. The racetrack would comply with all applicable zoning requirements at this site. Additional information relating to the proximity of the proposed site to the prior Laredo Race Park site and an satellite photo illustrating the nature of the surrounding land is contained in Attachment 1 to this letter. A copy of a survey and a drawing of the precise configuration of the site as well as a satellite photo of the tract if included as Attachment 2.. Finally, a copy of the executed 20-year lease is included as Attachment 3.

Section 2026.006 of the Texas Racing Act and Commission Rule 309.5(a) provides, in relevant part, that where a racetrack association seeks to contract for the lease of the site, both the lessee and the lessor must be qualified to hold a racetrack license and that the lease must not be found to be a subterfuge to avoid compliance with the Act or Rules. In this case, the 20 year lease of the proposed site is between LRP Group, Ltd. (Lessee), which currently holds the Commission license, and Needmore Delores LLC (Lessor) which owns the property and is wholly owned by Joseph V. LaMantia III, Gregory M. LaMantia, Anthony LaMantia, Verna Ann Peisen, and Stephen L. LaMantia, in equal shares (collectively the "LaMantia Owners"). When the racetrack license was issued, the LaMantia Owners each held greater than 5% ownership in LRP and underwent extensive background investigations and were found to be qualified to hold the license. The license has also undergone several renewals. With one exception (described below), the LaMantia Owners continue to hold substantial interests in LRP and also hold substantial interests in Valle De Los Tesoros, Ltd. (Tesoros Race Park) and Gulf Coast Racing LLC (Gulf Coast Racing) and have been shown to be qualified to hold a racetrack license.

With respect to Mr. Stephen L. LaMantia, he personally was found to be qualified to hold a racetrack license and initially held the same interest in Laredo Downs, Tesoros Race Park, and Gulf Coast Racing as the other LaMantia Owners. He was also President of LRP. In approximately 2012, Mr. Steven LaMantia undertook to become a National Collegiate Athletics Association ("NCAA") football official. As part of that undertaking, Mr. Stephen LaMantia placed his racetrack ownership interests in a Trust entitled the Stephen L. LaMantia Special Trust with Gregory LaMantia as Trustee. (The Commission approved those transfers.) While Mr. Stephen L. LaMantia continues to be qualified to hold a Texas Racing Commission license, he currently is not personally the holder of any such ownership interests for the reason discussed above, while the Stephen L. LaMantia Special Trust continues to hold interests in all three racetracks mentioned above. There is nothing in the Racing Act or Rules of the Commission which would prevent the lessors from holding the license and, in fact, all but one does have an

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interest in the license. If you need any additional information with respect to Mr. Stephen L. LaMantia, please let me know.

Section 2026.005 of the Texas Racing Act sets forth the criteria for approving a change in location of a racetrack as follows:

Sec. 2026.005. CHANGE OF RACING LOCATION. On request of a racetrack association, the commission shall amend a racetrack license to change the location of the racetrack if the commission determines that:

(1) the conduct of race meetings at the proposed new location will be in the public interest.

(2) there was not a competing applicant for the original license; and

(3) the racetrack association's desire to change location is not the result of a subterfuge in the original licensing proceeding.

With respect to being "in the public interest", the Commission previously determined that a Class 2 racetrack in the proposed area is in the public interest when it licensed Laredo Race Park. Laredo Race Park subsequently surrendered its license and will not locate in Webb County. Furthermore, Laredo Downs proposes to begin simulcasting as soon as possible and work with the other tracks toward developing a circuit of active Class 2 racetracks offering live racing. This is just the beginning of additional tax revenue for the State of Texas from horse racing and offers employment and racing opportunities for many horsemen and other Texans. Due to legislative changes made a few years ago and the waning of the Covid 19 epidemic, the economics of racetracks is now improving. In addition, recent changes at the Texas Racing Commission make the outlook for racing in Texas much brighter.

Approval of this proposed site will also allow LRP to request race dates, become a designated "Active" track, and seek Commission approval to begin temporary off-site simulcasting in Webb County. This will be the first time any such activities have been undertaken in Webb County and will allow LRP to more accurately analyze the local and South Texas markets, determine the interest of the various horse breeds in those markets, and evaluate facility design and location based on that analysis as well as its experience with temporary Webb County operations. LRP may then seek whatever Commission approval is necessary and appropriate to proceed to live racing in the best manner possible. Such a process is certainly in the public interest. Undertaking the exhaustive analysis and having time to seek whatever Commission approval is determined to be appropriate and necessary for a successful Class 2 racetrack is one of the primary reasons LRP encouraged and supported the Commission's recent change in policy to allow the Class 2 tracks to receive race dates up to five years in the future.

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We believe approving this new location would be in the public interest. In addition, there were no competing applications for the Laredo Downs license and there was certainly no subterfuge in the original licensing proceeding.

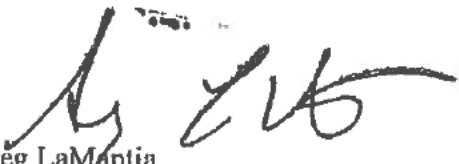
We therefore request that the proposed relocation be approved pursuant to Section 2026.005 of the Texas Racing Act and that the 20-year lease be approved pursuant to Section 2026.006 of the Texas Racing Act.

We further request that this item be placed on the Agenda for the August 24, 2022, Commissioners' meeting.

Pursuant to Commission Rule 309.12, LRP Group, Ltd has also enclosed a check in the amount of fifty thousand dollars (\$50,000.00) in payment of the fee for this requested approval.

Thank you for your consideration.

Sincerely,



Greg LaMantia
President, LRP Group, Ltd.

Attachments

ATTACHMENT 1

You are currently running an experimental version of Earth.

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Google Earth

Imagery date: 12/16/20 - newer

INECI

1,000 m

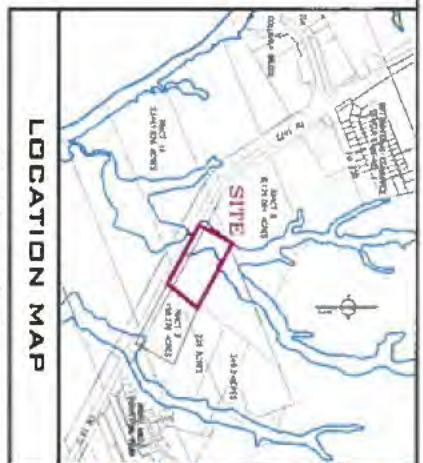
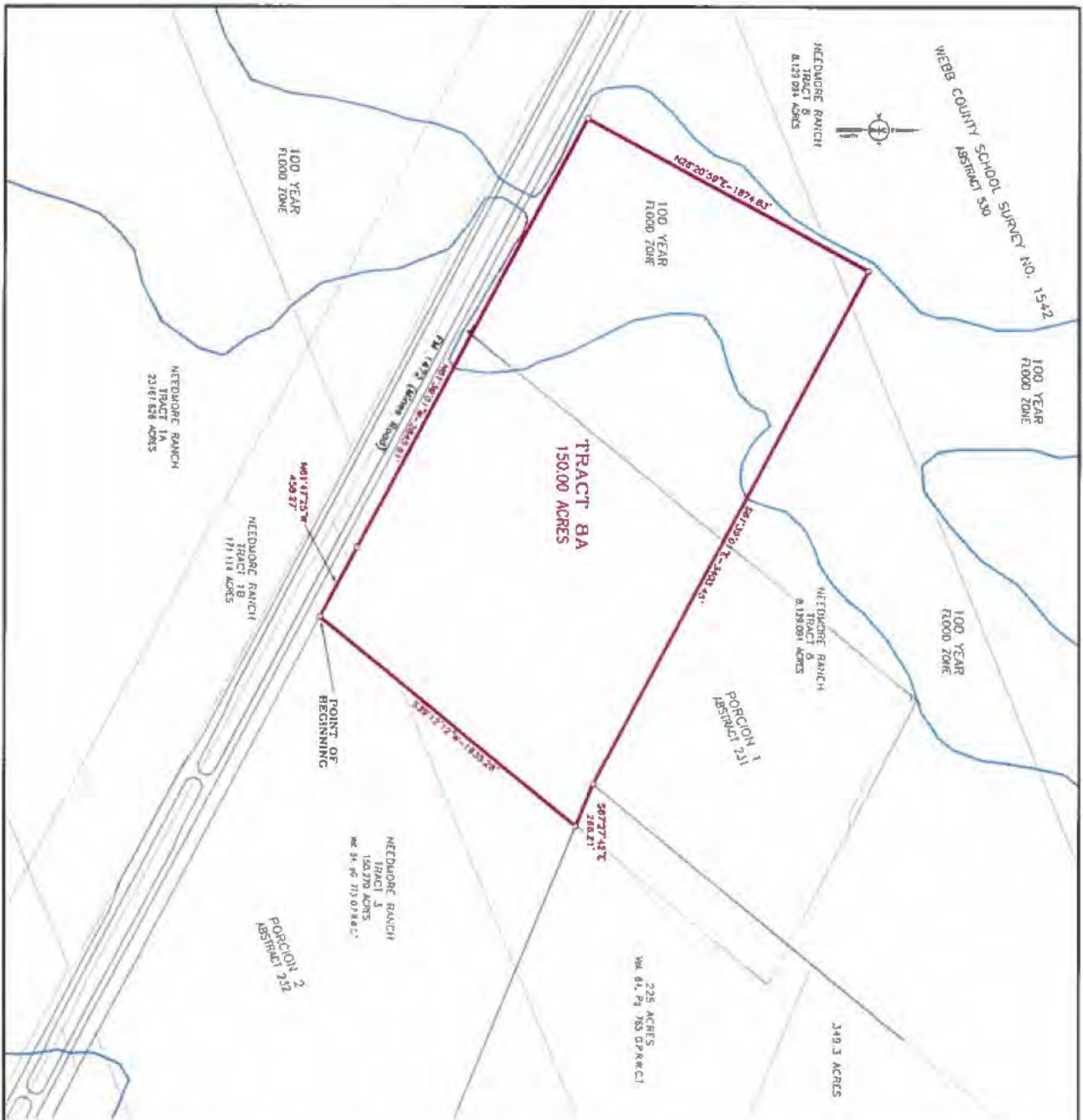
Camera: 8,907 m 27°41'06" N 99°40'39" W

154 m

Ishtas



ATTACHMENT 2



LEGAL DESCRIPTION

A 150.00 Acre (6,513,996 S.F.), more or less, situated in Survey No. 1542, Abstract 530, Porcion 1, Abstract 231 and Porcion 2, Abstract 232, City of Laredo, Webb County, Texas. Being out of Tract 8 & 192, 094 Acre tract owned by Needmore Ranch as recorded in Volume 269, Page 245 of the Deed Records Webb County, Texas. This 150.00 acre tract being more particularly described as follows:

BEGINNING at a found 1/2" iron rod being the westerly corner of a 150 270 acre tract as recorded in Volume 84, Pg. 773 O.P.R.W.C.T. also being on the east right of way of FM 1472 for southerly corner of this tract and the **TRUE POINT OF BEGINNING**.

THENCE, N 61°47'25" W, along the east right of way line of FM 1472, a distance of 458.37 FEET to a found 1/2" iron rod on the east right of way line of FM 1472 being a deflection point of said 1,29,094 acre tract, for a deflection point hereof.

THENCE, N 64°39'01" W, continuing along said FM 1472 east right of way line also, a distance of 2845.61 FEET, for the westerly corner hereof.

THENCE, N 28°20'59" E, a distance of 1874.83 FEET, for the northerly corner hereof.

THENCE, S 61°19'01" E, a distance of 2403.45 FEET to exterior corner of a 225 acre tract as recorded in volume 84, Pg. 765 O.P.R.W.C.T., for a deflection point hereof.

THENCE, S 67°27'42" E, along common line of said 225 acre tract, a distance of 266.21 FEET to the northerly corner of a 150 270 acre tract as recorded in volume 84, page 773 O.P.R.W.C.T.,

THENCE, S 39°12'12" W, along the northwesterly boundary line of said 150 270 acre tract, a distance of 1095.28 FEET to the point of beginning of that 150.00 acre tract, more or less.

Run of Survey based on GPS Mean Stationing Engineering & Surveying survey of Decker Ranch Survey, Webb County, Texas.

EXHIBIT "A"

A 150.00 Acre (6,513,996 S.F.), more or less, situated in Survey No. 1542, Abstract 530, Porcion 1, Abstract 231 and Porcion 2, Abstract 232, City of Laredo, Webb County, Texas. Being out of Tract 8 & 192, 094 Acre tract owned by Needmore Ranch as recorded in Volume 269, Page 245 of the Deed Records Webb County, Texas.

GRAPHIC SCALE



Survey No.	1542
Abstract No.	530
Section No.	1, 2, 3
City/Town	Laredo, Texas
County	Webb County, Texas
State	Texas
Survey Date	10/15/2014
Surveyor	Howland Companies

HOWLAND
ENGINEERING AND SURVEYING CO.
1801 N. Loop West, Suite 100, Laredo, TX 78401
P. 956.722.4411 F. 956.722.5414
www.howlandcompanies.com

You are currently running an experimental version of Earth.

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[Send feedback](#)



Approximate
Site Location

FM1472

Google Earth
INEGI

Imagery date: 12/16/20--newer

800 m

Camera: 5,172 m 27°41'39"N 99°41'47"W

155 m



ATTACHMENT 3

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease Agreement") is made and entered into effective as of the 20 day of ~~June~~^{July}, 2022, by and between Needmore Dolores, LLC, a Texas limited liability company ("Lessor"), and LRP Group, Ltd., a Texas limited partnership ("Lessee").

In consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged, Lessor hereby leases, lets and demises unto Lessee, upon the terms and conditions and only for the agricultural purposes stated herein that certain real property being situated in Webb County, Texas, being more particularly described on Exhibit "A", which is attached hereto and made a part hereof for all purposes (the "Premises").

The Premises are demised in their present condition, without representation or warranty by Lessor, subject to Lessor's existing title as shown in the Official Records of Webb, Texas, and any other matters which would be disclosed by an inspection of the Premises or by an accurate survey thereof.

1. **Term.** The term of this Lease Agreement shall commence on July 14 20TH, 2022, (the "Commencement Date") and end on July 20TH, 2042 (the "Term") unless sooner terminated as herein provided.

2. **Rental.** Lessee agrees to pay Lessor as consideration for the rental for the Premises as follows: One Hundred and No/100ths Dollars (\$100.00) per year beginning on the Commencement Date.

3. **Taxes and Utility Charges.** Lessor shall pay all *ad valorem* taxes against the Premises during the term of this Lease Agreement. Lessee shall pay all taxes on any personal property located on or in the Premises and all utility charges assessed against the Premises including charges for water, gas, heat, light and telephone service, now in existence or to come into existence during the Term of this Lease Agreement.

4. **Use of Premises.** Lessee shall use and occupy the Premises during the term of this Lease Agreement, and any extension hereof, for the sole purpose of constructing and operating a Class 2 horse racetrack and for no other purpose. Hunting and fishing rights are not leased to Lessee. Lessee agrees, to remain in full and continuous operation of the Premises during the full term of this Lease Agreement. Lessee agrees to maintain the Premises in a good manner. Lessee shall comply with all rules and regulations imposed by the State of Texas and the United States of America and all agencies thereof including, but not limited to, the Texas Racing Commission. Lessee has inspected the Premises and is satisfied that they are suitable for the purpose of this Lease Agreement. **LESSEE AGREES TO LEASE THE PREMISES "AS IS" AND WAIVES ALL RIGHTS OR CAUSES OF ACTION FOR LATENT OR HIDDEN DEFECTS.**

Lessee represents that Lessee or Lessee's representative has fully inspected the Premises and Lessee accepts the same in the presently existing condition. **LESSOR MAKES NO WARRANTY, AND EXPRESSLY DISAFFIRMS ANY WARRANTY, EXPRESSED OR IMPLIED, AS TO THE PREMISES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY REGARDING: (A) ADEQUACY OR USEFULNESS OF THE PREMISES; (B) THE HABITABILITY OF ANY OF THE PREMISES; (C) THE AVAILABILITY, CONTENT OR ADEQUACY OF SURFACE OR SUBSURFACE WATER; (D) THE CONDITION OR SUITABILITY OF THE SOIL, SUBSOIL OR PREMISES GENERALLY; OR (E) THE FITNESS OF THE PREMISES FOR ANY PARTICULAR USE OR PURPOSE.** Lessee recognizes that some or all of the Premises may be subject to flooding.

5. **Restrictions and Reservations.** This Lease Agreement is made and accepted subject to any and all restrictions, covenants, conditions, easements and oil, gas and mineral development leases, if any, now or hereafter affecting the Premises, and to all zoning laws, regulations and ordinances of municipal and/or other governmental authorities.

Lessor reserves the right to subject and subordinate this Lease Agreement at all times to oil, gas and mineral leases and easements without the consent of Lessee. Lessee covenants and agrees to execute and deliver upon demand of Lessor, such further instruments subordinating this Lease Agreement to such oil, gas and mineral leases and easements.

6. **Assignment by Lessee.** Lessee shall not have the right to assign this Lease Agreement as to all or any part of the Premises, or to sublet the Premises, or any part thereof, without the prior written consent of Lessor.

7. **Maintenance.** Lessee agrees to maintain the Premises and Lessee hereby gives to Lessor and to Lessor's authorized representative, the right to inspect, at all reasonable times, the Premises. It is expressly agreed that during the Term of this Lease Agreement, Lessee will not permit nor suffer to be committed any waste on the Premises, create or allow any nuisance to exist on the Premises or use or allow the Premises to be used for any unlawful purpose. Lessee agrees at the termination of this Lease Agreement, however such termination may be brought about, to quit and surrender the Premises to Lessor in as good condition as when occupancy began hereunder, natural wear and tear from reasonable use thereof excepted.

8. **Alterations, Additions and Improvements.** Lessee may not make any alterations, additions or improvements to the Premises, without the prior written consent of Lessor. Any alterations, additions or improvements made by Lessee shall become the property of Lessor at the termination of this Lease Agreement; if Lessor so elects. However, Lessee shall promptly remove any alterations, additions and improvements, and any other property placed on the Premises by Lessee specified to be removed by Lessor and Lessee shall repair any damage caused by such removal. Lessor or its authorized representative shall have the right, at any reasonable time, to enter on the Premises for the purposes of making any repairs, alterations, or improvements, as it shall deem necessary or advisable.

9. **Event of Default.** The following events shall be deemed events of default by Lessee under this Lease Agreement:

(a) Lessee shall fail to pay any rental payment or shall fail to comply with any term, provision or covenant of this Lease Agreement and shall not cure such failure within ten (10) days after written notice thereof to Lessee;

(b) Lessee shall make an assignment for the benefit of creditors;

(c) Lessee shall file a petition under any section or chapter of the Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state thereof; or Lessee shall be adjudged bankrupt or insolvent in proceedings filed against Lessee thereunder and such adjudication shall not be vacated or set aside or stayed within the time permitted by law; or

(d) A receiver or trustee shall be appointed for all or substantially all of the assets of Lessee and such receivership shall not be terminated or staid within the time permitted by law.

10. **Remedies.** Upon the occurrence of any event of default specified in Section 9 hereof, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

(a) Terminate this Lease Agreement, in which event Lessee shall immediately surrender the Premises to Lessor, and if Lessee fails to do so, Lessor may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises, if such can be done without a breach of the peace; and Lessee agrees to pay to Lessor on demand the amount of all loss and damage which Lessor may suffer by reason of such termination, whether through inability to relet the Premises on satisfactory terms or otherwise.

(b) Enter upon and take possession of the Premises, if such can be done without a breach of the peace; and if Lessor so elects, relet the Premises on such terms as Lessor shall deem advisable and receive the rent therefrom; and Lessee agrees to pay to Lessor on demand any deficiency that may arise by reason of such reletting.

(c) Enter upon the Premises and do whatever Lessee is obligated to do under the terms of this Lease Agreement; and Lessee agrees to reimburse Lessor on demand for any expenses which Lessor may incur in thus effecting compliance with Lessee's obligations under this Lease Agreement, and Lessee further agrees that Lessor shall not be liable for any damages resulting to Lessee from such action.

No reentry or taking possession of the Premises by Lessor shall be construed as an election on its part to terminate this Lease Agreement, unless a written notice of such intention be given to Lessee. Notwithstanding any such reletting or reentry or taking possession, Lessor may at any time thereafter elect to terminate this Lease Agreement for a previous default.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Lessor hereunder or of any damages accruing to Lessor by reason of the violation of any of the terms, provisions, and covenants herein contained. Lessor's acceptance of rent following an event of default hereunder shall not be construed as Lessor's waiver of such event of default. No waiver by Lessor of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions, and covenants herein contained. Forbearance by Lessor to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. The loss or damage that Lessor may suffer by reason of termination of this Lease Agreement or the deficiency from any reletting as provided for above shall include the expense of repossession and any repairs undertaken by Lessor following possession. Should Lessor at any time terminate this Lease Agreement for any default, in addition to any other remedy Lessor may have, Lessor may recover from Lessee all damages Lessor may incur by reason of such default, all of which amounts shall be immediately payable from Lessee to Lessor.

11. **No Partnership.** This Lease Agreement shall not constitute a partnership between the parties hereto. Neither party shall have the authority to bind the other without the other party's written consent.

12. **Indemnification.**

Lessee will indemnify Lessor and save it harmless from and against any and all claims, actions, damages, liabilities, obligations, penalties, costs and expenses, including attorneys' fees, arising from the conduct or management of Lessee's business or its use of the Premises, or from any act or omission by Lessee, its members, managers, partners, agents, servants, employees, contractors, guests or invitees on or about the Premises. In the event that any action or proceeding is brought against Lessor by reason of any of the above, Lessee further agrees and covenants to defend the action or proceeding by legal counsel acceptable to Lessor. Lessee's liability under the provisions of this Section 12 shall survive any termination of this Lease Agreement.

13. **Environmental Representations.**

(a) Lessee shall strictly follow label instructions in the use of pesticides, herbicides, fertilizers and other toxic or hazardous substances. Lessee shall handle and dispose of all hazardous substances in a manner approved by the United States Environmental Protection Agency and/or appropriate state regulations.

(b) Lessee shall not apply any pesticide, herbicide or chemical product on the Premises which may leave a residue, beyond what is customary, that will adversely affect the growing of crops which may be planted on the Premises following the termination of this Lease Agreement. Lessee shall also use care in the application of chemicals to crops grown on the Premises so as to avoid damage to crops grown on adjacent parcels of land

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Lessor hereunder or of any damages accruing to Lessor by reason of the violation of any of the terms, provisions, and covenants herein contained. Lessor's acceptance of rent following an event of default hereunder shall not be construed as Lessor's waiver of such event of default. No waiver by Lessor of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions, and covenants herein contained. Forbearance by Lessor to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. The loss or damage that Lessor may suffer by reason of termination of this Lease Agreement or the deficiency from any reletting as provided for above shall include the expense of repossession and any repairs undertaken by Lessor following possession. Should Lessor at any time terminate this Lease Agreement for any default, in addition to any other remedy Lessor may have, Lessor may recover from Lessee all damages Lessor may incur by reason of such default, all of which amounts shall be immediately payable from Lessee to Lessor.

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owned by third parties. Lessee shall indemnify and hold harmless Lessor from any claims, liability, loss, damage or expenses resulting from Lessee's use, application, or storage of any hazardous substances, chemicals, pesticides, or herbicides on the Premises. No toxic or hazardous substances will be disposed of on the Premises. However, all substances will be disposed of in a manner approved by county, state and/or federal regulations.

(c) Lessee shall not bury any tanks, equipment or substances of any type on the Premises without the written consent of Lessor.

(d) Lessee shall not use or occupy the Premises in violation of any environmental law (as herein defined). Lessee shall not dispose of or allow the disposal of any hazardous substance on the Premises or operate a hazardous waste treatment, storage or disposal facility or site. Lessee shall not permit, create, or suffer the existence of any condition which could subject Lessor or Lessee to a "remedial", "removal" or "cleanup" action, as those terms may be defined in any environmental law. As used in this Section 13, the term "hazardous substance" shall mean any substance deemed hazardous under any environmental law. As used in this Section 13, the term "environmental law" shall mean any federal, state, county or municipal law or regulation which governs or relates to the environment, land use, zoning, public health, chemical use, public safety, sanitation, water, air, fish, wild life and natural resources.

14. **Limitation of Liability.** IN NO EVENT SHALL LESSOR BE LIABLE TO THE LESSEE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS OR REVENUE, BUSINESS INTERRUPTION, OR OTHER ECONOMIC LOSS ARISING OUT OF OR RELATED, DIRECTLY OR INDIRECTLY, TO THIS LEASE AGREEMENT, WHETHER OR NOT LESSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER OR NOT ANY LIMITED REMEDY FAILED OF ITS ESSENTIAL PURPOSE, AND WHETHER ANY CLAIM FOR RECOVERY IS BASED ON THEORIES OF CONTRACT, NEGLIGENCE OR TORT (INCLUDING STRICT LIABILITY). NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS LEASE AGREEMENT, IN NO EVENT SHALL LESSOR'S AGGREGATE LIABILITY TO LESSEE, AND ANY THIRD PARTY, EXCEED THE RENT ACTUALLY PAID TO LESSOR BY LESSEE UNDER THIS LEASE AGREEMENT IN THE SIX (6) MONTHS PRIOR TO THE CLAIM OR ACTION, REGARDLESS OF THE FORM OF CLAIM OR ACTION.

15. **Miscellaneous.**

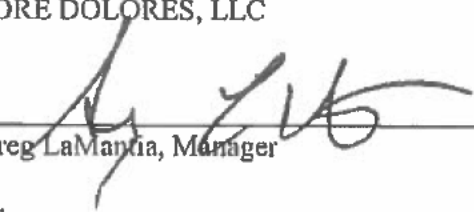
(n) *Notice.* All notices, consents, waivers and other communications required or permitted by this lease shall be in writing and shall be deemed given to a party when: (a) delivered to the appropriate address by hand against a written receipt or by nationally recognized overnight courier service (costs prepaid); or (b) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses and marked to the attention of the person (by name or title) designated below

IN WITNESS WHEREOF, the undersigned execute this Lease Agreement as of the day and year first above written.

LESSOR:

NEEDMORE DOLORES, LLC

By: _____


Greg LaMantia, Manager

LESSEE:

LRP GROUP, LTD.

By: LRP GP, LLC, Its General Partner

By: _____


Its: Managing Member

EXHIBIT "A"

Legal Description of the Premises

A 150.00 Acre (6,533,996 S.F.), more or less, situated in Survey No. 1542, Abstract 530, Porcion 1, Abstract 231 and Porcion 2, Abstract 232, City of Laredo, Webb County, Texas. Being out of Tract 8 8,192.094 Acre tract owned by Needmore Dolores, LLC as recorded in Volume 269, Page 245 of the Deed Records Webb County Texas. This 150.00 acre tract being more particularly described as follows:

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THENCE, N 28°20'59" E, a distance of 1874.83 FEET, for the northerly corner hereof;

THENCE, S 61°39'01" E, a distance of 3,403.45 FEET to exterior corner of a 225 acre tract as recorded in volume 84, Pg. 765 O.P.R.W.C.T., for a deflection point hereof;

THENCE, S 67°27'42" E. along common line of said 225 acre tract, a distance of 266.21 FEET to the northerly corner of a 150.270 acre tract as recorded in Volume 84, Page 773 O.P.R.W.C.T.;

THENCE, S 39°12'12" W, along the northwesterly boundary line of said 150.270 acre tract, a distance of 1935.28 FEET to the point of beginning of this 150.00 acre tract, more or less.

VII. PROCEEDINGS ON THE HORSE INDUSTRY ESCROW ACCOUNT

A. Discussion and possible action to allocate funds in the Horse Industry Escrow Account to state horse breed registries for events to further the horse industry under 16 TAC Chapter 303, Subchapter G.



**TEXAS RACING COMMISSION
APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT (HIEA)**

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STATEMENT OF PURPOSE

Pursuant to Section 2028.204(b) of the Texas Occupations Code, the Texas Racing Commission (TXRC) invites breed registries recognized in Section 2030.002(a) to apply for funding from the Horse Industry Escrow Account (Account) for events that further the horse industry.

GRANTEE RESPONSIBILITIES AND ACCOUNTABILITY

Grantees (breed registries receiving funding) will be responsible for the conduct of the project(s) identified in the proposal(s) for which funding was granted. Each grantee shall monitor the day-to-day conduct of the project to assure adherence to statutes, regulations, and funding terms and conditions. The grantee must carry out the activities described in the approved scope of work.

The grantee will be accountable for documenting the use of funds from the Horse Industry Escrow Account (HIEA) and must ensure that funds are used solely for authorized purposes. The grantee must ensure:

- Funds are used only for activities covered by the approved project.
- Funds are not used in violation of the restrictions and prohibitions of applicable rules and statutes.
- All reports are completed in a timely manner.

Each grantee must ensure it has an adequate accounting system in place and sufficient internal controls to ensure expenditures are reported and records maintained for five (5) years after the conclusion of the project, or longer if required by TXRC.

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Awards are subject to the availability of funds. If anticipated funds are reduced or become unavailable before the full amount approved is disbursed, the amount to be paid to grantees may be reduced or eliminated.

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To be considered, applications must be complete and include all the requested information:

1. **Form HIEA-1, General Information.** Include ONE copy of this form regardless of the number of proposals submitted.
 - a. *Breed registry information.* This is the organization that will be the recipient of funds and will be held accountable for reporting and project performance.
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 - c. *Certifications and signature of authorized official.* This is the person legally able to bind the organization in contracts or agreements and may be the same person as the program contact.
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1. Advanced Funding Payments: This program may advance an amount in working capital for the grantee to ensure the necessary resources to carry out the project. These funds will require reporting to substantiate the advanced funds have been expended in compliance with eligibility requirements. Ineligible expenses must be personally reimbursed within 30 days of notice of ineligibility from TXRC. Expenditures shall include sufficient documentation detailing each expense to decision regarding eligibility.

The application must state when funds are needed for a particular event. If some funds are needed by a certain date for one part of the event but the rest are not needed until later, the application must state what portion of the funds are needed by what date.

2. Eligible Expenses. Generally, expenses that are necessary and reasonable for proper and efficient performance and administration of a project are eligible. Account funds may not be used to supplant normal business costs but instead must be used to cover the costs incurred for the approved proposed activities. To be eligible for payment with funds from the Account, an expense must be reasonable and adequately documented in accordance with 16 TAC Section 303.322(d).

Examples of eligible expenditures include:

- a. Event production costs.
- b. Event award supplements, Texas-bred supplements, and prizes for approved events
- c. Advertising expenses
- d. Operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and

3. Ineligible Expenses. Expenses may be prohibited by state or federal law or determined to be ineligible by program guidelines. Examples of ineligible expenses include, but are not limited to the following:

- a. capital improvements.
- b. donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.
- c. costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.
- d. fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.
- e. liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.
- f. expenses related to litigation.
- g. professional association fees or dues for the breed registry or an individual.

- h. legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- i. fundraising.

EVALUATION AND SELECTION INFORMATION

After all proposals have been received, TXRC program staff will conduct an administrative review to determine whether an application complies with all requirements of Tex. Occ. Code Section 2028.204(b) and 16 TAC Chapter 303, Subchapter G, and to evaluate the relevance and effectiveness of the proposed project based on the following factors:

- **Anticipated impact on the state's horse racing industry**
- **Anticipated impact on live racing at the state's racetracks**
- **Anticipated impact on the horse breeding industry**
- **Anticipated impact on the state of Texas**
- **Anticipated impact on non-racing horse industry activities**

Assessments of anticipated economic impact for an existing event must be based on only the effect of the additional funding provided from the Account. For example, if funds are requested from the Account for race award supplements for an existing horseracing event, the evaluation of the economic impact must be based only on the effect of the increased race awards, not on the economic impact of the entire race.

REPORTING REQUIREMENTS

Grantees will be required to submit periodic performance reports. Reporting timelines will be incorporated into the funding agreement. As part of TXRC's ongoing monitoring of the use of funds from the Account, grantees must demonstrate progress toward achieving project goals. Failure to comply with reporting requirements may result in the withholding of further payments and/or termination of the award.

Grantees shall submit to the Commission a report every quarter detailing the accomplishments of the project objectives for the previous calendar quarter. Quarterly reports shall be submitted to the Commission no later than November 30, February 28, May 31, and August 31 of each year. Each report must include:

1. the amount of funds expended toward each event for which funds have been allocated.
2. for each completed event, the total amount of funds expended toward the event from the Account, a breakdown of the funds expended for that event, and copies of documentation of all amounts expended; and
3. the following certification: "By my signature below, I certify that (1) all of the information in this report is correct, (2) all funds expended from the horse industry escrow account were used in accordance with Section 2028.204 of the Texas Racing Act and the Rules of the Texas Racing Commission, and (3) the breed registry has all documentation required by 16 TAC § 303.324."

The funds received and/or expended by the breed registry from the Account must be included in the breed registry's annual audit of financial statements required to be submitted by June 15 of each year. An auditor's statement must be included as part of the annual audit attesting to the proper use of the funds received by the breed registry from the Account.

SUBMISSION OF APPLICATIONS

Applicants must submit one complete, signed application. Do not include the instruction pages, and only include one copy of form HIEA-1 regardless of the number of proposals submitted. Applications must be submitted by email to BreedFunds@TXRC.texas.gov or by mail or hand delivery to:

Texas Racing Commission
Attn: HIEA Administrator
P.O. Box 12080
Austin TX 78711

GENERAL INFORMATION

Selected applicants will be notified of the Commission's approval of their proposal(s) and will receive an official funding agreement from TXRC. Payment will not issue until the funding agreement is fully executed.

TXRC reserves the right to fund projects partially or fully. TXRC reserves the right to negotiate individual elements of any application and to reject all applications. Where more than one application is acceptable for funding, TXRC may request cooperation between grantees or revisions/adjustments to an application to avoid duplication and to realize the maximum benefit.

Proprietary Information/Public Information

The applicant is responsible for clearly designating any portion of the application that contains proprietary or trade secret information and must state the reason(s) the information is designated as such. Merely making a blanket claim that the entire application is protected from disclosure because it contains proprietary, or trade secret information is not acceptable and may subject the entire application to release under the PIA.

If a public information request for the application is received, TXRC shall process such request in accordance with §552.305 of the Texas Government Code. Applicants are advised to consult with their legal counsel regarding disclosure issues and to take appropriate precautions to safeguard trade secrets or any other proprietary information.

All applications submitted under this program are subject to release as public information, unless the application or specific parts of any such application can be shown to be exempt from disclosure under the Texas Public Information Act, Chapter 552 of the Government Code.

GENERAL COMPLIANCE INFORMATION

1. Grantees (breed registries receiving funding from the Horse Industry Escrow Account) must comply with TXRC's reporting requirements and financial procedures outlined in 16 TAC Chapter 303, Subchapter G, and the funding agreement. Any delegation by the grantee to a subcontractor regarding any duties and responsibilities imposed by the funding award must be approved in advance by TXRC and shall not relieve the grantee of its responsibilities to TXRC for performance of those duties.
2. Grantees must remain in full compliance with state and federal laws and regulations. Non-compliance may result in termination of the funding and/or ineligibility for further funding.
3. Grantees must maintain records related to the project for a minimum of five (5) years after the completion of the project, or as otherwise agreed upon with TXRC. If any litigation, claim, negotiation, audit,

or other action is initiated prior to the expiration of the five-year retention period, then all records and accounts must be retained until their destruction is authorized in writing by TXRC. TXRC and the Texas State Auditor's Office (SAO) reserve the right to examine all books, documents, records, and accounts relating to the project, including all electronic records, at any time throughout the duration of the agreement until all litigation, claims, negotiations, audits, or other action pertaining to funding for a particular project is resolved, or until the expiration of the five-year retention period or a final judgment in litigation, whichever is longer. TXRC and the SAO shall have access to all electronic data or records pertaining to the project; paper or other tangible documents or records, including the physical location where records are stored; and all locations related to project activities.

4. Grantees must comply with Texas Government Code, Chapter 783, Uniform Grant and Contract Management, and the Texas Uniform Grant Management Standards (UGMS).



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Quarter Horse Association

Mailing Address: 14 N. Main Street; Suite B
Street Address

Elgin TX 78621 Bastrop
City State Zip Code County

Physical Address: Same as above
Street Address

City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Cheyenne Johanson
First Last
Mr. Dr.
Ms. Other

Position Title: TQHA Show Director

Email Address: cjohanson@tqha.com

Phone: (512) 458 - 5203 Ext. Alt #:() -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name:
First Last
Mr. Dr.
Ms. Other

Position Title:

Email Address:

Phone: () - Ext. Alt #:() -

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: TQHA Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) - _____

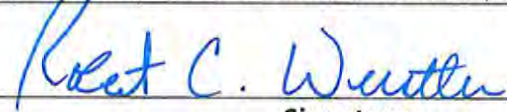

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct.
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions.
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TXRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TXRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TXRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

x		
	Signature	Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

1 of 2

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): TQHA State Championship Year-End Awards

Event Date(s) or Approximate Date(s): 2023 Show Point-Year (December 1 - November 30)

Total Amount Requested For this Event: \$57,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*

Approval is needed by December 1 to announce and market the program to exhibitors with the objective of increasing the number of Texas shows they attend to earn awards in the Year End Award program. Funding is needed by September 2023 to allow lead time for ordering awards.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

The TQHA Championship Award program recognizes year-end high point winners that show at TQHA Horse Show Series Approved Shows. This award program was implemented in 2021 and has been very successful in increasing participation in shows sponsored by TQHA and the various affiliates across Texas. Given the challenges faced by the Texas equine community, this program has helped offset the potential declines that many equine events in other states have experienced.

In order to be eligible, owners and riders must be TQHA members to accumulate points. Points are accumulated when exhibitors show and place in their respective classes and divisions throughout the showing calendar year (December 1 – November 30) at approved shows in Texas. A list of eligible shows can be found at www.tqha.com. On average, over 400 TQHA members actively participate in this program with division awards being given to 1st and 2nd place.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The leadership of TQHA recognizes the substantial financial commitment of owners and riders who wish to show Quarter Horses. It can be estimated that an average participant spends approximately \$141 per day of their horse show between food, lodging, and other taxable purchases (Highland Market Research, LLC 2019). TQHA wishes to recognize and encourage the members that are committed to showing their Quarter Horses on the TQHA circuit. It is anticipated that the expansion of the program would increase the number of participants and incentivize people to keep their dollars recirculating in the Texas economy, as opposed to driving to other States for their horse show experience.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

Statewide approved shows that are in Texas and approved by the TQHA will continue to benefit from increased entries & exhibitors within all divisions. The ripple effect of this increase will flow into the local horse clubs hosting and managing the event and thus local economies through increased purchases on items eligible for sales, hotel/motel and mixed beverage taxes.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project management will be provided by the Chairman of the TQHA Halter & Performance Committee and Project oversight will be provided by Rob Werstler, Executive Director of the TQHA.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.*

- (6) expenses related to litigation.
- (7) professional association fees or dues for the breed registry or an individual.
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$2,000.00
Race Award Supplements/Prizes	\$53,000.00
Advertising	\$1,500.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$56,500.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$500.00
Total	\$57,000.00

Event Production Costs (\$2000 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

\$800 for costs associated with Year End Award Banquet recognizing the award recipients- (invitation & information mail-out for banquet, awards magazine for recipients at dinner, name badges for attendees)

\$1200 for Equitek Point Program Software used to calculate point allocations

Race Award Supplements/Prizes (\$53000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

May include, but not limited to, monogrammed championship jackets, trophies, buckles, other championship memorabilia to be determined by the Texas Quarter Horse Association.

Advertising (\$1,500 total) Provide an explanation of advertising costs.

- Print Ads,
- Paid FB ads,
- Constant Contact Enews Blasts
- Website Point Standings
- Mail-out fliers to each show member

Donations (\$ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$ total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$ total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$ total) Provide a detailed description of any other category of direct expenses.

Administrative Expenses/Capital Assets (\$500 total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.

\$500 Cost related to Annual TQHA Audit Performed by CPA Firm



TEXAS RACING COMMISSION
APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT (HIEA)

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- All reports are completed in a timely manner.

Each grantee must ensure it has an adequate accounting system in place and sufficient internal controls to ensure expenditures are reported and records maintained for five (5) years after the conclusion of the project, or longer if required by TxRC.

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Awards are subject to the availability of funds. If anticipated funds are reduced or become unavailable before the full amount approved is disbursed, the amount to be paid to grantees may be reduced or eliminated.

APPLICATION REQUIREMENTS

Form Requirements:

To be considered, applications must be complete and include all of the requested information:

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2. Eligible Expenses. Generally, expenses that are necessary and reasonable for proper and efficient performance and administration of a project are eligible. Account funds may not be used to supplant normal business costs but instead must be used to cover the costs incurred for the approved proposed activities. To be eligible for payment with funds from the Account, an expense must be reasonable and adequately documented in accordance with 16 TAC Section 303.322(d).

Examples of eligible expenditures include:

- a. Event production costs;
- b. Purse supplements, Texas-bred supplements, and prizes for approved events
- c. Advertising expenses
- d. Operating expenses (not to exceed five percent of the amount allocated for a given event)

3. Ineligible Expenses. Expenses may be prohibited by state or federal law or determined to be ineligible by program guidelines. Examples of ineligible expenses include, but are not limited to the following:

- a. capital improvements;
- b. donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
- c. costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
- d. fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
- e. liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
- f. expenses related to litigation;
- g. professional association fees or dues for the breed registry or an individual;

- h. legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- i. fundraising.

EVALUATION AND SELECTION INFORMATION

After all proposals have been received, TxRC program staff will conduct an administrative review to determine whether an application complies with all requirements of Tex. Occ. Code Section 2028.204(b) and 16 TAC Chapter 303, Subchapter G, and to evaluate the relevance and effectiveness of the proposed project based on the following factors:

- **Anticipated impact on the state's horse racing industry**
- **Anticipated impact on live racing at the state's racetracks**
- **Anticipated impact on the horse breeding industry**
- **Anticipated impact on the state of Texas**
- **Anticipated impact on non-racing horse industry activities**

Assessments of anticipated economic impact for an existing event must be based on only the effect of the additional funding provided from the Account. For example, if funds are requested from the Account for purse supplements for an existing horseracing event, the evaluation of the economic impact must be based only on the effect of the increased purses, not on the economic impact of the entire race.

REPORTING REQUIREMENTS

Grantees will be required to submit periodic performance reports. Reporting timelines will be incorporated into the funding agreement. As part of TxRC's ongoing monitoring of the use of funds from the Account, grantees must demonstrate progress toward achieving project goals. Failure to comply with reporting requirements may result in the withholding of further payments and/or termination of the award.

Grantees shall submit to the Commission a report every quarter detailing the accomplishments of the project objectives for the previous calendar quarter. Quarterly reports shall be submitted to the Commission no later than November 30, February 28, May 31, and August 31 of each year. Each report must include:

1. the amount of funds expended toward each event for which funds have been allocated;
2. for each completed event, the total amount of funds expended toward the event from the Account, a breakdown of the funds expended for that event, and copies of documentation of all amounts expended; and
3. the following certification: "By my signature below, I certify that (1) all of the information in this report is correct, (2) all funds expended from the horse industry escrow account were used in accordance with Section 2028.204 of the Texas Racing Act and the Rules of the Texas Racing Commission, and (3) the breed registry has all documentation required by 16 TAC § 303.324."

The funds received and/or expended by the breed registry from the Account must be included in the breed registry's annual audit of financial statements required to be submitted by June 15 of each year. An auditor's statement must be included as part of the annual audit attesting to the proper use of the funds received by the breed registry from the Account.

SUBMISSION OF APPLICATIONS

Applicants must submit one complete, signed application. Do NOT include the instruction pages, and only include ONE copy of form HIEA-1 regardless of the number of proposals submitted. Applications must be submitted by email to BreedFunds@txrc.texas.gov or by mail or hand delivery to:

Texas Racing Commission
Attn: HIEA Administrator
P.O. Box 12080
Austin TX 78711

GENERAL INFORMATION

Selected applicants will be notified of the Commission's approval of their proposal(s) and will receive an official funding agreement from TxRC. Payment will not issue until the funding agreement is fully executed.

TxRC reserves the right to fund projects partially or fully. TxRC reserves the right to negotiate individual elements of any application and to reject any and all applications. Where more than one application is acceptable for funding, TxRC may request cooperation between grantees or revisions/adjustments to an application in order to avoid duplication and to realize the maximum benefit.

Proprietary Information/Public Information

The applicant is responsible for clearly designating any portion of the application that contains proprietary or trade secret information and must state the reason(s) the information is designated as such. Merely making a blanket claim that the entire application is protected from disclosure because it contains proprietary or trade secret information is not acceptable and may subject the entire application to release under the PIA.

In the event that a public information request for the application is received, TxRC shall process such request in accordance with §552.305 of the Texas Government Code. Applicants are advised to consult with their legal counsel regarding disclosure issues and to take appropriate precautions to safeguard trade secrets or any other proprietary information.

All applications submitted under this program are subject to release as public information, unless the application or specific parts of any such application can be shown to be exempt from disclosure under the Texas Public Information Act, Chapter 552 of the Government Code.

GENERAL COMPLIANCE INFORMATION

1. Grantees (breed registries receiving funding from the Horse Industry Escrow Account) must comply with TxRC's reporting requirements and financial procedures outlined in 16 TAC Chapter 303, Subchapter G, and the funding agreement. Any delegation by the grantee to a subcontractor regarding any duties and

responsibilities imposed by the funding award must be approved in advance by TxRC and shall not relieve the grantee of its responsibilities to TxRC for performance of those duties.

2. Grantees must remain in full compliance with state and federal laws and regulations. Non-compliance may result in termination of the funding and/or ineligibility for further funding.

3. Grantees must maintain records related to the project for a minimum of five (5) years after the completion of the project, or as otherwise agreed upon with TxRC. If any litigation, claim, negotiation, audit or other action is initiated prior to the expiration of the five-year retention period, then all records and accounts must be retained until their destruction is authorized in writing by TxRC. TxRC and the Texas State Auditor's Office (SAO) reserve the right to examine all books, documents, records, and accounts relating to the project, including all electronic records, at any time throughout the duration of the agreement until all litigation, claims, negotiations, audits or other action pertaining to funding for a particular project is resolved, or until the expiration of the five-year retention period or a final judgment in litigation, whichever is longer. TxRC and the SAO shall have access to: all electronic data or records pertaining to the project; paper or other tangible documents or records, including the physical location where records are stored; and all locations related to project activities.

4. Grantees must comply with Texas Government Code, Chapter 783, Uniform Grant and Contract Management, and the Texas Uniform Grant Management Standards (UGMS).

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) - _____

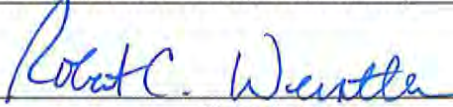
Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x		<u>10/27/2022</u>
	Signature	Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

FOR MULTIPLE PROPOSALS, PLEASE NUMBER THEM SEQUENTIALLY HERE (i.e. 1 of 2, 2 of 2, etc.)

1 OF 2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-1, General Information)

APPLICANT NAME: Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2023 QH Meet @ SHRP - Accredited Texas Bred (ATB) Owners, Breeders & Stallion Owner Awards

Event Date(s) or Approximate Date(s): 2023 Texas Pari-mutual races - April 21 - June 17

Total Amount Requested For this Event: \$505,000.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
April 2023

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

TQHA proposes increasing incentive money to the owners, breeders and stallion owners of accredited Texas-bred horses that finish first, second or third in a Texas pari-mutuel race during the 2023 Sam Houston QH meet (April 21- June 17). These funds will supplement the current accredited Texas-bred incentive award payouts, mandated by the Texas Racing Act Sec.

2030.004.

Horse sales in Texas and across the U.S. have seen prices for Accredited Texas bred horses increase significantly since the inception of HIEA and those funds used to enhance awards for owners, breeders and stallion owners of those horses.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Texas- bred horses finishing within the top 3 places in a Texas pari-mutual race at SHRP will be eligible for the following enrollment incentive breakdown:

\$500,000 ATB Awards:

40% Owner Award
40% Breeder Award
20% Stallion Owner Award

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

By increasing Accredited Texas Bred awards to owners, breeders, and stallions of Accredited Texas Bred horses, Texas will be in a much better position to be able to compete with surrounding states where state bred awards are supplemented by Slot machine revenue.

The addition of the Accredited Texas Bred Owner, Breeder and Stallion Owner Awards will incentivize the increase of ATB horses over the next breeding cycle and beyond. The increased ATB awards will attract new breeders to Texas as well as see the return of many breeders who left the state for larger purses. Texas will benefit from the direct and indirect costs related to participate in the Agriculture and Equine industry, in particular rural Texans. Funds will be put back into the Texas economy through such purchases as horse feed, bedding, equipment, grooming products, insurance, facility expenses, veterinary services, farrier services, and labor, fuel etc.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project oversight will be provided by Rob Werstler, Executive Director of the Texas Quarter Horse Association along with Scott Sherwood, Director of Racing.

Reports will be provided to the TQHA Board of Directors, TQHA's independent auditing firm and TRC's Quarterly & Annual Performance Measures.

TQHA's Scott Sherwood will work directly with SHRP to oversee all promotional activities. SHRP will provide reports to TQHA as funds are expended and interim reports on the said affect of.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*

- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
- (6) expenses related to litigation;
- (7) professional association fees or dues for the breed registry or an individual;
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$500,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$5,000.00
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$0.00
Total	\$505,000

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$ _____ **total**) *Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.*

Advertising (\$ _____ **total**) *Provide an explanation of advertising costs.*

Donations (\$ _____ **total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (\$5000 **total**) *Provide a detailed description of any other category of direct expenses.*

software for ATB pay-out specific to HIEA grant & reporting. Envelopes, IRS Reporting, copier paper, postage for checks; postage for letters to ATB recipients who need additional paperwork to complete transaction such as SS#, etc
Cost related to TQHA annual audit completed by CPA firm.P

Other direct expenses – second category _____ (\$ _____ **total**)
Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$ _____ **total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Quarter Horse Association

Mailing Address: 14 N. Main Street Suite B
Street Address

Elgin TX 78621 Bastrop
City State Zip Code County

Physical Address: same

Street Address

City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #: (512) 468 - 5566

(2) Secondary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name: Scott Sherwood Mr. Dr.
First Last Ms. Other _____

Position Title: Director of Racing

Email Address: ssherwood@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #: () -

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: rwerstler@hotmail.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) - _____

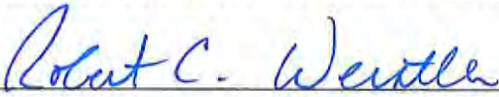
Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

x	 Signature	<u>10/27/2022</u> Date
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This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

FOR MULTIPLE PROPOSALS, PLEASE NUMBER
THEM SEQUENTIALLY HERE (i.e. 1 of 2, 2 of 2, etc.)

2 of 2

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Sam Houston Race Park (SHRP) Stakes

Event Date(s) or Approximate Date(s): April 21- June 17, 2023

Total Amount Requested For this Event: 300,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
March 2023

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

TQHA is providing opportunities to keep and attract more horsemen and horses to the state by enhancing focus on the stakes program with an emphasis on Texas-bred horses. The increased stakes structure will allow SHRP to sell their simulcast signal to an increased number of outlets, which will increase handle.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Improving stakes program with an emphasis on Texas-bred races through signature race days:

\$50,000 Jesse Yoakum Memorial 870

\$50,000 Miss Sam Houston Stakes

\$50,000 John Buchanan Memorial

\$50,000 Houston 550

50,000 Houston 250

\$50,000 Leon Bard Memorial

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

The primary driver of all events is to bring exposure to Texas racing and increase the breeding & raising of horses in Texas. Fiscal measurements for all proposed elements will be demonstrated in the racing product via entries and handle increases

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project oversight will be provided by Scott Sherwood, Director of Racing.

Reports will be provided to the TQHA Board of Directors, TQHA's independent auditing firm and TRC's Quarterly & Annual Performance Measures.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$300,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$300,000.00

Event Production Costs (\$ _____ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$300000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

- \$50,000 Jesse Yoakum Memorial 870
- \$50,000 Miss Sam Houston Stakes
- \$50,000 John Buchanan Memorial
- \$50,000 Houston 550
- 50,000 Houston 250
- \$50,000 Leon Bard Memoria

Advertising (\$ _____ total) Provide an explanation of advertising costs.

Donations (\$ _____ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$ _____ total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$ _____ **total**)
Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$ _____ **total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*



**TEXAS RACING COMMISSION
APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT (HIEA)**

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Application for Funding	Application Page 1
Project Narrative	Application Page 3

Please read all materials before preparing and submitting the application. Failure to follow the instructions and requirements described in these materials may result in denial of funding.

**NOTICE REGARDING THE INCLUSION OF CONFIDENTIAL, PROPRIETARY,
TRADE SECRET, OR PRIVILEGED INFORMATION IN AN APPLICATION**

Please take notice of the following:

If it is necessary for Applicant to include proprietary or otherwise confidential information in its application or other submitted information, Applicant must clearly mark and label all confidential, proprietary, trade secret, or privileged material in 14 point or higher bold font on each page as it appears, and identify the specific exception to disclosure in the Texas Public Information Act (PIA) for each specific piece of confidential, proprietary, trade secret, or privileged information. Additionally, all confidential, proprietary, trade secret, or privileged information must be segregated in a separate and discrete section of the application, which must be able to be conveniently separated and detached from the other sections of the application. Failure to properly label, identify, and segregate any confidential, proprietary, trade secret, or other privileged information in the application may result in all such information or material being disclosed as public information. Merely making a blanket claim that the entire application is protected from disclosure because it contains any amount of confidential, proprietary, trade secret, or privileged information is not acceptable and shall make the entire application subject to release under the PIA. To initiate the process of seeking an Attorney General opinion on the release of confidential, proprietary, trade secret, or privileged information, the specific provisions of the application that are considered by Applicant to be confidential, proprietary, trade secret, or privileged must be clearly labeled and segregated as described above. Any information which is not clearly identified as confidential, proprietary, trade secret or privileged shall be deemed to be subject to disclosure pursuant to the PIA.

STATEMENT OF PURPOSE

Pursuant to Section 2028.204(b) of the Texas Occupations Code, the Texas Racing Commission (TXRC) invites breed registries recognized in Section 2030.002(a) to apply for funding from the Horse Industry Escrow Account (Account) for events that further the horse industry.

GRANTEE RESPONSIBILITIES AND ACCOUNTABILITY

Grantees (breed registries receiving funding) will be responsible for the conduct of the project(s) identified in the proposal(s) for which funding was granted. Each grantee shall monitor the day-to-day conduct of the project to assure adherence to statutes, regulations, and funding terms and conditions. The grantee must carry out the activities described in the approved scope of work.

The grantee will be accountable for documenting the use of funds from the Horse Industry Escrow Account (HIEA) and must ensure that funds are used solely for authorized purposes. The grantee must ensure:

- Funds are used only for activities covered by the approved project.
- Funds are not used in violation of the restrictions and prohibitions of applicable rules and statutes.
- All reports are completed in a timely manner.

Each grantee must ensure it has an adequate accounting system in place and sufficient internal controls to ensure expenditures are reported and records maintained for five (5) years after the conclusion of the project, or longer if required by TXRC.

FUNDING PARAMETERS

Awards are subject to the availability of funds. If anticipated funds are reduced or become unavailable before the full amount approved is disbursed, the amount to be paid to grantees may be reduced or eliminated.

APPLICATION REQUIREMENTS

Form Requirements:

To be considered, applications must be complete and include all the requested information:

1. **Form HIEA-1, General Information.** Include ONE copy of this form regardless of the number of proposals submitted.
 - a. *Breed registry information.* This is the organization that will be the recipient of funds and will be held accountable for reporting and project performance.
 - b. *Program contacts.* These are the individuals who can answer questions about the project's activities and performance.
 - c. *Certifications and signature of authorized official.* This is the person legally able to bind the organization in contracts or agreements and may be the same person as the program contact.
2. **Form HIEA-2, Project Narrative.** This section provides a comprehensive framework and description of all aspects of the proposed project(s). *Use one form HIEA-2 per event for which funding is requested.* Each proposal may not exceed six (6) pages (not including supporting documents). Proposals must address the following information:
 - a. **Project Title (Event Name)**
 - b. **Event Date(s) or Approximate Date(s)**
 - c. **Total Amount Requested for the Event**

- d. **Timeline of Need for Funds**
- e. **Project Summary**
- f. **Project Description**
- g. **Anticipated Project Results/Economic Impact on the Horse Industry**
- h. **Project Oversight**
- i. **Project Budget**

BUDGET INFORMATION

1. Advanced Funding Payments: This program may advance an amount in working capital for the grantee to ensure the necessary resources to carry out the project. These funds will require reporting to substantiate the advanced funds have been expended in compliance with eligibility requirements. Ineligible expenses must be personally reimbursed within 30 days of notice of ineligibility from TXRC. Expenditures shall include sufficient documentation detailing each expense to decision regarding eligibility.

The application must state when funds are needed for a particular event. If some funds are needed by a certain date for one part of the event but the rest are not needed until later, the application must state what portion of the funds are needed by what date.

2. Eligible Expenses. Generally, expenses that are necessary and reasonable for proper and efficient performance and administration of a project are eligible. Account funds may not be used to supplant normal business costs but instead must be used to cover the costs incurred for the approved proposed activities. To be eligible for payment with funds from the Account, an expense must be reasonable and adequately documented in accordance with 16 TAC Section 303.322(d).

Examples of eligible expenditures include:

- a. Event production costs.
- b. Event award supplements, Texas-bred supplements, and prizes for approved events
- c. Advertising expenses
- d. Operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and

3. Ineligible Expenses. Expenses may be prohibited by state or federal law or determined to be ineligible by program guidelines. Examples of ineligible expenses include, but are not limited to the following:

- a. capital improvements.
- b. donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.
- c. costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.
- d. fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.
- e. liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.
- f. expenses related to litigation.
- g. professional association fees or dues for the breed registry or an individual.

- h. legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- i. fundraising.

EVALUATION AND SELECTION INFORMATION

After all proposals have been received, TXRC program staff will conduct an administrative review to determine whether an application complies with all requirements of Tex. Occ. Code Section 2028.204(b) and 16 TAC Chapter 303, Subchapter G, and to evaluate the relevance and effectiveness of the proposed project based on the following factors:

- **Anticipated impact on the state's horse racing industry**
- **Anticipated impact on live racing at the state's racetracks**
- **Anticipated impact on the horse breeding industry**
- **Anticipated impact on the state of Texas**
- **Anticipated impact on non-racing horse industry activities**

Assessments of anticipated economic impact for an existing event must be based on only the effect of the additional funding provided from the Account. For example, if funds are requested from the Account for race award supplements for an existing horseracing event, the evaluation of the economic impact must be based only on the effect of the increased race awards, not on the economic impact of the entire race.

REPORTING REQUIREMENTS

Grantees will be required to submit periodic performance reports. Reporting timelines will be incorporated into the funding agreement. As part of TXRC's ongoing monitoring of the use of funds from the Account, grantees must demonstrate progress toward achieving project goals. Failure to comply with reporting requirements may result in the withholding of further payments and/or termination of the award.

Grantees shall submit to the Commission a report every quarter detailing the accomplishments of the project objectives for the previous calendar quarter. Quarterly reports shall be submitted to the Commission no later than November 30, February 28, May 31, and August 31 of each year. Each report must include:

1. the amount of funds expended toward each event for which funds have been allocated.
2. for each completed event, the total amount of funds expended toward the event from the Account, a breakdown of the funds expended for that event, and copies of documentation of all amounts expended; and
3. the following certification: "By my signature below, I certify that (1) all of the information in this report is correct, (2) all funds expended from the horse industry escrow account were used in accordance with Section 2028.204 of the Texas Racing Act and the Rules of the Texas Racing Commission, and (3) the breed registry has all documentation required by 16 TAC § 303.324."

The funds received and/or expended by the breed registry from the Account must be included in the breed registry's annual audit of financial statements required to be submitted by June 15 of each year. An auditor's statement must be included as part of the annual audit attesting to the proper use of the funds received by the breed registry from the Account.

SUBMISSION OF APPLICATIONS

Applicants must submit one complete, signed application. Do not include the instruction pages, and only include one copy of form HIEA-1 regardless of the number of proposals submitted. Applications must be submitted by email to BreedFunds@TXRC.texas.gov or by mail or hand delivery to:

Texas Racing Commission
Attn: HIEA Administrator
P.O. Box 12080
Austin TX 78711

GENERAL INFORMATION

Selected applicants will be notified of the Commission's approval of their proposal(s) and will receive an official funding agreement from TXRC. Payment will not issue until the funding agreement is fully executed.

TXRC reserves the right to fund projects partially or fully. TXRC reserves the right to negotiate individual elements of any application and to reject all applications. Where more than one application is acceptable for funding, TXRC may request cooperation between grantees or revisions/adjustments to an application to avoid duplication and to realize the maximum benefit.

Proprietary Information/Public Information

The applicant is responsible for clearly designating any portion of the application that contains proprietary or trade secret information and must state the reason(s) the information is designated as such. Merely making a blanket claim that the entire application is protected from disclosure because it contains proprietary, or trade secret information is not acceptable and may subject the entire application to release under the PIA.

If a public information request for the application is received, TXRC shall process such request in accordance with §552.305 of the Texas Government Code. Applicants are advised to consult with their legal counsel regarding disclosure issues and to take appropriate precautions to safeguard trade secrets or any other proprietary information.

All applications submitted under this program are subject to release as public information, unless the application or specific parts of any such application can be shown to be exempt from disclosure under the Texas Public Information Act, Chapter 552 of the Government Code.

GENERAL COMPLIANCE INFORMATION

1. Grantees (breed registries receiving funding from the Horse Industry Escrow Account) must comply with TXRC's reporting requirements and financial procedures outlined in 16 TAC Chapter 303, Subchapter G, and the funding agreement. Any delegation by the grantee to a subcontractor regarding any duties and responsibilities imposed by the funding award must be approved in advance by TXRC and shall not relieve the grantee of its responsibilities to TXRC for performance of those duties.
2. Grantees must remain in full compliance with state and federal laws and regulations. Non-compliance may result in termination of the funding and/or ineligibility for further funding.
3. Grantees must maintain records related to the project for a minimum of five (5) years after the completion of the project, or as otherwise agreed upon with TXRC. If any litigation, claim, negotiation, audit,

or other action is initiated prior to the expiration of the five-year retention period, then all records and accounts must be retained until their destruction is authorized in writing by TXRC. TXRC and the Texas State Auditor's Office (SAO) reserve the right to examine all books, documents, records, and accounts relating to the project, including all electronic records, at any time throughout the duration of the agreement until all litigation, claims, negotiations, audits, or other action pertaining to funding for a particular project is resolved, or until the expiration of the five-year retention period or a final judgment in litigation, whichever is longer. TXRC and the SAO shall have access to all electronic data or records pertaining to the project; paper or other tangible documents or records, including the physical location where records are stored; and all locations related to project activities.

4. Grantees must comply with Texas Government Code, Chapter 783, Uniform Grant and Contract Management, and the Texas Uniform Grant Management Standards (UGMS).



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Quarter Horse Association

Mailing Address: 14 N. Main, Suite B
Street Address

Elgin TX 76241 Bastrop
City State Zip Code County

Physical Address: 14 N. Main, Suite B
Street Address

Elgin TX 76241 Bastrop
City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name: Jay Winborn Mr. Dr.
First Last Ms. Other _____

Position Title: NCHA - Executive Director

Email Address: jwinborn@nchacutting.com

Phone: (817) 244 - 6188 Ext. 110 Alt #:() -

(2) Secondary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name: Cheyenne Johanson Mr. Dr.
First Last Ms. Other _____

Position Title: TQHA Director of Shows

Email Address: cjohanson@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:() -

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Rob Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: TQHA Executive Director

Email Address: rwerstler@tqha.com

Phone: (512) 458 - 5202 Ext. _____ Alt #:(_____) - _____

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct.
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions.
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TXRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TXRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TXRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

x	 Signature	<u>11/2/2022</u> Date
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This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT) (Must be accompanied by Form HIEA-1, General Information)

APPLICANT NAME: Texas Quarter Horse Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): National Cutting Horse Association (NCHA) Super Stakes & Super Stakes Classic

Event Date(s) or Approximate Date(s): March 23 - April 15, 2023

Total Amount Requested For this Event: \$100,500

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
March 1, 2023

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

The National Cutting Horse Association (NCHA) is one of the largest single-discipline equine organizations in the world. Boasting over 13,000 members, the NCHA has been proudly promoting the sport of cutting since its inception in 1946.

In addition to serving as the governing body and official record keeper of all member and horse earnings, the NCHA itself produces three shows annually that together comprise the Triple Crown of Cutting. Each leg of the Triple Crown is approximately 25 days long and is hosted at the prestigious Will Rogers Memorial Center. All three shows within the Triple Crown are designed to promote the breeding, owning, and showing of some of the best young equine athletes in the world.

The second leg of the Triple Crown is the Super Stakes & Super Stakes Classic. In 2023, the Super Stakes will be held in Fort Worth, Texas from March 23 - April 15. The Super Stakes is the showcase for stallion owners and breeders. All horses competing in the Super Stakes must be eligible to compete by being nominated through the NCHA Stallion Foal Program. (www.nchacutting.com/events/superstakes/stallion-foal). Visitors to the Super Stakes come

from all over the world and generate approximately \$4.8 million dollars in direct economic impact to the State of Texas.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Through discussions with TQHA, the NCHA requests \$100,000 in added money to highlight and promote Texas-bred cutting horses competing in the 2023 Super Stakes & Super Stakes Classic. All administrative work necessary for enrollments as well as payouts will be managed in-house by NCHA staff, resulting in maximum promotion of additional funds. Additionally, all marketing and promotion of program will be funded by NCHA. Owners and riders will be required to be current TQHA members to be eligible to participate in the program. Highest placing Texas-bred horses in the 5/6 year-old Open, Non-Pro, and Amateur divisions will be eligible to receive an additional purse.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

The anticipated goal of this project on the horse industry is twofold: (1) increase the number of cutting horses bred within the State of Texas; and (2) increase the interest of cutting horse owners to continue to show their horses as they advance in years. With a conservative average of \$6,500 - \$20,000 to breed a cutting horse, incentive programs like this one are vital to encouraging Quarter Horse owners to continue to breed and show cutting horses

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Project activities will be overseen by the National Cutting Horse Association. At the conclusion of the event, proof of payment and a project summary will be provided to the Texas Quarter Horse Association to validate that the project was delivered as outlined above.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.*

- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.
- (6) expenses related to litigation.
- (7) professional association fees or dues for the breed registry or an individual.
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Race Award Supplements/Prizes	\$100,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$100,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$500.00
Total	\$100,500.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Race Award Supplements/Prizes (\$100000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

The incentive will be for the highest placing horses in the Super Stakes Classic (five and six-year-olds) in the Open, Non-Pro and Amateur divisions. To be eligible, both owners and riders must be a current TQHA member, horses must be registered with the American Quarter Horse Association

(AQHA) and foaled in the State of Texas.

\$100,000 Incentive Breakdown

Open Division - \$50,000 Total Prize Money

Highest Placing - \$25,000

Second Placing - \$15,000

Third Placing - \$10,000

Non-Pro Division - \$25,000 Total Prize Money

Highest Placing - \$12,500

Second Placing - \$7,500

Third Placing - \$5,000

Amateur Division - \$25,000 Total Prize Money

Highest Placing - \$12,500

Second Placing - \$7,500

Third Placing - \$5,000

Advertising (\$ _____ **total**) *Provide an explanation of advertising costs.*

Donations (\$ _____ **total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$500 **total**; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

\$500 Cost related to Annual TQHA Audit Performed by CPA Firm



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: TEXAS THOROUGHBRED ASSOCIATION

Mailing Address: 192 Cimarron Park Loop, Suite A
Street Address

Buda TX 78610 Hays
City State Zip Code County

Physical Address: 192 Cimarron Park Loop, Suite A
Street Address

Buda TX 78610 Hays
City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name: Mary Ruyle Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: maryr@texasthoroughbred.com

Phone: (512) 458 - 6133 Ext. _____ Alt #: (512) 695 - 4542

(2) Secondary Program Contact *(This person can answer day-to-day questions about the organization and the project.)*

Full Name: Cheri Grant Mr. Dr.
First Last Ms. Other _____

Position Title: Accountant

Email Address: cherig@texasthoroughbred.com

Phone: (512) 458 - 6133 Ext. _____ Alt #: (512) 695 - 4538

(3) Name of Authorized Official *(This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)*

Full Name: Mary Ruyle Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: maryr@texasthoroughbred.com

Phone: (512) 458 - 6133 Ext. _____ Alt #: (512) 695 - 4542


Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct.
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions.
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TXRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TXRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TXRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: *(Person listed in Section B.3)*

x	 Signature	<u>1/19/22/2022</u> Date
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This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

1 of 1

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: Texas Thoroughbred Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2023 Thoroughbred Meet at Sam Houston Race Park

Event Date(s) or Approximate Date(s): January - April 2023

Total Amount Requested For this Event: \$1,465,255

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
Preferably, all by December 15, 2022, but at least \$350,000 for events in January 2023.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

The 2023 Thoroughbred meet at Sam Houston Race Park is the first race meet of the year, providing opportunities to attract horsemen and horses to the state by offering additional race days with increased purses - especially important due competition from racetracks in other states. The focus will be on their stakes program with an emphasis on Texas-bred horses. Handle will benefit from wagering promotions while increased media exposure and grassroots marketing will attract patrons to the benefit of Texas breeding as interest in the Accredited Texas-bred Program increases.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Continue to offer an exciting stakes program and place an emphasis on Texas-bred races on signature race days including the Texas Stallion Stakes and Houston Racing Festival in January, the Texas Preview in February and Texas Champions Day in March, featuring the Texas Thoroughbred Association Derby and Oaks.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

The primary driver of all events is to bring national exposure to Texas Racing, starting with the 2023 Thoroughbred meet at Sam Houston Race Park. Fiscal measurements for all proposed elements will be demonstrated in the racing product via entries and handle increases compared to prior years.

1. Financial benefits from season-long advertising will provide national exposure through a variety of media platforms for the Texas-bred program, attracting more owners and breeders to participate.
2. Wagering incentives are expected to increase handle.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

TTA Executive Director Mary Ruyle will work directly with Sam Houston Race Park President Dwight Berube and Assistant General Manager Frank Hopf to oversee all activities. Berube and Hopf will provide reports to Ruyle as funds are expended and interim reports on the number of races conducted, field sizes and handle. Reports will be provided to the TTA Board of Directors. The firm of Alexander and Leivens, PC will include this initiative in their annual financial audit of TTA. Documentation will also be included as part of the TTA's quarterly and annual Performance Measures Report to the Texas Racing Commission.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.*
- (6) expenses related to litigation.*
- (7) professional association fees or dues for the breed registry or an individual.*

- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Race Award Supplements/Prizes	\$1,365,005.00
Advertising	\$40,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
Wagering promotions	\$60,000.00
	\$
	\$
	\$
Total Direct Costs	\$1,465,005.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$250.00
Total	\$1,465,255.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Race Award Supplements/Prizes (\$1365005 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

\$100,000 to Texas Turf Mile, \$60,000 to each division of Texas Stallion Stakes; \$75,000 each to Houston Turf S., H-Town S., Miss Bluebonnet Turf S., \$60,000 each to Jim's Orbit and Two Altazano S.; \$100,000 each to the Texas Thoroughbred Association Derby and Oaks, \$85,715 each to Bara Lass S., Groovy S., Richard King S., San Jacinto S., Spirit of Texas S., Star of Texas S. and Yellow Rose S..

Advertising (\$40000 total) Provide an explanation of advertising costs.

Daily Racing Form, Paulick Report Website, Industry radio/satellite shows. Advertising is vital to sustain and grow attendance and handle.

Donations (\$ _____ **total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _ Wagering promotions _____ (**\$60000 total**) *Provide a detailed description of any other category of direct expenses.*
Wagering promotions have a history of increasing handle year over year.

Other direct expenses – second category _ _____ (**\$ _____ total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _ _____ (**\$ _____ total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (**\$250 total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

Portion of cost of Certified Audit

Mary Ruyle

From: Hopf, Frank <Frank.Hopf@pennentertainment.com>
Sent: Tuesday, November 22, 2022 11:15 AM
To: Mary Ruyle
Subject: Sam Houston Race Park- 2023 HIEA Request

Mary- Based on the 5th Circuit Court ruling on Friday and the possibility of us exporting our signal in 2023, I have put together a very basic outline for HIEA Marketing funding for 2023.

If SHRP is not allowed to export our signal in 2023, the HIEA Marketing fund would focus on an ongoing promotion with Woodbine and possibly adding a handicapping contest and media opportunities to build on track handle. Currently, I do not have a breakdown of those events.

If SHRP is allowed to export our signal, the HIEA Marketing Fund would include the ongoing Woodbine promotion along with a similar plan to enhance the big stakes weekends as we have done in the past.

My total request is \$100,000. If exporting is not an available in 2023, my expectation is that we will not spend the full amount and unused money will be returned to TTA.

If you need additional information or something more formal, please let me know.

Event Type	Amount	Notes
Non- Export		
Wagering	15,000	Ongoing Woodbine promotion
Handicapping Contest	-	TBD based on HISA Ruling
Media	-	TBD based on HISA Ruling
Houston Racing Festival		
Wagering	15,000	Race day enhancement, similar 2022
Print/Media	12,500	Race day enhancement, similar 2022
Texas Preview Day		
Wagering	15,000	Race day enhancement, similar 2022
Print/Media	12,500	Race day enhancement, similar 2022
Texas Champions Day		
Wagering	15,000	Race day enhancement, similar 2022
Print/ Media	15,000	Race day enhancement, similar 2022
Total	100,000	

Frank Hopf



TEXAS RACING COMMISSION

2 of 2

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)

(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: Texas Thoroughbred Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2023 Statewide Thoroughbred Marketing Plan

Event Date(s) or Approximate Date(s): Calendar Year 2023

Total Amount Requested For this Event: \$120,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*

December 15, 2022 \$24,000 in connection with SHRP opening and Houston Race Festival

January 15, 2023 \$11,200 in connection with Texas Preview Day

February 15, 2023 \$11,200 in connection with Texas Champions Day

March 10, 2023 \$32,100 in connection with Texas 2-Year-Old Sale and LSP opening

April 10, 2023 \$11,000 in connection with Lone Star Million Day

May 15, 2023 \$11,000 in connection with LSP Showcase Day

June 15, 2023 \$11,000 in connection with Texas Thoroughbred Futurity

July 15, 2023 \$8,500 in connection with Texas Yearling Sale

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

The 2023 Statewide Thoroughbred Marketing Event Plan focuses on continuing marketing and communications strategies to promote signature racing and sales events while also recruiting new Thoroughbred owners in Texas. These events will take place at the January 7 opening of the Sam Houston Race Park meet, the Houston Racing Festival, Texas Preview Day, Texas Champions Day, the TTA Two-Year-Old Sale, the April opening of the Lone Star Park meet, Lone Star Million Day, Lone Star Showcase Day, Texas Thoroughbred Futurity Day, and the TTA Yearling Sale.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Each racetrack event will include ESPN Radio advertising with an on-air personality; website development and special content with racing feature stories; Email marketing, social media advertising and content, feature video productions, on-track ownership recruitment; race programs and video monitor ads; radio copywriting, website, ad and email creation and campaign management by an outside agency.

Each Thoroughbred Sale event will include website special content with feature stories, email marketing; social media content and advertising; and an on-site or virtual ownership recruitment event.

A website and professionally-produced feature videos are a key component of the marketing events. The information/directory website will serve as the focal point for prospective owners to find information, videos and direct links to Texas trainers. Additionally, the website will capture email addresses of prospects for the employment of on-going email marketing. Video features on interesting Texas-bred Thoroughbred owners and horses will catch the attention of prospective owners. Video will be utilized on the website, in email marketing and through social media channels.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

Increased participation will increase associated business in the state such as transportation, accommodations and restaurants, fuel, feed, bedding, equipment, grooming products, labor, etc.

The primary driver of all events is to bring exposure to Texas racing and breeding to prospective owners and other participants. Measurable results in increased numbers of participants will be realized over the long-term.

These events will result in increased attendance and handle for 2023 over 2022. Increased handle bolsters future purses and the ATB incentive program.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

TTA Executive Director Mary Ruyle will work directly with staff at Sam Houston Race Park and Lone Star Park and the Todd Company to oversee all activities. Reports on race analytics and handle figures will be provided to Mary Ruyle. The Todd Company will provide statistics on the results of each facet of marketing. Reports will be provided to the TTA Board of Directors. The firm of Alexander and Lievens, PC will include this initiative in their annual financial audit of TTA. Documentation will also be included as part of the TTA's quarterly and annual Performance Measures Report to the Texas Racing Commission.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.*
- (6) expenses related to litigation.*
- (7) professional association fees or dues for the breed registry or an individual.*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and*
- (2) the purchase of capital assets.*

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$15,400.00
Race Award Supplements/Prizes	\$
Advertising	\$44,600.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
Email marketing	\$10,000.00
Video production, feature stories, messaging	\$36,000.00
Onsite ownership recruitment events	\$14,000.00

	\$
Total Direct Costs	\$120,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$120,000.00

Event Production Costs (\$15,400 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Agency fee for radio copywriting, creation of social media ads, website, email messaging, event invitations and campaign management.

Race Award Supplements/Prizes (\$ total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

Advertising (\$44600 total) Provide an explanation of advertising costs.

Radio Advertising \$12,000; Social Media Advertising/Posting \$31,000; Race Program Ads and Signage \$1,600

Donations (\$ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _Email Marketing_____ (\$10,000 total) Provide a detailed description of any other category of direct expenses.

Series of email marketing blasts from January - August

Other direct expenses – second category _Video production, feature stories, messaging_____ (\$36000 total) Provide a detailed description of any other category of direct expenses.

Feature video production \$16,000; Racing feature stories \$20,000

Other direct expenses – third category _Onsite Ownership Recruitment Events_____ (\$14000 total) Provide a detailed description of any other category of direct expenses.

\$1,000 printing and supplies; \$13,000 for cost of suites, meeting rooms, snacks and non-alcoholic beverages.

Administrative Expenses/Capital Assets (\$ total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.



TEXAS RACING COMMISSION

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APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-1, General Information)

APPLICANT NAME: Texas Thoroughbred Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2023 Thoroughbred Meet at Lone Star Park

Event Date(s) or Approximate Date(s): April - July 2023

Total Amount Requested For this Event: \$1,465,250

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
March 15, 2023

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

The 2023 Thoroughbred meet at Lone Star Park is looking to provide opportunities to attract horsemen and horses to the state by offering additional race days with increased purses - especially important due to competition from racetracks in other states. The focus will be on a lucrative stakes program with an emphasis on Texas-bred horses.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

1. Continue to offer an exciting stakes program along with Lone Star Park's marquee event, 'Lone Star Million' day on Memorial Day and place an emphasis on Texas-bred races on signature race days including Lone Star Showcase Day, Stars of Texas Day and the Summer Turf Festival.
2. Handle Drivers (April - July 2023): Work with our export partners, TVG and DRF to promote Lone Star Park to a nation-wide audience which will lead to increased export handle. Conduct a handicapping contest on Lone Star Million day, which will attract players from across the nation to Lone Star Park and increase live handle.

3. Direct Mail Campaign (April - July 2023): Promote Lone Star Million Day to 50K households in the DFW market with Mystery Mutuel Voucher to promote wagering that leads to increased on-track handle and creates a sense of urgency for a specific day.
4. Attendance Drivers (April - July 2023): Big Item Giveaway used to generate an increase in attendance, sense of urgency for a specific day, and serves as a valuable method of data collection. Live Music & Family Fun Activities used to create a fun, exciting atmosphere that will leave guests wanting to return for another day of great Thoroughbred racing.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

Increased participation will increase associated business in the state such as transportation, accomodations and restaurants, fuel, feed, bedding, equipment, grooming products, labor, etc.

The primary driver of all events is to bring national exposure to Texas Racing and the 2023 Thoroughbred meet at Lone Star Park. Fiscal measurements for all proposed elements will be demonstrated in the racing product via entries and handle increases compared to prior years.

1. Season-long export promotions will provide national exposure and an increase in export handle; on-track promotions will lead to increased attendance, growing the sport.
2. Lone Star Showcase Day and Stars of Texas Day will provide national exposure for the Texas-bred program, attracting more owners and breeders to participate.
3. Promoting our 4 major stakes days on TVG and with DRF is expected to increase export handle greatly, which bolsters future purses and the ATB incentive program.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

TTA Executive Director Mary Ruyle will work directly with Lone Star Park Vice President of Operations Merlinda Gonzalez, the Racing Secretary and Marketing Director Brandon Leigh to oversee all activities. Reports on race analytics and handle figures will be provided to Mary Ruyle and the TTA Board of Directors. The firm of Alexander and Lievens, PC will include this initiative in their annual financial audit of TTA. Documentation will also be included as part of the TTA's quarterly and annual Performance Measures Report to the Texas Racing Commission.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*

- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.
- (6) expenses related to litigation.
- (7) professional association fees or dues for the breed registry or an individual.
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Race Award Supplements/Prizes	\$1,365,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
Handle Drivers	\$50,000.00
Attendance Drivers	\$30,000.00
Direct Mail Campaign	\$20,000.00
	\$
Total Direct Costs	\$1,465,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$250.00
Total	\$1,465,250.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Race Award Supplements/Prizes (\$1365000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

Opening Night: \$75,000 to the Bluebonnet Stakes; Lone Star Million Day: \$300,000 to the Texas Derby; Lone Star Showcase Day: \$75,000 each to the Lane's End Danny Shifflett Scholarship Stakes, the Wayne Hanks Memorial Stakes, both divisions of the Texas Stallion Stakes and the Texas Horse Racing Hall of Fame Stakes; Summer Turf Festival: \$47,500 each to the Wasted Tears Stakes, the Singletary Stakes, the Chicken Fried Stakes and the Grand Prairie Turf Sprint; Stars of Texas Day: \$80,000 to each division of the Texas Thoroughbred Association (Sales) Futurity, \$20,000 to each division of a MSW (Texas Thoroughbred Association (Sales) F. eligible preferred) race, \$75,000 each to the HTC Assault Stakes, the Valor Farm Stakes, and to the Fiesta Mile Stakes.

Advertising (\$ total) Provide an explanation of advertising costs.

Donations (\$ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _Handle Drivers_____ (**\$50000 total**)

Provide a detailed description of any other category of direct expenses.

TVG; Daily Racing Form; Handicapping Contest

Other direct expenses – second category _Attendance Drivers_____ (**\$30000 total**)

Provide a detailed description of any other category of direct expenses.

Promotional Give-aways, Live Music, Family Fun Activities

Other direct expenses – third category _Direct Mail Campaigns_____

(**\$20000 total**) Provide a detailed description of any other category of direct expenses.

Promotional Mailer to 50K households that includes Mystery Mutuel Voucher

Administrative Expenses/Capital Assets (\$250 total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.

Portion of cost of Certified Audit: \$250



TEXAS RACING COMMISSION

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: Texas Thoroughbred Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Texas-Sired Texas-Bred Bonus for Success in Open Company Races in Texas in 2023

Event Date(s) or Approximate Date(s): January - September 2023

Total Amount Requested For this Event: 103,525

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
\$50,000 plus \$655 for administration by April 1, 2023 for Sam Houston Race Park; \$50,000 plus \$655 for administration by July 1 for Lone Star Park, and \$2,000 plus \$215 for administration by August 1 for Gillespie County Fair.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

The TTA proposes continuation of an ATB bonus paid to the owners of Accredited Texas-bred Thoroughbred racehorses, sired by Accredited Texas Stallions, that place first, second or third in any open company race in Texas in 2023.

Limiting awards to open company races encourages the breeding of more competitive racehorses. Increasing the earnings potential of ATB racehorses that were sired by ATB stallions will make breeding to those stallions more desirable and should result in an increase over time in the number of mares bred in Texas and foals born in Texas. This will increase the value of the stallions as well. Additionally, such foals will have added value in the sale ring or when sold privately.

For example, at Sam Houston Race Park in 2021, Texas-Sired Texas-Bred Owner Bonus Awards amounted to 8.0011% of purse money earned for those eligible to receive Awards. In 2022,

Texas-Sired Texas-Bred Owner Bonus Awards amounted to 10.6585% of purse money earned for those eligible to receive Awards.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Renewing this bonus at the 2023 Thoroughbred meets in Texas will draw attention to the increased earning potential of ATB horses, especially those sired by ATB stallions. This will attract more broodmares to the state, increasing the number of mares bred by Texas stallions and foals born in Texas.

As with all ATB awards, these bonus awards will be calculated as a percentage of purse money earned by eligible horses placing first, second or third in open company races in Texas, and paid out during the month following the month in which live racing concludes at each Texas racetrack.

TTA will promote the bonuses on our website and social media, email blasts and notices provided to Texas racetracks.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

Every new horse coming into Texas contributes to the state's economy through increased purchases of goods and services such as fuel, feed, bedding, equipment, grooming products, insurance, facility expenses, veterinary services, farrier services, and labor.

The Texas Comptroller's office will be able to provide comparative statistics for these expenditures and associated taxes.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

TTA Executive Director Mary Ruyle and Accountant Cheri Grant will work with the custom software programmer for the Association to develop all necessary database records and functions. Reports will be provided to the TTA Board of Directors. The firm of Alexander and Lievens, PC will include this initiative in their annual financial audit of TTA. Documentation will also be included as part of the TTA's quarterly and annual Performance Measures Report to the Texas Racing Commission.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.
- (6) expenses related to litigation.
- (7) professional association fees or dues for the breed registry or an individual.
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Race Award Supplements/Prizes	\$102,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$102,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$1,525.00

	Total	\$103,525.00
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Event Production Costs (\$ _____ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Race Award Supplements/Prizes (\$102000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

\$102,000 is the total amount to be paid in Texas-Sired Texas-Bred Bonuses for racing in calendar year 2023: \$50,000 each at Sam Houston Race Park and Lone Star Park, and \$2000 at Gillespie County Fair Grounds.

Advertising (\$ _____ total) Provide an explanation of advertising costs.

Donations (\$ _____ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$ _____ total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$ _____ total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$ _____ total) Provide a detailed description of any other category of direct expenses.

Administrative Expenses/Capital Assets (\$1525 total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.

\$825 to cover TTA staff time (Accountant, 30 hours at \$25 per hour [14 at SHRP, 14 at LSP, 2 at GCFG]; Digital Records Clerk, 5 hours at \$15 per hour [2 at SHRP, 2 at LSP, 1 at GCFG]), plus \$500 to cover cost of Certified Audit (\$300 at SHRP, \$300 at LSP, \$100 at GCFG).



TEXAS RACING COMMISSION

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: Texas Thoroughbred Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): ATB Breeder Awards for ATB Horses Racing Out of State in 2023

Event Date(s) or Approximate Date(s): January - December 2023

Total Amount Requested For this Event: \$101,125

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*

January 2024

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

The TTA proposes continuation of an ATB breeder's award for eligible breeders of Accredited Texas-Bred racehorses placing first, second or third in any race in the United States, other than Texas. Awards are to be payable only on races run out of state when there is no live Thoroughbred racing in Texas, unless the out of state race is a Stakes with a minimum purse of \$50,000.

Texas breeders expend significant funds in purchasing and caring for broodmares, purchasing stallion breeding, and caring for resulting foals with no return on investment until a foal is sold or achieves success at the racetrack. In calendar year 2022, there were only 98 days allocated to Thoroughbred racing. There was also little to no Thoroughbred racing in Texas from August 1 - December 31, 2022.

Owners of Accredited Texas-bred horses may run their horses out of state and enjoy the benefits of purse money earned, but without this incentive, breeders get nothing for those out of state races.

Payment of ATB breeders awards on out of state racing will encourage mare owners to breed with the goal of producing more competitive racehorses in order to reap the benefits of ATB

awards and increase the sale value of Texas-breds. These additional funds will enable the breeder to sustain and grow his breeding business.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Providing ATB breeders awards for success in out of state racing for calendar year 2021 will be another step in encouraging breeders to bring their mares to Texas, breed more competitive Texas-bred racehorses and will provide them with additional funds to put into their breeding programs.

As with all ATB awards, breeder awards on out of state races will be calculated as a percentage of purse money earned by eligible horses placing first, second or third, and paid out in January 2023.

TTA will promote this

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

This initiative will provide \$100,000 to be put back into the Texas economy through purchases of fuel, feed, bedding, equipment, grooming products, insurance, facility expenses, veterinary and farrier services and labor.

The Texas Comptroller's office will be able to provide comparative statistics for these expenditures and associated taxes.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

TTA Executive Director Mary Ruyle and Accountant Cheri Grant will work with the custom software programmer for the Association to develop all necessary database records and functions. The Jockey Club will provide data on Accredited Texas-breds running in out of state races. Reports will be provided to the TTA Board of Directors. The firm of Alexander and Lievens, PC will include this initiative in their annual financial audit of TTA. Documentation will also be included as part of the TTA's quarterly and annual Performance Measures Report to the Texas Racing Commission.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*

- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.
- (6) expenses related to litigation.
- (7) professional association fees or dues for the breed registry or an individual.
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- (9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Race Award Supplements/Prizes	\$100,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
Custom Report from The Jockey Club	\$100.00
	\$
	\$
	\$
Total Direct Costs	\$100,100.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$1,025.00
Total	\$101,125.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Race Award Supplements/Prizes (\$100000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

\$100,000 is the total amount to be paid in ATB Breeder Awards to eligible Breeders for ATB horses racing and placing 1, 2 or 3 in out-of-state racing in calendar year 2023.

Advertising (\$ _____ total) Provide an explanation of advertising costs.

Donations (\$ _____ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _Custom report from The Jockey Club_____ (**\$100 total**) Provide a detailed description of any other category of direct expenses.

The Jockey Club/Equibase has developed a custom report compiling data on Texas-bred horses finishing 1, 2 or 3 in US races outside of Texas and will produce the report for the 2023 calendar year.

Other direct expenses – second category _ _____ (**\$ _____ total**) Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _ _____ (**\$ _____ total**) Provide a detailed description of any other category of direct expenses.

Administrative Expenses/Capital Assets (\$575 total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.

\$325 to cover staff time (Accountant, 10 hours at \$25 per hour, Digital Records Clerk, 5 hours at \$15 per hour), and \$700 for cost of Certified Audit.



TEXAS RACING COMMISSION

5 of 6

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: Texas Thoroughbred Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): ATB Breeder Bonus for Success in Open Company Races in Texas in 2023

Event Date(s) or Approximate Date(s): January - September 2023

Total Amount Requested For this Event: \$303,525

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*

April 1, 2023 \$151,274 (\$150,000 prize money, \$680.00 for auditing and administration for Sam Houston Race Park meet;

July 1, 2023 \$151,274 (\$150,000 prize money, \$680.00 for auditing and administration for Lone Star Park meet,

August 1, 2023 \$2,137 (\$2,000 prize money, \$165 for auditing and administration for Gillespie County Fair meet.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

Pursuant to Texas Racing Act Sec. 2030.004, Purse Supplements for Texas-Bred Races (2001), "An accredited Texas-bred Thoroughbred horse that finishes first, second, or third in a race other than a Texas-bred race is entitled to receive an owner's bonus award as a purse supplement."

This bonus is in addition to the regular ATB owner's award. Bonus awards for success in open company races were implemented in 2002 to encourage ATB horses to compete in open company, which is generally regarded as being more competitive.

The TTA proposes continuation of an ATB breeder's bonus for eligible breeders of Accredited Texas-bred racehorses placing first, second or third in any open company race in Texas, beginning with the 2023 Thoroughbred meet at Sam Houston Race Park.

Breeders expend significant funds in purchasing and caring for broodmares, purchasing stallion breedings, and caring for resulting foals. They see no return on investment until a foal is sold or achieves success at the racetrack. Implementing a breeder's bonus encourages mare owners to breed with the goal of producing more competitive racehorses in order to reap the rewards of additional ATB awards. These additional funds will enable the breeder to sustain and grow his breeding business.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Implementing an ATB breeder's bonus beginning with the 2023 Thoroughbred meet at Sam Houston Race Park will provide breeders with additional funds to put into their breeding programs for 2023 and beyond.

As with all ATB awards, breeder bonus awards will be calculated as a percentage of purse money earned by eligible horses placing first, second or third in open company races, and paid out during the month following the month in which live racing concludes at each Texas racetrack.

TTA will promote the bonuses on our website and social media, email blasts and notices provided to Texas racetracks.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

Payment of this ATB breeder's bonus for finishing 1, 2 or 3 in Open Company races encourages ATB horses to compete in open company, which is generally regarded as being more competitive. These funds will enable breeders to sustain and grow their breeding business with the goal of producing more competitive racehorses.

For example, at Sam Houston Race Park in 2021, ATB Breeder Bonus Awards amounted to 22.33% of purse money earned. In 2022, ATB Breeder Bonus Awards at SHRP amounted to 24.3% of purse money earned.

This initiative will provide \$302,000 in 2023 to be put back into the Texas economy through purchases of fuel, feed, bedding, equipment, grooming products, insurance, facility expenses, veterinary services, farrier services, and labor.

The Texas Comptroller's office will be able to provide comparative statistics for these expenditures and associated taxes.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

TTA Executive Director Mary Ruyle and Accountant Cheri Grant will work with the custom software programmer for the Association to develop all necessary database records and functions. Reports will be provided to the TTA Board of Directors. The firm of Alexander and Lievens, PC will include this initiative in their annual financial audit of TTA. Documentation will also be included as part of the TTA's quarterly and annual Performance Measures Report to the Texas Racing Commission.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.*
- (6) expenses related to litigation.*
- (7) professional association fees or dues for the breed registry or an individual.*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and*
- (2) the purchase of capital assets.*

Administrative Expenses/Capital Assets (\$1525 total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

\$825 in total to cover TTA staff time (Accountant, 30 hours at \$25 per hour [\$350 at SHRP, \$350 at LSP, \$50 at GCFG]; Digital Records Clerk, 5 hours at \$15 per hour [\$30 at SHRP, \$30 at LSP, \$15 at GCFG), plus \$700 to cover Certified Audit [\$300 at SHRP, \$300 at LSP, \$100 at GCFG].



**TEXAS RACING COMMISSION
APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT (HIEA)**

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Please read all materials before preparing and submitting the application. Failure to follow the instructions and requirements described in these materials may result in denial of funding.

NOTICE REGARDING THE INCLUSION OF CONFIDENTIAL, PROPRIETARY, TRADE SECRET, OR PRIVILEGED INFORMATION IN AN APPLICATION

Please take notice of the following:

If it is necessary for Applicant to include proprietary or otherwise confidential information in its application or other submitted information, Applicant must clearly mark and label all confidential, proprietary, trade secret, or privileged material in 14 point or higher bold font on each page as it appears, and identify the specific exception to disclosure in the Texas Public Information Act (PIA) for each specific piece of confidential, proprietary, trade secret, or privileged information. Additionally, all confidential, proprietary, trade secret, or privileged information must be segregated in a separate and discrete section of the application, which must be able to be conveniently separated and detached from the other sections of the application. Failure to properly label, identify, and segregate any confidential, proprietary, trade secret, or other privileged information in the application may result in all such information or material being disclosed as public information. Merely making a blanket claim that the entire application is protected from disclosure because it contains any amount of confidential, proprietary, trade secret, or privileged information is not acceptable and shall make the entire application subject to release under the PIA. In order to initiate the process of seeking an Attorney General opinion on the release of confidential, proprietary, trade secret, or privileged information, the specific provisions of the application that are considered by Applicant to be confidential, proprietary, trade secret, or privileged must be clearly labeled and segregated as described above. Any information which is not clearly identified as confidential, proprietary, trade secret or privileged shall be deemed to be subject to disclosure pursuant to the PIA.

STATEMENT OF PURPOSE

Pursuant to Section 2028.204(b) of the Texas Occupations Code, the Texas Racing Commission (TxRC) invites breed registries recognized in Section 2030.002(a) to apply for funding from the Horse Industry Escrow Account (Account) for events that further the horse industry.

GRANTEE RESPONSIBILITIES AND ACCOUNTABILITY

Grantees (breed registries receiving funding) will be responsible for the conduct of the project(s) identified in the proposal(s) for which funding was granted. Each grantee shall monitor the day-to-day conduct of the project to assure adherence to statutes, regulations, and funding terms and conditions. The grantee must carry out the activities described in the approved scope of work.

The grantee will be accountable for documenting the use of funds from the Horse Industry Escrow Account (HIEA) and must ensure that funds are used solely for authorized purposes. The grantee must ensure:

- Funds are used only for activities covered by the approved project.
- Funds are not used in violation of the restrictions and prohibitions of applicable rules and statutes.
- All reports are completed in a timely manner.

Each grantee must ensure it has an adequate accounting system in place and sufficient internal controls to ensure expenditures are reported and records maintained for five (5) years after the conclusion of the project, or longer if required by TxRC.

FUNDING PARAMETERS

Awards are subject to the availability of funds. If anticipated funds are reduced or become unavailable before the full amount approved is disbursed, the amount to be paid to grantees may be reduced or eliminated.

APPLICATION REQUIREMENTS

Form Requirements:

To be considered, applications must be complete and include all of the requested information:

1. **Form HIEA-1, General Information.** Include ONE copy of this form regardless of the number of proposals submitted.
 - a. *Breed registry information.* This is the organization that will be the recipient of funds and will be held accountable for reporting and project performance.
 - b. *Program contacts.* These are the individuals who can answer questions about the project's activities and performance.
 - c. *Certifications and signature of authorized official.* This is the person legally able to bind the organization in contracts or agreements and may be the same person as the program contact.
2. **Form HIEA-2, Project Narrative.** This section provides a comprehensive framework and description of all aspects of the proposed project(s). *Use one form HIEA-2 per event for which funding is requested.* Each proposal may not exceed six (6) pages (not including supporting documents). Proposals must address the following information:
 - a. **Project Title (Event Name)**
 - b. **Event Date(s) or Approximate Date(s)**
 - c. **Total Amount Requested for the Event**

- d. **Timeline of Need for Funds**
- e. **Project Summary**
- f. **Project Description**
- g. **Anticipated Project Results/Economic Impact on the Horse Industry**
- h. **Project Oversight**
- i. **Project Budget**

BUDGET INFORMATION

1. Advanced Funding Payments: This program may advance an amount in working capital for the grantee to ensure the necessary resources to carry out the project. These funds will require reporting to substantiate the advanced funds have been expended in compliance with eligibility requirements. Ineligible expenses must be personally reimbursed within 30 days of notice of ineligibility from TxRC. Expenditures shall include sufficient documentation detailing each expense to make a determination of eligibility.

The application must state when funds are needed for a particular event. If some funds are needed by a certain date for one part of the event but the rest are not needed until later, the application must state what portion of the funds are needed by what date.

2. Eligible Expenses. Generally, expenses that are necessary and reasonable for proper and efficient performance and administration of a project are eligible. Account funds may not be used to supplant normal business costs but instead must be used to cover the costs incurred for the approved proposed activities. To be eligible for payment with funds from the Account, an expense must be reasonable and adequately documented in accordance with 16 TAC Section 303.322(d).

Examples of eligible expenditures include:

- a. Event production costs;
- b. Purse supplements, Texas-bred supplements, and prizes for approved events
- c. Advertising expenses
- d. Operating expenses (not to exceed five percent of the amount allocated for a given event)

3. Ineligible Expenses. Expenses may be prohibited by state or federal law or determined to be ineligible by program guidelines. Examples of ineligible expenses include, but are not limited to the following:

- a. capital improvements;
- b. donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;
- c. costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;
- d. fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;
- e. liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;
- f. expenses related to litigation;
- g. professional association fees or dues for the breed registry or an individual;

- h. legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or
- i. fundraising.

EVALUATION AND SELECTION INFORMATION

After all proposals have been received, TxRC program staff will conduct an administrative review to determine whether an application complies with all requirements of Tex. Occ. Code Section 2028.204(b) and 16 TAC Chapter 303, Subchapter G, and to evaluate the relevance and effectiveness of the proposed project based on the following factors:

- **Anticipated impact on the state's horse racing industry**
- **Anticipated impact on live racing at the state's racetracks**
- **Anticipated impact on the horse breeding industry**
- **Anticipated impact on the state of Texas**
- **Anticipated impact on non-racing horse industry activities**

Assessments of anticipated economic impact for an existing event must be based on only the effect of the additional funding provided from the Account. For example, if funds are requested from the Account for purse supplements for an existing horseracing event, the evaluation of the economic impact must be based only on the effect of the increased purses, not on the economic impact of the entire race.

REPORTING REQUIREMENTS

Grantees will be required to submit periodic performance reports. Reporting timelines will be incorporated into the funding agreement. As part of TxRC's ongoing monitoring of the use of funds from the Account, grantees must demonstrate progress toward achieving project goals. Failure to comply with reporting requirements may result in the withholding of further payments and/or termination of the award.

Grantees shall submit to the Commission a report every quarter detailing the accomplishments of the project objectives for the previous calendar quarter. Quarterly reports shall be submitted to the Commission no later than November 30, February 28, May 31, and August 31 of each year. Each report must include:

1. the amount of funds expended toward each event for which funds have been allocated;
2. for each completed event, the total amount of funds expended toward the event from the Account, a breakdown of the funds expended for that event, and copies of documentation of all amounts expended; and
3. the following certification: "By my signature below, I certify that (1) all of the information in this report is correct, (2) all funds expended from the horse industry escrow account were used in accordance with Section 2028.204 of the Texas Racing Act and the Rules of the Texas Racing Commission, and (3) the breed registry has all documentation required by 16 TAC § 303.324."

The funds received and/or expended by the breed registry from the Account must be included in the breed registry's annual audit of financial statements required to be submitted by June 15 of each year. An auditor's statement must be included as part of the annual audit attesting to the proper use of the funds received by the breed registry from the Account.

SUBMISSION OF APPLICATIONS

Applicants must submit one complete, signed application. Do NOT include the instruction pages, and only include ONE copy of form HIEA-1 regardless of the number of proposals submitted. Applications must be submitted by email to BreedFunds@txrc.texas.gov or by mail or hand delivery to:

Texas Racing Commission
Attn: HIEA Administrator
P.O. Box 12080
Austin TX 78711

GENERAL INFORMATION

Selected applicants will be notified of the Commission's approval of their proposal(s) and will receive an official funding agreement from TxRC. Payment will not issue until the funding agreement is fully executed.

TxRC reserves the right to fund projects partially or fully. TxRC reserves the right to negotiate individual elements of any application and to reject any and all applications. Where more than one application is acceptable for funding, TxRC may request cooperation between grantees or revisions/adjustments to an application in order to avoid duplication and to realize the maximum benefit.

Proprietary Information/Public Information

The applicant is responsible for clearly designating any portion of the application that contains proprietary or trade secret information and must state the reason(s) the information is designated as such. Merely making a blanket claim that the entire application is protected from disclosure because it contains proprietary or trade secret information is not acceptable and may subject the entire application to release under the PIA.

In the event that a public information request for the application is received, TxRC shall process such request in accordance with §552.305 of the Texas Government Code. Applicants are advised to consult with their legal counsel regarding disclosure issues and to take appropriate precautions to safeguard trade secrets or any other proprietary information.

All applications submitted under this program are subject to release as public information, unless the application or specific parts of any such application can be shown to be exempt from disclosure under the Texas Public Information Act, Chapter 552 of the Government Code.

GENERAL COMPLIANCE INFORMATION

1. Grantees (breed registries receiving funding from the Horse Industry Escrow Account) must comply with TxRC's reporting requirements and financial procedures outlined in 16 TAC Chapter 303, Subchapter G, and the funding agreement. Any delegation by the grantee to a subcontractor regarding any duties and

responsibilities imposed by the funding award must be approved in advance by TxRC and shall not relieve the grantee of its responsibilities to TxRC for performance of those duties.

2. Grantees must remain in full compliance with state and federal laws and regulations. Non-compliance may result in termination of the funding and/or ineligibility for further funding.

3. Grantees must maintain records related to the project for a minimum of five (5) years after the completion of the project, or as otherwise agreed upon with TxRC. If any litigation, claim, negotiation, audit or other action is initiated prior to the expiration of the five-year retention period, then all records and accounts must be retained until their destruction is authorized in writing by TxRC. TxRC and the Texas State Auditor's Office (SAO) reserve the right to examine all books, documents, records, and accounts relating to the project, including all electronic records, at any time throughout the duration of the agreement until all litigation, claims, negotiations, audits or other action pertaining to funding for a particular project is resolved, or until the expiration of the five-year retention period or a final judgment in litigation, whichever is longer. TxRC and the SAO shall have access to: all electronic data or records pertaining to the project; paper or other tangible documents or records, including the physical location where records are stored; and all locations related to project activities.

4. Grantees must comply with Texas Government Code, Chapter 783, Uniform Grant and Contract Management, and the Texas Uniform Grant Management Standards (UGMS).



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Paint Horse Breeders Association

Mailing Address: PO Box 895 Street Address

Decatur TX 76234 Wise City State Zip Code County

Physical Address: 510 W. Walnut St. Street Address

Decatur TX 76234 Wise City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Lex Smurthwaite Mr. Dr. First Last Ms. Other

Position Title: Executive Secretary

Email Address: lex@tphba.com

Phone: (817) 781 - 5980 Ext. Alt #:() -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Holly Slaughter Mr. Dr. First Last Ms. Other

Position Title: Sr. Director of APHA Events

Email Address: hslaughter@apha.com

Phone: (817) 222 - 6446 Ext. Alt #:() -

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Lex Smurthwaite Mr. Dr.
 First Last Ms. Other _____

Position Title: Executive Secretary

Email Address: lex@tphba.com

Phone: (817) 781 - 5980 Ext. _____ Alt #:(_____) - _____

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor’s Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant’s premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

X	<u>Lex Smurthwaite</u>		<u>11/16/2022</u>
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Signature

Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



FOR MULTIPLE PROPOSALS, PLEASE NUMBER THEM SEQUENTIALLY HERE (i.e. 1 of 2, 2 of 2, etc.)

TEXAS RACING COMMISSION

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: Texas Paint Horse Breeders Association

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): 2023 APHA World Championship Show

Event Date(s) or Approximate Date(s): June 23 - July 9, 2023

Total Amount Requested For this Event: \$175,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
June 1, 2023

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The APHA World Championship Show is the title event for the American Paint Horse Association (APHA) held at the Will Rogers Memorial Center in Fort Worth, Texas. In 2022, 354 classes were offered with 256 World Championship titles awarded to Open, Amateur and Youth competitors exhibiting a total of 1,094 horses. We anticipate approximately 100 more horses to participate in 2023.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

To be awarded in its entirety at the 2023 APHA World Championship Show:
 \$80,000 - to be used as prizes/awards in Open/Amateur World Championship classes
 \$44,000 - Reining Challenge added purse money with Texas-Bred incentive
 \$31,000 - Ranch and Roping Sweepstakes and Sidepot added purse money
 \$10,000 - Cutting Challenge added purse money with Texas-Bred incentive
 \$10,000 - Working Cow Horse Challenge added purse money with Texas-Bred incentive

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

With over 1,094 horses participating in the 2022 APHA World Championship Show and an estimated increase of approximately 100 horses for 2023, the estimated increase in economic impact for 2023 due to this funding is \$506,000. The total estimated economic impact of the 2022 APHA World Championship Show was \$6,838,853 of direct expenditures subject to eligible Texas taxes as projected by the City of Fort Worth.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Holly Slaughter - Senior Director of APHA Events

Dave Dellin - Senior Director of Judges, Shows & Education

Both Holly & Dave will be onsite daily managing the show and will ensure payouts are promoted and paid out as outlined.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$
Purse Supplements/Prizes	\$175,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$175,000.00

Event Production Costs (\$ total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Purse Supplements/Prizes (\$175000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

1. \$80,000 - to be used as additional prizes awarded to the top 15 finalists in each of 221 Open and Amateur World Championship classes. Each World Championship class will receive additional HIEA funding towards the purchase of awards that include but are not limited to buckles, jackets, vests, halters, tack, gear, neck sashes, medallions and ribbons.
2. \$44,000 - added purse money to Reining Challenge purses including \$4,000 Texas-Bred incentive* (*\$1,000 per challenge class x 4 to be paid to the top 3 placing horses foaled in Texas in each 1st \$500/2nd \$300/3rd \$200)
3. \$31,000 - added purse money to Ranch and Roping Sweepstakes and Sidepots
4. \$10,000 - added purse money to Cutting Challenge purses including \$4,000 Texas-Bred incentive* (*\$1,000 per challenge class x 4 classes to be paid to the top 3 placing horses foaled in Texas in each 1st \$500/2nd \$300/3rd \$200)

5. \$10,000 - added purse money to Working Cow Horse Challenge purses including \$4,000 Texas-Bred incentive* (*\$1,000 per challenge class x 4 classes to be paid to the top 3 placing horses foaled in Texas in each 1st \$500/2nd \$300/3rd \$200)

All money to be paid in accordance with the 2023 APHA World Show Premium Book.

Advertising (\$ _____ **total**) *Provide an explanation of advertising costs.*

Donations (\$ _____ **total**) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$ _____ **total; may not exceed 5% of total**) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*



APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: Texas Paint Horse Breeders' Associaton

Mailing Address: PO Box 895 Street Address

Decatur TX 76234 USA City State Zip Code County

Physical Address: 510 W Walnut St Street Address

Decatur TX 76234 USA City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Lex Smurthwaite Mr. Ms. Dr. Other

Position Title: Executive Secretary

Email Address: lex@tphba.com

Phone: (817) 781 - 5980 Ext. Alt #:() -

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Pancho Villarreal Mr. Ms. Dr. Other

Position Title: President

Email Address: panchov@gvlaw.net

Phone: (956) 227 - 2431 Ext. Alt #:() -

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Lex Smurthwaite Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Secretary

Email Address: lex@tphba.com

Phone: (817) 781 - 5980 Ext. Alt #:() -

Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct;
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions;
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TxRC) or any successor agency and the State Auditor’s Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TxRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TxRC and/or SAO to inspect applicant’s premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

x	Lex Smurthwaite	11-29-2022
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Signature

Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



FOR MULTIPLE PROPOSALS, PLEASE NUMBER THEM SEQUENTIALLY HERE (i.e. 1 of 2, 2 of 2, etc.)

TEXAS RACING COMMISSION

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: TEXAS PAINT HORSE BREEDERS' ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): The Cowgirl Gathering

Event Date(s) or Approximate Date(s): May 12-14, 2023

Total Amount Requested For this Event: \$130,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*

Funds needed by March 1st, 2023. Approval of funds needed by Jan 1, 2023 for marketing and promotion purposes.

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved as a result of this funding.

The American Paint Horse Association (APHA) will oversee the development, organization, and execution of a premier series of events in November 2023 showcasing women and horses. The events will be billed as the Fort Worth Stockyard's The Cowgirl Gathering. The highlights of the event will be Barrel Racing, Breakaway Roping, All-Girl Team Roping, and an Equine Educational summit designed to enlighten all levels of horseman/horsewomen.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

The APHA envisions this to be the fourth annual Cowgirl Gathering hosted in the Fort Worth Stockyards. It is important that we plan and execute a manageable number of activities over this (three day) period, to build on the enthusiasm and momentum for future editions of "Cowgirls and the horses they rode in on." For the 2023 event, the planned activities during the festivities include:

- Equine and Western Industry female expert summit, educational TED talk-type speakers' series (Cowboy Channel Studios - November 11 & 12)
- \$30,000 Added 5D Barrel Racing Competition (Stockyards Coliseum, May 14)

*Application for Breed Registry Funding from the Horse Industry Escrow Account
August 2020*

Page 11

- \$21,000 Added 5D Breakaway Roping Competition paired with WCRA and the American Rodeo (Stockyards Coliseum, May 12)
- \$10,000 Added All-Girl Team Roping paired with the BFI (Stockyards Coliseum, May 13)
- Opportunities for Equine Programs to promote their programs to Stockyards guests to drive engagement (Fort Worth Stockyards)

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

The APHA partnered with Texas Thoroughbred Association, Texas Quarter Horse Association, and Texas Paint Breeders' Association feel the economic impact of this event based on 2022 numbers will bring at least 1,700 horses at #350 per horse = \$595,000 equine impact. 1700 horses at 3 people per horse at \$100 + 10,000 spectators at \$35 = \$860,000 economic impact.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Steven Hayes, APHA's Chief Marketing Officer will oversee the event. Each event will be treated as an event within an event, all working under The Cowgirl Gathering umbrella. Each event will be precisely planned and executed to insure the best production.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements;*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation;*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities;*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations;*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account;*
- (6) expenses related to litigation;*
- (7) professional association fees or dues for the breed registry or an individual;*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*

(9) fundraising.

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
- (2) the purchase of capital assets.

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$25,000.00
Purse Supplements/Prizes	\$65,000.00
Advertising	\$11,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$0.00
Other Direct Expenses (itemize below):	\$0.00
Contract Labor	\$14000
Educational Speakers	\$15,000.00
	\$0.00
	\$0
Total Direct Costs	\$130,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$130,000.00

Event Production Costs (\$25000 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Venue and Equipment Rental

Purse Supplements/Prizes (\$65,000 total) Provide a breakdown of purses/purse supplements, prizes, and Texas-bred supplements from HIEA funding.

- \$21,500 added 3D Breakaway Roping Competition paired with WCRA and the American Rodeo (Stockyards Coliseum, Saturday May. 13th).
- \$3,500 added 5D Paint Barrel Race Incentive Program (Sunday May. 14th)
- \$3,500 added 5D Texas Bred Incentive Program (Sunday May. 14th)
- \$26,500 added 5D Barrel Racing Competition paired with the American Rodeo (Sunday May 14th).
- \$10,000 added to the All-Cowgirl Team Roping Competition (Stockyards Coliseum, Friday May 12)

Advertising (\$11000 total) Provide an explanation of advertising costs.

Donations (\$0 total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _Contract Labor_____ (\$14,000 total) Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _Educational Speakers_____ (\$16,000 total) Provide a detailed description of any other category of direct expenses.
Equine and Western Industry female expert summit, educational TED talk-type speakers' series (Cowboy Channel Studios)

Other direct expenses – third category _ _____ (\$0 total) Provide a detailed description of any other category of direct expenses.

Administrative Expenses/Capital Assets (\$0 total; may not exceed 5% of total) Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.



TEXAS RACING COMMISSION

FORM HIEA-1

APPLICATION FOR BREED REGISTRY FUNDING FROM THE HORSE INDUSTRY ESCROW ACCOUNT

GENERAL INFORMATION

(Must be accompanied by at least one completed Form HIEA-2, Project Narrative)

Section A. Organization Information

Breed Registry Name: TEXAS ARABIAN BREEDERS ASSOCIATION

Mailing Address: P.O. BOX 215
Street Address

FORNEY TEXAS 75126 KAUFMAN
City State Zip Code County

Physical Address: 10051 WILSON LN.
Street Address

FORNEY TEXAS 75126 KAUFMAN
City State Zip Code County

Section B. Contact Personnel

(1) Name of Primary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Ed Wilson
First Last
Mr. Dr.
Ms. Other

Position Title: President

Email Address: wetaba@swbell.net

Phone: (972) 564 - 9430 Ext. Alt #: (972) 523 - 7870 Best # ro reach me

(2) Secondary Program Contact (This person can answer day-to-day questions about the organization and the project.)

Full Name: Jon Henningsgard
First Last
Mr. Dr.
Ms. Other

Position Title: Vice President

Email Address: jon.uptownranch@yahoo.com

Phone: (503) 367 - 6890 Ext. Alt #: () -

(3) Name of Authorized Official (This person is authorized to enter into legal agreements on behalf of the organization. This person's name will appear on the funding agreement for signature.)

Full Name: Ed Wilson Mr. Dr.
First Last Ms. Other _____

Position Title: President

Email Address: wetaba@swbell.net

Phone: (972) 564 - 9430 Ext. _____ Alt #: (972) 523 - 7870

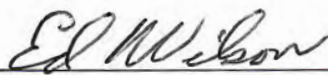
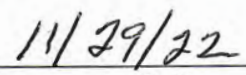
Section C. Certifications

By signing below, applicant and its authorized official (the person listed in Section B.3):

- (1) certify that all information provided in connection with this application is true and correct.
- (2) acknowledge that any misrepresentation or false statement made by applicant or an authorized agent of applicant in connection with this application, whether intentional or not, will constitute grounds for denial of this application and may be the subject of substantial civil and/or criminal liability and sanctions.
- (3) acknowledge that acceptance of funds in connection with this application acts as acceptance of the authority of the Texas Racing Commission (TXRC) or any successor agency and the State Auditor's Office (SAO) or any successor agency to conduct an investigation in connection with those funds, and applicant further agrees to cooperate fully with TXRC or its successors and SAO or its successor in the conduct of the audit or investigation, including allowing TXRC and/or SAO to inspect applicant's premises and providing all records requested during the funding period and for at least five years after the funding is expended; and
- (4) certify that the authorized official is authorized to submit this application and to make the preceding certifications and acknowledgements on behalf of applicant.

Notice of Penalties: The penalty for knowingly making false statements or false entries, or attempts to secure money through fraudulent means, may include fines, incarceration, and/or forfeiture of funds.

Authorized Official: (Person listed in Section B.3)

x		
	Signature	Date

This application becomes public record and is subject to disclosure. With few exceptions, you have the right to request and be informed about the information that the State of Texas collects about you. You are entitled to receive and review the information upon request. You also have the right to ask the state agency to correct any information that is determined to be incorrect. (Reference: Texas Government Code, Sections 552.021, 552.023, and 559.004.)



TEXAS RACING COMMISSION

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FOR MULTIPLE PROPOSALS, PLEASE NUMBER THEM SEQUENTIALLY HERE (i.e., 1 of 2, 2 of 2, etc.)

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form H1EA-1, General Information)

APPLICANT NAME: TEXAS ARABIAN BREEDERS ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): Arabian Stakes Night at Sam Houston race Park 2023

Event Date(s) or Approximate Date(s): February 25, 2023

Total Amount Requested For this Event: \$63,540.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
January 5, 2023

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

\$60,000 will be used for two Stakes Races. \$30,000 for th Arabian Yellow Rose for 4 & 5 yr old Fillies and Mares. \$30,000 for the Arabian Six Shooter for 4 & 5 yr. olds. \$1,000 for rental of Suite for Annual meeting of membership. This will be the first meeting for new members and any new Board members will also be introduced. \$2,000 for promotional activities managed by TABA Promotional Manager.

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

Promptional Manager will use Social media blast, e-blast, advertisement to get owner and racing enthuist to the track and promote the event. Participation at this event demonstrates the effect of our promotional effort. \$60,000 will be used for Purse funds for the two \$30,000 Stakes.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Ed Wilson President and Sam Vasquez Stakes Chairman

Advertising and Social -Media promotions will be used to promote this event.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.*
- (6) expenses related to litigation.*
- (7) professional association fees or dues for the breed registry or an individual.*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and*
- (2) the purchase of capital assets.*

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$1,000.00
Race Award Supplements/Prizes	\$60,000.00
Advertising	\$2,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$540.00
Total	\$63,540.00

Event Production Costs (\$1000 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Rental of a Suite for holding our Annual Membership Meeting for new and old enthusiast. Recognize newly elected Board members and discuss plans for the 2023 season.

Race Award Supplements/Prizes (\$60000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

\$30,000 for the Yellow Rose Stakes for 4 & 5 yr old Fillies and Mares, \$30,000 for the Six Shooter for 4 & 5 yr olds

Advertising (\$2,000

total) Provide an explanation of advertising costs.

TABA has hired a Promotional Manager for our promotions which include Social media post, e-mail, advertising, and other medians of promotion. Funds are paid thru the manager or directly to the provider with verification from the manager.

Donations (\$ total) For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.

Other direct expenses – first category _____ (\$ _____ **total)** Provide a detailed description of any other category of direct expenses.

Other direct expenses – second category _____ (\$ _____ **total)** Provide a detailed description of any other category of direct expenses.

Other direct expenses – third category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$540 total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

Share of the Audit: 1/10 of the projected Audit	\$500.00
Secretarial help 2hjrs. at \$20	40.00



TEXAS RACING COMMISSION

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FOR MULTIPLE PROPOSALS, PLEASE NUMBER THEM SEQUENTIALLY HERE (p. 1 of 2, 2 of 2, etc.)

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNT

PROJECT NARRATIVE (USE A SEPARATE FORM FOR EACH EVENT)
(Must be accompanied by Form HIEA-1, General Information)

APPLICANT NAME: TEXAS ARABIAN BREEDERS ASSOCIATION

This form was developed to be completed electronically. Handwritten applications and/or narratives will not be accepted. Click the grey text boxes to type responses. A maximum of 6 pages may be used to fully respond.

Project Title (Event Name): ARABIAN DARLEY AWARDS 2023

Event Date(s) or Approximate Date(s): March 19, 2023

Total Amount Requested For this Event: \$82,540.00

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
February, 1, 2023

Project Background

Project Summary

Please provide a summary of the event for which funding is sought and the project(s) that will be achieved because of this funding.

TABA will be joining with the Arabian racing Cup to host the prestigious Arabian Darley Awards at Sam Houston Race Park. The Darley's bring together the largest number of Arabian racing enthusiasts of any event each year. TABA will be promoting Breeding and Racing Arabians in Texas. The Annual Darley Awards will be presented at this event

Project Description

Provide a detailed description of the project including activities to be supported with funds from the Account, timelines of each activity, and key milestones.

There are two Stakes races scheduled that night, the \$30,000 Darley Distaff for fillies and mares, the \$40,000 Darley Sprint. This is a proposed increase in the Purse for this Stakes. We are asking it be moved to the Turf and will be the only Arabian Stakes on the Turf in the US. This Stakes usually has a strong field and should improve and create more excitement. SHRP's largest suite is reserved for this gathering. There will be a Banquet (each attendant must purchase a ticket to cover the cost of the meal and drinks) at which the Annual Darley Awards will be presented. There will be a Stallion Auction and other activities planned.

Anticipated Project Results/Economic Impact on the Horse Industry

Provide a detailed explanation of the anticipated economic impact on the horse industry and any other expected results and how they will be measured.

With the increase of the purse funds in 2020 there are more Arabians available to race and there has been an increase in the number of Breeders, Trainers, and Owners in Texas. We expect these promotional activities to continue to bring growth to the Horse industry in Texas.

Project Oversight

Who will oversee the project activities? Include name and title of the person. How will oversight be performed? What steps will take place to ensure the project is achieved as outlined?

Ed Wilson President and Sam Vasquez Stakes Chairman

Advertising and Social -Media promotions will be used to promote this event.

Project Budget

This section should reflect the total budget. Provide a general description of all costs along with a justification for each item. The explanations should focus on how each budget item is required to achieve the project. Be sure to itemize the request with quantities and individual estimated costs.

Pursuant to 16 T.A.C. Section 303.322(b), the following types of costs may not be paid with funds allocated from the account:

- (1) capital improvements.*
- (2) donations or contributions made to any individual or organization without express approval from the Commission for such contribution or donation.*
- (3) costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, alcoholic beverages, lodging, rentals, transportation, tips, and gratuities.*
- (4) fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, or local laws and regulations.*
- (5) liability insurance coverage not specific to a particular event or series of events for which the Commission has allocated funds from the account.*
- (6) expenses related to litigation.*
- (7) professional association fees or dues for the breed registry or an individual.*
- (8) legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction; or*
- (9) fundraising.*

Pursuant to 16 T.A.C. Section 303.322(c), the following types of costs may only be paid with funds allocated from the account, in an amount not to exceed five percent of the total allocated to the breed registry or of the approved allocation for any event, if specifically approved by the Commission:

- (1) operating expenses, including the salaries of breed registry staff, interest and other financial costs related to*

borrowing and the cost of financing, contributions to a contingency reserve or any similar provision for unforeseen events, and audits or other accounting services; and
 (2) *the purchase of capital assets.*

EXPENSE CATEGORIES	AMOUNT
Event Production Costs	\$10,000.00
Race Award Supplements/Prizes	\$70,000.00
Advertising	\$2,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$540.00
Total	\$82,540.00

Event Production Costs (\$10000 total) *For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.*

TABA sponsorship of the Darley Awards included a share of the Awards, cost of Suite, live streaming of the Stakes and Awards presented across the USA

Race Award Supplements/Prizes (\$70000 total) *Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.*

\$30,000 for the Darley Distaff

\$40,000 for the Darley Sprint

Advertising (\$2000 total) *Provide an explanation of advertising costs.*

Cost for promotional manager, advertising, e-blast, other media outlets. Continued promotions will continue under this agreement thru the end of this meet at SHRP.

Donations (\$ total) *For any donation, state the recipient(s), amount for each recipient, and an explanation of the purpose of the donation. For any 501(c)(3), provide the organization's most recent IRS Form 990.*

Other direct expenses – first category _____ (\$ total) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – second category _____ (\$ total) *Provide a detailed description of any other category of direct expenses.*

Other direct expenses – third category _____ (\$ _____ **total**) *Provide a detailed description of any other category of direct expenses.*

Administrative Expenses/Capital Assets (\$540 total; may not exceed 5% of total) *Provide a detailed description of administrative expenses such as personnel costs or other direct budgeted costs associated with the project. For each employee receiving a portion of this funding as a wage or stipend, indicate their title, estimated time budgeted to the event, and the amount.*

1/10 share of the Audit	\$500
Secretarial help 2hrs @ \$20	40

VIII. PROCEEDING ON RULES

A. Nonaction item on TGA rule proposal of the Texas Rules of the Racing:
the Racing:

16 TEX. ADMIN. CODE
§303.102, Greyhound Rules



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

May 31, 2022

Ms. Amy F. Cook
Executive Director
Texas Racing Commission
Post Office Box 12080
Austin, Texas 78711-2080

Via E-Mail

Re: Permissible uses and distributions of escrowed purse funds by the Texas Greyhound Association under section 2028.202 of the Occupations Code (RQ-0442-KP)

Dear Ms. Cook:

Thank you for requesting a written opinion from this office.

Section 402.042 of the Government Code requires this office to issue an opinion within 180 days of receiving a request for one unless we explain to the requestor in writing before the deadline why the opinion will be delayed.

Accordingly, we are notifying you that we will not issue an opinion on your request within 180 days of the date received because we need more time to review the law, complete the analysis that your request requires, and finalize the formal opinion. We will make every effort to issue this opinion as soon as possible.

Sincerely,

Virginia K. Hoelscher
Chair, Opinion Committee

VKH/som

Attachment: Request No. 0442-KP



TEXAS RACING COMMISSION
P.O. Box 12080
Austin, TX 78711-2080
(512) 833-6699

RQ-0442-KP
FILE# ML-49059-KP
I.D.# 49059

December 3, 2021

Office of the Texas Attorney General
Attention Opinion Committee
P.O. Box 12548
Austin, Texas 78711-2548

Via email: opinion.committee@oag.texas.gov

Re: Opinion Request: Texas Racing Act, TEX. OCC. CODE § 2028.202(c)(2), and the Texas Rules of Racing, 16 TEX. ADMIN. CODE § 303.102(d)(1).

Dear Ladies and Gentlemen:

This is a formal request for an Attorney General Opinion on:

1. Whether the release and distribution of escrowed purse funds in retroactive pro rata proportions to the owners of kennels and Texas-bred greyhounds that participated in the last 2020 greyhound meet run in Texas is a permissible use of escrowed purse funds accrued from March 1, 2020, through August 31, 2021, or amounts should remain in escrow; and
2. Whether future distributions with the same retroactive pro rata proportions would be permissible when greyhound race days are granted and thereafter cancelled without any live racing or amounts should remain in escrow pursuant to TEX. OCC. CODE § 2028.202(c)(2) and 16 TEX. ADMIN. CODE § 303.102(d)(1).¹

BACKGROUND

Pursuant to the Texas Racing Act, the Commission conducts oversight of escrowed purse amounts allocated under TEX. OCC. CODE § 2028.202(c).² Horse racetracks are required to pay 5.5 percent of the interstate cross-species handle to the Texas Greyhound Association

¹ There is a discrepancy in the actual amount to be distributed. The TGA proffers the amount to be \$2,002,784. The bank record amount to be distributed is \$1,581,642.92. This discrepancy is likely due to amounts allowable to the TGA up to 20 percent to administer the allocation of the purse for use at racetracks in this state. See § 2028.202(d).

² See TEX. OCC. CODE § 2028.201. The Racing Act is located on the Texas Racing Commission website at <http://www.txrc.texas.gov/laws/10042021CodifiedTexasRacingAct.pdf>. The Rules of Racing are located on the Texas Racing Commission website at <http://www.txrc.texas.gov/laws/Jan2021Rules.pdf>.

(TGA) as escrowed purse amounts. The TGA holds those funds in escrow, with the recipients designated as participants in greyhound races run “at racetracks in this state”.³ The TGA is the official state greyhound breed registry paid the 5.5 percent of the total amount deducted from a wagering pool on an interstate cross-species simulcast race to be held in escrow.⁴ A large portion of the funds that are earned and accumulated via simulcast and live racing are from greyhounds and greyhound owners that are not based in the State of Texas.

Past practice has been that the TGA allocated escrowed purse amounts among the Texas racetracks with future meets scheduled, and amounts were paid out as added purses to race winners of those future meets. Although there are greyhound race dates in 2022 and 2023 currently approved and scheduled, the TGA now seeks to distribute escrowed purse funds as supplemental purses to past Texas-bred winners and kennel owners from 2020 because the August 2021 granted race dates for Valley Race Park were cancelled. TGA proposes a retroactive pro rata distribution to only Texas-bred winners and kennel owners that participated in the 2020 Gulf Greyhound Park race meet.

ANALYSIS

The granted 2021 Greyhound Race dates by the Texas Racing Commission as of October 29, 2019, were for Valley Race Park from August 20 to August 28, 2021.⁵ This race meet was cancelled. There are currently granted greyhound race dates by the Texas Racing Commission for 2022 and 2023.⁶ The Texas Rules of Racing provide that a greyhound racetrack association is entitled to 300 evening performances and 150 matinee performances per calendar year.⁷ “If, for a reason beyond a greyhound racetrack association’s control and not caused by the racetrack association’s fault or neglect, it is impossible for the racetrack association to conduct a race on a day authorized by the commission, the commission in its discretion and at the request of the racetrack association, as a substitute for the race, may: (1) specify another day for the racetrack association to conduct racing; or (2) add additional races to already programmed events.”⁸

The Act and Rules do not contemplate events where racing dates are granted by the Commission and are thereafter cancelled as specific grounds for distribution and allocation of escrowed purse amounts. Such ability to allocate and distribute funds prior to earning a purse at a scheduled meet is not expressed by any clear legislative intent. Hence the Texas Rules of Racing have no such rule adopted and implemented for application.

³ See TEX. OCC. CODE § 2028.202(c)(2), (d).

⁴ See TEX. OCC. CODE § 2040.052

⁵ The 2021 Commission granted Greyhound race dates are located on the Texas Racing Commission website at http://www.txrc.texas.gov/racetracks/2021_GrantedGreyhoundRaceDates-103119.pdf.

⁶ The 2022 Commission granted Greyhound race dates are located on the Texas Racing Commission website at http://www.txrc.texas.gov/racetracks/2022_Granted_Greyhound_Race_Dates..pdf. The 2023 Commission granted Greyhound race dates are located on the Texas Racing Commission website at <http://www.txrc.texas.gov/racetracks/2023Granted.Greyhound.Race.Dates-as-of-7-27-2021.pdf>.

⁷ See TEX. OCC. CODE § 2029.051.

⁸ See TEX. OCC. CODE § 2029.053.

The statute differentiates between *interstate* cross-species simulcasts and *intrastate* cross-species simulcasts. The statute requires paying the 5.5 percent of *interstate* simulcasts into the escrow for purse funds.⁹ The statute requires paying the 5.5 percent of *intrastate* simulcasts purse amounts sent from the horse racetrack association directly “to the racetrack conducting the live race that is being simulcast.”¹⁰ The statute has only two clear directives regarding the use of the 5.5 percent escrowed purse amount. First, “a purse in the amount of 5.5 percent to be paid to the official state greyhound breed registry for use at racetracks in this state.”¹¹ Second, the TGA can use up to 20 percent of the escrowed purse amount to administer the allocation of the purse for use at racetracks in this state.¹²

The Texas Rules of Racing do provide for allocation and distribution of the escrowed purse funds in the event an association *ceases a live race meet before completion* of the live race dates granted by the commission.¹³ The Rule fails to address the same allowance for the statutorily escrowed purse funds distributed from wagers placed on interstate cross-species simulcasts. The statute only requires that escrowed purse funds from interstate cross-species simulcasts be “for use at racetracks in this state”. There is no corresponding rule requiring allocation of escrowed purse funds when race days are granted but never held as in 2021.

The Texas Rules of Racing provide the requirements for the TGA's distribution of the escrowed purse funds “to enhance live racing opportunities at Texas greyhound racetracks” in 16 TEX. ADMIN. CODE § 303.102(d). Specifically:

(d) Distribution of purse money from cross-species simulcasting.

(1) To enhance live racing opportunities at Texas greyhound racetracks, TGA shall pay to each greyhound racetrack the purse money it collects pursuant to the Act, § 6.091(d)(2)¹⁴ from interstate cross-species simulcasting at Texas horse racetracks in accordance with an allocation approved by the Commission. TGA shall prepare a proposed allocation for consideration by the Commission. In preparing a proposed allocation, TGA shall consider:

⁹ See TEX. OCC. CODE § 2028.202(c)(2).

¹⁰ See TEX. OCC. CODE § 2028.202(e). “A racetrack association offering wagering on intrastate cross-species simulcast signal shall send the purse amount specified under Subsection (b)(4) or (c)(2), as appropriate, to the racetrack conducting the live race that is being simulcast.”

¹¹ See TEX. OCC. CODE § 2028.202(c).

¹² See TEX. OCC. CODE § 2028.202(d).

¹³ See 16 TEX. ADMIN. CODE § 309.361(e)(2). “If an association ceases a live race meet before completion of the live race dates granted by the commission, the funds in and due the greyhound purse account shall be distributed as follows:

- (1) first, payment of earned but unpaid purses;
- (2) second, retroactive pro rata payments to the kennel owners; and
- (3) third, subject to the approval of the TGA, transfer within 120 days after cessation of live racing of the balance in the greyhound purse account to the greyhound purse account for one or more other associations.”

¹⁴ Current version at TEX. OCC. CODE § 2028.202(c)(2).

- (A) the average price-per-point paid for purses at each greyhound racetrack during the preceding year;
 - (B) the purse payout at each greyhound racetrack during the preceding year; and
 - (C) the impact cross-species simulcasting has made on greyhound purse revenues at each greyhound racetrack during the preceding year.
- (2) Annually, the executive secretary shall establish a deadline by which the proposed allocation must be submitted. The executive secretary shall ensure each of the greyhound racetracks has notice of the proposed allocation and the date, time and location of the Commission meeting at which the proposed allocation will be considered for approval.”

The Racing Act provides that the commission “shall adopt reporting, monitoring, and auditing requirements or other appropriate performance measures” for funds distributed to and used by an organization “that receives funds generated by live or simulcast pari-mutuel racing.”¹⁵ When adopting the requirements or other appropriate performance measures, the commission must “consult with the affected organization” and “consider the concerns of the affected organization.”¹⁶ It is unclear whether the requirements include any distribution allocations other than as allocated escrowed purse amounts among the Texas racetracks with future meets scheduled, and amounts were paid out as added purses to all greyhound race winners of those future meets whether Texas-bred greyhounds or not.

CONCLUSION

Therefore, I respectfully request the Attorney General’s opinion on: (1) Whether the release and distribution of escrowed purse funds in retroactive pro rata proportions to the owners of kennels and Texas-bred greyhounds that participated in the last 2020 greyhound meet run in Texas is a permissible use of escrowed purse funds accrued from March 1, 2020, through August 31, 2021, or amounts should remain in escrow; and (2) Whether future distributions with the same retroactive pro rata proportions would be permissible when greyhound race days are granted and thereafter cancelled without any live racing or amounts should remain in escrow. I thank you in advance for your time and attention in this matter.

Very truly yours,


Amy F. Cook
Executive Director

¹⁵ See TEX. OCC. CODE § 2028.001(a).

¹⁶ See TEX. OCC. CODE § 2028.001(b).

INDEX OF ATTACHMENTS

1. 2020 Granted Greyhound Race Dates – as of September 10, 2019.
2. 2021 Granted Greyhound Race Dates – as of October 29, 2019.
3. 2022 Granted Greyhound Race Dates – as of September 29, 2020.
4. 2023 Granted Greyhound Race Dates – as of July 27, 2021.

2021 Granted Greyhound Race Dates As of October 29, 2019

			January									
	M	E	P	S	M	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	7	8	9	10
Gulf Greyhound			12	13	14	15	16	17	18	19	20	21
Valley Race Park			22	23	24	25	26	27	28	29	30	31

			February						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	7
Gulf Greyhound			8	9	10	11	12	13	14
Valley Race Park			15	16	17	18	19	20	21

			March						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			April						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			May						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			June						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			July						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			August						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			September						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			October						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			November						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

			December						
	M	E	T	W	T	F	S	S	
Gulf Coast Racing			1	2	3	4	5	6	
Gulf Greyhound			7	8	9	10	11	12	
Valley Race Park			13	14	15	16	17	18	

	January		February		March		April		May		June		July		August		September		October		November		December		Total Performances
	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	
Gulf Coast Racing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gulf Greyhound	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valley Race Park	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
Total By Type	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5

Note:

2022 Granted Greyhound Race Dates as of September 29, 2020

January

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

February

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

March

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Gulf Coast Racing
Valley Race Park

April

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

May

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

June

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Gulf Coast Racing
Valley Race Park

July

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

August

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

September

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Gulf Coast Racing
Valley Race Park

October

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

November

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30		
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

December

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Gulf Coast Racing
Valley Race Park

	January		February		March		April		May		June		July		August		September		October		November		December		Total By Type		Total Performances	
	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E		M
Gulf Coast Racing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valley Race Park	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total By Type	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total By Month	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

January 1, 2023 thru August 31, 2023 - Granted Greyhound Race Dates as of July 27, 2021

	January							February							March						
	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
Gulf Coast Racing																					
Valley Race Park																					

	April							May							June						
	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
Gulf Coast Racing																					
Valley Race Park																					

	July							August							September						
	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
Gulf Coast Racing																					
Valley Race Park																					

	October							November							December						
	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
Gulf Coast Racing																					
Valley Race Park																					

	January		February		March		April		May		June		July		August		September		October		November		December		Total By Type		Total Performance					
	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E	M	E		
Gulf Coast Racing																																
Valley Race Park																																
Total By Type																																
Total By Month																																



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

September 20, 2022

Ms. Amy F. Cook
Executive Director
Texas Racing Commission
Post Office Box 12080
Austin, Texas 78711-2080

Opinion No. KP-0412

Re: Permissible uses and distributions of escrowed purse funds by the Texas Greyhound Association under section 2028.202 of the Occupations Code (RQ-0442-KP)

Dear Ms. Cook:

The Texas Racing Act requires horse racetracks to distribute certain funds to the Texas Greyhound Association (“TGA”). TEX. OCC. CODE § 2028.202(c)(2). You ask two questions about the TGA’s handling and use of those funds.¹ Both questions raise the fundamental issue of to whom the TGA may pay these funds.

The Texas Racing Act requires a horse racetrack to distribute certain funds it receives from interstate cross-species simulcasting to the Texas Greyhound Association.

The Texas Racing Act (“Act”), Occupations Code chapters 2021–2035, regulates greyhound and horse racing. *See id.* §§ 2021.001–2035.106. The Texas Racing Commission (“Commission”) implements, administers, and enforces the Act. *See, e.g., id.* § 2023.001(a) (providing “the commission may license and regulate all aspects of horse racing and greyhound racing in this state, regardless of whether that racing involves pari-mutuel wagering”).

The funds about which you ask derive from interstate cross-species simulcasting. *See* Request Letter at 1–2. In 1997, the Texas Legislature amended the Act to “allow bettors at horse tracks to wager on televised simulcast greyhound races, and bettors at greyhound tracks to wager on televised simulcast horse races.” Tex. House Research Organization, Bill Analysis, Tex. H.B. 1445, 75th Leg., R.S. (1997) at 4; *see also* Act of May 20, 1997, 75th Leg., R.S., ch. 1275, § 27, 1997 Tex. Gen. Laws 4840, 4855. The Act refers to this as a “cross-species simulcast.” TEX. OCC. CODE § 2021.003(12); *see also id.* § 2021.003(46) (defining “simulcast” as “the telecast or other transmission of live audio and visual signals of a race, transmitted from a sending track to a

¹*See* Letter from Amy F. Cook, Exec. Dir., Tex. Racing Comm’n, to Honorable Ken Paxton, Tex. Att’y Gen. at 1 (Dec. 3, 2021), <https://www2.texasattorneygeneral.gov/opinions/opinions/51paxton/rq/2021/pdf/RQ0442KP.pdf> (“Request Letter”).

receiving location, for the purpose of wagering conducted on the race at the receiving location”). The Act identifies an out-of-state greyhound race (e.g., a race in Arkansas) simulcast at a horse track in Texas as an “interstate cross-species simulcast.” *Id.* §§ 2027.053–.056, 2028.202.

The Act requires a horse racetrack that receives an interstate cross-species simulcast to distribute to the TGA – as the official state greyhound breed registry – a percentage of the funds from each pool wagered on the simulcast race. *See id.* §§ 2028.202(c)(2), 2030.052 (providing the Texas Greyhound Association is the official state greyhound breed registry). Section 2028.202 provides, in relevant part, as follows:

(c) . . . a horse racetrack association that receives an interstate cross-species simulcast signal shall distribute the following amounts from each pool wagered on the signal at the racetrack: . . .

(2) a purse in the amount of 5.5 percent to be paid to the official state greyhound breed registry for use at racetracks in this state.

(d) The official state greyhound breed registry may use not more than 20 percent of the amount described by Subsection (c)(2) to administer that subsection.²

Id. § 2028.202(c)–(d).

The Texas Greyhound Association proposes to pay funds it receives from interstate cross-species simulcasting directly to kennel and greyhound owners.

You tell us the TGA holds interstate cross-species simulcast funds in escrow. *See* Request Letter at 2. You explain that, historically, the TGA allocated the funds “among the Texas racetracks with future meets scheduled, and amounts were paid out [by the racetracks] as added purses to race winners of those future meets.”³ *Id.* Prompted by the cancellation of races in 2021 and the closure of Gulf Greyhound Park racetrack, the TGA now proposes to distribute some of the escrowed funds as supplemental purses directly to certain kennel and greyhound owners⁴ that

²A “racetrack association” is “a person licensed under this subtitle to conduct a horse race meeting or a greyhound race meeting with pari-mutuel wagering” and a “simulcast pari-mutuel pool” is “the total amount of money wagered by patrons at a racetrack in this state on the result of a particular simulcast race or combination of simulcast races.” TEX. OCC. CODE § 2021.003(42), (47). The Commission defines “purse” to mean “the cash portion of the prize for a race.” 16 TEX. ADMIN. CODE § 301.1(58) (Tex. Racing Comm’n, “Definitions”).

³*See also* Brief from Mr. Jim Dunnam, Dunnam & Dunnam, L.L.P., on behalf of TGA at 13 (Jan. 3, 2022) (on file with the Op. Comm.) (“TGA Brief”).

⁴The TGA explains that kennel owners execute contracts (“booking agreements”) with racetrack associations to provide dogs for races, and kennel owners may own the dogs or lease the dogs from other owners. *See id.* at 3, 6. The TGA also explains that “[i]n typical times, when races that are scheduled by racetrack associations and the TRC are actually run, kennel and greyhound owners recoup their monetary outlays by obtaining purses from their participation in the races.” *Id.* at 6. “[P]urses are the cash portion of prizes and are the most important source of income for Texas kennel and greyhound owners.” *Id.*

participated in the February 2020 Gulf Greyhound Park race meet. *See id.* at 2, 4; TGA Brief at 8–10, 16. You ask whether this proposal is permissible. *See* Request Letter at 1, 4. You also ask if the TGA may make similar distributions in the future if greyhound race days are granted by the Commission and thereafter cancelled by the racetrack without any live racing.⁵ *Id.*

As required by chapter 2028 of the Occupations Code, the Commission has adopted rules regarding the distribution of funds under section 2028.202.

Occupations Code section 2028.202(c)(2) requires the distributions from horse racetrack associations be paid to the TGA “for use at racetracks in this state.” TEX. OCC. CODE § 2028.202(c)(2). The Legislature charged the Commission with “overseeing the amounts allocated under” section 2028.202(c) and adopting related rules. *Id.* § 2028.201 (“The commission shall adopt rules relating to this subchapter and the oversight of the amounts allocated under Sections 2028.202(b) and (c).”). To that end, the Commission’s rules provide as follows:

To enhance live racing opportunities at Texas greyhound racetracks, *TGA shall pay to each greyhound racetrack* the purse money it collects pursuant to the Act, §6.091(d)(2) [predecessor to Occupations Code section 2028.202(c)(2)] from interstate cross-species simulcasting at Texas horse racetracks in accordance with an allocation approved by the Commission. TGA shall prepare a proposed allocation for consideration by the Commission. In preparing a proposed allocation, TGA shall consider:

- (A) the average price-per-point paid for purses at each greyhound racetrack during the preceding year;
- (B) the purse payout at each greyhound racetrack during the preceding year; and
- (C) the impact cross-species simulcasting has made on greyhound purse revenues at each greyhound racetrack during the preceding year.

16 TEX. ADMIN. CODE § 303.102(d)(1) (Tex. Racing Comm’n, “Greyhound Rules”) (emphasis added).

Consistent with section 2028.202, Commission rules require the Texas Greyhound Association pay funds accrued from interstate cross-species simulcasting to greyhound racetracks.

Courts and this office construe agency administrative rules pursuant to the rules used for statutory construction. *See Patients Med. Ctr. v. Facility Ins. Corp.*, 623 S.W.3d 336, 341 (Tex. 2021); *see also* TEX. GOV’T CODE § 311.002(4) (applying the Code Construction Act to

⁵The TGA asserts that the 2022 and 2023 greyhound race days approved by the Commission will likely be cancelled. *Id.* at 7.

rules). Like a court, we must strive to give effect to the agency's intent as reflected in the rules' plain language. *See Patients Med. Ctr.*, 623 S.W.3d at 341.

The term "shall" generally denotes a mandatory action. *See* TEX. GOV'T CODE § 311.016(2) (providing that the term "shall" imposes a duty unless the context necessarily requires a different construction or unless a different construction is expressly provided); *Garza v. Harrison*, 574 S.W.3d 389, 402 (Tex. 2019) ("The term 'shall,' as the Legislature has explained in the Code Construction Act, 'imposes a duty.'"). The term "racetrack" means "a facility licensed under this subtitle for the conduct of pari-mutuel wagering on horse racing or greyhound racing."⁶ TEX. OCC. CODE § 2021.003(41); *see* 16 TEX. ADMIN. CODE § 301.1(a) (Tex. Racing Comm'n, "Definitions") (providing that terms defined in the Act shall have the same meaning when used in the rules, unless otherwise defined in the rules); *see also id.* § 301.1(b)(62) (defining a "racetrack facility" to mean the buildings, structures and fixtures located on association grounds used by an association to conduct racing). Based on its plain language, and consistent with section 2028.202(c)(2), the Commission rule requires the TGA to pay the purse funds to only a greyhound racetrack, i.e., a facility licensed to conduct pari-mutuel wagering on greyhound racing. *See* 16 TEX. ADMIN. CODE § 303.102(d)(1) (Tex. Racing Comm'n, "Greyhound Rules"). Nothing in the context of the rule indicates the term "shall" is directory rather than mandatory. To the extent the TGA proposes to pay funds accrued from interstate cross-species simulcasting to a person other than a greyhound racetrack,⁷ a court would likely conclude the proposal is contrary to the rule and impermissible.

⁶"Pari-mutuel wagering" means "the form of wagering on the outcome of horse racing or greyhound racing in which persons who wager purchase tickets of various denominations on an animal or animals." TEX. OCC. CODE § 2021.003(34). "[A]ll wagers for each race are pooled and held by the racetrack association for distribution of the total amount, less the deductions authorized by this subtitle, to holders of tickets on the winning animals." *Id.*

⁷Whether any particular person is a greyhound racetrack is a fact question we do not determine. *See, e.g.*, Tex. Att'y Gen. Op. No. KP-0398 (2022) at 3 (refraining from opining on fact questions).

S U M M A R Y

The Texas Racing Act requires horse racetracks to distribute to the Texas Greyhound Association certain funds derived from interstate cross-species simulcasting. Section 2028.202(c)(2) of the Occupations Code requires the funds distributed to the Texas Greyhound Association be “for use at racetracks in this state.” Consistent with this statute, a court would likely conclude that the Texas Racing Commission’s rules require the Texas Greyhound Association to pay escrowed interstate cross-species simulcasting funds to greyhound racetracks.

Very truly yours,

A handwritten signature in black ink that reads "Ken Paxton". The signature is written in a cursive, flowing style.

KEN PAXTON
Attorney General of Texas

BRENT E. WEBSTER
First Assistant Attorney General

LESLEY FRENCH
Chief of Staff

D. FORREST BRUMBAUGH
Deputy Attorney General for Legal Counsel

CHARLOTTE M. HARPER
Acting Chair, Opinion Committee

CHRISTY DRAKE-ADAMS
Assistant Attorney General, Opinion Committee

From: [Kevin Vickers](#)
To: [info](#); [Virginia Fields](#); [Amy Cook](#)
Cc: [Jim Dunnam](#)
Subject: Proposed Change to Rule 303.102(d); Request to Place Item on Agenda
Date: Wednesday, November 30, 2022 3:31:51 PM
Attachments: [2022-11-30 Ltr from TGA re Dec 14 Agenda and Proposed Change to Rule w enclosure.pdf](#)

You don't often get email from kvickers@bradypeavey.com. [Learn why this is important](#)

Good afternoon:

On behalf of the Texas Greyhound Association, please find attached a letter regarding the Texas Racing Commission's upcoming December 14 agenda and the amendment of Rule of Racing § 303.102(d). Please share this with Chairman Pate and the other Commissioners. Please feel free to contact me anytime via phone or email with any questions and information about the submission of this request to the Commission.

Many thanks,
Kevin

Kevin E. Vickers
Special Counsel
Brady & Peavey, P.C. | Austin, Texas
(512) 751-4195 Phone
(512) 233-0970 Fax

PLEASE NOTE: This message was created by a lawyer and may be confidential and privileged. If you are not the intended recipient, kindly delete the message. I would also appreciate a return e-mail letting me know the message went astray.

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KEVIN E. VICKERS
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November 30, 2022

Honorable Commissioners
of the Texas Racing Commission
Amy Cook, Executive Director
Virginia Fields, General Counsel
Texas Racing Commission
PO Box 12080
Austin, Texas 78711-2080

Sent via email to amy.cook@txrc.texas.gov, virginia.fields@txrc.texas.gov, and
info@txrc.texas.gov

Re: Proposed Change to Rule 303.102(d); Request to Place Item on Agenda

Dear Commissioners, Ms. Cook, and Ms. Fields:

As you know, my firm represents the Texas Greyhound Association (TGA), a nonprofit organization composed of Texas greyhound owners, breeders, trainers, and kennel owners. As you also are aware, TGA is the official greyhound breed registry under Texas law for accredited Texas-bred greyhounds. I am writing to continue the discussions to reach a final resolution regarding the approximately \$3 million in escrowed funds, collected from a portion of ongoing cross-species interstate simulcast wagering, funds that that continue to grow and continue to be held in limbo.

The inability to find a solution to this situation is not only untenable and irrational, but starving the greyhound industry in Texas, ultimately irrevocably. Unless and until permission is granted by the Commission, TGA remains forced to hold the money in an escrow account instead of distributing the funds to support greyhound and kennel owners, which is the clear purpose of these funds. Owners, breeders, and kennel owners that relied on the ultimate distribution of these funds in preparation for races that continue to be approved by the Commission only to be cancelled are left out in the cold. The only significant impediment to fixing the problem is the adoption of a simple amendment to one small provision of the Texas Rules of Racing. The status quo is wasteful and should be changed as soon as possible. The Commission has the power to quickly fix its rules to properly implement the Racing Act and provide relief to dozens of Texas greyhound-race participants.

Since the last Commission meeting, an important development occurred. In response to Executive Director Cook's request for a formal opinion, the Texas Attorney General (AG) issued Opinion No. KP-0412 regarding the "[p]ermissible uses and

distributions of escrowed purse funds by the Texas Greyhound Association" (September 20, 2022).

The AG's opinion is consistent with the request TGA made in May to amend Subsection 303.102(d) of the Texas Rules of Racing. The AG opined that a court would likely conclude that the current language of Rule 303.102(d) would require the TGA to pay the escrowed funds directly to a racetrack association so that the racetrack association could then pay the funds out as purses to greyhound and kennel owners. However, under the current circumstances in which no racetrack associations are planning any future greyhound races, it would be absurd for TGA to transfer the funds to a racetrack association instead of to the greyhound and kennel owners. The only problem identified by the AG's opinion is the current language of Rule 303.102(d). As to a solution, the AG's opinion makes clear that the Texas Racing Act gives the Commission the power to amend its rules governing the oversight of the escrowed funds.

The Commission should promptly amend Rule 303.102(d). TGA's amendment proposal and the issue of the proper distribution of escrowed funds has been thoroughly discussed before the full Commission and the Commission's Rules Committee. At the Rules Committee's August 10th meeting, multiple Commissioners noted that everyone was still waiting on the AG to issue his opinion. The opinion was issued in September and the time to begin a rule change has come.

TGA requests that the amendment to Rule 303.102(d) be placed on the Commission's December 14, 2022, meeting agenda, and that the Executive Director or a Commissioner initiate a rulemaking proceeding that leads to a Commission vote on December 14 in favor of proposing an amendment to Rule 303.102(d). In light of the view expressed by the National Greyhound Association in a comment submitted to the Rules Committee in August, the TGA supports the language TGA proposed in its May 10, 2022, submission, but with a small change that expands the class of greyhound owners eligible for the escrowed funds. Specifically, the change would broaden the group to include greyhound owners that were paid a purse as a result of the most recently held Texas race meeting, regardless of whether the greyhound was Texas-bred. The updated language is reflected below (with bold font showing the change from the May 10, 2022, proposal). This language is consistent with the stated purpose of the law as to the funds in escrow, that being supporting greyhound racing that occurred in Texas. It allows for the greatest positive impact by providing for the largest number of kennel and greyhound owners that may practically and legally be distributed funds from the escrow account.

Proposed Addition of Rule of Racing 303.102(d)(2):

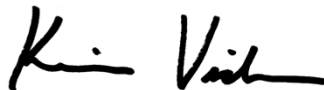
(2) TGA may propose, and the Commission may approve, that payment of the purse money TGA collects pursuant to Section

2028.202(c)(2), Occupations Code, from interstate cross-species simulcasting at Texas horse racetracks be made directly from TGA to persons that were kennel owners or owners of a greyhound that participated in the race meeting most recently held in Texas and were paid a purse as a result of that race meeting. Such a proposal must specify that one half of the purse money subject to the proposal shall be allocated among the kennel owners and the other half shall be allocated among the greyhound owners. TGA may propose that the one half allocated to kennel owners be subdivided among kennel owners, and the other half allocated to greyhound owners be subdivided among greyhound owners, in any proportions that TGA determines are fair. In preparing a proposal, TGA shall consider the resources expended by proposed recipients in support of activities related to greyhound racing in Texas.

TGA believes that the Commission should formally make the amendment proposal as soon as possible so that the proposed amendment may be published in the Texas Register where it will then be further available for public comment and consideration before being finalized.

I've enclosed the TGA's May 10, 2022, submission. I am available to answer any questions about TGA's support for a rule change, and I can be reached using the contact information found above. Thank you for your consideration.

Respectfully,



Kevin Vickers

CC: Nick James, Texas Greyhound Association
Jim Dunnam, Dunnam & Dunnam LLP

Enclosure

Enclosure

**TEXAS RACING COMMISSION
COMMITTEE ON RULES**

Date of Request: May 10, 2022

***Request for Proposed Change to an Existing Rule or
Addition of a New Rule to the Rules of Racing***

Please submit this information to the attention of the Executive Director *at least 21 days* in advance of the next scheduled Committee on Rules meeting. An electronic form is available to assist in your submission or feel free to add additional pages as necessary in order to provide as much detail as possible. Filing this request does not guarantee that your proposal will be considered by the Committee on Rules, and failure to complete all sections may delay consideration of your request.

Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, TX 78754-4552
Phone: 512/833-6699 Fax: 512-833-6907
email: info@txrc.texas.gov

Contact Information:

Name:	Kevin Vickers		
Phone Number:	512-751-4195	Fax number:	512-233-0970
Mailing address:	P.O. Box 12715, Austin, Texas 78711		

Check appropriate box(es):

<input type="checkbox"/>	Personal Submission <i>OR</i>
<input checked="" type="checkbox"/>	Submission on Behalf of <u>Texas Greyhound Association (TGA)</u> <small>(Name of Organization)</small>

<input type="checkbox"/>	Proposed Change to (if known):	Chapter: <u>n/a</u>	Rule: <u>n/a</u>
<input checked="" type="checkbox"/>	Proposed Addition to (if known):	Chapter: <u>303</u>	Rule: <u>102(d)</u>

Other Rules Affected by Proposal (if any):	Chapter: <u>n/a</u>	Rule: <u>n/a</u>
	Chapter: <u>n/a</u>	Rule: <u>n/a</u>

Statutory Authority for Proposed Change: [Tex. Occ. Code §§ 2028.201, .202\(c\)\(2\)](#)

A. Summary of the Issue and Proposed Solution

1. Summarize the issue. Address the following:

- What specific problems or concerns are involved in this issue?
- Do any existing model rules (such as from ARCI) relate to this issue?

The proposed rule amendment would expressly describe how the Texas Greyhound Association (TGA) may propose for Commission approval the distribution of purse money from interstate cross-species simulcasting to kennel owners and owners of registered Texas-bred greyhounds that participated in the most recently held Texas meet. Such distribution is necessary to keep the Texas greyhound industry from wholly withering into nonexistence when live greyhound races have not been held for an extended period of time—like the present.

Escrowed purse funds from interstate cross-species simulcasting at horse racetracks in Texas continue to be held by TGA despite the fact that multiple previously scheduled Texas greyhound meets have not run to completion since early 2020. Most recently, the August 2021 meet scheduled to occur at Valley Race Park was canceled. As shown by the cancellations of greyhound meets in 2020 and 2021, even if greyhound race dates have been granted by the Commission, there is no guarantee that such meets will actually be run to completion.

Factors such as the COVID-19 pandemic and the deteriorated condition of greyhound racetracks in Texas preclude the occurrence of meets currently. Meanwhile, Texas's greyhound and kennel owners are struggling to keep the greyhound racing industry viable. In light of these considerations, TGA has proposed that escrowed purse funds paid to TGA pursuant to Section 2028.202(c)(2), Occupations Code, from March 1, 2020, through August 31, 2021, should be distributed in fair proportions to the owners of Texas-bred greyhounds and the kennel owners that were contracted to participate at the meets run at Gulf Greyhound Park for the January 2, 2020, through February 29, 2020, racing season. Such a distribution would benefit a large number of people at the core of Texas greyhound racing.

As has been discussed in public testimony to the Commission, in written communications to Commission staff, and in many other forums, the lack of racing has greatly hurt greyhound and kennel owners, and it may cause such owners to give up trying—such that Texas may not have in the future the greyhounds and kennel operations necessary to hold meets. Distributing interstate cross-species simulcasting funds that would otherwise uselessly sit in escrow is a necessary life-support measure for Texas greyhound racing.

As detailed in briefing submitted on behalf of TGA to the Opinion Committee of the Office of the Texas Attorney General regarding request for opinion RQ-0442-KP, the Commission already has authority to approve proposals like those that would be addressed by this rule amendment. The amendment is simply “belt and suspenders” that would be useful for the public and the regulated community by providing expressly elaborated criteria and required considerations for a TGA proposal to distribute interstate cross-species simulcast funds to participants in past races.

TGA is unaware of any existing model rules that relate to this issue.

2. Summarize proposed solution(s). Address the following:

- How will the solution fix the problem?

- What are the benefits of the proposed change?
- What are the possible drawbacks of the proposed change?

As noted above, the proposed rule amendment would expressly describe how TGA may propose for Commission approval the distribution of purse money from interstate cross-species simulcasting to kennel owners and owners of registered Texas-bred greyhounds that participated in the most recently held meet. More specifically, the rule amendment would require that TGA’s proposal for distribution specify that one half of the money subject to the proposal must be allocated among greyhound owners and the other half must be allocated among kennel owners. This ensures that both essential groups receive some “life support” and that greyhound owners are provided more than the statutory minimum of 35 percent of purse monies. In preparing its proposed distribution, TGA would be required to consider the resources expended by proposed recipients in support of greyhound racing.

The Commission would retain the ultimate authority to approve or disapprove of TGA’s proposal.

Texas law requires that Texas-bred greyhounds be booked to run in races in the state. Without distributions of interstate cross-species simulcasting funds or live races actually occurring, Texas’s native greyhound racing participants will shut their doors and Texas will be wholly unable to run live greyhound races in the future. The proposed rule amendment has the benefit of providing direction to TGA and other stakeholders about how interstate cross-species simulcast funds might be distributed during times when no live racing is occurring.

There are no possible drawbacks to the proposed rule amendment. The amendment would not alter the current authority of the Commission or TGA. The amendment would not bind the Commission or TGA to do anything either entity may not desire in the future. The amendment would simply provide helpful direction about what should be considered potentially proper distributions and allocations of purse funds resulting from interstate cross-species simulcasting in certain circumstances.

B. Impact of Proposal

Please answer the following questions to the best of your ability. Explain all “yes” answers below.

1. Is this change likely to have any fiscal impact on state or local government over the next five years?
2. Is there likely to be any cost to persons or businesses required to comply with the change?
3. Is the change likely to result in the creation or elimination of a government program?
4. Is the change likely to create any new employee positions or eliminate any existing employee positions within the Texas Racing Commission?
5. Is the change likely to require an increase or decrease in future legislative appropriations to the agency?
6. Is the change likely to require a substantial increase or decrease in the total amount of fees paid to the agency?
7. Does the change create any new regulations or expand any existing regulations?

	Yes	No
		X
		X
		X
		X
		X
		X
		X

8. Is the change likely to increase the number of individuals subject to the rule's applicability?		X
9. Is the change likely to have an impact on the Texas economy?	X	
10. Is the change likely to have a negative economic effect on small businesses?		X
11. Is the change likely to have a negative impact on micro-businesses (independently owned businesses with no more than 20 employees)?		X
12. Is the change likely to have a negative impact on the local economy?		X
13. Is the change likely to have a negative impact on rural communities (communities with a population of less than 25,000)?		X
14. Is the change likely to have a negative impact on employment conditions in Texas?		X
15. Is the change likely to restrict, limit, or impose a burden an owner's right to his or her private real property?		X

16. Explain any "yes" answers, including estimates of cost where appropriate.

As noted above, there is a likely benefit to the Texas economy because distributions of purse money from interstate cross-species simulcasting to kennel owners and owners of registered Texas-bred greyhounds is necessary to keep greyhound racing alive in Texas during times when live greyhound races have not been held for an extended period of time. The rule amendment, if adopted, would provide the public and the regulated community with more direction so that expectations about distributions could be more appropriately built into planning decisions.

17. If you answered "yes" to any questions above, is there another way to achieve the same goal that would not result in a "yes" answer?

While the proposed rule amendment would benefit the economy without any drawbacks, current legal authority is sufficient to achieve the goal of supporting Texas's greyhound and kennel owners during times when no live racing is occurring.

18. What is the anticipated public benefit of this change?

See above. The broad public economic and cultural benefits from viable greyhound racing that underlie the Texas Racing Act are the same benefits that will be enhanced by the proposed rule amendment.

D. Support or Opposition

Please identify any affected stakeholder groups that expressed support or opposition. (These stakeholders may include the racetracks, breed registries, owners, kennel owners, trainers, jockeys, veterinarians, members of the public, or others.)

- For those stakeholder groups that have expressed an opinion, please state their opinion(s) and submit any formal letters of support or opposition.
- Are there any affected stakeholder groups that have not been consulted on this proposal?

TGA is unaware of any opposition to this proposal. Stakeholders both within and outside of TGA have been consulted. Of particular note, TGA's representative contacted representatives of the three Texas greyhound racetrack associations (two current license holders—Gulf Coast Racing and Valley Race Park—and one former license holder—Gulf Greyhound Park). All of the Texas greyhound racetrack associations are supportive of TGA's proposal.

C. Proposal

Provide rule language you are proposing. Please show any language to be added with underlined text (example: new text) and any current rule language to be eliminated in brackets with strikethroughs (example: [~~text to be deleted~~]). To substitute text, show the new text first (example: new text [~~old text~~]).

RULE §303.102 Greyhound Rules

- (a) Registration as a Texas-Bred Greyhound.
 - (1) Eligibility Requirements for Owner/Lessee. The owner or lessee of the dam at the time of whelping must have been a resident of Texas for the three-year period preceding the date the litter was whelped. If the dam has multiple owners, each owner must meet the requirements in this subdivision.
 - (2) Eligibility Requirements. To be registered as a Texas-bred greyhound, a greyhound must have been whelped in Texas and remained domiciled in Texas for the first six months of life.
 - (3) Registration Procedure.
 - (A) The owner or lessee of the dam at the time of whelping is responsible for registering a greyhound as Texas-bred.
 - (B) The owner or lessee must submit to the Texas Greyhound Association ("TGA") the original "Litter Registration Acknowledgement" received from the National Greyhound Association ("NGA"), with a check or money order for the registration fee established by TGA.
 - (C) With the application for registration, the owner or lessee must file an affidavit with the TGA affirming that all litter applications submitted by the owner or lessee meet the registry requirements. The affidavit must include an agreement that if any of the greyhounds being registered are removed from Texas before six months of age, the owner or lessee will notify TGA no later than 10 days after the removal. On being notified that a registered greyhound has been removed from Texas before six months of age, TGA shall remove the greyhound from the registry.
 - (D) If the litter qualifies to be registered as Texas-bred greyhounds, the TGA will stamp the "Litter Registration Acknowledgement" and "Certificate of Registration" of each affected greyhound as "Texas Bred" and return them to the sender.
 - (E) A person who submits an application for registration knowing that the application contains false information is subject to discipline by the TGA Executive Committee, including suspension from the TGA.
- (b) Owners' Awards.
 - (1) The owner of a registered Texas-bred greyhound is eligible to receive an owner's award if the greyhound is among the first four Texas-bred greyhounds to finish a pari-mutuel race in Texas. For purposes of this subdivision, each elimination and final in a stakes race competition is considered a pari-mutuel race. A dead heat for any position is considered a placement in that position for each greyhound involved in the dead heat.

- (2) TGA will pay owners' awards no later than the last business day of each month for the previous month's awards. TGA will issue the check for each award to the person in whose name the Texas-bred greyhound is registered.
- (3) Determination of Available Award Funds. Available owners' awards for each month are composed of the sum of the following two amounts:
 - (A) the total amount of money received from the Commission for the Texas Bred Incentive Program for the period between the dates that the last Texas greyhound meet ended and the current Texas greyhound meet began, minus the statutorily permitted amount for administrative expenses, multiplied by the ratio of the live pari-mutuel races proposed for the month to the number of live pari-mutuel races proposed in the current greyhound meet; and
 - (B) the total amount of money received from the Commission for the Texas Bred Incentive Program during the current greyhound meet for the month, minus the statutorily permitted amount for administrative expenses.
- (4) Owners' awards for each live race during a month shall be paid out as follows:
 - (A) First Texas-bred greyhound - each Texas-bred greyhound finish for first among Texas-bred greyhounds that compete in a Texas pari-mutuel race shall receive an equal share of 50% of the award funds available under paragraph (3) of this subsection.
 - (B) Second Texas-bred greyhound - each Texas-bred greyhound finish for second among Texas-bred greyhounds that compete in a Texas pari-mutuel race shall receive an equal share of 25% of the award funds available under paragraph (3) of this subsection.
 - (C) Third Texas-bred greyhound - each Texas-bred greyhound finish for third among Texas-bred greyhounds that compete in a Texas pari-mutuel race shall receive an equal share of 15% of the award funds available under paragraph (3) of this subsection.
 - (D) Fourth Texas-bred greyhound - each Texas-bred greyhound finish for fourth among Texas-bred greyhounds that compete in a Texas pari-mutuel race shall receive an equal share of 10% of the award funds available under paragraph (3) of this subsection.
- (5) TGA shall make a reasonable effort to deliver all owners' awards. If after 12 months after issuing a check for an owner's award TGA is unsuccessful in delivering the check to the proper person, TGA shall void the check and add the unclaimed amount to the total amount to be distributed as owners' awards for the next greyhound meet.
- (6) Each month, one owner's award share under each subparagraph listed under paragraph (4) of this subsection will be retained to cover errors that may be made by TGA. A person who believes he or she is entitled to an owner's award must file a claim with TGA no later than 90 days after the end of the month during which the race on which the claim is based was conducted. On receipt of a claim for an owner's award, TGA shall determine whether the claim is valid. If the claim is valid, TGA shall immediately pay the owner's award. After the deadline for filing a claim, TGA shall add the remaining retained owner's award shares to the total amount to be distributed in the next greyhound meet. If more than one valid claim is filed, TGA shall pay the second and subsequent claims from the owner's award shares retained from the next and subsequent months until all valid claims are paid.

- (7) At the conclusion of the current greyhound meet and after the TGA has distributed all owners' awards under this subsection, the TGA shall add any remaining Accredited Texas Bred Funds to the total amount to be distributed as owners' awards at the next greyhound meet.
 - (8) An owner's award may not be paid for a greyhound that is disqualified from a race due to a positive drug test. On notice to TGA that a race's results are affected by a positive drug test, TGA shall retain any owner's award due to the affected greyhound until the Commission's disciplinary proceedings regarding the positive drug test are final and unappealable. If the greyhound's disqualification is overturned, the TGA shall pay the retained owner's award within 30 days of receiving notice of the final disposition of the proceeding. If the greyhound's disqualification is upheld, the amount of the retained owner's award shall be added to the total amount to be distributed as owners' awards for the next greyhound meet after the month in which TGA is notified of the final disposition of the proceeding.
- (c) Stakes Races.
- (1) Pursuant to the Act, §6.09(d) and Tex. AG. Op. No. DM-211, TGA shall pay one-half of the breakage it receives as additional purse money for stakes races restricted to Texas-bred greyhounds. All registered Texas-bred greyhounds are eligible to participate in a Texas-bred restricted stakes race, subject to the conditions of the race.
 - (2) TGA shall develop the conditions of each Texas-bred restricted stakes race in cooperation with the racetrack at which the race will be conducted. The conditions of the race are subject to the approval of the executive secretary.
 - (3) TGA shall pay the allotted additional purse money for the race to the racetrack at which the race will be conducted. The racetrack shall hold the additional purse money received from TGA until the executive secretary advises the association that the race has been cleared for payment.
- (d) Distribution of purse money from cross-species simulcasting.
- (1) To enhance live racing opportunities at Texas greyhound racetracks, TGA shall pay to each greyhound racetrack the purse money it collects pursuant to the Act, §6.091(d)(2) from interstate cross-species simulcasting at Texas horse racetracks in accordance with an allocation approved by the Commission. TGA shall prepare a proposed allocation for consideration by the Commission. In preparing a proposed allocation, TGA shall consider:
 - (A) the average price-per-point paid for purses at each greyhound racetrack during the preceding year;
 - (B) the purse payout at each greyhound racetrack during the preceding year; and
 - (C) the impact cross-species simulcasting has made on greyhound purse revenues at each greyhound racetrack during the preceding year.
 - (2) TGA may propose, and the Commission may approve, that payment of the purse money TGA collects pursuant to the Act, § 6.091(d)(2) from interstate cross-species simulcasting at Texas horse racetracks be made directly from TGA to persons that were kennel owners or owners of a registered Texas-bred greyhound that participated in the race meeting most recently held in Texas. Such a proposal must specify that one half of the purse money subject to the proposal shall be allocated among the kennel owners and the other half shall be allocated among the greyhound owners. TGA may propose that the one half allocated to kennel owners be subdivided among kennel owners, and the other half allocated to greyhound owners be subdivided among greyhound owners, in any proportions that TGA determines are fair. In preparing a proposal, TGA shall consider the

resources expended by proposed recipients in support of activities related to greyhound racing in Texas.

(3)~~(2)~~ Annually, the executive secretary shall establish a deadline by which the proposed allocation must be submitted. The executive secretary shall ensure each of the greyhound racetracks has notice of the proposed allocation and the date, time, and location of the Commission meeting at which the proposed allocation will be considered for approval.

From: [Pat Parker](#)
To: [info](#)
Cc: Virginia.fields@txrc.gov
Subject: Rule 303.102(d)
Date: Thursday, December 8, 2022 10:48:27 AM

[You don't often get email from patparker8@icloud.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

I support The Texas Greyhound Association request for a rule change to Rule 303.102(d) to distribute cross-species purse monies.

James R. Parker
Texas Greyhound Association Board Member

Sent from my iPad

**IX. NEXT COMMISSION
MEETING**

**Wednesday, February 15, 2023
at 10:30 a.m.**

X. ADJOURN