

TEXAS RACING COMMISSION

MEETING

10:35 a.m.
Wednesday,
October 18, 2023

Texas Department of Public Safety
Criminal Law Enforcement Auditorium
6100 Guadalupe Street
Building E
Austin, Texas 78752

COMMISSIONERS:

ROBERT C. PATE, Chair
CONNIE McNABB, D.V.M., Vice Chair
MARGARET MARTIN (absent)
ARIEL "A.J." WAIGHT
MICHAEL "MIKE" MOORE (absent)
REBECCA CONTRERAS

EX OFFICIO MEMBERS:

SUSAN MALDONADO, Texas Department of
Agriculture
STEVEN P. MACH, Public Safety Commission
(absent)

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
I. CALL TO ORDER	4
II. INVOCATION	5
III. PLEDGES (U.S. AND TEXAS)	5
IV. COMMISSIONER REMARKS	
A. Commission Chair	5
B. Commission Vice Chair	6
C. Commission Members	none
V. PUBLIC COMMENTS	none
VI. STAFF REPORTS	
A. Executive Director Report	8
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 TEX. ADMIN. CODE Chapter 303, Subchapter G.	24
1. Requests by the Texas Thoroughbred Association	
VIII. PROCEEDINGS ON RULES	
A. Discussion and possible action to publish proposed rule amendment in the Texas Register:	29
1. 16 TEX. ADMIN. CODE §311.101, Subchapter B, Horse Owners	
2. 16 TEX. ADMIN. CODE §311.2, Application Procedure	
3. 16 TEX. ADMIN. CODE §313.501, Training Facility License	
4. 16 TEX. ADMIN. CODE §313.504, Operational Requirements.	
5. 16 TEX. ADMIN. CODE §313.505, Workout Requirements.	
6. 16 TEX. ADMIN. CODE §321.1, Definitions and General Provisions	
7. 16 TEX. ADMIN. CODE §321.605,	

	E-Wagering Plan	
8.	16 TEX. ADMIN. CODE §321.21, Certain Wagers Prohibited	
9.	16 TEX. ADMIN. CODE §321.413, Duties of Guest Racetrack	
IX.	RACETRACK PROCEEDINGS	
A.	Discussion and possible action on allocation of Live Race Dates for Racetracks for 2024-2027 under Texas Racing Act, TEX. OCC. CODE Chapter 2029, and 16 TEX. ADMIN. CODE §§303.41 and 303.42.	73
B.	Discussion and possible action on inactive and active racetrack licenses scheduled for review under TEX. OCC. CODE §§2025.104-106 and 16 TEX. ADMIN. CODE §§309.51-309.53:	
	1. Hill Lane, LLC, d/b/a Manor Downs	76
	2. Gillespie Fair & Festivals	78
X.	EXECUTIVE SESSION (AS NEEDED)	none
	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 totalizator contracts.	
XI.	NEXT COMMISSION MEETING	81
	Wednesday, December 13, 2023, 10:30 a.m.	
XII.	ADJOURN	81

P R O C E E D I N G S

1
2 CHAIRMAN PATE: Welcome to the meeting of the
3 Texas Racing Commission.

4 Dinorah, please call the roll.

5 MS. CHIU: Chairman Pate?

6 CHAIRMAN PATE: Here.

7 MS. CHIU: Vice Chair McNabb?

8 COMMISSIONER McNABB: Here.

9 MS. CHIU: Commissioner Martin?

10 (No response.)

11 MS. CHIU: Commissioner Moore?

12 (No response.)

13 MS. CHIU: Commissioner Waight?

14 COMMISSIONER WAIGHT: Here.

15 MS. CHIU: Commissioner Contreras?

16 COMMISSIONER CONTRERAS: Here.

17 MS. CHIU: Commissioner Maldonado?

18 COMMISSIONER MALDONADO: Here.

19 CHAIRMAN PATE: Thank you. Dinorah, do we have
20 a quorum?

21 MS. CHIU: Yes.

22 CHAIRMAN PATE: All right. Thank you.

23 Again, good morning, everyone. Thank you for
24 being here today, and we're calling this meeting to order.

25 It's 10:35 on the clock. Welcome all to the October 23

1 Commission meeting.

2 In this meeting we're also going to welcome
3 Chaplain Mike Bingham to provide the invocation, which
4 will be followed by the pledges of allegiance.

5 CHAPLAIN BINGHAM: Heavenly Father, we invite
6 you into our presence. We ask first for peace, peace in
7 the Middle East, peace in Europe, peace in Texas, peace in
8 our racing industry. We ask your wisdom and direction on
9 this Commission and on Director Cook and her employees
10 that we can provide the best product to our horsemen as
11 possible, and to glorify you in the process. We pray when
12 people see us, they see your presence first, your
13 fingerprint on our lives.

14 Give us wisdom and direction today in the name
15 of the God that created the heavens and the earth and the
16 horse that drives us all together, we pray. Amen.

17 CHAIRMAN PATE: Now join us in the pledge of
18 allegiance, please.

19 (The Pledge of Allegiance was recited.)

20 CHAIRMAN PATE: Also the Texas Pledge.

21 (The Texas Pledge was recited.)

22 CHAIRMAN PATE: All right. Please be seated.

23 Again, I welcome all of y'all to the October
24 meeting of the Texas Racing Commission. We're going to
25 continue our review of the licensed racetracks today, as

1 well as take the opportunity to continue to address the
2 safety of horse racing throughout our great state as we
3 prepare for the 2024 racing season.

4 As you all are aware, the Office of the
5 Attorney General represented the State of Texas and the
6 Racing Commission at the Fifth Circuit Court of Appeals in
7 New Orleans two weeks ago, and we continue our efforts to
8 make it clear that we believe the Horseracing Integrity
9 and Safety Act of 2020 is unconstitutional.

10 The next agenda item, III.B will recognize Vice
11 Chair Commissioner Connie McNabb for her remarks.

12 COMMISSIONER McNABB: Good morning, everyone.

13 Late in September, the AAEP -- so that's the
14 American Association of Equine Practitioners -- Racing
15 Committee discussion page reported that a roundtable forum
16 was to be held in Kentucky to discuss racetrack veterinary
17 issues.

18 I responded to the chair, Dr. Sara Langsam,
19 DVM, that I would be interested in attending. She replied
20 that the roundtable was by invitation only and has not
21 replied to me further when I requested information of any
22 outcomes of the proceedings of that closed meeting.

23 Even though I serve as the vice chair of the
24 Texas Racing Commission and have been a dues-paying member
25 for most of the past 42 years, I have no welcome or access

1 to the AAEP roundtable to discuss issues of racehorse
2 health, safety and regulatory practice. The membership of
3 the committee is in the attached screen capture, and I can
4 make that available if you wish.

5 AAEP has publicly endorsed HISA and has
6 apparently adopted the same practices of non-transparency
7 in policy development. Key members of the AAEP committee
8 are also high-level employees of HISA.

9 My recommendation to the industry is that if
10 HISA claims support of the racetrack and practicing
11 veterinarians as a whole by referencing statements or
12 documents from American Association of Equine
13 Practitioners, they are only revealing their own echo
14 chamber.

15 Thank you, sir.

16 CHAIRMAN PATE: Thank you, Commissioner McNabb.

17 The next agenda item is item III.C, opening the
18 floor to any commissioner who wishes to make any remarks.

19 Are there any commissioners who wish to make
20 remarks today?

21 (No response.)

22 CHAIRMAN PATE: All right. Hearing none, thank
23 y'all. I appreciate the continuing support of all the
24 commissioners of the agency and the horse racing industry.

25 We're going to now move on to agenda item V.

1 Public comments.

2 Dinorah, has anybody signed up for public
3 comments?

4 MS. CHIU: No, sir.

5 CHAIRMAN PATE: All right. We now move to item
6 VI.A, the executive director's report.

7 Director Cook, please give us the report.

8 MS. COOK: Good morning, ladies and gentlemen,
9 commissioners. Welcome to the October Commission meeting.

10 I'm happy to report on a couple of items today,
11 first being that we have added one more investigator to
12 our team. His name is Robert Garcia; he goes by Bobby.
13 He couldn't be with us today, but I look forward to
14 introducing him to the Commission.

15 And we continue to hire and recruit great
16 Texans. We expect to hire three additional employees on
17 the 1st of November. We've hired a young man for finance
18 to assist with finance and procurement; we've hired a new
19 multimedia person to assist Leonard, who does all things,
20 CIO and multimedia, with the departure of one our staff
21 members for a higher-paying job earlier this month.

22 And then we have a contract employee that we're
23 also hiring as well to continue to try to come up with a
24 shoestring budget version of an enforcement database since
25 we were not funded for a full database.

1 So I continue to appreciate the great team at
2 the agency and their willingness to adapt and overcome to
3 any challenge that we face.

4 Next week, myself and a couple of folks from
5 the Commission, including Aaron Grigsby, our deputy
6 executive director, and some of our law enforcement folks
7 are going to attend the Texas Commission on Law
8 Enforcement Conference in Corpus Christi. I'm going to
9 take the opportunity while I'm down there that week to
10 visit Gulf Coast Racing and take a look at the last
11 Greyhound track that's simulcasting and visit with those
12 folks.

13 But we look forward to building partnerships
14 with fellow law enforcement agencies, and that is really
15 the way that we do anything in the state system, is we do
16 it through partnerships. I'm not sure that the Texas
17 Racing Commission has ever attended a TCOLE.

18 We're planning on having a booth, we're
19 planning on playing our videos, we're planning on really
20 telling people what a great job we think we're doing for
21 the State of Texas and how great it would be to be on our
22 team, so we're going to use it as a recruiting
23 opportunity.

24 On the topic of the ad hoc Greyhound Committee,
25 the committee that was appointed last meeting by Judge

1 Pate, I've had some initial discussions on the charter
2 with the industry folks, and we have a meeting set up in
3 mid-November for those that were appointed by the chair to
4 discuss sort of the way forward before we bring in
5 Commissioner McNabb and Commissioner Moore and continue to
6 move towards the solutions we hope to propose in February.

7 On the Beaumont racetrack application that was
8 approved by the Commission in the open racetrack period, I
9 did receive an application from Beaumont Racing Ventures
10 on September 29. They are hoping to have a racetrack
11 application approved to operate a racetrack in Jefferson
12 County, Texas.

13 The application, upon initial review, however,
14 is not complete, and a notice of deficiencies with the due
15 date of November 17, 2023 has been set as a deadline for
16 additional documents to be provided to the agency. I
17 expect to report on the updated status to the Commission
18 in December 2023.

19 On safety and integrity matters -- and we
20 continue to focus on just doing the basics well, safety
21 and integrity of horse racing, the safety of human and
22 equine athletes -- we're working with the industry to
23 finalize a condition book preamble, so we'll have the same
24 condition book preamble in every condition book, four to
25 five pages. All the conditions books will be packaged in

1 a similar format in PDF and put on the agency website.

2 During the past racing season we've had a few
3 times where it wasn't clear to horsemen, it wasn't clear
4 to racetracks, it wasn't clear to us which rule we are
5 following, which rule we're enforcing, was it a house
6 rule, was it an agency rule, and how does that work?

7 So this is one way that we can make sure that
8 all parties who are interested in horse racing go to one
9 place, our website, see the condition book that's approved
10 by me with my signature on it, and if there's any changes
11 or dispute about it, that will be something that we can
12 help resolve quickly because we have one place where we
13 can all see the same version.

14 On our agenda today we also have several rule-
15 related revisions as well. We intend to staff training
16 facility official workouts in the future with the
17 increased staffing with at least four staff from the
18 Racing Commission: a veterinarian, a steward, an
19 investigator, and a licensing specialist. We have found
20 that a lot of safety concerns exist in training facility
21 workouts.

22 You may remember -- other than Commissioner
23 Maldonado, who is new to the group -- up until the point
24 that I took this job, we hadn't even licensed training
25 facilities, even though that was a requirement in the

1 rules.

2 And so we set about doing that rapidly, and as
3 we went through the summer and we went through official
4 workouts, we really found that that is a place where all
5 of our horsemen and racetracks are preparing for live
6 racing, and it's a place to really put emphasis to
7 mitigate risk, particularly of injuries for equine and
8 human athletes.

9 So we're at the point where -- and you will see
10 and should have -- we'll pass them out when we get to that
11 point, the live racing calendar.

12 So the strategy for 2024 is to have a live
13 racing calendar on our website that's interactive. It has
14 all the live race dates, it has all the training facility
15 workouts, so horsemen know where they can get a workout to
16 prepare their horse, it has all the HIA events -- as
17 Commissioner McNabb is concerned about us really talking
18 about that program and the money that we spend there --
19 has all the Commission meetings, and so it's sort of an
20 operational calendar.

21 It's what I'm used to from my military days,
22 being able to sort of see everything the agency is doing,
23 because we're kind of a small group but we're mighty, and
24 there's a lot going on, and the more we tell that story,
25 the more relevant we are in the state system and the more

1 good news we can share with our members when they talk
2 about our heading back into Sunset.

3 On that particular note, so I came to find out
4 when I contacted the new director of Sunset, Eric Beverly,
5 that we thought we were going to go through a limited
6 scope review during the next session. That's actually not
7 the case.

8 The way the statute actually was published, we
9 don't have a Sunset review; the agency was continued until
10 2029. But I still intend to go over with Mr. Beverly, sit
11 down, get to know the Sunset staff, and really look for
12 opportunities to educate them on what we do, because that
13 was the biggest challenge during session.

14 Did you know there was a Racing Commission?
15 Did you know that we were continued, do you know what we
16 do? And so I think just trying to bridge that gap on
17 education between sessions is really important.

18 One of the things that Judge Pate asked me to
19 talk about today was our record on breakdowns, and
20 breakdowns are tracked in kind of a funny way. In our
21 budget they're tracked by fiscal year. In the racing
22 community they're tracked by calendar year, which is
23 considered the season. So by the season this year, we've
24 had 1,240 starts for this calendar year up until today.

25 What's interesting about our statistics, I want

1 to let you know that every state, every entity tracks them
2 differently. There was a study that came out from ARCI
3 recently, Association of Racing Commissioners, and it
4 noted that Texas didn't participate.

5 I declined to participate because I was on a
6 conference call with a lot of other great human beings
7 across other states, some don't count horse deaths when
8 they die in the stall, when they're stalled at a
9 racetrack, some don't count horse deaths at training
10 facility workouts, and some don't count them if they are
11 vanned off and they die within basically a day or two of
12 the live racing event. We count them all, because we
13 think that's intellectually honest.

14 So, so far this year we've had nine live racing
15 deaths, eight training facility workout deaths, and four
16 illnesses, so horse died in the stall. Our metric was --
17 per thousand starts is the way it's counted in the racing
18 industry -- .14 percent per thousand starts.

19 It changed on 1 September with our new budget
20 to .08 percent per thousand starts. I'm happy to report
21 today our record is .074 per thousand starts, and that's
22 being intellectually honest. We could just count the nine
23 racetrack deaths during live racing, one of which happened
24 last weekend.

25 In a freak accident -- you have a gate between

1 the dirt course and the turf course. That gate is closed
2 when the turf is not being used. During the Quarter Horse
3 meet at Lone Star Park, we had a horse sort of veer into
4 that rail, and the gate separated and the horse got an
5 injury in its side. That horse was sent for surgery, but
6 they determined that they couldn't repair the wound.

7 So there are things like that that happen that
8 don't have anything to do with the racetrack surface or
9 the great work that everyone is doing, but they are
10 important to us to understand and sit down and talk to the
11 people that were involved, the trainers, the racetrack.

12 And I did talk with Matt Vance, who is in
13 charge of Lone Star Park, yesterday about that one in
14 particular, because he and I have had an ongoing dialogue
15 about how to think about these things, because he's over
16 two different racetracks.

17 So what I would tell you is we are not going to
18 be shouting from the rooftops that we have a great safety
19 record; we're just going to get after being safe here
20 because safety does start here, and one death is too many.

21 And we know we can't prevent every accident,
22 like the one that happened this weekend, but we certainly
23 have had a micro focus and an increased focus that you'll
24 see us continue to advocate for on the humans. We've had
25 humans this racing season that drove a horse into a rail

1 at Gillespie, the human caused that. We've had humans
2 that weren't necessarily sober on those horses causing
3 breakdowns.

4 So the human factor in this is who is around
5 that horse, who is riding that horse, whether or not that
6 horse is actually sound and prepared to run, is very
7 important to us, and that's why continuing emphasis on
8 training facility workouts, looking at that horse when
9 they're doing a workout and making sure that they're
10 actually ready to run. Because if you put a horse on a
11 field and that horse is not properly trained, in the gate
12 or on the racetrack it can cause damage to the whole
13 field.

14 And that's why, as you remember, last meeting
15 we celebrated Floyd Wethey, Jr. I mean, here is a young
16 man that lost a race to keep the field safe, and that's
17 the kind of safety record we want to celebrate. So we'll
18 have another one of those celebrations at the December
19 meeting, and I hope everyone can join us for that.

20 I have other agenda items coming up that I'll
21 present, but that concludes my report for now.

22 Do you have any questions I can answer?

23 CHAIRMAN PATE: I have just a couple of
24 comments.

25 First of all, it's got to drive HISA crazy,

1 because there was a report that came out -- I think it was
2 the ARCI that came out with the report -- and the study
3 was on this issue of death and injury.

4 And of course, the problem HISA has is they
5 took effect, and right after they took effect, they had,
6 what was it, 14 animals die at Churchill Downs, of all
7 places. And so their record in terms of safety and
8 enforcement, if you're asking what they're responsible for
9 and what has happened since they've taken over, is
10 absolutely dismal.

11 Nevertheless, in that report they were forced
12 to admit that there were two non-complying states, one of
13 which was Texas and I think the other was Louisiana?

14 COMMISSIONER McNABB: Probably.

15 CHAIRMAN PATE: I think so, Louisiana, and we
16 stood out because we had the lowest injury or death rate.

17 And so it's really a fabulous result, and I
18 appreciate everything the staff does to enforce our rules
19 and everything the tracks do to make is safe.

20 And a sterling example of that is all the
21 changes that have been made by the management at Retama
22 Park and the fine work they've done in the last several
23 months.

24 Another thing I want to mention is without
25 disclosing any personal information, give us an update,

1 please, on our assistant executive director, Phil Fountain
2 and Virginia, on when they might be returning back to
3 work.

4 MS. COOK: And if I may, safety is a shared
5 responsibility, and I credit the entire industry, all
6 participants, all support positions, everyone for really
7 working together to make this the safest state in the
8 nation.

9 So, Virginia Fields is currently on family
10 medical leave. She'll be out of the office through the
11 end of the year. She did go through, I think everyone
12 knows, a cancer diagnosis and some surgery in the spring.

13 I think she came back to work too fast, and so she's
14 finally recognized that it's really important to kind of
15 stop what she's doing and heal, so she's taking some leave
16 that she had on the books, paid leave, and we expect to
17 have her back in January. But I absolutely support that,
18 so I picked up her workload while she's out.

19 We did hire Mary Winston. Mary Winston is a
20 great addition to the team. Mary is currently helping
21 with some family issues right now, and she's currently out
22 of the state for about four weeks.

23 So you have me, and I call the AG's Office when
24 I need help with something, and so there you go.

25 For Phil Fountain, Phil is now plugging in a

1 little bit more. He's on military medical orders through
2 the end of the year for recovering from an injury to his
3 arm. He has two breaks in his shoulder, and he broke a
4 finger in his hand. So he has been plugging in a little
5 bit on the recruiting side, helping us vet packets.

6 We're starting to see him at least once a week
7 on Mondays be able to plug in with the schedule that he
8 has with the military. So he's incredibly wise; I do call
9 him all the time just to kind of keep him in the loop and
10 check in on some things, because he gives great advice,
11 and he can't wait to come back. So really looking forward
12 to having him back.

13 But I celebrate Aaron Grigsby, the deputy
14 executive director, and Dinorah Chiu, the acting chief of
15 staff last month, and all the other great folks that have
16 just stepped up and fulfilled what they needed to do to
17 help us make sure we did everything well and prepare for
18 this meeting. Everyone in our agency is a leader, and I
19 appreciate that.

20 CHAIRMAN PATE: Okay. One other thing, and I
21 don't know exactly the name for it but some may not be
22 aware, but Amy got accepted into the Governor's Senior --

23 MS. COOK: Executive Development Program.

24 CHAIRMAN PATE: -- Executive Development
25 Program, and so on top of everything else she's doing,

1 she's participating in that program now. So
2 congratulations to you, Amy, on that.

3 Any other comments?

4 COMMISSIONER CONTRERAS: I just want to thank
5 Amy for being Superwoman.

6 MS. COOK: I credit God. Thank you so much.

7 So I have to say, since I got this job I've
8 wanted to have an invocation but I didn't know how to get
9 us there, and so he and Mr. Azopardi organized an
10 incredibly wonderful prayer breakfast for the horse racing
11 industry and we attended a couple of weeks ago, and I
12 really think the next one should be at the race barn,
13 y'all. Just putting it out there for you Gillespie folks.

14 CHAPLAIN BINGHAM: So noted, General.

15 MS. COOK: Okay. I think that's a great event.

16 It's nice to get together and not talk about regulatory
17 things; it's nice to talk about things that united us.

18 Yes, ma'am.

19 COMMISSIONER McNABB: Just to underscore what
20 Amy is talking about with having some common unity and
21 guidance and rules, and so on and so forth, so I'm going
22 to inflict a little military on you. I'm sorry, but
23 that's who you got.

24 In our United States Air Force, by golly, every
25 single regulation, right after the Air Force header it

1 says, "Compliance is mandatory." So it's one of those
2 what do you not understand about this: Everything we say
3 you shall do. Then as regulations are implemented at
4 various levels, additional regulations, policies and so
5 forth can happen, but just so you know, this is who you're
6 dealing with.

7 We know that right now our rule book, we have a
8 monumental task, it hasn't been going as fast as we'd like
9 because life interferes, but we're trying to make it small
10 words, short sentences, so even a fighter pilot could read
11 it and understand it.

12 (General laughter.)

13 COMMISSIONER McNABB: But local organizations
14 can make local regulations or rules or policies, but you
15 cannot make things that are less restrictive than the
16 superior rule.

17 So the Racing Commission rules, our rules have
18 to be comply with the statute. The legislature says:
19 These things shall happen. Our only answer is to salute
20 smartly and say, okay, we will make that happen, and then
21 we make our rules so that we comply.

22 As we work through this to have some common
23 denominator -- because what it really gets down to is that
24 horse trainer needs to be spending time and that owner and
25 everyone else, they need to spend their time taking care

1 of the horses and training them and taking care of their
2 business, and if they have to get into the rule book and
3 they're saying this rule says this and that rule says that
4 but I don't know which one to follow. So all I can say is
5 as we're going through this -- I'm not saying you can't
6 make local rules and policies, because different tracks
7 have different requirements, but you can't make things
8 less restrictive than the statute that we comply with or
9 our rules.

10 So let's just make sure we are working this on
11 a top-down basis, because all that does is that just
12 creates turmoil: People are going to go to wherever the
13 water level is the easiest for them, and then they wind up
14 getting smacked, and they go: I thought I was obeying the
15 rules and now I'm in trouble.

16 So let's make sure that we use small words,
17 short sentences, and that we're consistent. You can make
18 things more restrictive but you cannot make them less
19 restrictive than the next level up.

20 MS. COOK: And I think one of the things that's
21 important to me is trying to really up our communication
22 channels. I mean, we have an incredibly diverse
23 population that we serve, septuagenarians all the way down
24 to Gen XYZ -- or whatever we're calling it now -- and so
25 part of the strategy behind getting another multimedia

1 person is the videos are helping us recruit great people,
2 the videos are going to get expanded to education, you
3 know, how do I get a license -- which we have that video
4 in English and Spanish now -- how do I get a horse to the
5 test barn and get it tested.

6 But I think there's incredible possibility on
7 all these levels and all these channels to have someone --
8 which has been me, quite frankly -- and so pushing those
9 messages and really socializing change and giving that
10 feedback I think is really important.

11 And so not perfect at that but certainly
12 welcome anybody's feedback on that.

13 And I think what you're alluding to a little
14 bit in part is our statute did change, and I'll talk about
15 that when we get to that agenda item.

16 And I'm thinking ahead, I'm thinking about
17 January of 2028, so session starts again, if I have this
18 right, and so we're in Sunset and we're going through
19 session, and they say, Okay, Amy, it's been five years and
20 here's what your Sunset report said: It said you were not
21 doing your licensing program in accordance with Texas law,
22 and it said you weren't doing safety inspections as you
23 should, so what have you done, Amy, to make that right and
24 what have you done as a commission to do that correctly.

25 So I think about that conversation that we're

1 going to have with Sunset and the testimony I'm going to
2 give about how we listened to everything in that Sunset
3 report and we changed completely; we transformed an agency
4 from one that nobody even knew about existed and we
5 launched the economic engine of this industry into this
6 amazing powerhouse.

7 I mean, even when you talk about race dates, we
8 have 174 race dates requested last year, 198 this year. I
9 mean, that alone is stunning to me that we're starting to
10 just kind of see this expansion of the possibilities of
11 this economic engine.

12 And I have to say -- although it's not really
13 my place, I'm going to put it out there -- I saw a great
14 picture of our governor with the Formula 1 race car guy,
15 and I think that he needs to be at a racetrack saying,
16 Wow, this is a great economic engine for Texas. And
17 should I have the opportunity to make that recommendation,
18 I shall certainly do so.

19 And that concludes my report.

20 CHAIRMAN PATE: All right. Thank you, Director
21 Cook.

22 MS. COOK: Thank you.

23 We're now going to move to agenda item VII.A,
24 the proceedings on the Horse Industry Escrow Account.

25 Dinorah, would you please give us the report?

1 MS. CHIU: Thank you, Chairman. Good morning,
2 commissioners. Ladies and gentlemen, good morning. For
3 the record, my name is Dinorah Chiu, chief financial
4 officer for the agency.

5 The Texas Racing Commission received five
6 applications from the Texas Thoroughbred Association
7 requesting HIEA funds for the following events:

8 The 2024 Thoroughbred Meet at Sam Houston Race
9 Park. The dates of the event will be January through
10 April 2024. Their request is for \$1,465,255.

11 The second event is the 2024 Statewide
12 Thoroughbred Marketing Plan. Total amount requested is
13 \$123,000. This event covers the 2024 marketing calendar
14 year.

15 The next event is the 2024 Thoroughbred Meet at
16 Lone Star Park. The total amount requested \$1,465,250.
17 This event has dates from April to July 2024.

18 The fourth event is the ATB Breeders Bonus for
19 Success in Open Company Races in Texas in 2024. The dates
20 are January to September 2024. The Texas Thoroughbred is
21 requesting \$303,525.

22 The last event is the Texas-Sired Texas-Bred
23 Bonus for Success in Open Company Races in Texas in 2024.
24 The amount is \$103,525.

25 The staff recommends approval of these events.

1 Any questions, commissioners?

2 CHAIRMAN PATE: You have a dissenting party in
3 the back that I want to make sure we get this right.

4 Go ahead, Mary.

5 MS. RUYLE: (Speaking from audience.) I think
6 you misspoke on the last one on the Texas-Sired Texas-Bred
7 award. It's \$303,525.

8 MS. CHIU: Thank you, Mary.

9 MS. RUYLE: You're welcome.

10 MS. CHIU: I'll make a note of that. Sorry
11 about that.

12 CHAIRMAN PATE: And it's staff's recommendation
13 that these be approved?

14 MS. CHIU: Yes, Chairman.

15 CHAIRMAN PATE: Director Cook, has anybody
16 signed up for public comment on these items?

17 MS. COOK: No, Chairman.

18 COMMISSIONER McNABB: I have a comment.

19 CHAIRMAN PATE: You have a comment? Go ahead.

20 COMMISSIONER McNABB: This fund is a tremendous
21 resource and asset to our industry here in Texas, and it's
22 great that it augments the purses and that just drives so
23 much.

24 By legislative action is where this money comes
25 from; it doesn't come from our budget. We help manage it,

1 but really this comes from the legislature. Sol I would
2 strongly encourage that as you put together your proposals
3 that indeed you are compliant with what the legislation
4 says, that at least 30 percent are things that promote the
5 equine industry in Texas other than racing.

6 I would also strongly encourage you, as you
7 have your HIEA events, invite your local legislators, come
8 and show them, because everyone I've talked to about this
9 says, This is great, we want more of this money.

10 Well, I mean, we're happy to administer it and
11 do full accountability, but if you want to have
12 legislators give you more money, I would suggest that you
13 make it known all the good that it does. So please, if
14 this is good for the industry, you all are the best
15 salesmen, and if indeed they're going to continue to fund
16 it -- which I would certainly hope they would, and it
17 would be great if they would fund it even more -- I
18 strongly encourage when you have an HIEA event, invite
19 them, make them feel special. It goes a long way.

20 CHAIRMAN PATE: I really would encourage you to
21 invite the governor showing up at one of them. I mean,
22 let's not forget we have a lieutenant governor and we have
23 a speaker. Now, they may not want to go to the same
24 event, but y'all ought to invite them, because their
25 support is critical to continuing this program, and just

1 getting the invitation at least acknowledges their
2 important role in getting and continuing this funding.

3 Are there other comments?

4 COMMISSIONER MALDONADO: If I may just add, I
5 also think the Department of Agriculture is a strong
6 supporter of rural economic development, and so to the
7 extent you can extend an invitation to Commissioner
8 Miller, I know he would welcome that and be happy to
9 participate.

10 CHAIRMAN PATE: All right. I think, Amy, you
11 actually send to all the commissioners, don't you? I
12 think this new website addition is going to have
13 information concerning every event coming up and how it
14 works under the HIEA.

15 MS. COOK: That is the evil plan, bwah-ha-ha.

16 (General laughter.)

17 CHAIRMAN PATE: Any further discussion?

18 (No response.)

19 CHAIRMAN PATE: If there is no further
20 discussion or public comment, the chair will now entertain
21 a motion on staff's recommendation to approve the five
22 requests from the Texas Thoroughbred Association.

23 COMMISSIONER McNABB: So move.

24 CHAIRMAN PATE: Motion made by Commissioner
25 McNabb. Is there a second?

1 COMMISSIONER MALDONADO: Second.

2 CHAIRMAN PATE: Second by Commissioner
3 Maldonado. Any further question?

4 (No response.)

5 CHAIRMAN PATE: All those in favor signify by
6 saying aye.

7 (A chorus of ayes.)

8 CHAIRMAN PATE: Opposed same sign.

9 (No response.)

10 CHAIRMAN PATE: Hearing none, motion carries.

11 Next is agenda item VIII.A. Discussion,
12 consideration and possible action to publish nine rule
13 amendments in the Texas Register.

14 Director Cook, please address this agenda item.

15 MS. COOK: Good morning, commissioners, ladies
16 and gentlemen.

17 You can leave out that "evil plan, bwah-ha-ha"
18 if you want to in the transcript; I probably shouldn't
19 have said that. It's okay.

20 So you know, as I mentioned before, we have had
21 a great session. We had some changes in our statute. In
22 the June Commission meeting, in our meeting materials,
23 page 4, Phil Fountain stood up and gave a great briefing
24 on the legislative session.

25 Part of what we had happen when our statute was

1 amended was we aligned our statute -- which in the past
2 considered things like do you have the right moral
3 turpitude to get a license, which was subjective factors
4 to licensing; morality is sort of in the eye of the
5 beholder -- and aligned us with Chapter 53 of Texas
6 Occupations Code, which requires specific factors to be
7 considered, specific criminal background checks to be
8 completed, which we already had that in our statute, and
9 then also removed the provision that said that there was
10 temporary licensing allowed.

11 So what does remain under Chapter 53 is what's
12 called a provisional license, so if you have someone
13 that's had a criminal background and it appears that
14 they've done their time and all of that but yet they have
15 some issues that we're concerned about, they can have a
16 provisional license.

17 That provisional license, though, is subject to
18 conditions, so if they violate those conditions, then that
19 license is gone without a hearing. So we do have an
20 avenue to provide some relief in that respect.

21 What I would say about -- and I'm going to
22 break these down by the first two rule amendments, which
23 are specifically focused on one sentence in the rule book
24 where an owner could get a license from us one hour before
25 post time.

1 What that means is that -- and this has
2 happened on a number of occasions, I think at all tracks;
3 I think Gillespie might be the exception to this -- is
4 that you enter your horse ten days, seven days before,
5 you've hired a jockey, you've gotten your horse ready,
6 you've gotten your official workouts done and everything,
7 and someone on your team that is supposed to ride the
8 horse, be with the horse in the restricted area, or you as
9 the owner do not have a license.

10 So the program is already published, wagers are
11 already being placed, potentially the race has already
12 started because we had a jockey that flew in from another
13 state and races had already started, we're on the third
14 race, and he didn't have a license.

15 And so in the past we could say, okay, well,
16 we'll grant you a temporary 30-day license but you must be
17 licensed. Now we don't have the authority to do that.
18 And so what this does is it removes that language from the
19 statute, because the culture has become everybody comes in
20 when all of these steps have already been taken.

21 And so could I have said, Look, it's over, no
22 temporary licenses, it's done, and started chaos at
23 racetracks. I could have done that; that is not the path
24 I took. Would I have liked to have had the rules meeting
25 we were supposed to have had on the 13th and some other

1 things? Yes. But we were not able to do that, and I take
2 responsibility for that.

3 But what I did do was put these in the meeting
4 materials. I did talk to the industry about these changes
5 on October 5 in a meeting that we held, and I had changed
6 our website over a year ago and said 31 days before you
7 want to get a license, which gives us 10 days for
8 background check and 21 days for due process. So if
9 you're going to get your license denied, you have the
10 right to have a hearing, a stewards hearing in seven days
11 and have your case be heard.

12 We have no application denial cases in the
13 Texas Racing Commission, that is a crime. So that means
14 we have people in the restricted area that more than
15 likely aren't qualified to be in there. There's
16 eligibility for a license, anybody can apply, you're
17 eligible to apply. Then there's qualifications for
18 licensing which includes a good criminal background check,
19 the right certifications, depending on the role you have,
20 and all of that.

21 So what we're really doing here is we're
22 conforming our rules with our statutory change and every
23 other occupational licensing agency in Texas, which is
24 what our Sunset Commission said we were not doing. We
25 were applying subjective factors to licensing.

1 If you were wearing a suit and I like your
2 suit, you might get a license because that seems like it's
3 a moral turpitude thing and it meets the thing, and if I
4 don't like the color red today, then I'm not giving you a
5 license. And we cannot run our business this way because
6 it's unfair and it's chaotic, and we want anything but
7 chaos here in the Great State of Texas.

8 So these rules remove the one hour before post
9 time, on page 29 of your meeting materials, and strike the
10 language "emergency license," because that doesn't conform
11 to the statute. And you know, I've said it before, I'm
12 going to say it again, I really don't think there's any
13 emergencies in horse racing, real emergency. I mean, real
14 emergencies are artillery coming in.

15 Now, independent of that, I would say the power
16 outage at Retama, I would say that was an emergency. If
17 we have a breakdown and someone is seriously injured, I
18 would say that's an emergency to take care of them.
19 Because we have had some serious injuries this year -- I
20 mentioned them earlier -- we've had a collarbone broken,
21 we've had some legs fractured. I mean, those are the
22 types of things where you want to make sure you take care
23 of that person or take care of that horse.

24 But in terms of people planning, to stay
25 licensed, continuously licensed to drive on the roads of

1 Texas or to cut someone's hair as a barber or to engage in
2 the business of opening a franchise down the road and
3 being certified by the Texas Secretary of State, we need
4 to be as serious about the Texas law in that respect to be
5 taken seriously as a state agency and for the industry to
6 be taken seriously by its members.

7 So those particular changes and the 31 days, as
8 I said, is to give due process time and to give that
9 criminal background check the time to come in, and we do
10 electronic fingerprints. So that's the provision one.

11 Provision two, which is items 3, 4 and 5, which
12 are on pages 32 through 35 of your meeting materials, so
13 training facilities.

14 As I mentioned before, we've had eight
15 breakdowns at training facilities. We suffered a really
16 terrible accident at Retama on March 23: A jockey broke
17 his collarbone, a horse lost its life. And what we
18 learned through the process -- and Aaron had been here a
19 month; I sent Aaron down there to figure out what was
20 going on -- Aaron and I know now more about track surface
21 and track safety and harrowing and watering tracks than we
22 ever thought we would know, but what we've learned is when
23 a track holds water, a horse can slip and have a serious
24 injury.

25 So we started this incredible focus on track

1 surface safety, on training facility workouts and really
2 making sure that we have the right people in place,
3 including the staff from the Commission and at the
4 racetrack to protect everyone.

5 One of the things that came up when we were
6 dealing with this training facility licensing issue was
7 Class I racetracks had assumed that they had a training
8 facility license automatically, but it's a separate
9 section of the rules.

10 So one of the provisions I added in here, based
11 on that feedback, was that if you're requesting to be a
12 training facility as a Class I racetrack, you can also
13 have that ability without being granted an additional
14 license.

15 And training facilities right now in the rules
16 expire every year, which is kind of cumbersome, and
17 they're required to give me \$1,800 every year for this.
18 \$1800 can be used to fix an equine ambulance or to hire an
19 outrider or to do something that makes the track safer, so
20 I've struck the fee for the training facility license;
21 I've said that's a two-year license.

22 And so I'm trying to actually get them there in
23 terms of the cost. There will be a cost to the
24 racetracks. I did send the analysis over to the
25 Governor's Office on this particular one.

1 The one on the licensing, I forgot to mention,
2 has already been through the Governor's Office review, and
3 they were fine with the language on the licensing change.

4 On this particular one, the cost to the agency, you'll
5 see on page 34 of your meeting materials, which is adding
6 some additional staff.

7 So what we have right now is a timer and a
8 clock; we have two people standing there. When we had
9 that accident on March 23, there was no human being
10 standing out there, in my opinion, to actually say this
11 track is unsafe.

12 Outriders are the type of individuals and
13 starters and assistant starters that can see that the
14 track is unsafe. One of the outriders, who we'll
15 celebrate in the next Commission meeting, shut the track
16 down one morning at Retama because it hadn't been watered
17 and harrowed and it wasn't safe.

18 So I would just say having the requisite people
19 with the right experience to say this is not safe
20 mitigates risk for the entire industry. It mitigates the
21 cost of jockey liability insurance, and it mitigates the
22 number of injuries we have, and it also increases our
23 reputation.

24 So, yes, there is a cost of staffing, there is
25 a cost of making sure that we have additional paramedics

1 on hand, that our equine ambulances are functional. But
2 I'm telling you I stood there and I watched the equine
3 ambulance tire be changed -- I've walked every equine
4 ambulance; I have worried about this since I was at
5 opening night at Retama in 2022 and two horses broke down
6 right in front of me and we were not capable of doing
7 anything about it. We are flipping lucky that that did
8 not make national news, because that's right before HISA
9 went into effect.

10 So I think these are small changes that get us
11 where we need to be, and the Commission staff is going to
12 have skin in the game and have staff out there as well to
13 support racetracks, so I'll take part of our budget and
14 make sure we're there to support that.

15 The last rule set is on E-Wagering proposed by
16 the industry. There's a letter from Mr. Tommy Azopardi,
17 who is available here as a resource as well.

18 So the idea here is if you go into Applebee's
19 or you go to a restaurant where you can pay at the table,
20 we currently don't have the modernized technology to stay
21 within the geo-fenced area of the racetrack but also be
22 able to have younger folks come to the racetrack, have a
23 nice dinner, be able to place a bet on their phone or
24 place a bet at their table with some sort of tablet that's
25 there.

1 So we're looking to modernize the technology,
2 staying within the statute, not an expansion of gambling
3 in the state of Texas but we have an E-Wagering plan that
4 typically is supposed to be in place; I'm supposed to
5 approve it.

6 Right now we have not done that, so what we'll
7 start doing is they'll put in place an E-Wagering plan. I
8 will make sure with the folks at the agency that it
9 conforms with the statute, and the E-Wagering plan will
10 allow for the modernization of technology, which will
11 really be through updated contracts with technology
12 providers.

13 And I think you've got not only Mr. Azopardi
14 but other folks from racetracks if you have any questions
15 about their thoughts on this or their proposal for this.

16 And all three of these rules are really
17 designed to focus on making sure that in January of 2024
18 we have these items in place to have a great racing
19 season.

20 So what I would recommend, as the staff, is
21 that we post these versions of the rules in the Texas
22 Register. At the same time, yesterday there was a request
23 for a Rule Committee meeting. I have scheduled that
24 meeting for October 30 and put that on the calendar, put
25 it on the website this morning, given the draft agenda as

1 these rules to be discussed. We're planning to do a
2 Facebook Live event so that all horsemen can participate.

3 And then when I receive any feedback or comment
4 from either the Governor's Office on any of these items or
5 the constituents that we have out there or any of the
6 commissioners, we'll make adjustments as needed.

7 But I think it's important to go ahead and
8 publicly get this out so everyone can comment on it, and
9 then we'll come back to you in December with a proposal of
10 whether or not these rules should be passed or whether we
11 should wait. So that's my staff recommendation today.

12 CHAIRMAN PATE: Amy, thank you for your
13 comprehensive review of these necessary statutory changes
14 and rule changes, but I'd open this up for any comments or
15 questions by the commissioners.

16 COMMISSIONER McNABB: First of all, I
17 appreciate all the staff work on this. There's still work
18 to be done, and I'm sure that we will have some very
19 energetic conversations, but we want to make things right.

20 From where I sit, two points I think are
21 important. As we talk about the change in the licensing
22 and the period of time, especially the period of time to
23 have due process, a lot of people might be saying, oh, we
24 don't need all that time. We are all watching what is
25 happening with the litigation on HISA and everything else,

1 and some of us have sworn to preserve, protect, and defend
2 the Constitution, which has a pesky thing called due
3 process; we believe in that here.

4 And so if indeed we're going to put a rule into
5 place that could affect people and they need to challenge
6 it, Texas is certainly going to make sure that our
7 processes give a person due process.

8 If they need to appeal something, if we have
9 done something wrong and we need to work through the
10 process, we need to build that in. The vast majority of
11 time that time period isn't going to be used, but we are
12 not going to be put into a position that we are going to
13 deny our industry members the opportunity that if a
14 decision is made and they feel that we've made it wrongly
15 that they can't exercise their rights as citizens.

16 So Texas upholds due process, that is certainly
17 a big issue in the national discussions on racing
18 regulatory, but we are going to uphold that.

19 The other piece, whatever it takes. The fact
20 that we have as low a breakdown rate as we do, thank you,
21 God, and thank you for all the wonderful horsemen who
22 really care, but there are a lot of our historic practices
23 that why we haven't had a higher breakdown rate in the
24 past is really kind of surprising, but we do the best we
25 can.

1 And we cannot turn our back. Once we see
2 something, we have to take action on it, and it's not to
3 develop rules that people feel like they've got a jackboot
4 on their throat. We want to do what's right, find the
5 right balance, the right regulatory balance that indeed we
6 meet that mission of protecting the health and welfare of
7 the racing animals and the participants, so that's what
8 we're looking for is where's the right balance.

9 But we have a lot of things that just were
10 allowed to happen and were allowed to deteriorate because
11 people weren't really watching and weren't holding to a
12 standard.

13 Equine safety is a national thing. I get asked
14 by people, what do you do, what are you involved in, I say
15 Racing Commission, the first thing I get asked is why are
16 all these horses dying. Okay, well, let's talk about
17 this. But what are you doing about that?

18 And I'm very proud of what we are doing here in
19 Texas, but we want to find the right measure. We don't
20 want to make it something that people cannot possibly
21 attain, but still we want to have the right measure of due
22 diligence to meet our obligation to protect those racing
23 animals and the participants.

24 CHAIRMAN PATE: Thank you for those comments.

25 COMMISSIONER CONTRERAS: Chairman, I have a

1 question and a thought.

2 CHAIRMAN PATE: Yes, ma'am.

3 COMMISSIONER CONTRERAS: So my question --
4 always having worked for the government for 20-plus years,
5 we're really good at putting rules in place that are
6 sometimes difficult to understand or follow.

7 My question is what process did you employ to
8 have industry put into the rule revisions process, not
9 post here's what we're doing, what do you think, but who
10 was engaged.

11 And I know Vice Chairman McNabb chaired the
12 Rules Committee, but was there industry input in the
13 development of the changes?

14 MS. COOK: So in this particular case, one
15 thing that I think I didn't do well was the particular
16 language for these rule revisions that were due to be
17 presented today. I didn't get those out until we had the
18 meeting materials, which was last Thursday.

19 I did speak with the industry about them on
20 October 5 and I have spent the entire summer at Retama,
21 Sam Houston, Lone Star Park, and one of the things that
22 I've personally learned is there's nothing that replaces
23 human beings standing there together at a racetrack
24 looking at things.

25 So having walked the ground and really figured

1 out, you know, particularly starting, I think, with that
2 stunning accident on March 23, that we didn't have the
3 right people in the right place. We didn't have a
4 paramedic, we didn't have jockey liability insurance, we
5 didn't have functional equine ambulances, and watching the
6 tire on the equine ambulance being changed at 4:30 when
7 first past was 6:15 at Retama, you know, these are the
8 kinds of things that I personally experienced and spoke
9 with all of them about and said I'm going to head for a
10 rule change.

11 And as we prepared for race dates, I told every
12 racetrack association that I was going to try to raise the
13 standard for training facilities to the same as official
14 workouts. And so that's why I went ahead -- there was a
15 request yesterday to do a Rules Committee meeting and
16 really discuss these publicly, and we're going to do that
17 because we want to be responsive to that.

18 But I don't think that there's anything -- at
19 least I would hope that there would not be anything that
20 would feel more cumbersome. In fact, I would think
21 everybody would see that as risk mitigation, particularly
22 on training facilities, because they haven't gotten the
23 attention they deserve.

24 COMMISSIONER CONTRERAS: So the subcommittee
25 itself didn't include any industry members?

1 MS. COOK: Well, we have had Rules Committee
2 meetings over the past year since we started the rules
3 review, and every rule is open to discussion. We have
4 public website that I put up 18 months ago that has rule
5 feedback.

6 We've received ten rule requests on that
7 website in the 18 months it's been up. We've had
8 conversations, all videotaped, at the race barn at Lone
9 Star Park, at Sam Houston, and Commissioner McNabb has
10 been great about that.

11 We've focused on definitions in some of the
12 specific chapters, but we have discussed all of the rules
13 being on the table and all the changes we need to make and
14 really prioritizing what creates the most risk. So this
15 has been an ongoing conversation.

16 COMMISSIONER CONTRERAS: Ongoing, so there's no
17 surprises here, in other words.

18 MS. COOK: Should not be.

19 COMMISSIONER CONTRERAS: So one other
20 thought -- and my sort of change management hat comes on
21 when I think about massive level change or large change --
22 is just as you move forward to implement, I would
23 recommend a very comprehensive education and training and
24 change management process for everybody, including the
25 rider. Right? So what can we do as a Commission to

1 really educate people on what's changing and why it's
2 changing so people don't show up and then say --

3 MS. COOK: Well, and I rely on these fine human
4 beings right here, they represent the industry, and so the
5 industry that really is going to make an incredible
6 comeback.

7 COMMISSIONER CONTRERAS: Just think about the
8 change management as you roll it out, and the people all
9 the way down to the rider, because it impacts the rider
10 showing up and not being able to get a license to ride.

11 MS. COOK: Well, and that's why I personally go
12 and talk to people myself.

13 COMMISSIONER CONTRERAS: Just food for thought
14 if we have time.

15 MS. COOK: But I mean, having been in a
16 military organization where I had seven units and 1,200
17 people across the state of Texas, I would personally go
18 myself and check and make sure if I said something up
19 here, it got down there, and what was the thought on that.

20 And that doesn't mean I can be everywhere, but
21 it does mean I'm committed to making sure that we get all
22 the appropriate feedback and we do this in the very best
23 way. And so thank you for that.

24 COMMISSIONER McNABB: We have an ambitious job,
25 and we are not on the schedule that we had aspired to be,

1 but sometimes life interferes and staffing and so forth,
2 so when we have the rule meetings that we're addressing a
3 chapter, that's a prodigious amount of work going into
4 that.

5 I want to respect the time of all the people
6 who come that when we come, we're prepared, and just due
7 to the vagaries of life and staff availability, we've
8 fallen behind, but it doesn't mean that we have given up
9 on our goals. This is a little bit of a ripple in the
10 road but still as we are setting this forward, it's to get
11 industry input, find where is the right regulatory stance
12 to have.

13 CHAIRMAN PATE: And I would also say that with
14 respect to these specific rules, this is addressing issues
15 within the statute that had not been addressed by the
16 Commission before, and it's something that we simply have
17 to do.

18 And a lot of this, I would like to think,
19 relates back to the conversation that Amy and I had way
20 back at Lone Star Park, maybe a year or year and a half
21 ago, when I asked her a direct question of what checklist,
22 what procedures do we have in place to assure the track is
23 safe and ready to go, and the answer was none. We didn't.

24 Now, the tracks do, the tracks had varying
25 protocols to inspect. And so as a regulatory body, it

1 just seems to me that we need to articulate what needs to
2 be done from our point of view and listen to the tracks
3 and work with the tracks, but also make sure that whatever
4 is being done is in compliance with the statute. So
5 that's where we are.

6 MS. COOK: Well, and I have to say I think the
7 HISA rulemaking process is six days now. They put it on
8 the Federal Trade site. Nobody gets to comment, and even
9 if you do, they don't change anything, and then you can't
10 rely on the Federal Register, because they have their own
11 website and all the rules are different there, so I would
12 say public rulemaking is about 120 days.

13 We've implemented a Rules Committee in Texas,
14 which I think is a great practice. We've been
15 aspirational that we could do all the rules in like two
16 years, and hey, I'm not giving up, but it's probably going
17 to take a little more than two years.

18 CHAIRMAN PATE: In fairness, we've had cancer
19 interfere with us, we had the legislative session, we had
20 Phil Fountain falling off a horse, of all things, and
21 breaking his arm. I mean, it's just been one thing after
22 another.

23 COMMISSIONER CONTRERAS: One other thing I will
24 say, having been in the federal government, they're the
25 worst model to compare, so anything we do is going to be

1 110 percent better than what they do anyway.

2 MS. COOK: Well, and if in your wisdom you
3 decide not to move forward with these, this is a staff
4 recommendation, but it is borne from the experience of all
5 the folks that work for me and a lot of conversations with
6 industry stakeholders that believe this is the right
7 direction to make sure that the industry continues to grow
8 and that the agency is credible as it does its work.

9 COMMISSIONER MALDONADO: If I may just add, I
10 think because these rule changes are aligning with the
11 statute, anyone who is affected by them had an opportunity
12 during the most recent legislative session to weigh in on
13 the statutory requirements.

14 I mean, you may find that even though you
15 haven't had a form industry stakeholder meeting -- which I
16 think from our agency's standpoint is definitely something
17 that Sunset is looking for, and we have a much more robust
18 process right now for that on the back end of the Sunset
19 review -- you will still have a 30-day formal comment
20 period, and if you need to come back, you always have the
21 option to re-propose, so I think we shouldn't neglect to
22 remember that.

23 I think always when you're actually starting to
24 shore up with the statute, it is just good to let folks
25 know, hey, we actually are enforcing the statute as

1 written right now, so that you don't get into a gotcha
2 game.

3 MS. COOK: Well, and that's why I think we
4 briefed it in June, so we had a change that was effective
5 1 September. I didn't have to do a rule change, I could
6 have just said no on licenses, but I thought it was
7 important to go through the rule process and make it very
8 clear that that's really what the process should be.

9 And we actually owe updated procedures to our
10 industry as well, and we're working on those and we'll
11 have those out for comment as well.

12 So I mean, yes, I think these are the areas we
13 think are most risky for the agency and for industry for
14 the 2024 season, so that's why we went ahead and just
15 proposed the language.

16 CHAIRMAN PATE: If there are no other questions
17 by the commissioners, Dinorah, has anybody signed up for
18 public comment on discussion, consideration and possible
19 action to publish the nine rule amendments in the Texas
20 Register?

21 MS. CHIU: Yes, Chairman. We have three public
22 comments. The first one is Ms. Marsha Rountree.

23 CHAIRMAN PATE: All right. Marsha.

24 MS. CHIU: Miss Marsha, you have three minutes.

25 MS. ROUNTREE: Three minutes? You all know me,

1 that's impossible.

2 (General laughter.)

3 CHAIRMAN PATE: I understand you have to read a
4 letter that you've been given.

5 MS. ROUNTREE: I have to read my presentation
6 and my testimony, but I do want to preface it by saying I
7 appreciate the outlines and the definitions and the
8 summary that Director Cook gave about why these rules are
9 coming through the way they are today and the comments by
10 Vice Chair McNabb.

11 But I represent a vast number of horsemen who
12 are going to be affected by these rules, and the way that
13 it's being done has brought questions to me and to my
14 organization about how it's being done. So that's the
15 reason and the purpose of my testimony today; it's a
16 different perspective.

17 Our opinion is that things are sort of turned
18 around from the way that they've always been, and always
19 been is not necessarily a good thing.

20 So having said that, I will proceed. Three
21 minutes start now. Right?

22 (General laughter.)

23 MS. ROUNTREE: I'm at the podium today to ask
24 that your decision be delayed in approving the rules that
25 are being submitted for publication in the Texas Register.

1 We did receive the notice this morning that a Rules
2 Committee meeting has been scheduled for the end of this
3 month, and we urge the commissioners to wait for the
4 results of that meeting before publishing any new or
5 amended rules in the Texas Register.

6 The rules that are enforced by the Texas Racing
7 Commission affect all participants in the industry and are
8 critical to the livelihoods of a great many. As a matter
9 of fact, the members that I represent fall into that
10 latter category: These rules affect their very
11 livelihoods, and each of the rules of racing have some
12 impact on how tracks operate, how the agency operates, and
13 how the horsemen operate.

14 It's for this reason, along with the need for
15 total transparency, that the process of drafting new
16 rules, as well as amendments to current rules, has always
17 followed a careful and thorough procedure.

18 If industry voices are not heard and are not
19 deemed relevant, we're at risk of damaging people's
20 businesses and placing the successful operation of our
21 racetracks in peril.

22 The horsemen's organization is in no way
23 suggesting that we don't need new rules or that some
24 current rules don't need to be updated, just the opposite.

25 We were very encouraged by Chairman Pate's directive that

1 the agency review the entire rule book. That was a breath
2 of fresh air to us that we were actually going to have the
3 opportunity to sit down and look at some of these archaic
4 rules, revise and rewrite them and put some very necessary
5 new ones in place, and we got off to a good start.

6 As we all know, Virginia Fields became
7 seriously ill and the Rules Committee has not met since
8 that time. Virginia is in all of our thoughts and
9 prayers, and we wish her a complete recovery and hope she
10 can be back with us very soon.

11 In the meantime, until we can resume convening
12 regular meetings of the Rules Committee, we ask that any
13 urgent new rules or proposed amendments that are being
14 considered be shared with the industry leaders, as well as
15 track management, and that we be given the opportunity to
16 make suggestions or edits prior to the rules being
17 submitted to the Commission for publication in the Texas
18 Register.

19 I don't want to appear to be resistant to
20 change, and I've enthusiastically supported the changes
21 that Amy and her staff have made since she took the reins,
22 so I say this with all due respect.

23 The protocol for promulgating rules has worked
24 well for the 30 years that I've been with the
25 organization, and every facet of the industry has had

1 opportunity to be heard, to make suggestions, as well as
2 voice our objections.

3 The final decision on rule language has always
4 rested with the Commission, but the industry had an
5 important role. We have confidence that rules that govern
6 us, that regulate our very existence were well vetted,
7 well written, and that we played a role in the development
8 of those rules.

9 Before I close, I would like to use one of the
10 rules being put forth today as an example of a rule that
11 might need further review.

12 While I can agree that we need to be very
13 careful about who receives a license by this Commission
14 and who is on the backside of our racetrack, Section
15 311.2, the application procedure, requires that an
16 application for an occupational license must be submitted
17 at least 31 days prior to the licensee engaging in an
18 activity that requires a license.

19 And we believe that this rule was drafted
20 without sufficient knowledge of the ways in which an owner
21 and a trainer run their racing operations. I believe it
22 was written without a clear understanding of all the
23 different scenarios in which a horse might end up being
24 entered into a race in Texas.

25 If this rule is adopted, it could have a

1 negative impact on the number of horses that are being
2 brought to Texas to race. It can hurt the ability for
3 trainers to ship in quality stakes horses, because many
4 times trainers, especially the big ones, will nominate a
5 horse in multiple stakes races at different locations,
6 waiting until just prior to the race to make the decision
7 on which race to enter.

8 We have trainers with stables located across
9 many jurisdictions, and by adopting this rule, we will
10 effectively handcuff ourselves, possibly denying the entry
11 of good horses into Texas races. This is just one example
12 of how a rule can inadvertently create hardships.

13 CHAIRMAN PATE: All right. Thank you. I guess
14 your time is expired. But I just want to add, I guess so
15 what you're basically saying is the industry doesn't know
16 how to plan.

17 MS. ROUNTREE: I'm sorry?

18 CHAIRMAN PATE: You can't plan ahead for a
19 race?

20 MS. ROUNTREE: It's not a situation where the
21 industry can't plan; it's a situation where you have an
22 owner who has a license in Kentucky or another state, and
23 the trainer is managing his stable, and he'll enter a very
24 good horse into multiple stakes races in different
25 jurisdictions and wait, for various reasons, to actually

1 enter that horse into a particular race.

2 And it's at that time that that owner will need
3 to have an owner's license, and in Texas he won't have the
4 ability to do that, so it could restrict the ability for
5 those trainers to enter good stakes horses in Texas and
6 the owner be unable to receive a license.

7 CHAIRMAN PATE: All right. Thank you.

8 MS. ROUNTREE: Thank you.

9 CHAIRMAN PATE: Who's next?

10 MS. CHIU: Mary Ruyle.

11 CHAIRMAN PATE: Mary Ruyle.

12 MS. RUYLE: Good morning, commissioners.

13 First off, I must apologize, I misspoke because
14 I misunderstood what you said. Just to clarify, our
15 request for breeder bonus awards is \$303,325, the request
16 for our Texas-Bred awards is \$103,325, as she stated
17 correctly. My apologies.

18 I am Mary Ruyle. I'm the Texas Thoroughbred
19 Association executive director. Thank you for this
20 opportunity to speak on behalf of our members regarding
21 some of the proposed rule amendments.

22 I will say that I've been with the association
23 35 years, and I've learned a lot of things and I learn
24 more every day. Today I learned about statutory changes
25 that are prompting some of these rule changes.

1 I had not looked at the statute from whence
2 this comes, and I would like to do that. I would
3 encourage, perhaps that Racing Commission staff could --
4 when they're talking about a particular rule that is
5 required to align with these other statutory changes or
6 where it comes from, can you post what that rule is so
7 that we can see, yes, this is in section so-and-so.
8 Normally I would never look at that.

9 But nevertheless, on behalf of the association,
10 we firmly believe that any and all proposed rule
11 amendments should first be heard by the TRC Rules
12 Committee with opportunity for input and thorough
13 discussion by all affected parties before being put on the
14 agenda.

15 The procedure has been very effective in the
16 past, resulting in implementing rules relevant to our
17 unique industry based on hearing many viewpoints and
18 suggestions. Achieving consensus on proposed rules before
19 publication in the Register would streamline that process.

20 With that said, I would like to address some
21 specific concerns with the proposed rules that I hope will
22 illustrate my point regarding the value of a meeting of
23 the Rules Committee prior.

24 Under the general provisions, the proposed
25 language would require that owners or designated trainers

1 be licensed before making a request to enter a horse
2 eligible under 16 TAC. I'm not exactly sure what that
3 means in terms of a time frame, but would that not be
4 considered time of entry?

5 Question: An emergency license has been
6 stricken in its entirety. I think that there are cases
7 when emergency licenses would be called for and should be
8 discussed again.

9 All applications -- and this is under Section
10 311.2 -- all applications must be submitted to the agency
11 at least 31 days. How does this fit with the previous
12 thing that I read you "before making a request to enter a
13 horse eligible"? Those don't seem to go together.

14 Horse racing is unpredictable, decision-making
15 is fluid, and it depends upon many circumstances. And I
16 know that we have to have deadlines, but I think you have
17 to allow for some things that you may not have considered
18 when entering a horse in a race, just as Ms. Rountree
19 brought up about stakes horses coming in from other
20 states.

21 Question from a member of our association:
22 What happens if a small trainer loses his groom and needs
23 to replace him immediately, can't get anybody that's
24 presently a groom to come on and work for him, what does
25 he do? I don't have the answer to that.

1 Continuing on, paragraph 4 under Operational
2 Requirements says, All training facilities located at
3 licensed racetracks must have an E-Wagering plan approved
4 by the executive director, as set out at least 14 days
5 before the first official work is scheduled to begin with.

6 Is it prohibiting wagering? There's a
7 conflict, I believe, with a previous sentence, where it
8 prohibits wagering at a training facility, so this appears
9 to be in conflict.

10 I notice that some rules have been revised to
11 state that certain approvals must be given by the
12 executive director without provision for delegation. I
13 think this could be problematic, because as Commissioner
14 McNabb said, life interferes.

15 What if a similar situation happened to Amy --
16 God forbid -- that she had to be out of work or out of
17 commission, so to speak, for three months? If she is the
18 only one that can do something, that's going to cause
19 problems.

20 I think that there should be some leeway in
21 these rules to say that she can delegate if necessary,
22 with Commission approval, or something like that, unless
23 it's already addressed somewhere that I haven't seen.

24 I think in order to be most productive when
25 considering rules, a dialogue needs to take place.

1 And that concludes my testimony.

2 I spoke with Amy this morning. I have a letter
3 from our president that I would like to read, it is much
4 shorter.

5 "I'm Tracey Sheffield, president of the Texas
6 Thoroughbred Association. I appreciate this opportunity
7 to communicate with the Racing Commission. As I'm out of
8 state at the moment, I'm submitting written comments for
9 your consideration.

10 "I've always found that putting the best
11 interests of the horse first and foremost is the best way
12 to ensure that our sport thrives in the state of Texas.
13 It's also my responsibility to consider anything that
14 might cause negative economic impact to members of the
15 TTA. Some of the proposed rule changes put the care of
16 the horses at risk, and I would like to take this
17 opportunity to express my concerns about the welfare of
18 racing horses.

19 "Requiring all applications to be submitted at
20 least 31 days before someone can engage in the activity
21 allowed by the license can put the care of horses at risk.

22 If one or more grooms become injured or sick and is
23 unable to care for horses, where is a replacement groom
24 going to come from? In other such cases, immediate
25 licensing of a qualified individual selected by the

1 trainer is a must to ensure continuing care.

2 "Another area of concern is the granting of
3 emergency licenses. Just last summer at Gillespie Fair,
4 there was the very real possibility of not having an
5 official veterinarian at the track. I offered my
6 assistance on this issue to find a veterinarian willing to
7 work one of the weekends.

8 "I was told by Director Cook that an emergency
9 license would be granted to this veterinarian so the race
10 meet could go on as planned. If this option had not been
11 available, racing would have had to be canceled.

12 "The sudden canceling of a weekend of racing
13 meets my definition of an economic hardship to members.
14 The Commission last summer clearly saw that need for an
15 emergency license. Why now does it make no provision?

16 "There are many other concerns with the
17 proposed rules, none of which have had the input of
18 horsemen who will be affected by them. I believe it to be
19 in the best interest of equine welfare that the rules
20 before going any further have the input of horsemen.

21 "Respectfully submitted, Tracy Sheffield."

22 CHAIRMAN PATE: All right. Thank you, Mary.

23 MS. RUYLE: Thank you. I'd be happy to answer
24 any questions.

25 CHAIRMAN PATE: Thank you.

1 Who's next?

2 MS. CHIU: Tommy Azopardi.

3 CHAIRMAN PATE: Mr. Azopardi.

4 MR. AZOPARDI: Good morning, Mr. Chairman,
5 commissioners. Today I stand in front of you in my role
6 as the chairman of the Texas Horse Racing Hall of Fame.

7 I have a cover letter that I believe you have
8 in your possession that gives a lot of the background of
9 how the technology rules came forward, so I won't repeat
10 that, but I will tell you that we have had a lot of
11 meetings on these particular rules.

12 So going back to a grade school circle, you
13 know, one of these things is not like the other, I will
14 tell you that the technology rules we have discussed in
15 Rules Committee meeting at the conceptual level and it has
16 been widely accepted by everybody that it is incumbent on
17 our industry to make it easier for a patron to wager
18 within the confines of the statute, so the rules that you
19 have before you now are just removing some of those
20 barriers.

21 I will tell you that the young influences that
22 we're trying to get to create the next fan in horse racing
23 are very accustomed to using mobile devices. They still
24 have to be at the racetrack premise, they can't do these
25 offsite, and that's critical. And we are wanting to move

1 these rules forward now because we are planning some
2 events early next year, and we would like these barriers
3 removed.

4 But also, I will take just a second to tell you
5 that in looking at these, once we've started down this
6 path, we've realized it accomplishes a couple of other
7 things.

8 One is there are people that have accessibility
9 issues at the track, and Mr. Strauss gave me his
10 permission to tell this story. A few weeks ago he was at
11 Retama Park during the Quarter Horse Meet and he had his
12 adult daughter, who is in a wheelchair, and Mr. Strauss
13 was having particular difficulties with his knees, and so
14 they weren't able to make wagers from their table, and so
15 they didn't bet as much as they would have.

16 I will tell you that these rules will help with
17 that a lot, and I will also tell you that with HISA
18 imposing their restrictions and their presence over
19 everybody, the tracks are not exporting their simulcast
20 signal right now, so it's really incumbent we do
21 everything we can to increase the on-track wagering to the
22 extent possible, and these rules all do that.

23 I'm happy to answer any questions that you may
24 have.

25 By the way, the racetracks were also consulted

1 on this because they're the ones that it's most affecting,
2 the actual language, and we've talked to some tote
3 companies to make sure that these rules will meet the
4 needs that they have.

5 And I know Brian Pettigrew and Melinda Gonzalez
6 were here on the conference yesterday as well, and so they
7 can answer any questions as far as the technology affects
8 their tracks.

9 CHAIRMAN PATE: Just for my clarity also, all
10 of these rules, Amy, have been sent to the Governor's
11 Office already. Correct?

12 MS. COOK: The licensing rules have been
13 reviewed and come back, the training facility rule we did,
14 and this one, the format has to be readjusted and then
15 it's supposed to go tomorrow is what we've discussed.
16 They need to review what I'm sending after this meeting,
17 and then it will go over for review.

18 MR. AZOPARDI: And we recognize this is a
19 process and you have to post the rules, and it just says
20 you have to give at least 30 days for comment. We're
21 satisfied if at the December meeting some of these are not
22 ready for prime time and are not ready to be voted on or
23 be adopted, but I do think the technology rules are pretty
24 non-controversial, and we're perfectly willing.

25 And Mr. Chairman, if you don't mind.

1 CHAIRMAN PATE: I understand you have an
2 announcement to make?

3 MR. AZOPARDI: I would like to make an
4 announcement. We've got a couple of members of the board
5 of the Texas Horse Racing Hall of Fame, and I just want to
6 let y'all know that the board met recently.

7 And occasionally when it's warranted, the Texas
8 Horse Racing Hall of Fame has an award, it's called the
9 JoAnn Weber Industry Service Award, and it's to recognize
10 exemplary service to help preserve horse racing and to
11 ensure its future, and this year we unanimously selected
12 the recipient of that to be Amy Cook, and I would like to
13 present her with the letter.

14 (Applause.)

15 MR. AZOPARDI: And I will also tell you that
16 you will all get notice; we are having a Hall of Fame Gala
17 in March, March 21 specifically, of 2024, at Sam Houston
18 Race Park. It coincides with Texas Champions Day, and it
19 would be wonderful to see all of you at that event and
20 help Amy get her award.

21 CHAIRMAN PATE: Thank you, Mr. Azopardi.

22 Anybody have questions of him?

23 COMMISSIONER McNABB: Mr. Azopardi, I
24 appreciate what you're doing here, and I'm with you,
25 anything that we can do that facilitates people that come

1 to the track have a good time, wager, buy dinner, relax,
2 have it be their favorite place to come, that's all good
3 for the industry.

4 It's just given Texas has got some
5 sensitivities about any kind of gambling, so as long as we
6 stay inside the box and our legislators and our executive,
7 our governor and our lieutenant governor are happy, those
8 are just the things that we just need to make sure that
9 we're staying inside that box, because we don't want to
10 get ahead of the law.

11 CHAIRMAN PATE: There have been times when this
12 agency went outside the box, let me put it that way, and
13 it was not well received.

14 (General laughter.)

15 MR. AZOPARDI: And I assure you we've given
16 every bit of sensitivity to that. These wagers can only
17 be placed at the racetrack using conventional means, just
18 using unconventional technology that, quite frankly, our
19 rules have not kept pace with that.

20 CHAIRMAN PATE: All right. Thank you, Mr.
21 Azopardi.

22 Ms. Cook, do you have any follow-on remarks?

23 MS. COOK: So here's what I recommend. I would
24 like to get your approval to post the rules in the Texas
25 Register. I would like to hold off on posting them until

1 the first of November, have the opportunity to have the
2 public meeting and any comment there, which I'll send out
3 to the commissioners in an update.

4 If there are significant changes to the rules,
5 then we'll wait until December; if there's not significant
6 change, if we just simply need to do a good job with
7 change management in terms of explaining why these are so
8 important and why there are statutory alignments with
9 them, because, for example, Ms. Ruyle described on the
10 incident at Gillespie it was a temporary license granted
11 to a veterinarian to assist, and we no longer have a
12 temporary license in our statute, so that's one example of
13 those kind of things.

14 And so I think there's a balance here, and I
15 will take complete responsibility for sort of trying to
16 press the advantage on getting us ready for the racing
17 season. I did schedule a meeting on October 30.

18 And so with your approval, I would like
19 permission to post in the Texas Register after we have
20 received feedback from the Governor's Office on the other
21 two rules and also had the public meeting.

22 CHAIRMAN PATE: Is there any further
23 discussion?

24 COMMISSIONER McNABB: And what we're posting
25 are proposed rules.

1 MS. COOK: Proposed, correct.

2 COMMISSIONER McNABB: So by putting them in the
3 Texas Register, it actually broadens the denominator on
4 people who can provide us input, so we want to have all
5 relevant input at that point. It doesn't make it a rule.

6 MS. COOK: And the meeting materials would have
7 all of those comments in there for your review in
8 December.

9 COMMISSIONER CONTRERAS: Chairman, I'm sorry; I
10 do have a follow-on question as my initial comment around
11 industry involvement.

12 It seems like there are three major sections
13 that are impacted by the changes in the rules. The one
14 section that seems to be sort of non-controversial, as he
15 put it, and would be helpful and also would increase the
16 productivity in wagering is the technology piece.

17 Is there anything that prevents the Commission
18 from doing this in an iterative process?

19 CHAIRMAN PATE: That's what she just proposed.

20 COMMISSIONER CONTRERAS: No. I'm talking about
21 the technology piece and looking at that and adopting
22 that, and then going back to get industry engagement, not
23 input but actual engagement on the other pieces that
24 impact.

25 CHAIRMAN PATE: But the problem is we're trying

1 to get this aligned for the 2024 season, and we have one
2 more meeting, we're going to have a December meeting, and
3 so it's a timing issue.

4 And so what Amy is proposing, as I understand
5 it, is for the Commission to vote on approving the
6 publication in the Texas Register, the amendment to the
7 rules after the October 30 meeting so she has time, and if
8 there are no material changes, then just go ahead and
9 propose, if there are material changes, then we'll have to
10 discuss that.

11 MS. COOK: And I make that recommendation,
12 because I think it's really about having opportunity for
13 the conversation, about how it's connected to the statute
14 changes, as Ms. Ruyle discussed, and having an opportunity
15 for discussion, because it's a huge culture shift.

16 COMMISSIONER CONTRERAS: Well, discussion, and
17 also -- again, this is my change management hat and it's
18 why I'm here, it's why I accepted this appointment -- it's
19 specific to ensuring that the educational gaps that we
20 have and the lack of industry input and the impact to
21 horsemen and the industry that we have the necessary tools
22 and education to inform why we're making a change.

23 MS. COOK: Well, and quite frankly, we don't;
24 we have me, and I have him and her.

25 COMMISSIONER CONTRERAS: And just to be clear,

1 I do want to get my thought out. I, first of all, commend
2 you on everything you've done. This is not a negative
3 perception at all.

4 If we're making a proposed rule that has a
5 negative impact on an industry that we're serving as our
6 customer, one of the things I love about why all this
7 change happened under your leadership is you completely
8 shifted the boat from the prior leadership that was not
9 focused on industry engagement and was doing things that
10 weren't to par, and you came in and said, you know, I am
11 moving the ship, and you have, so thank you for doing
12 that.

13 My proposed recommendation -- and I don't know
14 if this is possible. I'm not a rules person; that's not
15 why I'm on this committee, that's what you all do well, so
16 I'll just play my role in my hat is is it possible to do
17 this without just posting and saying give us your
18 feedback? Is it possible for us to get some education of
19 the gaps that we're lacking in maybe an additional meeting
20 with the two individuals and their constituencies to fill
21 those gaps, then consider what the proposed change would
22 be and then put it out. Maybe it's not possible, I'm just
23 asking the question.

24 MS. COOK: So to clarify, what I'm proposing is
25 we do not post the rules in the Texas Register, we have

1 the public meeting scheduled for October 30 -- I put it on
2 the website this morning, I scheduled a room this morning,
3 and all of that -- we have that public comment, we also
4 use all our social media channels to put out these
5 proposed rules and look for as many ways to get feedback
6 as soon as possible.

7 I would venture a guess that we're not going to
8 have significant changes. We may have minor changes to
9 the rules in terms of the textual context. I mean,
10 there's some questions about the E-Wagering plan being
11 approved by me, that is the way we stay within the
12 statute, for example. Being able to have the opportunity
13 to explain the language to anybody that has a question I
14 think is powerful.

15 But I would say that with Dr. McNabb as the
16 chair of that meeting on the 30th, if there's no
17 substantive changes -- in other words, if we're doing
18 edits but we're not doing substantive changes -- then I
19 would ask for your approval to go ahead and post to the
20 Texas Register for another 30 days.

21 If there's substantive changes, I'm not going
22 to come back in December and propose that they be final
23 rules; I'm going to tell you what everyone said. But I
24 will also tell you that I think we have an obligation to
25 take this step, even though it's imperfect, to make sure

1 we're all in with our statute.

2 COMMISSIONER McNABB: And to address your
3 concerns -- and this is where I'm looking at the people
4 that are looking at me -- we can post things on our web
5 page and so on and so forth, but if you all are not also
6 driving your constituents, especially the ones that you
7 know have a tendency towards being a hot button, rather
8 than just yelling at you, say please go look at this. So
9 please help them see.

10 We put things on the platforms that we have,
11 but you know, lead a horse to water, can't make him drink.

12 We can put that trough out there, please point them to it
13 and say here's your chance.

14 We are all ears, we want the input, we want to
15 find what right looks like, but if they don't weigh in,
16 time is critical, if they don't weigh in, we go ahead, we
17 make a rule because this is what we need to do, and then
18 they don't like it, they say, well, I didn't know.

19 So we really look to you all in the industry,
20 so the tracks, the breed associations, interested players,
21 please help us help you. Drive people to look at those
22 things, and if they've got something to say, as long as it
23 is civil, we want to hear what they have to say.

24 CHAIRMAN PATE: If there's no other discussion
25 or public comment, the chair would now entertain a motion

1 on staff and Director Cook's recommendation to approve the
2 publication of these nine rule amendments in the Texas
3 Register after the October 30 Rules meeting, assuming
4 there's no material change to any of the rules.

5 COMMISSIONER McNABB: So move.

6 CHAIRMAN PATE: Motion by Commissioner McNabb.

7 Is there a second?

8 COMMISSIONER WAIGHT: I'll second.

9 CHAIRMAN PATE: Second by Commissioner Waight.

10 Is there any further discussion?

11 COMMISSIONER CONTRERAS: Mr. Chairman, I'd like
12 to refrain from a vote on this and abstain from approval
13 based on my comments, if that's okay.

14 CHAIRMAN PATE: Okay.

15 All those in favor signify by saying aye.

16 (Aye votes: Commissioners McNabb, Maldonado,
17 Pate and Waight.)

18 CHAIRMAN PATE: Any opposed?

19 COMMISSIONER CONTRERAS: Opposed.

20 CHAIRMAN PATE: One vote in opposition. The
21 motion carries.

22 All right. Next is agenda item IX.A.

23 Discussion, consideration and possible action on the

24 allocation of live race dates for racetracks for 2024

25 under the Texas Racing Act, Texas Occupations Code Chapter

1 2029 and 16 Texas Administrative Code Sections 303.41 and
2 .42.

3 MS. COOK: The commissioners have copies of the
4 calendar on your iPad, but we are also passing out copies
5 for you just to refer to. As we said, we built a
6 temporary website. It didn't quite do what we thought it
7 would do, so we're going to be working on making it more
8 interactive so that when we actually have post times on
9 the calendars and all the rest of that, because I think
10 one of the things we've struggled with in terms of just
11 staff coverages, when is everything happening.

12 If you turn past the cover page, you'll see a
13 legend, so we've color-coded the different tracks as we
14 did in the past. Our current calendar is very tiny, it's
15 like Arial font 7, and nobody likes it. I haven't spoken
16 to anybody, agency or industry, that thinks that is a
17 helpful calendar, so we really want to get the whole
18 operational picture, as I described before.

19 And as I mentioned earlier, the good news story
20 here is there is 198 race days requested for Texas, and I
21 think that's a great news story, up from 174 for this
22 year.

23 And when we start adding in the HIEA and really
24 making the connections there from the public, I mean, when
25 I can see great media and publication of rodeos and see

1 our elected officials at rodeos and barrel racing and all
2 of that and know that we have Horse Industry Escrow
3 Account money that's paying for some of those activities
4 and we're not really socializing the great things that the
5 legislature has done for the industry, I think this may be
6 other way to make that connection, and also just to inform
7 all of the folks that are stakeholders.

8 So staff recommends approval, and you have on
9 your agenda the '24 through '28 racing season. There are
10 no additional race dates that need to be approved, so it's
11 just the 2024 for your approval today, so the staff
12 recommends approval of the live race dates and the
13 training facility dates submitted with them for the 2024
14 racing season.

15 CHAIRMAN PATE: All right. And I think you
16 might have said but I want to make sure. There are no
17 Greyhound race dates requested. Correct?

18 MS. COOK: That is correct. They're all horse
19 tracks.

20 CHAIRMAN PATE: They're all horse tracks.

21 Commissioners do y'all have any questions?

22 COMMISSIONER McNABB: I do appreciate that
23 Retama and Gillespie have decided to not overlap days on
24 the weekend. I think that we identified some potential
25 dangerous things, so thank you very much for accommodating

1 each other and we hope that the crowd from Gillespie on
2 the off weekends runs on down to Retama to have a great
3 time and goes up to the windows and bets a lot of money.

4 CHAIRMAN PATE: All right. Dinorah, has
5 anybody signed up for public comment on this matter?

6 MS. CHIU: No, Chairman.

7 CHAIRMAN PATE: If there's no further
8 discussion or public comment, the chair would entertain a
9 motion on staff's recommendation to approve the allocation
10 of live racetrack dates for 2024 under the Texas Racing
11 Act, Texas Occupations Code Section 2029 and 16 Texas
12 Administrative Code Sections 303.41 and .42.

13 COMMISSIONER McNABB: So move.

14 CHAIRMAN PATE: Motion by Commissioner McNabb.
15 Is there a second?

16 COMMISSIONER WAIGHT: Second.

17 CHAIRMAN PATE: Second by Commissioner Waight.
18 Any further discussion?

19 (No response.)

20 CHAIRMAN PATE: Hearing none, all those in
21 favor signify by saying aye.

22 (A chorus of ayes.)

23 CHAIRMAN PATE: Any opposed?

24 (No response.)

25 CHAIRMAN PATE: Motion carries.

1 The next item on the agenda is item IX.B.1 and
2 2, Racetrack Proceedings, Discussion, consideration and
3 possible action on the inactive and active licenses
4 scheduled for review under 16 Administrative Code Section
5 309.53.

6 Director Cook, please address the first item,
7 which would be the Hill Lane, LLC, d/b/a Manor Downs.

8 MS. COOK: Thank you.

9 Ladies and gentlemen, on page 58 of your
10 meeting materials is the staff summary for Manor Downs,
11 which is a Class II horse track license that is currently
12 inactive. Last record of review was October 13 of 2021.
13 Last live race dates conducted were in July 2010.

14 On the issue that we had left on the chart --
15 and I apologize, I should have removed it -- there was an
16 issue with tax forfeiture on the license, which entity has
17 now been corrected by Penn Entertainment, so there is no
18 issue there.

19 The racetrack was originally opened in 1975.
20 It was used as a training facility and concert venue in
21 Travis County. At the time that it closed, it is
22 currently now under Hill Lane, LLC, which is a Penn
23 Entertainment property and the Penn Entertainment has
24 confirmed with me they're actively seeking new land that
25 would be suitable to construct a racetrack in the future.

1 Subject to any questions that you may have, we
2 also have resource witnesses here from Hill Lane, LLC and
3 Penn Entertainment. Mr. Brian Pettigrew is available if
4 you have questions.

5 Staff recommends that the Commission renew the
6 Manor Downs license without conditions.

7 CHAIRMAN PATE: As an inactive license.
8 Correct?

9 MS. COOK: That's correct.

10 CHAIRMAN PATE: All right. Has anybody signed
11 up for public comment on this matter?

12 MS. CHIU: No, Chair.

13 CHAIRMAN PATE: All right. Any discussion?

14 (No response.)

15 CHAIRMAN PATE: If there is no further
16 discussion, the chair would now entertain a motion on
17 staff's recommendation to renew the Hill Lane, LLC d/b/a
18 Manor Downs inactive horse track license under Texas
19 Racing Act, Texas Occupations Code Sections 2025.105 and
20 16 Texas Administrative Code Section 303.52.

21 COMMISSIONER McNABB: So move.

22 CHAIRMAN PATE: Motion by Commissioner McNabb.
23 Is there a second?

24 COMMISSIONER MALDONADO: Second.

25 CHAIRMAN PATE: Second by Commissioner

1 Maldonado. Thank you.

2 Any further discussion?

3 (No response.)

4 CHAIRMAN PATE: Hearing none, all those approve
5 signify by saying aye.

6 (A chorus of ayes.)

7 CHAIRMAN PATE: Any opposed?

8 (No response.)

9 CHAIRMAN PATE: Motion carries.

10 Director Cook, please address agenda item 2,
11 the Gillespie County Fair and Festivals Association.

12 MS. COOK: Gillespie County Fair and Festivals
13 Association in the great city of Fredericksburg, Texas --
14 Commissioner Waight's home city, we're glad you're here
15 for this review -- is an active Class III horse track.
16 Their last review of record was October of 2018. They had
17 live race dates this year in July and August of 2023.

18 In terms of the type of operation that they
19 have, I would say that they equal or exceed some of the
20 expectations that we have in terms of Racing Commission
21 safety. Of course, you have a group of volunteers that do
22 this for charity work and they've worked together for a
23 very long time.

24 We would like to recognize that we think they
25 have the safest gate crew that we have in Texas because of

1 the care that they take bringing in their own personal
2 equipment and dedicating their own personal time to make
3 sure it's a safe racing operation.

4 It being a Class III horse track that
5 continuously operates, they also offer simulcasting at the
6 race barn year round on the property. The Gillespie
7 County Fair and Festivals Association is in good standing
8 with the Texas Secretary of State, and when we do
9 inspections out there, like we did this year, we've only
10 noted minor issues that were immediately corrected.

11 Gillespie doesn't have a multi-million dollar
12 grandstand or even a paved parking lot. What they do have
13 is air conditioning that comes from the breeze over the
14 Texas Hill Country and blows through the near 40-year open
15 grandstand, and yet they have survived and flourished for
16 nearly a century.

17 Their history goes back to the late 1800s,
18 ranking it right up there with iconic ovals like Churchill
19 Downs and Belmont Park as the oldest continuously
20 operating racetrack in the country, and I would match
21 their safety records against those two magnificent tracks.

22 They continued to operate a successful
23 racetrack during decades without pari-mutuel racing in
24 Texas, and in recent years as the fair racing has
25 struggled across the country, this dedicated team of

1 tireless volunteers, please stand up, Gillespie County
2 Fair and Festivals, and be recognized.

3 (Applause.)

4 MS. COOK: That is part of the dedicated team
5 of tireless volunteers who operate the track and county
6 fair, many of whom go back three and four generations.
7 The staff strongly recommends the Commission renew the
8 Gillespie County Fair and Festivals license without
9 conditions.

10 CHAIRMAN PATE: All right. Do y'all have any
11 questions?

12 (No response.)

13 CHAIRMAN PATE: Dinorah, has anybody signed up
14 for public comment?

15 MS. CHIU: No, Chairman.

16 CHAIRMAN PATE: All right. If there is no
17 further discussion or public comment, the chair would now
18 entertain a motion on staff's recommendation to renew the
19 Gillespie County Fair and Festivals Association active
20 Class III racetrack license under Texas Racing Act, Texas
21 Occupations Code Section 2025.106 and 16 Texas
22 Administrative Code Section 309.53.

23 COMMISSIONER WAIGHT: I hereby make the motion.

24 CHAIRMAN PATE: I expected you'd make it,
25 Commissioner Waight.

1 Is there a second?

2 COMMISSIONER MALDONADO: I'll second.

3 CHAIRMAN PATE: Thank you, Commissioner.

4 Any further discussion?

5 (No response.)

6 CHAIRMAN PATE: All right. Hearing none, all
7 those in favor signify by saying aye.

8 (A chorus of ayes.)

9 CHAIRMAN PATE: Any opposed?

10 (No response.)

11 CHAIRMAN PATE: Motion carries.

12 We're on to agenda item X. Executive Session.

13 There will not be an executive session in this meeting.

14 Agenda item XI, we are scheduling the next
15 Commission meeting for Wednesday, December 13 at 10:30
16 a.m. The meeting is to be held still here, correct, the
17 Department of Public Safety Building?

18 MS. COOK: Correct.

19 CHAIRMAN PATE: So right here in this office,
20 6100 Guadalupe, Building E, in the Criminal Law
21 Enforcement Auditorium in Austin.

22 The time is now 12:05 p.m. With all business
23 concluded, we are now adjourned. Thank you very much.

24 (Whereupon, at 12:05 p.m., the meeting was
25 adjourned.)

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C E R T I F I C A T E

MEETING OF: Texas Racing Commission

LOCATION: Austin, Texas

DATE: October 18, 2023

I do hereby certify that the foregoing pages, numbers 1 through 82, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Racing Commission.

DATE: October 25, 2023

/s/ Nancy H. King
(Transcriber)

On the Record Reporting
7703 N. Lamar Blvd., #515
Austin, Texas 78752



TEXAS RACING COMMISSION
1801 N. Congress, Suite 7.600,
Austin, TX 78701
Main (512) 833-6699

Texas Racing Commission
 Wednesday, October 18, 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. 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.

1. Requests by the Texas Thoroughbred Association

VIII. PROCEEDINGS ON RULES

A. Discussion and possible action to publish proposed rule amendment in the Texas Register:

1. 16 TEX. ADMIN. CODE §311.101, Subchapter B, Horse Owners
2. 16 TEX. ADMIN. CODE §311.2, Application Procedure
3. 16 TEX. ADMIN. CODE §313.501, Training Facility License
4. 16 TEX. ADMIN. CODE §313.504, Operational Requirements.

5. 16 TEX. ADMIN. CODE §313.505, Workout Requirements.
6. 16 TEX. ADMIN. CODE §321.1, Definitions and General Provisions
7. 16 TEX. ADMIN. CODE §321.605, E-Wagering Plan
8. 16 TEX. ADMIN. CODE §321.21 Certain Wagers Prohibited
9. 16 TEX. ADMIN. CODE §321.413, Duties of Guest Racetrack

IX. RACETRACK PROCEEDINGS

A. Discussion and possible action on allocation of Live Race Dates for Racetracks for 2024-2027 under Texas Racing Act, TEX. OCC. CODE Chapter 2029, and 16 TEX. ADMIN. CODE §§303.41 and 303.42.

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

1. Hill Lane, LLC, d/b/a Manor Downs
2. Gillespie Fair & Festivals

X. 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.

XI. NEXT COMMISSION MEETING

Wednesday, December 13, 2023, 10:30 a.m.

XII. ADJOURN

I.CALL TO ORDER

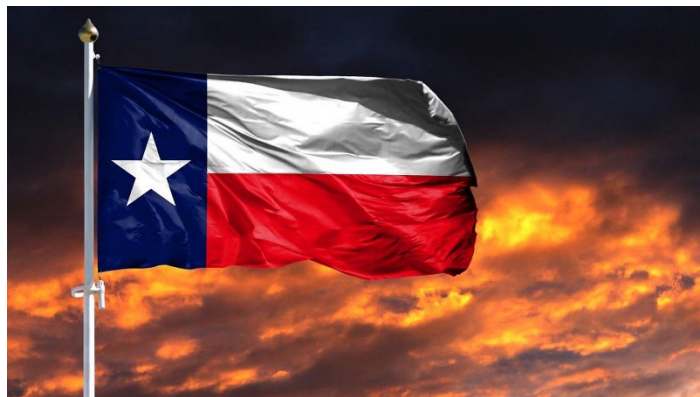
II. INVOCATION

III. PLEDGES (U.S. and Texas)



Pledge of Allegiance

"I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all."



Pledge of Allegiance to the Texas Flag

"Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible."

IV. COMMISSIONER REMARKS

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

V. PUBLIC COMMENTS

VI. STAFF REPORTS

A. Executive Director Report

VII. PROCEEDINGS ON HORSE INDUSTRY ESCROW ACCOUNT

A. Discussion and possible action to
allocate funds in HIEA.

1. Requests by the Texas
Thoroughbred Association



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

<u>Buda</u>	<u>TX</u>	<u>78610</u>	<u>Hays</u>
<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>County</i>

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

<u>Buda</u>	<u>TX</u>	<u>78610</u>	<u>Hays</u>
<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>County</i>

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 DirectorEmail Address: maryr@texasthoroughbred.comPhone: (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: AccountantEmail Address: cherig@texasthoroughbred.comPhone: (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	<i>Mary Ruyle</i>	09/15/2023
	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 (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): 2024 Thoroughbred Meet at Sam Houston Race Park

Event Date(s) or Approximate Date(s): January - April 2024

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, 2023, but at least \$450,000 for events in 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 2024 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 2024 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 Brian Pettigrew and other SHRP staff to oversee all activities. Pettigrew and staff 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.

\$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, \$60,000 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. Additionally, \$280,005 will go to fund an increase in the minimum purses for Accredited Texas-Bred maiden special weight and allowance races from \$33,000 to \$40,000.

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



Form H1EA-2

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

2 of 10

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 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): 2024 Statewide Thoroughbred Marketing Plan**Event Date(s) or Approximate Date(s):** Calendar Year 2024**Total Amount Requested For this Event:** \$123,000**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*

December 15, 2023 \$25,800 in connection with SHRP opening and the Houston Racing Festival in January.

January 15, 2024 \$11,700 in connection with Texas Preview Day in mid-February

February 15, 2024 \$11,700 in connection with Texas Champions Day in late March

March 10, 2024 \$19,200 in connection with Lone Star Park opening and TTA 2-Year-Olds In-Training Sale in early April

April 15, 2024 \$23,700 in connection with Lone Star Million Day in May

May 1, 2024 \$23,400 in connection with Lone Star Showcase Day in June and Texas Thoroughbred Futurity Day in early July

June 15, 2024 \$7,500 in connection with TTA Yearling Sale in August

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 2024 Statewide Thoroughbred Marketing Event Plan focuses on continuing marketing and communications strategies to promote signature racing and horse sales events while also recruiting new Thoroughbred owners in Texas. These events will take place at the January opening of the Sam Houston Race Park Thoroughbred meet, the Houston Racing Festival,

Texas Preview Day, Texas Champions Day, the TTA 2-Year-Olds In-Training Sale, the April opening of the Lone Star Park Thoroughbred 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 copy writing, 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, veterinary care, 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. Recruitment of new, first-time Texas Thoroughbred racehorse owners from this initiative in 2022 resulted in 42 new owners, equating to slightly more than \$300,000 (through investments in the Texas Thoroughbred Racing Club and private purchases). In 2023, 23 people became new owners, equating to another \$210,000.

These events will also result in increased attendance and handle over the previous year. Increased handle bolsters future race purses and the Accredited Texas-Bred 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, Lone Star Park and the Todd Company to oversee all activities. Reports on race analytics and handle figures will be provided to 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 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. expenses related to litigation.*
- (6) professional association fees or dues for the breed registry or an individual.*
- (7) 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*
- (8) 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	\$16,200
Race Award Supplements/Prizes	\$
Advertising	\$48,000
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
EMAIL MARKETING	\$10,000
VIDEO PRODUCTION, FEATURE STORIES, MESSAGING	\$36,000
ONSITE OWNERSHIP RECRUITMENT EVENTS	\$12,800
	\$
Total Direct Costs	\$123,000
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$
Total	\$123,000

Event Production Costs (\$16,200 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 (\$48,000 total) Provide an explanation of advertising costs.

Radio and Other Advertising \$37,000, Social Media Advertising/Posting \$10,000, Race Program Print/Video Ads \$1,000

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 January – August 2024

Other direct expenses – second category Video Production (\$36,000 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 (\$12,800 total) Provide a detailed description of any other category of direct expenses.

\$1,000 Printing and Supplies, \$11,800 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

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): 2024 Thoroughbred Meet at Lone Star Park

Event Date(s) or Approximate Date(s): April - July 2024

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, 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 2024 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 2024): Work with our export partners in Canada 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 2024): 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 2024): 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, accommodations 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 20243 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 Canadian 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 targeted exposure for the Texas-bred program, attracting more owners and breeders to participate.
3. Promoting our 4 major stakes days with our Canadian partners will provide additional handle 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 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; 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. Additionally, \$490,000 will go to fund an increase in the minimum purses for Accredited Texas-Bred maiden special weight and allowance races from \$33,000 to \$40,000.

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 Handle Drivers _____ **(\$50000 total)**

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

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

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

10 of 10

APPLICATION FOR BREED REGISTRY FUNDING
FROM THE HORSE INDUSTRY ESCROW ACCOUNTPROJECT 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 2024**Event Date(s) or Approximate Date(s):** January - September 2024**Total Amount Requested For this Event:** \$303,525**When Are Funds Needed?** *If funding can be provided in multiple phases, please explain.*

April 1, 2024 \$150,680 (\$150,000 prize money, \$680.00 for auditing and administration for Sam Houston Race Park meet;

July 1, 2024 \$150,680 (\$150,000 prize money, \$680.00 for auditing and administration for Lone Star Park meet,

August 1, 2024 \$2,165 (\$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 2024 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 2024 Thoroughbred meet at Sam Houston Race Park will provide breeders with additional funds to put into their breeding programs for 2024 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, and in 2023 were 26.49% of purse money earned.

This initiative will provide \$302,000 in 2024 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 and maintain 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	\$302,000.00
Advertising	\$
Donations (include most recent IRS Form 990 for any non-profit)	\$
Other Direct Expenses (itemize below):	\$
	\$
	\$
	\$
	\$
Total Direct Costs	\$302,000.00
Administrative Expenses/Capital Assets (may not exceed 5% of project total)	\$1,525.00
Total	\$303,525.00

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 (\$302000 total) Provide a breakdown of race awards/race award supplements, prizes, and Texas-bred supplements from HIEA funding.
\$150,000 for SHRP meet, \$150,000 for LSP meet, \$2,000 for GCFG meet.

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 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

8 of 10

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): Texas-Sired Texas-Bred Bonus for Success in Open Company Races in Texas in 2024

Event Date(s) or Approximate Date(s): January - September 2024

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, 2024 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 2024.

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.

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 2024 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 and maintain 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

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).

VIII. PROCEEDINGS ON RULES

A. Discussion and possible action to publish nine proposed rule amendments in the Texas Register.

I. PROCEEDINGS ON RULES

A. Discussion and possible action to publish proposed rule amendments in the Texas Register:

1. 16 TEX. ADMIN. CODE §311.101, Subchapter B, Horse Owners
2. 16 TEX. ADMIN. CODE §311.2, Application Procedure

**PROPOSED RULE LANGUAGE FOR TEXAS REGISTER BASED ON 87TH
LEGISLATIVE SESSION CHANGES TO THE TEXAS RACING ACT**

16 TAC 311.101. Horse Owners. 16 TAC 211.2 Application Procedure
Repealed Language Annotated in Strikethrough. Added Language in Red Bold Text.
Page 1

(a) General Provisions.

(1) The owner of a horse, as listed on the animal's registration paper, must obtain an owner's license from the Commission, as set forth in 16 TAC § 309.4. Except as otherwise provided by §313.301(a)(2) of this title (relating to Officials and Rules of Horse Racing), a person may not be licensed as an owner if the person is not the owner of record of a properly registered horse that the person intends to race in Texas. A person who meets the qualifications for a trainer's or assistant trainer's license may also be licensed as an owner if the person intends to be the owner of record of a properly registered horse during the time of licensure. Except as otherwise provided by this subsection, the owner **or designated trainer acting on behalf of the owner**, must be licensed **as an owner or trainer** ~~one hour prior to the post time of the first race of the day in which the owner intends to race the animal~~ **before making a request to enter a horse eligible under 16 TAC § 313.103.**

(2) If the owner is not an individual, each individual who is a director, officer, or partner of the owner or who has an ownership interest in the horse of 5.0% or more must be licensed by the Commission.

(3) If the owner is not an individual, the owner must provide to the Commission:

- (A) a sworn statement by the chief executive officer of the owner or by one of the partners of the owner that the officer or partner represents the owner and is responsible for the horse;
- (B) a statement that the owner is authorized by law to do business in Texas; and
- (C) a list of the names and addresses of all individuals having an ownership interest in the horse.

(4) If the owner is not an individual, the ownership entity must:

- (A) designate a representative; or
- (B) file an authorized agent form with the Commission and pay the prescribed fee.

(5) If the registered owner of a horse is a minor, a financial responsibility form approved by the executive secretary must be signed by the parent or guardian of the owner assuming financial responsibility for the debts incurred for the training and racing of the horse.

(b) Stable Names.

(1) An owner that wants to participate in racing using a stable name must register with the Commission by filing an application on a form prescribed by the executive secretary and paying the prescribed fee. A person may not use the real name of an owner of a race animal as a stable name. A stable name which has already been registered with the Commission may not be registered by another owner.

(2) Registering a stable name with the Commission does not affect a person's obligation to file or register a fictitious name as provided by the laws of Texas.

(3) An application to register a stable name must disclose the real names of all interests participating in the stable and the percentage of ownership interest of each, including the interest owned by a corporation, general partnership, limited partnership, trust, estate or individual.

(4) A stable name may be changed by registering a new stable name. A stable name may be abandoned by giving written notice to the Commission. A change of 5.0% or more in ownership of a stable registered under a stable name shall be immediately reported to the Commission.

(5) A licensee who has registered a stable name under this section may not use the licensee's real name for racing purposes except on approval of the stewards.

(c) Change of Ownership.

(1) If the owner of an interest in a horse housed on an association's grounds transfers that interest to

16 TAC 311.101. Horse Owners. 16 TAC 211.2 Application Procedure
Repealed Language Annotated in Strikethrough. Added Language in Red Bold Text.
Page 2

another person, both parties to the transaction shall give written notice of the transfer to the stewards officiating for that association. Notice under this section must be submitted to the appropriate officials not later than 24 hours after the agreement to transfer the interest is made.

(2) A licensee of the Commission may not transfer an ownership interest in a horse to avoid disqualification of the horse.

(d) Change of Trainer. An owner may change the trainer of his or her horse registered at a licensed race meeting provided:

(1) the request to change trainers is submitted for approval to the stewards on a form ~~provided by the association and approved by~~ **the Executive Director**;

(2) the trainer from whom the horse is being transferred signs the form releasing custody of the horse;

(3) the trainer to whom the horse is being transferred signs the form accepting responsibility for the horses; and

(4) the stewards approve the transfer.

(e) Owner/Trainer. A person licensed as an owner/trainer who is training horses at a racetrack may not have any horse owned by the owner/trainer under the care, custody or control of another trainer at that racetrack.

(f) Restrictions on Racing. An owner may not enter a horse or cause a horse to be entered in a race at a racetrack if:

(1) the owner or trainer is employed by the racetrack association in a management or supervisory position that is capable of affecting the conduct of races or pari-mutuel wagering at the racetrack; or

(2) the owner or trainer is involved in any way with the sale or publication of tip sheets on association grounds.

~~(g) Emergency License.~~

~~—(1) If an owner is unable to complete an application for an owner's license because of absence or illness, the licensed trainer desiring to enter a horse in a race may apply for an emergency owner's license on behalf of the absent owner.~~

~~—(2) The trainer applying for an emergency owner's license on behalf of an absent owner must submit a written statement with the license application specifying the reasons the owner is unable to complete the application.~~

~~—(3) The trainer applying for an emergency owner's license must submit at least the following information: the owner's full name, home or business address, and telephone number. At the time of application, the appropriate licensing fee must be paid to the Commission. Failure to provide all of the foregoing information is grounds for denial of an emergency owner's license.~~

~~—(4) If an owner submits an incomplete application for an owner's license, the application will remain in pending status until:~~

~~—(A) the owner submits any additional information required to process the application;~~

~~—(B) the application expires in accordance with the term of the applied for license; or~~

~~—(C) a horse is entered in the owner's name or in the name of a multiple owner of which the owner is a member, in which case the pending license will be presumed to be a request for an emergency license.~~

~~—(5) A license issued under this section expires on the 21st day after the date the emergency owner's license is issued. An owner may obtain only one emergency license per year. An emergency license cannot be issued if the owner failed to complete the prior licensing process.~~

~~—(6) An owner granted an emergency license is prohibited from withdrawing any funds from his/her horseman's bookkeeper account until the owner complies with all licensing procedures provided by subsection (a) of this section.~~

Enclosure 1: 16 TAC 311.101. Horse Owners. 16 TAC 211.2 Application Procedure
Repealed Language Annotated in Strikethrough. Added Language in Red Bold Text.
Page 3

Sec. 311.2. Application Procedure.

(a) General Requirements. To request a license from the Commission, a person must apply to the Commission on forms prescribed by the executive ~~secretary~~**director**.

(b) Application Site. **Submission.**

(1) ~~Except as provided in paragraphs (2) and (3) of this subsection, a~~**An applicant for an occupational license must file the appropriate application form and related documents at the licensing office at a licensed racetrack, or through an online process established by the executive director. All applications must be submitted to the agency at least thirty-one days before the licensee engages in an activity that requires an occupational license under 16 TAC § 311.1.**

~~(2) An applicant for the following occupational license types may file the appropriate application form and related documents by mail to the main office of the Commission in Austin; kennel owner, kennel owner/owner, kennel owner/owner/trainer, kennel owner/trainer, owner, owner/trainer, trainer, multiple owner/stable/farm registration, training facility employee, and training facility general manager/CEO.~~

~~(3) An applicant for an occupational license that is available through the Texas OnLine portal may submit the required application information through the Texas OnLine portal.~~

I. PROCEEDINGS ON RULES

A. Discussion and possible action to publish proposed rule amendments in the Texas Register:

3. 16 TEX. ADMIN. CODE §313.501, Training Facility License
4. 16 TEX. ADMIN. CODE §313.504, Operational Requirements.
5. 16 TEX. ADMIN. CODE §313.505, Workout Requirements.

**PROPOSED RULE LANGUAGE FOR TEXAS REGISTER INCREASES SAFETY
PROTOCOLS FOR TRAINING FACILITY ACTIVITIES CONDUCTED TO PREPARE FOR
LIVE RACING EVENTS**

16 TAC 313.501-505. Training Facilities. Proposed Rule Amendments
Repealed Language Annotated in Strikethrough. Added Language in Red Bold Text.
 Page 1

Sec. 313.501. Training Facility License

(a) A training facility must be licensed by the ~~Commission~~ **Executive Director** in accordance with this section to provide official workouts. Except as otherwise provided by this subchapter, an official workout obtained at a training facility licensed under this section satisfies the workout requirements of §313.103 of this title (relating to Eligibility Requirements).

(b) A training facility license expires ~~one~~ **two** years after the last day of the month in which the license was issued. ~~An applicant for a training facility license must submit with the application documents the license fee of \$1,800.~~

(c) A training facility license is personal to the licensee and may not be transferred.

(d) A Class 1 racetrack licensed by the Commission may also operate a training facility without an additional license requirement if the racetrack association operating the Class 1 racetrack submits a request for training facility dates with its annual race date application form and the request is approved by the Executive Director.

Sec. 313.504. Operational Requirements.

(a) The primary business of a training facility must be the training of racehorses. The training facility must be available to provide official workouts on a schedule approved by the executive ~~secretary~~ **director**, but at least three days per week.

(b) A training facility licensee shall prohibit any wagering at the facility and shall promptly eject any person who is found to be wagering. **All training facilities located at licensed racetracks must have an e-wagering plan approved by the Executive Director as set out in Sec. 321.603 at least 14 days before the first official work is scheduled to begin.**

(c) A training facility licensee shall ensure that veterinary services and facilities are available to the training facility in close enough proximity to permit a response time of one hour or less. The veterinary services and facilities are subject to the approval of the executive ~~secretary~~ **director**.

(d) A training facility licensee shall comply with the requirements of Sec. 309.117, and First Aid and Sec. 309.254.

(d) A training facility licensee shall maintain records regarding the management and operation of the training facility and the records are subject to inspection by the executive ~~secretary~~ **director**. A training facility licensee shall cooperate fully with the ~~Commission, the executive secretary~~ **director and agency staff**, and the Department of Public Safety in the regulation of training facilities and shall ~~promptly provide any information requested by the Commission, the executive secretary, or the Department of Public Safety.~~

16 TAC 313.501-505. Training Facilities. Proposed Rule Amendments
Repealed Language Annotated in Strikethrough. Added Language in Red Bold Text.
Page 2

(e) A training facility licensee shall post ~~in a prominent place~~ **a condition book approved by the executive director with any conditions imposed by the racetrack association along with** a list of the dates and times that official workouts may be obtained.

(f) A training facility licensee shall comply with all the requirements of this subchapter. Failure to continuously comply with those requirements is grounds for disciplinary action by the ~~Commission~~ **Executive Director**, including suspension or revocation of the training facility license.

(g) The facilities and operations of a licensed training facility are subject to inspection and verification by the executive ~~secretary~~ **director** at any time. If the executive ~~secretary~~ **director** determines that inappropriate or unsafe conditions exist at the training facility or that the integrity of workouts obtained at the facility are in question, the executive ~~secretary~~ **director** may immediately notify the pari-mutuel racetracks in this state that workouts obtained at the facility may not be accepted as official workouts. The executive ~~secretary~~ **director** shall notify the general manager ~~or chief executive officer~~ of the licensed training facility of the executive ~~secretary's~~ **director's** findings and specifically describe the corrective action necessary to make the facility's workouts official, to rectify the inappropriate condition, or to make the conditions safe. The training facility may take the necessary corrective action or request a hearing **with the Commission** on the executive ~~secretary's~~ **director's** findings.

(h) A training facility licensee may not, **unless otherwise approved by the Executive Director:**

- (1) conduct a race at its facility; or
- (2) allow its facility to be used for a race.

Sec. 313.505. Workout Requirements

(a) All official workouts must be supervised by the following officials, who must be licensed and approved by the executive ~~secretary~~ **director**:

- (1) a timer/clocker;
- (2) a horse identifier; and
- (3) a starter, **and an assistant starter.**
- (4) **two outriders to address track safety issues.**

(b) The person riding a horse in an official workout must hold a valid ~~Commission~~ license as a jockey, apprentice jockey, ~~or exercise rider, or as the~~ trainer, or assistant trainer of the horse.

(c) The horse identifier shall identify each horse before each official workout. The original registration papers for each horse that is to work, or a copy that satisfies the horse identifier, must be submitted to the horse identifier before the horse's initial workout at the facility to permit the identifier to record the horse's color, gender, markings, and tattoo number, if applicable. The horse identifier shall inspect all documents of ownership, registration, or breeding necessary to ensure the proper identification of the horse. The identification procedures used at the training facility are subject to the approval of the

16 TAC 313.501-505. Training Facilities. Proposed Rule Amendments
Repealed Language Annotated in Strikethrough. Added Language in Red Bold Text.
Page 3

executive secretary ~~secretary~~ **director**. The individual serving as the horse identifier may serve as timer or starter also, with the approval of the executive secretary. The timer may not serve as the starter.

(d) A training race conducted at a licensed pari-mutuel racetrack may be used as an official workout.

The distance of an official workout must be at least:

- (1) 220 yards for a quarter horse;
- (2) two furlongs, for a two-year old thoroughbred; and
- (3) three furlongs, for a thoroughbred three years of age or older.

(e) A workout must be timed on a stopwatch that is accurate to within .01 of a second. Times for quarter horses shall be rounded to tenths of one second and times for thoroughbred horses shall be rounded to fifths of one second.

(f) An individual may not ride a horse in an official workout unless the individual is wearing a properly fastened helmet of a type approved by the executive secretary ~~secretary~~ **director**.

(g) Each official workout must be recorded on a form prescribed by the executive secretary. Not later than 24 hours after the day of an official workout, a training facility shall transmit the results of the workout to:

- (1) the official past performance publisher;
- (2) the ~~Commission~~ **the Executive Director**; and

(3) each pari-mutuel horse racetrack in this state that is:

- (A) conducting a live race meeting for the same breed of horse as the horse that was worked; or
- (B) will, in 45 days or less after the date of the workout, commence a live race meeting for the same breed of horse as the horse that was worked.

(h) A horse may not have more than one official workout on a calendar day.

II. PROCEEDINGS ON RULES

A. Discussion and possible action to publish proposed rule amendments in the Texas Register:

6. 16 TEX. ADMIN. CODE §321.1, Definitions and General Provisions
7. 16 TEX. ADMIN. CODE §321.605, E-Wagering Plan
8. 16 TEX. ADMIN. CODE §321.21 Certain Wagers Prohibited
9. 16 TEX. ADMIN. CODE §321.413, Duties of Guest Racetrack

**PROPOSED RULE LANGUAGE FOR TEXAS REGISTER RECOMMENDED TO
MODERNIZE E-WAGERING TECHNOLOGY**



October 11, 2023

Texas Racing Commission
1801 N. Congress, Suite 7.600
Austin, TX 78701
Attn: Amy Cook, Executive Director

Director Cook,

We are writing to ask for consideration of the attached updates to commission rules related to the uses of technology accessible to patrons at our Texas horse racing tracks.

In 2022, the Texas Horse Racing Hall of Fame commissioned a study to better understand how the industry might attract new fans to the sport - specifically fans in the 25-45 age group. This study resulted in a three-year plan for the industry to implement with the goals of elevating Texas racing among this demographic by educating them on the rich traditions of the sport in our state, developing their knowledge of how they can participate in the sport, and helping remove current barriers to entry that reduce the likelihood of this demographic embracing the sport.

One primary barrier to entry that was discovered in this process is that the current rules inhibit the uses of technologies that this target demographic utilizes in all aspects of their lives, and therefore makes it more difficult and sometimes intimidating for them to learn about the horses and make wagers at the track. As such, we are proposing an update to current rules that would help remove these technological barriers to entry, and allow for greater ease of access to the sport as we continue to invest in introducing new fans to Texas racing.

Below we provide a brief summary of the rules updates for consideration. It is important to note that the following suggested updates aim to ensure the industry continues to operate clearly within the existing statute, would not allow wagers to be placed outside of the existing racetrack enclosure, and still allow for full oversight and approval of any e-wagering plan by the Executive Director prior to operation:

Sec. 321.1. Definitions and General Provisions.

This change simply clarifies that it is a licensed tote vendor that takes the cash and wagers. The current language could create some ambiguity should there be multiple licensed tote vendors approved for operation at a track. The Closed-Loop Subscriber-Based System is an industry standard definition for industry products that allow patrons to access wagering on races from mobile devices. It allows for the easy creation of a wagering account, verification of age and location/necessary geo-tracking and

appropriate banking security. Use cases for this would be the utilization of the technologies developed through widely accepted e-wagering platforms at Texas tracks. Keeping with all other necessary rules, including making sure that wagering could not take place outside of the racetrack enclosure.

Sec. 321.21. Certain Wagers Prohibited.

Section 2027.002 of the Act stipulates that wagering may only be conducted within the racetrack association's enclosure. It further clarifies that that a person may not make a wager in person, by phone or over the internet unless the person is inside the enclosure, and in accordance with commission rules. Therefore, it is important to include in the racing rules that as long as the wagering is occurring inside the enclosure, which would be accomplished through geo-fencing and the use of a racetrack association's Wi-Fi network, patrons may make wagers through a licensed totalizator vendor via a commission-approved E-wagering plan.

Sec. 321.413. Duties Of Guest Racetrack.

This adjustment simply provides clarity in the rule that the racetrack associations and approved vendors are not required to provide audio/video broadcasts of races that patrons are wagering on as long as the patrons are able to access race information in some form. This is important for wagering technology vendors that may provide race wagering opportunities to patrons, within the enclosure, that may not be being broadcast in an audio/visual format by the racetrack association.

While removing subsection (3) of this rule may be possible, it might cause concern and a lack of clarity for what racetrack associations generally provide to traditional simulcast wagerers.

Sec. 321.417. Emergency Procedures.

This addition corresponds to the previous addition that clarifies that a racetrack association or approved vendor does not necessarily need to provide an audio/visual broadcast of the race if the patrons have access to race information via another platform.

This distinguishes between patrons who may be utilizing another wagering platform and allows for the protection of those who may be only relying on the audio/visual information provided by the racetrack association.

Sec. 321.607. E-Wagering Account Restrictions.

These modifications reduce and clarify the e-wagering rules to give the greatest flexibility and oversight to the commission in the approval process for e-wagering vendors.

The deletions here assume that either the commission approval process will ensure appropriate statutes are followed, and/or the provision is addressed in another area of rule.

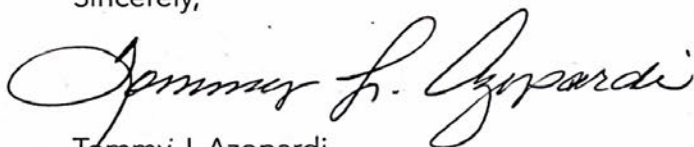
The inclusion of an "electronic payment system that debits from an account holder's checking account" simply provides clarity that it is the intent of the commission to allow for various methods of payment that are in line with technology advancements of today's e-finance world. The youth of today prefer platforms such as PayPal and Venmo to make their transactions, and approved vendors would have the responsibility to show that any payment systems they utilize are accepting only forms of payment that draw from a checking account.

The inclusion of the closed-loop subscriber-based System brings this new definition into the rules, providing clarity for operators as to the types of wagering technology that may be submitted for approval to TXRC.

The Texas horse racing industry has exceptional opportunity before it to continue the positive economic momentum that has been generated by the Horse Industry Escrow Account and from enhancements to administrative functions of your agency that are aimed at helping industry participants safely flourish in the sport.

In short, we are hopeful the Commission will take up and consider the aforementioned updates to technology rules that will allow the new patrons we are working to bring into the sport access race information and wagering opportunities on mobile devices while they are within the enclosure at Texas tracks, which we strongly believe will enhance their experience and remove some of the barriers that currently reduce their participation.

Sincerely,



Tommy J. Azopardi
Chairman

Texas Horse Racing Hall of Fame Board of Directors

Proposed Changes to Texas Rules of Racing

Topic

Modernize e-wagering plans within the enclosure of a racetrack.

Statutory Basis/Authorization

Sec. 2027.002. Wagering Restrictions. (a) Wagering may be conducted only by a racetrack association within the racetrack association's enclosure.

(b) A person may not accept, in person, by telephone, or over the Internet, a wager for a horse or greyhound race conducted inside or outside this state from a person in this state unless the wager is authorized under this subtitle.

(c) Only a person inside an enclosure where both live and simulcast race meetings are authorized may wager on the result of a live or simulcast race presented by a racetrack association in accordance with commission rules.

(d) Except as provided by Subsection (c), a person may not place, in person, by telephone, or over the Internet, a wager for a horse or greyhound race conducted inside or outside this state.

Related Rule (E-Wagering Plan)

Sec. 321.605. E-Wagering Plan. (a) To be approved to conduct E-wagering, an association must submit a plan to the executive secretary. The plan must include:

- (1) the procedures for opening an account;*
- (2) the procedures for establishing identity of account holder;*
- (3) the procedures for making deposits to the account;*
- (4) the procedures for making withdrawals from the account;*
- (5) the procedures for closing an account;*
- (6) the procedures for suspending an account; and*
- (7) a description of the totalisator system and E-wagering access system.*

(b) The executive secretary may approve a plan to conduct E-wagering if the executive secretary determines that the association's plan meets the requirements of this section and does not conflict with the Rules or the Act.

Recommended Rule Changes

Sec. 321.1. Definitions and General Provisions.

(17) Ticketless Electronic Wagering (E-wagering)—

(i) a form of pari-mutuel wagering in which wagers are placed and cashed through **a licensed totalisator vendor via** an electronic ticketless account system operated through ~~a licensed totalisator vendor~~ in accordance with § 2021.002 of this Act; or

(ii) a closed-loop subscriber-based system, which includes:

(A) a device or combination of devices authorized and operated for placing, receiving, or otherwise making a wager and by which a person must subscribe in order to be able to place, receive, or otherwise make a bet or wager;

(B) an effective customer verification and age verification system; and

(C) appropriate data security standards to prevent unauthorized access to a person:

(I) who seeks to make a bet or wager outside the racetrack's enclosure;

(II) who seeks to make a bet or wager on any live or simulcast race not available to other persons within the racetrack's enclosure; and

(III) who is a minor; and

(iii) ~~Where~~ wagers are automatically debited and credited to the account holder.

Sec. 321.21. Certain Wagers Prohibited.

(a) **Except as otherwise allowed under Section 2027.002 of the Act,** an association may not accept a wager made by mail, by telephone, or by internet. A data communications link for common pooling purposes is not considered a wager for purposes of this section.

(b) An association may not accept a wager made on credit.

Sec. 321.413. Duties Of Guest Racetrack.

(a) An association that conducts pari-mutuel wagering on a simulcast import acts as a guest racetrack on those dates. The guest racetrack shall:

DRAFT // PRE-DECISIONAL

(1) provide adequate communication facilities, enabling pari-mutuel data transmissions and data communications between totalisator systems of the host racetrack and the guest racetrack;

(2) if the guest racetrack participates in common pools, provide a direct telephone line and a facsimile machine, or other means approved by the executive secretary, located in the mutuel area to transmit information to the host racetrack in case of a system failure; and

(3) display the audio and video signals of the races being simulcast to the patrons, **unless the patrons otherwise have access to the program and race information for the simulcast races available within the racetrack's enclosure.**

(b) After each simulcast performance, the guest racetrack shall provide the reports of its parimutuel operations required by Subchapters A and B of this chapter.

Sec. 321.417. Emergency Procedures.

(a) If an association is unable to establish or to maintain the audio or video signal from a host racetrack **of any races for which the association is displaying the audio and video signal,** the association shall immediately notify the host racetrack of the lost signal and may continue to accept wagers for four hours while attempting to establish the signal.

(b) If after four hours the audio or video signal cannot be established the association may continue to accept wagers on the signal provided:

(1) the mutuel manager makes an announcement to the public informing them that due to technical difficulties the audio or video signal has been lost;

(2) the association transmits the odds on the affected race to the video department to be displayed to the patrons; and

(3) the totalisator operator locks all wagering on the affected race at zero minutes to post to ensure the integrity and transfer of the wagering pools.

(c) If the host racetrack loses the ability to transmit the audio or video signal, the host racetrack:

(1) shall notify all guest racetracks of the technical difficulties being experienced;

(2) may continue to accept wagers from the guest racetracks on that day's races;
and

(3) may not accept wagers from the guest racetracks for subsequent race days until the technical difficulties have been corrected.

Sec. 321.607. E-Wagering Account Restrictions.

(a) The mutual manager of an association shall establish and manage E-wagering within an association's enclosure.

(b) The making and acceptance of wagers over the communications facility known as the "Internet" or "telephone" is ~~prohibited~~ **may only occur in accordance with an approved e-wagering plan.**

(c) An association may accept deposits to an **person's** account only in the form of cash, cashier's check, money order, **electronic payment system that debits from the person's checking account.** or other method determined by the executive secretary to be a cash equivalent.

~~(d) The association may not accept wagers in an amount that exceeds the account balance.~~

~~(e) An account holder must be at least 21 years of age.~~

~~(f) An account holder is responsible for all activity associated with his or her account.~~

~~(g)~~ (gd) An association may use E-wagering devices only if the devices are connected to the totalisator system, **either directly or via a closed-loop subscriber-based system.**

Sec. 321.621. Ticketless Electronic Wagering Hardware Devices and Applications. ~~An E-wagering device must be configured for loss of signal when removed from an association's enclosure.~~

IX. RACETRACK PROCEEDINGS

- A. Discussion and possible action on allocation of Live Race Dates for Racetracks for 2024-2027.
- B. Discussion and possible action on inactive and active racetrack licenses.
 - 1. Manor Downs
 - 2. Gillespie Fair & Festivals



2024 RACING & EVENTS CALENDAR

DRAFT AS OF OCTOBER 12, 2023 AT 3:00 P.M.

LEGEND

GFC – Gillespie County Fair

LSP – Lone Star Park

RET – Retama Park

SHRP – Sam Houston Race Park

LD – Lockdown Periods

QH – Quarter Horse Racing

TB - Thoroughbred Racing

* - Denotes Special/Charity Events

January 2024

January 2024							February 2024						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
7	8	9	10	11	12	13	4	5	6	7	8	9	10
14	15	16	17	18	19	20	11	12	13	14	15	16	17
21	22	23	24	25	26	27	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28	29		

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 31	Jan 1, 24	2	3	4	5	6
	SHRP Lockdown				Sam Houston Race Park (TB)	
					6:30pm Post Times (SHRP)	1:00pm Post Times (SHRP)
7	8	9	10	11	12	13
Sam Houston Race Park (TB)		SHRP Lockdown			Sam Houston Race Park (TB)	
1:00pm Post Times (SHRP)					6:30pm Post Times (SHRP)	1:00pm Post Times (SHRP)
14	15	16	17	18	19	20
Sam Houston Race Park (TB)		SHRP Lockdown			Sam Houston Race Park (TB)	
1:00pm Post Times (SHRP)	1:00pm Post Times (SHRP)				6:30pm Post Times (SHRP)	1:00pm Post Times (SHRP)
21	22	23	24	25	26	27
Sam Houston Race Park (TB)		SHRP Lockdown			Sam Houston Race Park (TB)	
1:00pm Post Times (SHRP)					6:30pm Post Times (SHRP)	1:00pm Post Times (SHRP)
28	29	30	31	Feb 1	2	3
Sam Houston Race Park (TB)		SHRP Lockdown				
1:00pm Post Times (SHRP)						

February 2024							March 2024						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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Sam Houston Race Park (TB) 1:00pm Post Times (SHRP)	SHRP Lockdown					

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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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5 Lone Star Park (TB) SHRP Lockdown 1:35pm Post Times (LSP)	6 SHRP & LSP Lockdown	7	8	9 LSP Lockdown 6:30pm Post Times (SHRP)	10 Sam Houston Race Park (QH) 6:30pm Post Times (SHRP) 6:35pm Post Times (LSP)	11 Lone Star Park (TB) 1:35pm Post Times (LSP) 6:30pm Post Times (SHRP)
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8	9	10	11	12	13	14	LSP Lockdown							Lone Star Park (QH)																				
														6:05pm Post Times (LSP) 6:05pm Post Times (LSP) 6:05pm Post Times (LSP)																				
15	16	17	18	19	20	21	LSP Lockdown							Lone Star Park (QH)																				
														6:05pm Post Times (LSP) 6:05pm Post Times (LSP) 6:05pm Post Times (LSP)																				
22	23	24	25	26	27	28	LSP Lockdown							Lone Star Park (QH)																				
														6:05pm Post Times (LSP) 6:05pm Post Times (LSP) 6:05pm Post Times (LSP)																				
29	30	Oct 1	2	3	4	5	LSP Lockdown																											

October 2024				November 2024									
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sep 29	30	Oct 1	2	3	4	5
		LSP Lockdown		Lone Star Park (QH) 6:05pm Post Times (LSP)*		
6	7	8	9	10	11	12
LSP Lockdown				Lone Star Park (QH) 6:05pm Post Times (LSP)*		
			10:30am TXRC Commission Meeting (Criminal Law Enforcement Building 6100 Guadalupe St.			
13	14	15	16	17	18	19
LSP Lockdown				Lone Star Park (QH) 6:05pm Post Times (LSP)*		
20	21	22	23	24	25	26
LSP Lockdown				Lone Star Park (QH) 6:05pm Post Times (LSP)*		
27	28	29	30	31	Nov 1	2
LSP Lockdown				Lone Star Park (QH) 6:05pm Post Times (LSP)*		

<h1>November 2024</h1>							November 2024							December 2024								
							Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa		
							3	4	5	6	7	8	9	1	2	3	4	5	6	7		
							10	11	12	13	14	15	16	8	9	10	11	12	13	14		
							17	18	19	20	21	22	23	15	16	17	18	19	20	21		
							24	25	26	27	28	29	30	22	23	24	25	26	27	28		
														29	30	31						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY																
Oct 27	28	29	30	31	Nov 1	2																
					Lone Star Park (QH) 6:05pm Post Times (LSP) 6:05pm Post Times (LSP)																	
3	4	5	6	7	8	9	LSP Lockdown			Lone Star Park (QH) 6:05pm Post Times (LSP) 6:05pm Post Times (LSP) 6:05pm Post Times (LSP)												
10	11	12	13	14	15	16	LSP Lockdown			Lone Star Park (QH) 6:05pm Post Times (LSP) 6:05pm Post Times (LSP) 6:05pm Post Times (LSP)												
17	18	19	20	21	22	23	Lone Star Park (LD)															
24	25	26	27	28	29	30	Lone Star Park (LD)															

December 2024

December 2024							January 2025						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	5	6	7	8	9	10	11
8	9	10	11	12	13	14	12	13	14	15	16	17	18
15	16	17	18	19	20	21	19	20	21	22	23	24	25
22	23	24	25	26	27	28	26	27	28	29	30	31	
29	30	31											

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 1	2	3	4	5	6	7
8	9	10	11 10:30am TXRC Commission Meeting (Criminal Law Enforcement Building (6100 Guadalupe St, Austin, TX 78752,	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	Jan 1, 25	2	3	4

Texas Racing Commission
Staff Review of Racetrack Licenses
 October 2023
Manor Downs (Austin, Texas)

Description	Inactive Class 2 Horse Racetrack (Travis County)
Current Status	Inactive Last Review of Record: October 13, 2021
Live Race Dates	July 2010

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>
The Texas Secretary of State forfeited the corporate charter for PM Texas, LLC on May 19, 2023. The racetrack was originally opened in 1975 holding only non-betting races and was also used as a training facility and concert venue.	Manor Downs was once billed as Texas' oldest pari-mutuel horse track. There has been no live racing at Manor Downs since late July 2010.	The leadership of Penn Entertainment is actively pursuing a new parcel of land that would be suitable to construct a racetrack in the future.	The leadership of Penn Entertainment is actively pursuing a new parcel of land that would be suitable to construct a racetrack in the future.

Staff Analysis: The Manor Downs horse racetrack license currently owned by Hill Lane LLC; a subsidiary of Penn Entertainment Group is not associated with any real property as of October 2022. The leadership of Penn Entertainment is actively pursuing a new parcel of land that would be suitable to construct a race track in the future.

Staff Recommendation: **Staff recommends that the Commission renew the Manor Downs license without conditions.**



Texas Racing Commission
Staff Review of Racetrack Licenses
 October 2023

Gillespie County Fair & Festivals Association (GFFCA) (Fredericksburg, Texas)

Description	Active Class 3 Horse Racetrack (Gillespie County)
Current Status	Active-Operating. Last Review of Record: October 9, 2018
Live Race Dates	July and August 2023

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>
GFFCA is a charity Class 3 horse racetrack operating continuously that offers simulcast racing at the Race Barn restaurant on the property.	Gillespie County Fair and Festivals Association, Inc., is currently in good standing with the Texas Secretary of State. Inspections note minor issues which are readily addressed.	Gillespie does not have a multi-million-dollar grandstand or even a paved parking lot. The only air-conditioning at the track comes when a Texas Hill Country breeze blows through the nearly 40-year-old open-air grandstand, and yet Gillespie has survived, and mostly flourished, for more than a century.	Gillespie's history goes back to the late 1800s, ranking it right up there with iconic ovals like Churchill Downs and Belmont Park as one of the oldest continuously operating racetracks in the country.

Staff Analysis: GFFCA continues to operate a success racetrack both during the decades without pari-mutuel racing in Texas and in recent years as fair racing has struggled across the country, is the dedicated team of tireless volunteers who operate the track and county fair, many of whom go back three or four generations.

Staff Recommendation: Staff recommends that the Commission renew the GFFCA license without conditions.



X. EXECUTIVE SESSION

**XI. NEXT COMMISSION MEETING
DECEMBER 13, 2023**

XII. ADJOURN