



TEXAS RACING COMMISSION
1801 N. Congress Ave
Austin, TX 78711-2080
(512) 833-6699
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Texas Racing Commission
Wednesday, December 13, 2023
10:30 a.m.
6100 Guadalupe St., Bldg. E
Criminal Law Enforcement Auditorium
Austin, Texas 78752

AGENDA

I. CALL TO ORDER

II. INVOCATION

III. PLEDGES (U.S. AND TEXAS)

IV. COMMISSIONER REMARKS

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

V. PUBLIC COMMENTS

VI. STAFF REPORTS

- A. Executive Director Report

VII. GENERAL BUSINESS

- A. Texas Greyhound Association Financial Presentation

VIII. 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 TEX. ADMIN. CODE Chapter 303, Subchapter G.

Requests by the Texas Quarter Horse Association.

IX. PROCEEDINGS ON RULES

- A. 2023 Rules Committee Updates
- B. Ad-Hoc Greyhound Committee Updates

X. RACETRACK PROCEEDINGS

- A. Discussion on active racetrack licenses scheduled for review under TEX. OCC. CODE §§2025.104-106 and 16 TEX. ADMIN. CODE §§309.51-309.53:

- Laredo Downs
 - Valle De Los Tesoros

- B. Discussion and possible action on opening a Class 2 horse track license application period from February 1, 2024-March 31, 2024, under 16 TAC § 309.3 in Cameron County, Texas.
- C. Discussion and possible action on opening a Class 2 horse track license application period from February 1, 2024-March 31, 2024, under 16 TAC § 309.3 in Galveston County, Texas.
- D. Discussion and possible action on opening a Class 2 horse track license application period from February 1, 2024-March 31, 2024, under 16 TAC § 309.3 in Nueces County, Texas.

XI. 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.

XII. NEXT COMMISSION MEETING

Wednesday, February 14, 2024, 10:30 a.m.

XIII. ADJOURN



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

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

1 of 3

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): 2024 Show Point-Year (December 1 - November 30)

Total Amount Requested For this Event: \$55,000

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

Approval is needed by January 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 2024 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	\$1,500.00
Race Award Supplements/Prizes	\$53,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$54,500.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$500.00
Total	\$55,000.00

Event Production Costs (\$1500 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

Fees for point program software used for determine points for awards and minor award production costs.

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 jackets, trophies, buckles, other championship memorabilia or gift cards to be determined by the Texas Quarter Horse Association.

Advertising (\$0 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

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

2 of 3

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): TQHA The Classic Horse Show

Event Date(s) or Approximate Date(s): August 29-September 2, 2024

Total Amount Requested For this Event: \$75,000

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
March 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 Classic Horse Show is produced by Texas Quarter Horse Association (TQHA) and is held in Fort Worth. Classic Cash (exhibitor payouts) was implemented in 2022 with the new The Classic horse show and was a major success. Classic Cash payouts from the HIEA funding in 2022 and 2023 were critical to the show's ability to attract exhibitors showing more than 300 horses and grow its entry and stall fees by more than 50%. The Classic Cash program has enabled the show to quickly become recognized as a "go to" show that has attracted and rewarded more involvement in the Texas horse industry.

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.

With funding from HIEA in 2024, Classic Cash will provide payouts to members of TQHA placing in the top seven in 140 performance classes with most of the payouts going to youth, novice and amateur exhibitors and will also include payouts in designated classes/specialty areas and Texas Bred horses.

The Classic Cash focus of paying out deeper into classes will continue and will encourage more participation in The Classic. This will be the only event in Texas that pays out exhibitors through 7th place and has created interest and excitement in those horse owners who often do not place in the top few. To focus on Texas horse industry, the Top All Around Texas Bred horse in each of 6 divisions will receive a Classic Cash payout. Other payouts to increase participation will include Ranch Classes, Hunter/Jumper Classes and various Special Stakes Classes rewarding Texas Bred bred horse owners

Additionally, youth exhibitors that are high school seniors will be eligible for a Classic Cash Scholarship payout to further encourage youth participation in the equine industry.

These awards encourage Texas horse owners and riders to stay in Texas and out of state owners to travel to Texas to participate in The Classic. All payout winners must be TQHA or TQHVA members. As noted previously, the objective is to attract more exhibitors so advertising and other promotional materials will focus on these payout opportunities.

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 impact of this award program will be increased participation in The Classic, giving our Texas Bred horses and their owners/riders an opportunity to earn AQHA points and a cash award. The incentive of cash payouts will encourage our Texas participants to stay here in Texas, staying in local hotels, eating in local restaurants and enjoy local retail opportunities. In addition, there will be nationwide appeal to Texas Bred horse owners to come to Texas and spend their dollars in Texas. Each horse competing has a support group of a minimum of three people, including trainers and family members.

Many equine associations have taken an active role in promoting and encouraging novice riders and recognize the long-term benefits of supporting new participants in their early experiences. The more that equine associations can continue to foster and encourage participation of these beginners, the greater chance of these individuals going on to increase their annual dollars spent on breeding and showing.

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?

Texas Quarter Horse Association Halter & Performance Committee will be directly involved in The Classic overseeing all aspects of The Classic. A show management company will be hired to handle all details regarding schedules, judges, results and points. During the show, TQHA Committee chair will review and approve all payouts.

Project management will be provided by the Chairman of the TQHA Halter & Performance Committee and project oversight will be provided by 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	\$19,500.00
Race Award Supplements/Prizes	\$50,000.00
Advertising	\$5,000.00
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$

	\$
Total Direct Costs	\$74,500.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$500.00
Total	\$75,000.00

Event Production Costs (\$19,500 total) For events to be produced or sponsored by the breed registry, provide a breakdown of the event production expenses.

With increased participation, more arenas and facilities will be needed.

Race Award Supplements/Prizes (\$50000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.

\$35,000 - Class Payouts to Top 7 Show Circuit Winners in approximately 110 Performance Classes and 30 halter classes. These classes include Youth/Novice Youth of all ages; Amateur/Novice Amateur/Select Amateur and Professional exhibitors and includes both Western and English events and Halter Classes. Additionally, random awards will be distributed in some classes throughout the show to further encourage youth and novice exhibitors.

Other Payouts:

\$3,000 – Top Texas Bred Horse in each of the 6 Divisions (Youth, Novice Youth, Amateur, Novice Amateur, Select Amateur and Open exhibitors)

\$4,500 – Ranch Circuit All Around Champions, Reserve Champions and 3rd Place exhibitors in 3 Divisions. (Youth, Amateur, Open). Classes include Ranch Riding, Ranch Trail and Ranch Rail.

\$750 – Champion Hunter/Jumper All Around in 3 Divisions (Youth, Amateur, Open)

\$5,250 – Additional payouts in Special Stakes Classes for Texas Bred horses.

\$1,500 – Classic Cash Scholarship payout for high school seniors.

Advertising (\$5,000 total) Provide an explanation of advertising costs.

Nationwide advertising is essential to attract Texas Foaled horses back to Texas to compete and will include:

AQHA promotions

On line ads with Go Horse Show and Equine Chronicle

Paid Facebook ads,

Constant Contact Enews Blasts

Promotional items

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

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

3 of 3

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) NRR Cat King Cole Super Stakes

Event Date(s) or Approximate Date(s): March 20- April 14, 2024

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

When Are Funds Needed? *If funding can be provided in multiple phases, please explain.*
No later than March 1, 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 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 2024, the Super Stakes will be held in Fort Worth, Texas from March 22 - April 16. 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 2024 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 the 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	<u>\$100,500.00</u>

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 (\$100,000 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 Highest Placing – \$15,000
- Third Highest Placing – \$10,000

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

- Highest Placing – \$12,500
- Second Highest Placing – \$7,500
- Third Highest Placing – \$5,000

Amateur Division – \$25,000 Total Prize Money

- Highest Placing – \$12,500
- Second Highest Placing – \$7,500
- Third Highest 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

Staff Review of Racetrack Licenses

December 2023

Laredo Downs (Laredo, Texas)

Description	Inactive Class 2 Horse Racetrack (Webb County)
Current Status	Renewal application and fee submitted annually. Inactive Last Review of Record: May 2020
Live Race Dates	No live race dates conducted since licensed in 2007; pending live race dates in 2027.

Renewal Criteria: *Texas Racing Act* §§2025.104-106 identifies the following factors as criteria the Commission shall consider in determining whether to renew a racetrack license: *Financial Stability, Ability to Conduct Live Racing, Ability to Construct and Maintain a Racetrack, Other Good Faith Efforts to Conduct Live Racing*

<i>Financial Stability</i>	<i>Ability to Conduct Live Racing</i>	<i>Ability to Construct and Maintain a Track</i>	<i>Other Good Faith Efforts to Conduct Live Racing</i>
LRP Group, Ltd. was formed on January 13, 2004, and is a business entity in good standing with the Texas Secretary of State.	LRP Group Ltd., signed a 20-year lease for 150 acres of land that is part of a 12,000-acre parcel called “Dolores Ranch.” This lease arrangement was approved by the Commission in December 2022.	LRP Group Ltd., has recently filed its annual ownership and financial report with the Commission, which demonstrated the ability to construct and maintain a racetrack.	LRP Group Ltd., requested and the Commission approved 26 live race dates beginning on January 2, 2027, and concluding on February 28, 2027.

Staff Analysis: LRP Group, LTD meets the criteria for renewal of an inactive Class 2 horse track license.

Staff Recommendation: **Staff recommends approval of the Laredo Downs license without conditions.**



Texas Racing Commission

Staff Review of Racetrack Licenses

December 2023

Valle De Los Tesoros, Ltd. (McAllen, Texas)

Description	Inactive Class 2 Horse Racetrack (Hidalgo County)
Current Status	Renewal application and fee submitted annually. Inactive Last Review of Record: May 2020
Live Race Dates	No live race dates conducted since licensed in 2007; pending live race dates in 2027.

Renewal Criteria: *Texas Racing Act* §§2025.104-106 identifies the following factors as criteria the Commission shall consider in determining whether to renew a racetrack license: *Financial Stability, Ability to Conduct Live Racing, Ability to Construct and Maintain a Racetrack, Other Good Faith Efforts to Conduct Live Racing*

<i>Financial Stability</i>	<i>Ability to Conduct Live Racing</i>	<i>Ability to Construct and Maintain a Track</i>	<i>Other Good Faith Efforts to Conduct Live Racing</i>
Valle De Los Tesoros, LTD was formed on July 14, 2004, and is a business entity in good standing with the Texas Secretary of State.	VDLT secured an approximately 200-acre site in Hidalgo County, Texas as part of the original license application and continues to own and maintain that site.	VDLT has recently filed its annual ownership and financial report with the Commission, which demonstrated the ability to construct and maintain a racetrack.	VLDT requested and the Commission approved 26 live race dates beginning on January 2, 2027, and concluding on February 28, 2027.

Staff Analysis: VDLT Group, LTD meets the criteria for renewal of an inactive Class 2 horse track license.

Staff Recommendation: **Staff recommends approval of the Valle De Los Tesoros license without conditions.**

