

TEXAS RACING COMMISSION

MEETING

10:30 a.m.  
Wednesday,  
May 18, 2022

John H. Reagan Building  
Room 140  
1400 Congress Avenue  
Austin, Texas 78701

COMMISSIONERS:

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

EX OFFICIO MEMBERS:

TIM KLEINSCHMIDT, Texas Department of  
Agriculture  
STEVEN P. MACH, Public Safety Commission

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
I. Call to Order	3
Roll Call	3
II. Public Comment	--
III. Staff Actions	
A. Discussion and possible action to approve the Strategic Plan for Fiscal years 2023-2027.	8
B. Presentation of Cost Analysis for Racetrack Daily Services to inform Agency Legislative Budget submissions.	47
C. Staff briefing on any agency current developments including but not limited to HISA matters, if any.	47
IV. EXECUTIVE SESSION (AS NEEDED)	49
V. Next Commission Meeting	50
Wednesday, June 8, 2022, 10:30 a.m.	
VI. Adjourn	51

P R O C E E D I N G S

1  
2 CHAIRMAN PATE: Good morning, ladies and  
3 gentlemen. At this time, I'd like to call today's meeting  
4 of the Texas Racing Commission to order. The time is now  
5 10:30.

6 Phil, please call the roll.

7 MR. FOUNTAIN: Yes, sir. Chairman Pate?

8 CHAIRMAN PATE: Here.

9 MR. FOUNTAIN: Vice Chair McNabb?

10 DR. McNABB: Here.

11 MR. FOUNTAIN: Commissioner Martin?

12 MS. MARTIN: (No response.)

13 MR. FOUNTAIN: Commissioner Moore? He's right  
14 there.

15 MR. MOORE: Yes, I'm here. I can hear  
16 everybody on the microphone, but I can't hear them if  
17 they're not on a microphone.

18 CHAIRMAN PATE: All right. It's underneath the  
19 counter there, Phil -- underneath. It's like a doorbell.

20 MR. FOUNTAIN: Commissioner Waight?

21 MR. WAIGHT: Here.

22 MR. FOUNTAIN: Commissioner Contreras?

23 MS. CONTRERAS: Here.

24 MR. FOUNTAIN: Commissioner Mach?

25 MR. MACH: Here.

1 MR. FOUNTAIN: Commissioner Kleinschmidt?

2 MR. KLEINSCHMIDT: Here.

3 CHAIRMAN PATE: Do we have a quorum?

4 MR. FOUNTAIN: Yes, sir.

5 CHAIRMAN PATE: All right. Commissioners, I'd  
6 like to welcome you to our May Special Commission meeting  
7 of 2022. Considering the 2021 Sunset Commission review,  
8 we are cognizant of the necessary changes which began six  
9 months ago. And under the leadership of our new Executive  
10 Director, we look forward to working with Agency staff on  
11 how we design the future strategy and operations of the  
12 Agency.

13 This special meeting has been called to allow  
14 for an in-depth review of the Agency's 2023 through 2027  
15 strategic plan, which has undergone significant changes  
16 from the last Agency strategic plan.

17 This special meeting is also called for a  
18 discussion on the way in which the Agency will project  
19 costs required to meet our responsibilities under the  
20 Texas Racing Act. This presentation will inform the  
21 Commissioners and the Commission of factors relevant to  
22 future Agency budget submissions.

23 Moving on to Item 2, public comment -- Phil,  
24 has anyone signed up for public comment?

25 MR. FOUNTAIN: No, sir.

1 CHAIRMAN PATE: All right. Thank you.

2 The next item is Agenda Item 3A, discussion and  
3 possible action to approve the strategic plan for 2023  
4 through 2027. Amy Cook, please present the Agency plan.

5 MS. COOK: Good morning, ladies and gentlemen.

6 If you'll indulge me just a couple of moments before I  
7 start my briefing on the strategic plan, I would very much  
8 like to introduce Mr. Phil Fountain, who's joined us as  
9 our Government Relations Specialist.

10 Phil's bio is available, and I'll be sending  
11 that to the Commissioners. But he comes with a great  
12 wealth of experience, not only from his time with the  
13 Military Department where we served together, but also  
14 with his service in both the House and Senate in our  
15 legislature, as well as with federal congressional  
16 representatives.

17 We're very grateful to have you aboard, Phil.  
18 Welcome to the meeting.

19 I would also like to take a moment just to talk  
20 to you about Mr. Melvin Bell. Melvin Bell was an Agency  
21 employee we recently lost after 20 years of service to the  
22 Commission. He's a Vietnam veteran, a lifelong Texan.

23 I'd sent you an announcement of his passing,  
24 and the Agency will attend his funeral May 27th at 10:30  
25 at the Dallas Arlington National Cemetery. And the Agency

1 will be closed that day in honor of Mr. Melvin Bell. So,  
2 I wanted to make mention of that and welcome you all to  
3 join us if you'd like to attend.

4 I also need to tell you about a great employee  
5 that we have. So, when I took this position, one of the  
6 biggest challenges that I was presented with in the  
7 interview was that the Agency was going to have to  
8 relocate.

9 And so, it's only about five miles between  
10 Cross Park Drive and this beautiful new building that  
11 we're at now, as we relocated about 10 days ago -- and  
12 most of the staff. But what does it take to take an  
13 agency that really has to kind of change everything it's  
14 doing and change and transform who it is, but also, to  
15 move at the very same time?

16 So, we've been preparing for that. But  
17 quietly, patiently, one employee in particular, as other  
18 employees departed, would go into that office and go, Oh,  
19 my goodness. What is this? All this paper, all these  
20 documents, all this important Commission history --  
21 pictures, paintings, goggles from races -- beautiful  
22 things, artifacts that we hope that we will be able to use  
23 to tell the great story of what's happened in the  
24 Commission -- came to light.

25 This employee patiently packed those things,

1 worked with us, said, Oh, my goodness. You must have your  
2 desk labeled to what part of the office it will go in so  
3 when the movers come, it can be placed there so we don't  
4 end up with a pile of furniture on the floor. You must do  
5 these things patiently, quietly.

6 Took every paper clip we had and put that into  
7 place. Created a binder -- as big as the binder you have  
8 in front of you -- of every tote box we were loaned from  
9 the Texas Facilities Commission, where everything is in  
10 every tote box. And over the past 10 days, including last  
11 week -- and has been unpacking us so we can give the totes  
12 back to the next agency.

13 That employee, who I want to recognize right  
14 now, is Ms. Carolyn Norwood. Carolyn, please come up  
15 here.

16 Oh, my mic is off? How about now? Is that  
17 better? Sorry, Commissioner Moore. Carolyn Norwood, most  
18 amazing employee.

19 And now, I would like to make Carolyn the  
20 Employee of the Month for the Texas Racing Commission for  
21 May of 2022, and thank her in front of you. Because this  
22 is really what this Commission -- so, having looked at the  
23 great meeting minutes of the Department of Public Safety's  
24 Commission meetings, they recognized their best employees  
25 at their Commission meetings.

1           And I said, I'm stealing a page, because  
2 Carolyn was also a former DPS employee. So, Carolyn,  
3 thank you. Thank you so much.

4           (General applause. Pause to take photographs.)

5           MS. COOK: All right. Congratulations,  
6 Carolyn. Sneaky, I am. That is true.

7           So of course, now that there's been six  
8 employees of the month in the time I've been here, now  
9 it's on, right? So if you're employee of the month, you  
10 could be employee of the year. So a competition has been  
11 started.

12           Now on to the business of the meeting. There  
13 are two Agenda items before you. The second on is about  
14 the cost model of the Agency. And although I'm going to  
15 talk a little bit about methodology today, I'm going to  
16 save the facts and figures for the June 8th meeting --  
17 which is coming up next -- and present you our draft  
18 legislative appropriations request.

19           But today, I really want to just take a couple  
20 of minutes to talk with you. You have a read ahead.  
21 We've posted these materials online.

22           And in December, when I first stood up here in  
23 front of you, I said, We would be, you know, the best  
24 State agency in the great state of Texas -- the challenge  
25 was issued -- and the most professional racing commission



1 in America. And you can hear me, can't you, Commissioner  
2 Moore? Just making sure.

3 MR. MOORE: Yes, ma'am.

4 MS. COOK: Okay. Very good. So this strategy  
5 should reflect the communication that I've had with all of  
6 you, with all of the stakeholders in Texas, with all of  
7 those who care most deeply about getting this right in  
8 terms of what the Agency does in its support for the great  
9 citizens of Texas.

10 So, I want to take a minute and have you  
11 imagine for me -- imagine what it takes to realize that  
12 vision. Imagine you're a horse named Partnership and  
13 you're a Texas-bred animal. And someone who owns you sees  
14 in you the potential to train and grow and become the best  
15 racehorse in the state of Texas.

16 And imagine you're the groom for that horse,  
17 and you're working with the horse named Partnership and  
18 you're prepared to take that horse to the best race park  
19 that we have in Texas because that competition should be  
20 on, as well. And that horse knows that that racing  
21 commission that takes care of them will do everything it  
22 can to protect the animal, the rider, the groom --  
23 everyone that comes in contact with that horse -- to make  
24 sure it's a great experience.

25 But so, you're the groom and you need a license

1 to enter the race park. And you go to the office and you  
2 don't speak English as your first language. Huh. Nothing  
3 is translated into any language other than English. There  
4 is no translator.

5 Suppose there's some sort of disability.  
6 Suppose that you have a hearing disability. There is no  
7 provisions for that.

8 Suppose you have an accessibility issue. There  
9 are no provisions for that. And so, that's the experience  
10 that was in the past.

11 Suppose you're a racing organization or you are  
12 a horsemen's partnership organization, and you have an  
13 expectation that you'll have this great business, this  
14 great equine industry -- agricultural, entertainment  
15 industry. You're going to be a part of that.

16 You can be someone who doesn't come necessarily  
17 from a background that can achieve some economic success,  
18 but you might see this is the path because you have a way  
19 with horses, or you have a way with working with horses,  
20 or you want to start a business that deals with racing  
21 horses. You want the regulatory body that will enable you  
22 to do that, but also provide the ability to protect that  
23 business, that economic engine from what might go wrong.

24 Suppose you're the licensing clerk who sees the  
25 groom for the horse named Partnership come in and says,

1 Yes, I can give you a license, but I don't really have a  
2 computer that's hooked up to a line that works. I don't  
3 have the technology that it takes to really make sure I'm  
4 checking all of the things I should check.

5 But you seem like a pretty good guy. And even  
6 though you don't speak the language, you filled out the  
7 application. And I'm hoping you understood what was on  
8 there and that you understand your responsibilities under  
9 the Racing Act, and I give you your license.

10 Suppose you're the Commission veterinarian, and  
11 you get up at 4 o'clock in the morning. And you're  
12 watching training races because you want to make sure no  
13 one -- no animal, no human, no one -- steps on that track,  
14 no horse is put in a gate that isn't fully prepared to run  
15 that race and run it in a very healthy, positive way.

16 And so, you see something but you don't have  
17 the diagnostic tools. You don't have the transportation.

18 You don't have the x-ray machine.

19 You don't have what it takes. But based on  
20 your own knowledge and judgment and just flipping  
21 commitment to the job as an equine veterinarian -- a very  
22 small population in the great state of Texas -- you're  
23 invested in this to the point where your result in a year  
24 is less than .29 percent rate of injury per thousand  
25 starts. That is below the national standard.

1           And you're committed so much to the care of  
2 those animals that you'll do that despite not having the  
3 diagnostic tools, the information, and all that you need  
4 to take care of that horse. And that's the experience  
5 that it was. But what could it be?

6           So, now, it's 2027 and the horse named  
7 Partnership is covered by the Horseracing Integrity and  
8 Safety Act, the federal law that went into effect five  
9 years ago. But the federal law did not really impact the  
10 State of Texas because the State of Texas was so prepared,  
11 so professional, so well put together, so much united in  
12 the idea that we did not need the federal government to  
13 tell us how to do our business, and we strengthened our  
14 own footprint.

15           We strengthened our partnerships. And we made  
16 sure that we covered that horse named Partnership  
17 ourselves and we took care of him. And his groom can now  
18 get a test in any language. And his groom, if he desires  
19 to be a trainer, can get a test in any language --  
20 hands-on or written.

21           Your racing association, your horse owners are  
22 confident in the fact that the operations conducted by the  
23 regulatory organization are everything they need it to be,  
24 despite the disagreements that there might be. But  
25 there's always public meetings. There's always

1 transparency.

2           There's appropriations that the Agency  
3 carefully -- dollar for dollar -- explains what they will  
4 do with, is accounted for, and is shown to all of those  
5 stakeholders. And their investment in the Racing  
6 Commission and the in-kind assistance provided is  
7 recognized.

8           No longer does a licensing clerk in an entry-  
9 level position stand at the licensing desk. A trained --  
10 TCLEOSE-trained investigator stands there. That  
11 investigator stands there because an investigator in the  
12 Racing Commission needs to enable you to get that license,  
13 deny it if you're not supposed to have it, have the tools  
14 to check your background, and make sure that you should be  
15 doing it right.

16           And also, be the same individual that, if you  
17 violate the Racing Act, is the one that deals with the  
18 fact that, if we licensed you, we dealt with it if you  
19 violated the rules. We saw that all the way through the  
20 process, supported the stewards, supported it all the way  
21 through the appellate process, and can be that  
22 professionally-trained individual that protects the front  
23 line of that race park and the front line of this  
24 business.

25           The veterinarian gets up. He's now got a staff

1 of four other veterinarians with him. He's not by  
2 himself.

3 He has a pickup truck and a mobile trailer.  
4 That mobile trailer has all the diagnostic equipment, all  
5 the testing equipment in a clean, sanitary environment  
6 where the entire chain of custody is performed within that  
7 trailer, which is a Racing Commission piece of property.

8 It is not on anyone else's property. It is not  
9 subject to compromise. It is not subject to criticism  
10 because it is so well kept, so well done, and it is the  
11 property of the Commission. And if that pickup truck  
12 needs to be used because there is some sort of a criminal  
13 activity that's happened and we need to transport someone  
14 in a State vehicle, we actually have the assets to do  
15 that, different from using everyone's own vehicles.

16 So, now, not only does the veterinarian have  
17 the tools, but he has interns from the Texas A&M  
18 Veterinary School. He has research projects with the  
19 Texas Veterinary Diagnostic Lab.

20 Because it's not just about the horse being  
21 born and being raised to be a great racehorse. It's about  
22 what happens after the career. It's about the after care.  
23 It's about the recovery.

24 It's about connecting with educational,  
25 research opportunities, and using all this great data on

1 examining 12,000 horses a year to prevent things from  
2 happening to that equine community, to also educate  
3 children, audiences, stakeholders on what the great State  
4 of Texas does in this great sport to protect these great  
5 animals and the people that are around them.

6 So, what does that really take? That takes  
7 transformation. You'll see that in the strategy. That  
8 takes modernization. That takes the removal of  
9 impediment. So, let's turn to page 19.

10 There are six impediments that prevent the  
11 Agency from realizing this vision. The first is the  
12 Agency regulatory structure at the top of page 19. As you  
13 know, the Agency was designed to be a self-funded agency  
14 with the idea in mind that, Well, if you all are going to  
15 do this greyhound/horseracing business, that should be  
16 funded for you, right?

17 So, it's page 21 of your Commission meeting  
18 materials, page 19 of the strategy. Apologies -- if you  
19 turn to page 21 in your Commission meeting materials. But  
20 at the top of that is the Agency regulatory structure and  
21 the legislative language that reads that we must be  
22 self-funded. Excerpts from the Sunset Commission report  
23 appear here, and really explain why this is unsuccessful.

24 Turning to the next page, the Agency fiscal  
25 structure. Again, in our appropriations and in our

1 statute, it's described that we will be self-funded and we  
2 will gather money. And that particular construct does not  
3 work in terms of the perception of -- and I've described  
4 this before -- you know, you're a small town cop in a  
5 small town in Texas, and I'm going to pull you over and  
6 write you a ticket so I can keep my job.

7 The perception that the regulated are paying  
8 for what the regulators do and can kind of -- by the way  
9 they fund it -- choose how they're regulated is a  
10 perception issue that we need to overcome. And we  
11 overcome that by requesting to restructure our funding  
12 mechanism to general appropriation.

13 The third impediment -- which you find on page  
14 24 of your Commission meeting materials or page 22 of the  
15 plan -- is the Agency staffing model. At some point, it  
16 became the model that we would just fund the Agency based  
17 on live racing dates.

18 But what that really devolved into is four days  
19 a week or three days a week, the Commission staff in the  
20 field were working. Everything had to be crammed into  
21 that one day: hearings, exams, trainer exams, testing.  
22 Everything crammed into that, which really created this  
23 very chaotic way to work where the other days you were  
24 driving to a park because there was very few staff.

25 So, everyone travels right now in the Agency.



1 No one lives near the park that they man. And so the  
2 time, the 40-hour work week, is compressed into a crazy  
3 three to four days, which is more like a 60- to 80-hour  
4 work week. And in the veterinarian's case, it's more like  
5 a 100- to 120-hours a week.

6 So, that funding model does not work. It's not  
7 about the live racing days. It's about being a  
8 professionally trained prepared staff to support whatever  
9 race dates are requested or whether activities need to  
10 happen in between racing -- hearings, investigations,  
11 training, and all of those things that go into making sure  
12 it's a great race day.

13 Number four. In 2010, the legislature put into  
14 place an equine research council. At that time, the  
15 accredited Texas-bred program was required to give a  
16 deposit monthly -- or I'm sorry -- annually to that fund,  
17 and that was supposed to fund equine research projects.

18 In 2012, the legislature disbanded the equine  
19 research council. The Commission has been paying a  
20 percentage of the accredited Texas-bred to A&M since then,  
21 and it has not gone to equine research. It's gone to  
22 Texas Agrilife and kind of been blended in.

23 There is no appropriation currently, even  
24 though there was one in the past, for the Texas Veterinary  
25 Medical Diagnostic Lab to sustain its operations and

1 modernize its operations so that then they can support the  
2 drug testing. Currently, drug testing is paid for by the  
3 tracks, plus TVMDL doing it. That same Commission  
4 veterinarian, that I described who wanted to do a test on  
5 a horse a year ago outside of the first and second order  
6 of finish, was told by the last executive director, We  
7 can't afford that.

8           So if you see something you're concerned about,  
9 we don't want to say, Well, that's \$150. We can't afford  
10 to do that. We can't afford to do what we know we need to  
11 do to protect the horses and the people.

12           So the idea here is to build on that idea,  
13 which is to put into place a little bit of a renamed  
14 council. We've had three meetings at Texas A&M talking  
15 about this with the A&M folks, with the lab, with some of  
16 the horsemen's partnership folks.

17           The idea would be that we reinstate this Equine  
18 Drug Research Council, which is what's it called in  
19 Kentucky. We use it as a source of funding the testing,  
20 which also feeds research and educational initiatives.

21           And it also provides a stable source of funding  
22 to make sure that as we expand testing that we stay ahead  
23 of those that would do harm to horses or people, that we  
24 have a mechanism for modernizing and sustaining Texas A&M.

25           So, that would be a joint venture that we would do at

1 Texas A&M to modernize that.

2           Number five is licensing. So the Agency is not  
3 in line with Chapter 53 of the Texas Government Code. As  
4 an occupational licensing entity, we do not follow those  
5 standards and we should.

6           So we need to bring ourselves in line with our  
7 own statutes in this state and make sure that when someone  
8 is getting an occupational license from us, they actually  
9 do qualify for that license. And I really believe that  
10 what happens inside the racetrack or inside the state of  
11 Texas all starts with the license. If the right people  
12 are licensed -- if they are valid, if they are verified to  
13 be the right people, the right applicants that should be  
14 licensed, then you will protect the sport of racing in  
15 Texas in a much better way.

16           And the last one is really most important.  
17 It's how people think about the Texas Racing Commission,  
18 number six.

19           The perception that I think that resides in our  
20 rules, in our statute, and kind of in the community is  
21 that the reach of the Texas Racing Commission is only the  
22 fences of those associations -- Houston, San Antonio, Lone  
23 Star Park, Gillespie County Fair to the extent that their  
24 temporary fence is put up. But the reach of the Racing  
25 Commission should be statewide.

1           So if there is an illegal activity that affects  
2 a horse or affects someone who is a licensee of the  
3 Commission, that we actually have the statewide  
4 jurisdiction. Because we do have state-commissioned peace  
5 officers that can actually address that, because that does  
6 cause economic harm to the businesses that are trying to  
7 be a part of this industry, as well as some of the  
8 activities that happen that are harmful to animals that we  
9 can't do anything about.

10           And you could argue that we can, but it's not  
11 clear in our statute and rules that we have that  
12 jurisdiction. And it should be clear that within the  
13 state of Texas -- just like the Texas Alcohol and Beverage  
14 Commission -- wherever it happens in the state of Texas,  
15 we have licensed you. Therefore, we have that reach to  
16 deal with that.

17           So those are the things that we have to start  
18 looking at. If you turn for me to page 26, which would be  
19 page 28 in your meeting materials, the budget structure is  
20 here. And so the method of finance for the Agency  
21 currently is licensing fees and simulcast tax.

22           The method of finance for the Agency would not  
23 change. We would still have some also reimbursable  
24 activities, which you'll see in here. So for example,  
25 Department of Public Safety -- we send background requests

1 to them. Texas Facilities Commission, now that we're a  
2 new tenant in the building. Department of Information  
3 Resources.

4 So we would still have some reimbursable  
5 activities, but our primary method of finance would not  
6 change. What would change is that we would take these  
7 four framework goals -- the enable, the protect, the  
8 communicate, and partner -- and really focus our financial  
9 funding and initiatives on specific dollars that go to  
10 specific things so that everyone can see that.

11 So I'll give you a chance to walk through that.

12 And then I really want you to turn, most importantly to  
13 me, to page 39 -- in your materials, page 37.

14 What is this budget, really? I mean, having  
15 been around the world, looked at a lot of budgets, done a  
16 lot of things -- some budgets are very complex -- you  
17 know, the logistics and operations and contracts and very,  
18 very complex federal, state, matched programs.

19 This is a personnel budget, currently for 39.3  
20 people. And it is a budget for the tools, technologies,  
21 training, and travel that they need. That's all it is.  
22 Very simple.

23 But what does that workforce need to look like?

24 So if you look at the middle paragraph, my estimated  
25 minimal staffing for a live racing day is three stewards

1 in the tower, three investigators -- especially when you  
2 look at Lone Star Park, which has massive reach because  
3 they're partnered park security, three licensing staff  
4 members -- which will become -- they will also be  
5 investigators.

6 So, you really have six investigators. They  
7 can either be at the counter, or they can surge to help  
8 the three investigators. Three veterinarians because they  
9 really are working from 4 o'clock in the morning to 2  
10 o'clock the next morning -- almost a 22-hour shift.

11 One test barn supervisor, six veterinary  
12 technicians. Currently, the veterinary technicians do not  
13 work for the Commission. The park hires them at an entry-  
14 level wage. And so in terms of making sure we have a  
15 great chain of custody and everyone in the chain of  
16 custody when we're doing drug testing is a Commission  
17 employee, we would change that.

18 And one auditor that supervises and looks at  
19 pari-mutuel wagering per track. So, it's approximately 18  
20 employees to supervise a live racing day. Currently, the  
21 model in our appropriation is five.

22 Now you think about that. So you've got five  
23 employees. Wherever those five employees -- you need  
24 three just to be in the tower, right? And then maybe put  
25 two at the licensing counter. But then you can do nothing

1 else.

2 And so the current staffing model, however that  
3 got to over time, isn't the right one, we don't think.  
4 But in addition, what's also changed is the Horse  
5 Integrity and Safety Act requires additional items.

6 And what really rings true to me on everything  
7 I've looked at in the Agency is our primary mission is  
8 safety and integrity. Our rules, our models, our  
9 staffing, our statute don't really focus on that. They  
10 say they do.

11 But the real test to that is when the Chairman  
12 says, Amy, looks like this pre-race inspection checklist  
13 needs to be updated. How about we go through the rules  
14 and see all the safety standards we have in our rules?  
15 And we look and see what those are and we make a checklist  
16 out of that?

17 There wasn't -- there isn't any. You go to the  
18 Horseracing Integrity and Safety Act, though, there's this  
19 long list of safety things -- safety railings, turf -- all  
20 things to check. We take those things, we apply them.  
21 Because there's not anything wrong with trying to achieve  
22 that uniform national standard with the Texas investment  
23 and what we think that looks like to make it safe, to make  
24 it a sport with integrity.

25 So, you'll see in here a safety steward in this

1 model. And you'll see additional manpower that's  
2 dedicated just to safety.

3 And also, we have a responsibility for people.

4 When a jockey gets a physical, we're supposed to look at  
5 that physical and make sure that human being is healthy to  
6 get on that horse. So I had on here an occupational  
7 health nurse, as well as some physician's assistants to  
8 look at that.

9 So there's a whole aspect of safety of people,  
10 animals, and integrity that was not addressed in our last  
11 staffing model. So, personnel-based budget.

12 So, fundamentally, to wrap this up and then  
13 I'll take your questions, that horse named Partnership  
14 needs to know that we came together. We came together not  
15 just to enable and protect that horse, but also to realize  
16 our shared goals of the vision that we all had that we  
17 will be the best state agency in the great State of Texas  
18 and the most professional racing commission in America.

19 And now, I'd love to have your questions on the  
20 strategic direction of the Agency. Thank you.

21 CHAIRMAN PATE: Let me just make a couple of  
22 remarks first. One thing that I want to make sure  
23 everybody's clear on: the goals of HISA are not contrary  
24 to the goals of Texas. I mean, the problem is the statute  
25 itself and its implementation.



1           So to the extent that we can learn from the  
2 standards that HISA suggests and as outlined in some of  
3 their rules, I agree with Amy. They need to be  
4 incorporated.

5           I also want the Commissioners to know that  
6 Commissioner McNabb and I have had the opportunity to meet  
7 extensively with Amy as these ideas have been developed,  
8 and we really welcomed your questions and input. And  
9 then, finally, the Commissioners who have been on the  
10 Commission for a while will know that, unlike prior years,  
11 we're presenting this to the Commission for the Commission  
12 to study and approve and not just simply rubber stamp.

13           I mean, we want you to understand what we're  
14 doing because this becomes the basis for our legislative  
15 effort in the next session, where we really need to make  
16 some changes and we're hoping to have a unified effort to  
17 do that. And to that end, we have met as recently as  
18 yesterday with numerous representatives of the tracks, and  
19 none of this is going to be a surprise to them and their  
20 representatives. This is all being fully disclosed, fully  
21 transparent.

22           And with that -- you got your button?

23           DR. McNABB: I see where my button is.

24           CHAIRMAN PATE: Got it. You got it.

25           DR. McNABB: I appreciate all the hard work

1 that you've done in taking a look at where we have been,  
2 and then where we need to be. A lot of where we need to  
3 be have been things that staff members who are devoted to  
4 the industry and the animals and the integrity of racing  
5 have wanted to do things, but there just has not been the  
6 fiscal capacity or ability to make things happen.

7 But also what we owe to the public and what we  
8 owe to the folks that we regulate is when the public comes  
9 to the races, they want to come, have a nice time, but  
10 also, know that what's happening out there is as safe as  
11 it can be. I mean, all sport has a risk -- football and  
12 basketball, you name it -- but that there's not  
13 unnecessary risk being taken -- that indeed the  
14 participants are being looked after -- not only the  
15 animals, but also the riders.

16 One of the things that is not a small  
17 expenditure, but I just wanted to underscore that indeed  
18 this is something that is very important, is to have that  
19 medical clearance. The Jockeys' Association very much  
20 recognizes that traumatic brain injuries are not uncommon.

21 You know, they're falling off of very large  
22 animals going 40 miles an hour and getting their bell  
23 rung. When is the right time that that rider can get back  
24 on that horse? And these are little independent  
25 businesspeople. You know, this is the smallest business

1 going -- one rider trying to make a living.

2           So, as we move forward, this is something that  
3 is a new direction for the Commission. But, indeed, it's  
4 been recognized within the industry. Everyone is  
5 struggling on how to get there.

6           But for us to take care of those riders -- and  
7 also, if you have a rider who's saying, I can do it. I  
8 can do it. I can do it. And maybe he shouldn't be back  
9 on that horse. He's jeopardizing not only his own health,  
10 the horse that he's on, but everybody else on the field.

11           So I do applaud your recognition of this need.

12           And also I think that this is something that we owe to  
13 the racing public, as well as to the people in the  
14 industry. This is going to be an expenditure that we  
15 haven't done before, and other states may not be doing it  
16 yet.

17           But I think it's very important. Because,  
18 indeed, those guys and gals do take their lives into their  
19 hands every time they go get on a horse and go out there  
20 and break out of the gate.

21           And if they're not physically ready to go --  
22 and it needs to be more than just other jockeys or the  
23 jockey himself saying, Put me in, coach. I'm ready to go.

24           I think having that medical follow-up and making sure  
25 that we are doing our due diligence will definitely save

1 lives. MS. CONTRERAS: I have a question, Amy -- a  
2 clarification. So, I -- first of all, this is amazing,  
3 and I know you've had such a short runway to pull this  
4 together. So congratulations to you and the team for  
5 really putting that stake in the ground to commit to  
6 planning.

7 I am a big -- as you know -- fan of people.  
8 And I know you know. You come from the people business,  
9 too.

10 And I always tell clients that I work with,  
11 Without your people, you don't have a business. You  
12 really don't.

13 And so, I am very interested -- and maybe it's  
14 in the details that isn't here. But what thought was  
15 given to a goal or a target or a plan around a development  
16 investment in your people? Because I heard you say when  
17 you first did your SWOT when you came on the first 45  
18 days, you saw -- in some of the cases, you had benches,  
19 like, one deep -- you know, people had not been given the  
20 opportunity to cross train, to have opportunities for  
21 growth and all of that.

22 And as a people officer, I really believe that  
23 the way that you do that is through investment in dollars  
24 and giving people opportunities through the budget. It  
25 sounds like you're already short-staffed with the five

1 that you have versus the 15 that you need. But I'm  
2 interested in -- again, maybe it's in the details of the  
3 plan -- where your people investment comes.

4 MS. COOK: I think I talked about the workforce  
5 cost model factors, and I think that I can certainly build  
6 that out when I talk specific costs. You know, the  
7 employee calculations -- I mean, when you just look alone  
8 at, just say, staff turnover or even a day off.

9 Dr. Bond -- Steven Bond, who is the Commission  
10 Chief Veterinarian and a great American, took a day off.  
11 It was about probably two months ago. And everybody  
12 called me and said, What happened to Dr. Bond?

13 And I said, Dr. Bond took the day off. And I  
14 said, No one's going to work seven days a week anymore  
15 while I work here, if we can do something about that.  
16 Because they were literally working themselves -- you  
17 know, overtired working. And that's the type of  
18 commitment that they had.

19 So just the -- can I get a day off? Can I  
20 attend professional development training? Dr. Bond goes,  
21 I wasn't funded before, Amy. He's being going now.

22 So I look at him as kind of my -- you know, I  
23 talked about him specifically when I was talking about the  
24 horse named Partnership because I see this man who is so  
25 committed to horse safety and people safety not having

1 anything that he really needs, including the support of  
2 just doing a random test -- doing it anyway.

3 And I don't want him to be in that position. I  
4 want him to be able to say, Amy, I want tablets so I can  
5 actually have pictures of the horse when I'm -- you know,  
6 I want to have all these things so I can be -- we can be  
7 that best model.

8 But the on-the-job training -- we talked this  
9 morning in a different meeting about our investigators. A  
10 Commission investigator for the Racing Commission is its  
11 own unique skill set, and there's a culture that we want  
12 them to understand and embrace in terms of how those  
13 administrative rules are enforced.

14 You shouldn't bring your police department  
15 culture with you. You shouldn't bring your training with  
16 you. We want you to have our training, our ethics, our  
17 way of seeing how we enforce the Racing Act within the  
18 guidelines and the law and the statute, and not go out and  
19 do your own thing.

20 So, even down to the point where we focused on  
21 a training topic every month since I've been there because  
22 the basics of even new employee orientation -- there was  
23 nothing. I had nothing.

24 And so now, the new HR specialist goes and sits  
25 down with you for several hours and goes through the

1 standards of conduct, the daily operation. You get  
2 counseling right away. And you're actually given your job  
3 description and performance standards to get going.

4 So even in that short time, we've been able to  
5 start with that. But it's not enough to be able to make  
6 sure that you take a job not just because of what you get  
7 paid -- and they're not getting paid probably what they  
8 should get now, but we'd like to address that, as well --  
9 but they also stay because you take care of them.

10 You listen to them. They're part of the  
11 future, which I hope this plan also reflects, and the  
12 Agency staff feels like it reflects what they've told me  
13 in the SWOT that we did. Because it was amazing to me to  
14 see them write on a piece of paper everything that they  
15 wanted, which are some of things you mentioned,  
16 Commissioner Contreras.

17 How about some training? One of the ladies  
18 that pays our bills brought her training from the last  
19 agency and she was using that, because there wasn't a  
20 process or procedure to tell her how to do it.

21 So we want to know what are all the best  
22 practices in Texas. And we are so grateful to move into  
23 the new building because we're going to be surrounded by  
24 other small agencies who have some of the same challenges,  
25 and we expect to partner with them and share financial

1 staff to kind of help each other understand how to train  
2 and do things together.

3 And quite honestly, in every element of what we  
4 do, whether it's the stewards, the investigators, the  
5 veterinarians -- you know, there are so many opportunities  
6 for partnership and joint training with Animal Health  
7 Commission and some of the other enforcement agencies in  
8 Texas, from DPS to Alcohol and Beverage Commission. So  
9 the possibilities are endless for having it be a great  
10 experience.

11 But I'm also growing the future of the Agency.

12 I've had this job for six months and three days and at  
13 some point, I mean, I recognize that I have this job  
14 because I've been entrusted to hold this place and make  
15 those who are coming behind me eligible to take my place  
16 someday, okay? That's my job.

17 So, everything around this budget is designed  
18 to create that bench that you didn't have, you know,  
19 really to choose from.

20 MS. CONTRERAS: And thank you, Amy. That's  
21 very helpful. I would also -- and I'm assuming that  
22 somewhere in the budget there will be a visible line item  
23 that is for development, right?

24 So -- because a lot of times they'll take it --  
25 my experience with government 15-plus years is, if you



1 have it left over, then we'll use it. But really, put a  
2 line in the sand to say this is going to be our  
3 development. And you know, once the money's gone, it's  
4 gone. But it's a way to really put a stake in the ground  
5 and do that.

6 MS. COOK: No, that's great. That's great. I  
7 will make sure that's --

8 MS. CONTRERAS: And generally it can be --  
9 depending on where you're starting, I always recommend a  
10 minimum of a 5 percent of your budget. So, maybe 5  
11 percent is too low once you grow it.

12 But a good best practice, at least in the  
13 private sector, is there is a line item for development  
14 and investing in your employees. And that way, it's  
15 visible to the public. It's visible to the employees, and  
16 they know -- that's just a --

17 MS. COOK: No, that's great. I appreciate that  
18 feedback. Thank you so much.

19 MS. CONTRERAS: Thank you for all your work.

20 MR. KLEINSCHMIDT: And thank you and your staff  
21 for the hundreds of hours of work it takes to put one of  
22 these plans together. I'm aware of how long that takes.  
23 So thank each and every one of you.

24 What I am interested in is to the extent,  
25 obviously, that the racing industry is a recreational

1 industry. You've got certain tools. You've got places --  
2 you're having to put your money in your budget -- the  
3 whole bit.

4 But the question is whether that money is going  
5 to be there or not, okay? Because I've got some concerns  
6 with the economy that we're running into. I'd compare it  
7 to, for instance, a boat factory, so to speak.

8 When the economy goes tough, people don't buy  
9 boats, okay? I mean, it just tanks. And so, I'm a little  
10 worried that your revenue streams may be somewhat in  
11 question the next few years.

12 And so, what I'm looking at is, do we need to  
13 do something to address legislatively -- likely -- some  
14 alternate revenue streams for the Commission? And so,  
15 because if I'm correct, when you're looking at  
16 simulcast -- and even licensing -- any one of those is  
17 going to potentially suffer over the next few years.

18 And so, I'm just wondering what we need to look  
19 at there.

20 CHAIRMAN PATE: Let me just offer a couple  
21 thoughts. And then we'll see how Amy can develop it. You  
22 have picked one of the criticisms of the Sunset  
23 Commission, right?

24 I mean, the legislature set up our funding  
25 mechanism so that we're going to our regulated to pay for

1 to be regulated. And then, they identified that as a  
2 weakness of the Agency, and then criticized us for it,  
3 that we need to figure something else out. But that's  
4 we're doing this year, Mr. Kleinschmidt.

5 MR. KLEINSCHMIDT: Okay.

6 CHAIRMAN PATE: I mean, what will this mean?  
7 We're going to still get our simulcast revenue, I presume.  
8 And we have licensing fees, and there's probably some  
9 room for enhancement of some of those fees, but that's to  
10 be determined.

11 And then, our intent is to change to a general  
12 appropriation for the balance of the funding, if needed.  
13 And that's the legitimate way, I think, that we can  
14 provide for the kinds of services that are required.

15 And I would also just mention -- and I always  
16 like to mention it because apparently, I think, back when  
17 this act was first created, there was the attitude --  
18 well, if you want to have racing, I don't really like it.

19 But if it pays for itself, that's the way it's going to  
20 go. But this is a little bit -- it's become bigger than  
21 that, in my opinion.

22 And we're required, in order to provide to  
23 Texas and Texans the predictability and safety and honesty  
24 that these races require, certain services. And we just  
25 need to do more than what we're doing to do it

1 legitimately and effectively. And that's the bottom line.

2 Under the prior administration and the prior  
3 executive director, when there was pressure on the budget,  
4 the natural inclination was cut down on employees. That's  
5 what he did.

6 He cut -- and we had a situation when Amy first  
7 came in. We had employees that had not had a merit raise  
8 or a merit recognition or any kind of raise for going on  
9 12 years in some instances. And it's amazing to me that  
10 those people were still with us. And it just needs to be  
11 better all around.

12 MR. KLEINSCHMIDT: Right.

13 CHAIRMAN PATE: But with those comments -- I  
14 mean, this is exactly, I think, what Amy's trying to  
15 capture in the staff and what they've come up with.

16 MS. COOK: And I think there's two answers to  
17 your question. One is, in a perfect world, the  
18 alternative I've proposed to the Horseracing Integrity and  
19 Safety Act was a cooperative agreement and some sort of  
20 matched program where the State of Texas is like the  
21 National Guard -- 25 to 75 percent matched. And we say  
22 this is the budget we need.

23 Because what I'm going to give you is the same  
24 budget that I would say to HISA that I need to come up to  
25 those uniform safety standards, to apply for a grant

1 program should they ever decide to read my FTC comment and  
2 adopt that model.

3 But to get directly at your question, the only  
4 two methods of finance that we have are those. And  
5 changing the architecture of how we get that money -- it's  
6 still the same money, but if it goes down, then I do  
7 believe there has to be something else identified. And I  
8 don't want to disturb any of the current trust funds to do  
9 that.

10 I mean, I'm very sensitive to the fact that  
11 Texas-bred Incentive, Horse Integrity, or Horse Industry  
12 Escrow Account are trust funds that we manage. But I do  
13 think that in the general language that there's something  
14 that kicks in if a simulcast or licensing -- you know, if  
15 there is a downturn in the economy, then there's still the  
16 ability to continue.

17 And I think that that particular method of  
18 finance is aimed at the indirect cost of running the  
19 Agency, because independent of the actual Agency mission,  
20 whether it's moving the Agency to new Agency agreements,  
21 providing your base reconciliation budget report to the  
22 legislature -- there is still the cost of doing business  
23 that is required because we are a Texas agency.

24 And that indirect cost is not called out in any  
25 budgets, nor is some of the appellate activities that

1 happen once you appeal your violation of the Racing Act  
2 that we believe we found.

3 So, there's this -- you know, and I've looked a  
4 lot -- I've looked very deeply at some of the other  
5 enforcement agencies that have sort of this budget line  
6 that goes no matter what happens -- because even Alcohol  
7 and Beverage, right? Everybody could quit drinking  
8 alcohol someday, maybe. That's probably not a good  
9 analogy.

10 But hey, you know, maybe you couldn't afford  
11 it. And then, you know, the licensing fees go down.  
12 There is not anything I see in their budget that causes  
13 them to fall apart as an agency if the economy changes.  
14 So I think your point is very well taken.

15 But my real ask, I think, of the Texas group is  
16 invest in your own racing commission so that we don't need  
17 the federal government to come tell us how to do it,  
18 because we've gotten it right, whatever that invest looks  
19 like. And I don't precisely have what's the third kind of  
20 back-up method of finance. But I think it's important  
21 that we have that conversation.

22 MR. KLEINSCHMIDT: Okay. Thank you.

23 DR. McNABB: And just to follow on -- if,  
24 indeed, the deal with the downturn -- mares are still  
25 having foals. Those foals are going to go someplace.

1 Now, granted, there might be a decrease in total numbers.

2 But when you take a look at it from the horseman's point  
3 of view, where are they going to go to participate in  
4 racing?

5 The two things that they want is number one --  
6 if they're going to run their horses -- if there's purses,  
7 they're worth running for because that will attract  
8 people. So, the Escrow Account that enhances our purses  
9 has been one of the greatest things for attracting quality  
10 animals.

11 And so indeed, hopefully, the legislature will  
12 see fit to leave that in place or maybe even sweeten it up  
13 a little bit. But that's not our decision. We administer  
14 that.

15 But the other part is the horsemen want to know  
16 that whatever state they're going to, they're going to be  
17 treated fairly. Indeed, they have a responsive  
18 commission, and this is our business -- that we have rules  
19 and we do listen to what they have to say.

20 If we have got rules and processes that don't  
21 make sense, we fix them. If, indeed, we have rules, they  
22 do make sense, and they violate them, they know what the  
23 consequence is going to be. Because there are states that  
24 things are not so clear cut, and it's capricious and  
25 arbitrary is the best that I can say.

1           But for what they want and those trainers and  
2 those owners who have quality horses that are going to  
3 make it through an economic downturn, where do they want  
4 to go? They want to know that their horses have a chance  
5 and a shot at some purses. But they want to know that  
6 wherever they come, it's going to be fair, they're going  
7 to be dealt with fairly, and they have voice.

8           And that's what we're working on very hard  
9 here -- is if, indeed, someone violates our rules, there's  
10 consequences. And it's clear cut no matter who you are.

11           MS. COOK: Well, and I think also, you know,  
12 what I've said to some of the folks in the breed  
13 associations that benefit from the Horse Industry Escrow  
14 Account is, I believe the way the Commission was operating  
15 at the Agency level was sort of the rock in the stream, in  
16 terms of the economic possibilities of that industry.

17           And now what we can't afford to do is have us  
18 continue to be the rock in the stream, because the  
19 industry makes this amazing comeback, and we're like,  
20 well, can't supervise that for you. We can't help you  
21 with that because we're not resourced to keep up with that  
22 great growth.

23           Yes, Commissioner?

24           MR. MACH: As to your point about TABC, the  
25 comparison -- I think, arguably, for sure there is an



1 economic benefit from alcohol sales to the State. And I  
2 think that an updated analysis for the economic benefit of  
3 this industry to the State to make the case for why the  
4 State should be investing directly in the Commission would  
5 be in order.

6 MS. COOK: Absolutely. Thank you. That's  
7 great.

8 MS. CONTRERAS: Can I ask a question? And  
9 Chairman, maybe this is for you. I know you've worked  
10 really hard since the whole rehaul of the Commission, and  
11 then, the actual staff.

12 So when I was brought on the Commission, I was  
13 told that the legislature was gung-ho on sunseting it and  
14 it was not performing, and all these issues. And so I'm  
15 interested in any kind of -- I know you were actually  
16 working really hard to educate the members involved in  
17 that coup.

18 How is that -- now that a lot of progress has  
19 been made, I mean, is there an education process happening  
20 and --

21 CHAIRMAN PATE: I think what you're asking, in  
22 terms of -- I think what you're referencing is that we've  
23 gone out and done some outreach, gone and talked to the  
24 people --

25 MS. CONTRERAS: Yes, the outreach,

1 communication. Yeah.

2 CHAIRMAN PATE: -- that had the complaints.  
3 And we've had a -- that's the entire story of the last  
4 year and really Amy's story. We've had innumerable  
5 meetings with these individuals. And I'm talking about  
6 individual lobbyists for various interests, as well as the  
7 groups themselves, Amy interacts on a virtually daily  
8 basis.

9 As recently as yesterday, we had the entire  
10 senior management team of Global Gaming out of Oklahoma  
11 that owns Lone Star here in Austin. We had the Pinn  
12 Gaming, which owns Retama and Sam Houston Park were there  
13 via video. We had a videoconference.

14 Commissioner McNabb and I participated with  
15 Amy, with Phil and Virginia, and we had a full meeting and  
16 we went over -- we talked with them about the changes that  
17 we were coming with. And they fully embrace them. I  
18 mean, but they're also realists.

19 They're trying to warn us off, but we're asking  
20 for their help, and they're offering to give it. And Amy  
21 told me this morning -- I mean, she got emails from some  
22 of the attendees after the meeting, and sharing contact  
23 information and so forth. We also talked about HISA and  
24 how it's going to affect the tracks and some of the things  
25 we're doing. So, it was a great meeting.

1           So, I don't know whether it was said in this  
2 room or not, but the fair statement is that the interested  
3 parties -- the tracks and the horsemen -- wanted something  
4 different than what they had. And whether it was through  
5 getting rid of this Agency and sticking it somewhere else  
6 or whatever, nobody really knew what was best.

7           The legislature decided to keep the Agency,  
8 require the elimination of two individuals from management  
9 of the Agency. I was named as Chair, and we've moved  
10 forward from there.

11           And Vice Chair McNabb -- just so the  
12 Commissioners know, you all cannot possibly appreciate how  
13 many hours Dr. McNabb puts into to the Agency, primarily  
14 in connection with HISA, but with every item kind of on  
15 the Agenda. And so, it's been very labor intensive.

16           So I think those concerns have been addressed.

17           I see J.P. Laney out there. I'm sure he was one of the  
18 ones that had some concerns, and maybe he would like to  
19 address us on that issue. I don't know.

20           But are we doing okay so far, J.P.? All right.

21           And but that's what's happened. I mean, we  
22 have had a number of meetings. I have not attended all of  
23 them. There have been a number of meetings at the tracks  
24 themselves.

25           They have welcomed the Agency into the track.

1 So I don't know what else we could have done, given the  
2 number of people and the resources that we have to visit.  
3 I personally visited every track. I've spent time with  
4 every track and the track owners. So --

5 MS. COOK: And I think I had the first meeting  
6 with the folks who -- really, some of the key stakeholders  
7 that really were concerned. And at some point, they  
8 wanted the right Racing Commission. They didn't want the  
9 one they had.

10 We closed the door and I said, So it's 1986,  
11 and you're getting ready to design a racing commission,  
12 and you know now what you didn't know then about what was  
13 totally not going to work, right? So, take that. Teach  
14 me that, but build on that to help me design this.

15 I'm hopeful that this reflects what they said  
16 to me, what they're thinking, what's important to them, as  
17 well as getting the Agency structure right. And also  
18 reflects that it's a shared responsibility. It's not an  
19 Amy thing or a Chairman of the Commission thing.

20 It's an everybody thing to get this right as  
21 Texans in coming together and say, This is what we think.  
22 And there's been great feedback, absolute great feedback.

23  
24 Is it perfect? No. Do I get on phone calls  
25 and go, Well, I'm sorry, but we were -- I don't really do

1 math well in public, and we might have sent you a check  
2 and I'm going to fix that, right? And whatever it is.

3 Because we're learning uphill. But I'm  
4 personally involved in every aspect of it because we have  
5 to get it right. And everyone who I think is a key  
6 stakeholder has my personal number so they call me and go,  
7 Wow, this is what I need you to hear. And I'm listening.

8

9 CHAIRMAN PATE: And they call.

10 MS. COOK: And I think that that's important.

11 CHAIRMAN PATE: And they call.

12 MS. COOK: And they call. And so I am just the  
13 advocate here trying to make sure the whole group is  
14 communicating and the message is well sent. So to the  
15 extent that I've done that for them, and they should not  
16 be surprised by anything in here because I've either  
17 talked to them personally or they've seen this meeting  
18 materials.

19 And I asked one of the participants yesterday  
20 who I met in December -- I said, Was there anything about  
21 this briefing I gave you that was a surprise to you? And  
22 he said no. And I said, Then I've achieved my goal, which  
23 is this should reflect what we all think it should be.

24 So I hope that answers the question.

25 CHAIRMAN PATE: But that's a good question. I

1 mean, and it has to do with the history of the Agency and  
2 what we're going to be facing in the legislature going  
3 forward.

4 And we are working with Phil. We're designing  
5 our legislative program and we're going to be developing  
6 it and we're trying to seek the advice of interested  
7 parties to make sure that we get before the legislators  
8 that are key to advancing this new plan successfully. And  
9 we hope to do that.

10 MS. CONTRERAS: The only reason I think it's a  
11 valid issue is -- which you all have discussed already  
12 is -- you know, if you go to legislature to say, Well, we  
13 think there's skin in the game for you, too, because this  
14 is economically good for Texas. Therefore, you know,  
15 write the check, or approve the check.

16 I think that turnaround story before that  
17 happens and that education process, with your help, is  
18 super. It sounds like it's already underway. So thank  
19 you.

20 CHAIRMAN PATE: And we're taking names.

21 MR. MACH: Mr. Chairman, are you seeking an  
22 approval of the strategic plan for fiscal years '23  
23 through '27?

24 CHAIRMAN PATE: Yeah, it would be appropriate,  
25 if there's no public comment. Let me ask that first.

1 (No response.)

2 CHAIRMAN PATE: There is none.

3 MR. MACH: I'll make a motion that we approve  
4 the strategic plan for fiscal years 2023 through 2027 as  
5 presented.

6 CHAIRMAN PATE: Thank you. Is there a second?

7 DR. McNABB: I'll second.

8 CHAIRMAN PATE: All right. I'll call for a  
9 vote. All those in favor, please signify by saying aye.

10 (A chorus of ayes.)

11 CHAIRMAN PATE: Any opposed?

12 (No response.)

13 CHAIRMAN PATE: Hearing none, that motion  
14 passes.

15 And let's move on to the next item, Item 3.

16 MS. COOK: In the item, I've covered the  
17 methodology in part. My expectation is the June meeting,  
18 I'll present fully to you the spelling out of the cost  
19 methodology, tie that back to the economic benefit that I  
20 think we identified here, as well as the developmental  
21 aspects of this great professional workforce we need, and  
22 present that to you in detail. So --

23 CHAIRMAN PATE: So, there will be a further  
24 report on Item 3b at the next meeting?

25 MS. COOK: At the next meeting. Yes, sir.

1 CHAIRMAN PATE: All right.

2 So next item is 3c, staff actions and briefing  
3 on any Agency current developments, including but not  
4 limited to HISA matters. Virginia Fields, General Counsel  
5 will give the report.

6 We are under a little bit of a time squeeze,  
7 Virginia. So, just be efficient. I appreciate it.

8 MS. FIELDS: Okay.

9 CHAIRMAN PATE: Thank you.

10 MS. FIELDS: Briefing's very short,  
11 Commissioners. Really, all there is relative to HISA was  
12 there was a motion for an expedited appeal filed at the  
13 Fifth Circuit. The Circuit denied that motion for  
14 expedited appeal.

15 So, it's my understanding that briefs will be  
16 filed on short term, rather. But it may be some time  
17 before an opinion's rendered from the Appellate Court.  
18 And that's all of the update.

19 CHAIRMAN PATE: Thank you, Virginia. And the  
20 only other item that I would just inform the Commission  
21 about is we're sensitive to the tracks. I mean, all  
22 people are looking for clarity and some certainty of what  
23 the HISA officials are going to assert or do.

24 But we discussed yesterday -- and there will be  
25 a communication sent by our Executive Director to HISA



1 making a specific inquiry as to exactly which races HISA  
2 intends to assert jurisdiction over with respect to our  
3 pending race dates. Correct, Amy?

4 MS. COOK: Yes, sir.

5 CHAIRMAN PATE: Anyway, that will be going out.  
6 And we're hoping to at least be able to confirm or deny  
7 that they're going to be a certain jurisdiction so that we  
8 can be fully prepared to provide our services on those  
9 races where they'll obviously be needed.

10 All right. Thank you, Virginia.

11 Commissioners, on our Texas Government Code,  
12 Sections 551.071(1), 551.071(2), and 551.074(a)(1), the  
13 Commission may enter into an executive session to  
14 deliberate the appointment, employment, evaluation,  
15 reassignment, duties, discipline, or dismissal of a public  
16 officer or employee, and to discuss all matters identified  
17 in this Agenda where the Commission seeks the advice of  
18 its attorney as privileged communications under the Texas  
19 Disciplinary Rules of Professional Conduct of the State  
20 Bar of Texas. This may include, but is not limited to,  
21 legal advice regarding Open Meetings Act, the  
22 Administrative Procedures Act, and the Texas Racing Act.

23 We do need to have what I think will be a brief  
24 executive session. And so the time now on our clock is  
25 11:26, and we will excuse ourselves to the room back here

1 for an executive session.

2 (Whereupon, at 11:26 a.m., the meeting was  
3 recessed, to reconvene this same day, Wednesday, May 18,  
4 2022, following conclusion of the executive session.)

5 CHAIRMAN PATE: All right. The Commission is  
6 now reconvening after concluding its executive session  
7 under Government Code Sections 551.071(2) and 551.074.

8 The time is now 11:37. We've made no decisions  
9 while in executive session.

10 Commissioners, are there any motions that you  
11 choose to make?

12 MS. CONTRERAS: I'd like to propose a motion to  
13 raise the Executive Director's salary to \$130,000 a year.

14  
15 CHAIRMAN PATE: All right. There's been a  
16 motion made on the proposed recommendation of a salary  
17 review of the Executive Director to \$130,000 a year made  
18 by Commissioner Contreras. Is there a second?

19 MR. MACH: I'll second.

20 CHAIRMAN PATE: Commissioner Mach. Is there  
21 any further discussion?

22 (No response.)

23 CHAIRMAN PATE: All those in favor, signify by  
24 saying aye.

25 (A chorus of ayes.)

1                   CHAIRMAN PATE: The motion carries. Okay.

2                   Our next meeting is scheduled for Wednesday,  
3 June 8th at 10:30 to be held, actually, in the other  
4 room -- not this one, but the other one that we usually  
5 meet in.

6                   The time is now 11:39. With all business  
7 concluded, we are now adjourned. Thank you very much for  
8 making the effort to be here today.

9                   (Whereupon, at 11:39 a.m., the meeting was  
10 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: May 18, 2022

I do hereby certify that the foregoing pages, numbers 1 through 52, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Elizabeth Stoddard before the Texas Racing Commission.

DATE: May 25, 2022

/s/ Anna Marie Reyes  
(Transcriber)

On the Record Reporting  
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