



TEXAS RACING COMMISSION
P. O. Box 12080
Austin, TX 78711-2080
(512) 833-6699
Fax (512) 833-6907

Texas Racing Commission
Wednesday, June 21, 2023
10:30 a.m.
6100 Guadalupe St., Bldg. E
Criminal Law Enforcement Auditorium
Austin, Texas 78752

AGENDA

I. CALL TO ORDER

II. PLEDGES (U.S. AND TEXAS)

III. COMMISSIONER REMARKS

- A. Commission Chair
- B. Commission Vice Chair
- C. Commission Members

IV. PUBLIC COMMENTS

V. STAFF REPORTS

Discussion and consideration of staff reports regarding administrative matters:

- A. Executive Director Report
- B. Legislative Update Report

VI. RACETRACK PROCEEDINGS

- A. Discussion and possible action to open an application period for a Class 2 horse racetrack in Jefferson County in accordance with 16 TEX. ADMIN. CODE §309.3(b).
- B. Discussion and possible action to designate a July 1 through September 30, 2023, as the application period for proposed race dates during Calendar Years 2024-2028, including charity race dates and training facility official work dates, under 16 TEX. ADMIN. CODE §§303.41, 303.42, and 313.504.

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.
 - 1. Requests by the Texas Quarter Horse Association.
 - a. 2023 Lone Star Park Quarter Horse Meet Accredited Texas Bred Owners, Breeders, and Stallion Owner Award - \$815,000; and
 - b. 2023 Lone Star Park Stakes Program - \$250,000

VIII. EXECUTIVE SESSION (AS NEEDED)

The following items may be discussed and considered in executive session or open meeting, with any action taken in the open meeting:

- A. Under TEX. GOV'T CODE §551.071(1), the Commission may enter an executive session to seek the advice of its attorney regarding pending or contemplated litigation or regarding a settlement offer.
- B. Under TEX. GOV'T CODE §551.071(2), the Commission may enter an executive session to discuss all matters identified in this agenda where the Commission seeks the advice of its attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas. This may include, but is not limited to, legal advice regarding the Open Meetings Act, the Administrative Procedures Act, and the Texas Racing Act.
- C. Under TEX. OCC. CODE §2025.005, the Commission may enter an executive session to review security plans and management, concession, and totalisator contracts.

IX. NEXT COMMISSION MEETING

Wednesday, August 16, 2023, 10:30 a.m.

X. ADJOURN



TEXAS RACING COMMISSION
P.O. Box 12080
Austin, TX 78711-2080
(512) 833-6699

May 4, 2023

Marsha Rountree
Executive Director
Texas Horsemen's Partnership, LLP
P.O. Box 142533
Austin, TX 78714

Re: Recognition as Horsemen's Representative Organization

Dear Ms. Rountree:

On March 16, 2023, the Texas Racing Commission received the application of the Texas Horsemen's Partnership for recognition as the organization to represent the horsemen before the agency. The Commission received no other applications for recognition as the horsemen's representative organization.

Staff reviewed the application and the records of the Commission and the Secretary of State regarding the status of the entities and individuals named in the application. Each entity is in good standing with the state, each director is properly licensed with the Commission as an owner and/or trainer, and each director's license is in good standing. In addition, the key employees are appropriately licensed as industry representatives and their licenses are in good standing.

Based on our review of all pertinent documents, the Texas Horsemen's Partnership, LLP, satisfies the requirements for recognition. Therefore, pursuant to my authority under Texas Commission Rule § 309.299, the Texas Horsemen's Partnership, LLP, is recognized for the next two-year term as the horsemen's representative organization in Texas.

Sincerely,

Amy F. Cook

Amy F. Cook
Executive Secretary

cc: Texas Racing Commission

Texas Racing Commission – 88th Regular Session Fact Sheet

BILL	CAPTION	TXRC STAFF ANALYSIS
<p><u>H.B. 1</u></p> <p><i>(PENDING GOVERNOR ACTION)</i></p>	<p><i>General Appropriations Bill.</i></p>	<ul style="list-style-type: none"> ○ Increases agency FTE authorization and streamlines budget structures. ○ Includes the ERS Rider to fund state contributions through General Revenue. ○ Provides General Revenue to fund drug testing at the Texas A&M Veterinary Medical Diagnostic Laboratory.
<p><u>S.B. 30</u></p> <p><i>(SIGNED BY GOVERNOR ABBOTT)</i></p>	<p><i>Relating to supplemental appropriations and reductions in appropriations and giving direction and adjustment authority regarding appropriations.</i></p>	<ul style="list-style-type: none"> ○ Provides FY23 bridge funding to address agency salary and I.T. matters.
<p><u>H.B. 1620</u></p> <p><i>(PENDING GOVERNOR ACTION)</i></p>	<p><i>Relating to the review date for certain governmental entities subject to the sunset review process and the regulation of horse racing by the Texas Racing Commission.</i></p>	<ul style="list-style-type: none"> ○ Extends Racing Commission Sunset date to 2029. ○ Allows the agency to apply for and accept grants. ○ Increases biennial carryover from \$750K to \$2M (CPI Adjustment). ○ Requires TXRC to follow Chapter 53 licensing procedures. ○ Repeals General Revenue repayment with interest impediment. ○ Repeals temporary licensing language (related to Chapter 53 connection). ○ Additionally, places TXRC into a limited Sunset review related to these items during the Interim.
<p><u>H.B. 4635</u></p> <p><i>(SIGNED BY GOVERNOR ABBOTT)</i></p>	<p><i>Relating to organized crime, racketeering activities, and collection of unlawful debts; providing a civil penalty; creating criminal offenses.</i></p>	<ul style="list-style-type: none"> ○ The bill connects these criminal activities to the <i>Texas Racing Act</i>. Once postured, this is expected to provide additional enforcement tools for the agency to address detrimental activities occurring at brush and bush tracks.





**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. 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).

(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: Robert Werstler Mr. Dr.
First Last Ms. Other _____

Position Title: Executive Director

Email Address: rwerstler@tqha.com

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

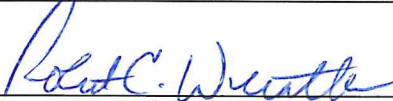

Section C. Certifications

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		
	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): 2023 QH Meet @ LONE STAR PARK - Accredited Texas Bred (ATB) Owners, Breeders & Stallion Owner Award

Event Date(s) or Approximate Date(s): September - December LSP 2023 pari-mutuel race

Total Amount Requested For this Event: \$815,000

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

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 Lone Star Park QH meet (September 15-December 16). These funds will supplement the current accredited Texas-bred incentive award payouts, mandated by the Texas Racing Act Sec. 2030.004.

In an effort to increase national exposure and increase simulcast handle to these races, TQHA will partner with Lone Star Park with promotions geared toward American Quarter Horse racing for increased media exposure and marketing during the meet to attract patrons.

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 Lone Star Park will be eligible for the following enrollment incentive breakdown:\$800,000 ATB Awards:

40% Owner Award -\$320, 000
40% Breeder Award -\$320,000
20% Stallion Owner Award -\$160,000

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 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. TQHA estimates an increase of 30-40% of horses accredited as Texas breds. 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 the 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..

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	\$800,000.00
Advertising	\$5,000.00
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)	\$5,000.00
Total	\$815,000.00

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

Race Award Supplements/Prizes (\$800000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

- 800,000 ATB Awards:
- 40% Owner Award -\$320,000
- 40% Breeder Award -\$320,000
- 20% Stallion Owner Award -\$160,000

Advertising (\$5000 total) Provide an explanation of advertising costs.

\$5,000 TQHA Direct costs:

Advertisements - magazines - TRACK, Speedhorse, Stallionsearch.com

Online - Constant Contact, use of advertising platforms on FaceBook

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.

Data Analysis

Collect and store data on past and new numbers

Process, present, design reporting to ensure quality and accuracy

Monitor performance to identify improvements

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 (\$5000 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.

\$1,000- Separate Checks, 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

\$4,000-ATB Software for Lone Star Park to look up Accredited horses via web-base platform



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 St
Street Address

Elgin TX 78621
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: Robert 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: Robert Werstler Mr. Dr.
First *Last* Ms. Other _____

Position Title: Executive Director

Email Address: rwerstler@tqha.com

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

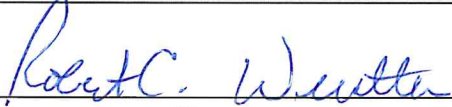
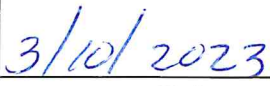
Section C. Certifications

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		
	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

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): Lone Star Park Stakes Program

Event Date(s) or Approximate Date(s): September, 15, 2023 - December 16, 2023

Total Amount Requested For this Event: \$250,000

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

TQHA is providing opportunities to attract more horsemen and horses to the state by providing additional race days with increased purses with focus on the stakes program and an emphasis on Texas-bred horses. The increased stake purse structure will allow Lone Star Park to sell their simulcast signal to an increased number of outlets, which will increase hand

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:
\$100,000 to the Refrigerator Stakes – Premiere race for older horses
\$50,000 to the Lip Chip Stakes- Accredited Texas-bred
\$50,000 to the B.F Phillips, Jr. Stakes- Accredited Texas-bred
\$50,000 to the Yellow Rose of Texas Stakes- Accredited Texas-bred

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. 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 Rob Werstler, Executive Director and 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	\$250,000.00
Race Award Supplements/Prizes	\$
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	\$250,000.00

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

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

- \$100,000 to the Refrigerator Stakes – Premiere race for older horses
- \$50,000 to the Lip Chip Stakes- Accredited Texas-bred
- \$50,000 to the B.F Phillips, Jr. Stakes- Accredited Texas-bred
- \$50,000 to the Yellow Rose of Texas Stakes- Accredited Texas-bred

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.*