

TEXAS RACING COMMISSION
MEETING

10:32 a.m.
Tuesday,
September 29, 2020

VIA GOTOMEETING

COMMISSIONERS PRESENT:

JOHN T. STEEN III, Chair
RONALD F. EDERER, Vice-Chair

TIM KLEINSCHMIDT
CONNIE McNABB, D.V.M.
STEVEN P. MACH
ROBERT C. PATE
ARVEL "A.J." WAIGHT, JR.

ON THE RECORD REPORTING
(512) 450-0342

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P R O C E E D I N G S

1
2 CHAIRMAN STEEN: Good morning. At this time
3 I'd like to call today's meeting of the Texas Racing
4 Commission to order. The time is 10:32.

5 Before we begin, I want to remind everyone it
6 will be extremely important to keep your device on mute
7 until you're called upon. Put your devices back on mute
8 afterwards.

9 If you have not previously submitted your
10 intention to comment on any particular item, you will be
11 given the opportunity at the appropriate time. You can
12 send an email to info@TxRC.Texas.gov -- again,
13 info@TxRC.Texas.gov, at any time to request to comment.
14 Please be specific about which item you want to comment
15 on.

16 Robert, could you please call the roll?

17 MR. ELROD: Chairman Steen?

18 CHAIRMAN STEEN: Present.

19 MR. ELROD: Commissioner Ederer?

20 COMMISSIONER EDERER: Present.

21 MR. ELROD: Commissioner Martin?

22 (No response.)

23 MR. ELROD: Commissioner McNabb?

24 COMMISSIONER McNABB: Here.

25 MR. ELROD: Commissioner Moore?

1 (No response.)

2 MR. ELROD: Commissioner Pate?

3 COMMISSIONER PATE: Here.

4 MR. ELROD: Commissioner Waight?

5 COMMISSIONER WAIGHT: Here.

6 MR. ELROD: Commissioner Kleinschmidt? Can you
7 hear me, Commissioner Kleinschmidt?

8 COMMISSIONER KLEINSCHMIDT: Yeah, here. Sorry.

9 MR. ELROD: Commissioner Mach?

10 (No response.)

11 CHAIRMAN STEEN: Do we have a quorum?

12 MR. ELROD: Yes, we do.

13 CHAIRMAN STEEN: Great.

14 Moving on to item II. Public comment.

15 Robert, has anyone signed up for public
16 comment?

17 MR. ELROD: No, sir.

18 CHAIRMAN STEEN: Thank you.

19 The next item is agenda item III.A.1. Budget
20 and finance report.

21 Gerald Dube, director of administration, will
22 give us the finance update, and then Curley Trahan,
23 director of parimutuels, will give the Horse Industry
24 Escrow Account update.

25 MR. DUBE: Good morning, commissioners. This

1 is Gerald Dube.

2 On pages 5 through 1 [sic 2:10] of your agenda
3 packet is the agency's fiscal year operating budget,
4 showing revenue collected and expenditures as of the end
5 of July. With 91.7 percent of the year completed, the
6 agency collected approximately \$4.8 million, or 94.3
7 percent of projected revenue, and expended \$3.6 million,
8 or 80.3 percent of budgeted expenditures. That's all I
9 have for this report.

10 Mr. Trahan will provide you with updates on the
11 Horse Industry Escrow Account. But before that, I would
12 be happy to answer any questions you might have on the
13 operating budget from July.

14 CHAIRMAN STEEN: Commissioners, any questions?

15 (No response.)

16 CHAIRMAN STEEN: If not, Curley, go ahead,
17 please.

18 MR. TRAHAN: Yes, sir. Thank you.

19 I'll be providing a brief status report on the
20 Horse Industry Escrow Account, a summary of which appears
21 on page 11 of your meeting materials.

22 For fiscal year 2020, the account received
23 \$25,386,745 in deposits. Of that amount \$25 million was
24 from the Comptroller for the credit for the equine-related
25 agriculture tax. The remaining \$386,745 was earned from

1 the greyhound tracks on cross-species interstate
2 simulcasts.

3 Seventy percent of the total deposits,
4 amounting to \$17,770,722, was paid out for use as purse
5 supplements at the racetracks. Thirty percent of the
6 total deposits was set aside for the state horse breed
7 registries to fund events furthering the horse industry.
8 This amounted to \$7,616,023.

9 A total of 60 events were approved for funding,
10 with 44 of those funded thus far at a total of \$4,578,585.

11 Another 16 events are pending funding at this time,
12 accounting for \$1,964,445. This leaves a balance
13 remaining of \$1,072,994 for fiscal year 2020.

14 I'd be happy to answer any questions.

15 CHAIRMAN STEEN: Commissioners, do you have any
16 questions?

17 (No response.)

18 CHAIRMAN STEEN: Commissioners Pate or
19 Kleinschmidt, I know we had talked about this report.
20 Does this meet -- have all the information that you were
21 thinking as far as this report goes?

22 COMMISSIONER PATE: Yes, sir. I think it's
23 helpful, and I noticed the allocation between the breeds
24 is set forth just in terms of what the percentages that
25 have been approved. I don't know how that compares to

1 what their internal agreements were, but it is what it is.

2 I guess my question is, the 1,072,994 that
3 remains for 2020, will that carry over and be in addition
4 to monies for 2022 if it's not allocated this year?

5 MR. DUBE: I can answer that question, if you
6 want. The funds will not lapse. They will carry forward.

7 In the meantime, we've encumbered those funds
8 so that we can continue paying out any requests for fiscal
9 year 2020, and anything left in November will move into FY
10 '21.

11 COMMISSIONER PATE: But does it increase the
12 amount that's available in '21 or is it kind of a
13 prepayment for '21?

14 MR. DUBE: Anything left over will actually
15 increase the amount left over in '21. Nothing increases
16 the total of 50 million. The 50 million for the biennium
17 is a set amount.

18 COMMISSIONER PATE: Thank you.

19 COMMISSIONER KLEINSCHMIDT: I'm satisfied with
20 the progress we're making in the horse industry account.
21 I think -- I guess my only question might be, is anything
22 less than the 7-1/2 million we've not paid out, the
23 balance so to speak -- is that mainly due to canceled
24 events, or why haven't we gotten it paid out? I'm just
25 curious.

1 COMMISSIONER PATE: I thought that hadn't been
2 allocated. Did I misunderstand that?

3 MR. TRAHAN: Some of the payment that is -- or
4 funds that remain are due to some canceled events because
5 of COVID-19.

6 COMMISSIONER KLEINSCHMIDT: Okay. I thought
7 there probably had to be some cancellations in there. Or
8 do you know if there are any of those funds that we will
9 pay -- just since they're encumbered, that we will go
10 ahead and pay out for the 2020 fiscal year?

11 MR. TRAHAN: Well, there's still pending at the
12 time \$1,964,000 in events that have already been approved.
13 They're just not funded yet.

14 COMMISSIONER KLEINSCHMIDT: Okay.

15 MR. TRAHAN: -- remains a balance of the
16 1,072,000 after those are paid.

17 COMMISSIONER KLEINSCHMIDT: Okay. Thank you.

18 MR. TRAHAN: You're welcome.

19 CHAIRMAN STEEN: Commissioners, if there's no
20 more questions, thank you to Curley and Gerry.

21 We'll move to the next item. This is agenda
22 item III.A.2. Wagering statistics report, which Curley
23 will also present.

24 MR. TRAHAN: Thank you, Mr. Chairman,
25 commissioners.

1 In your meeting materials on pages 12 through
2 14 is the comparison report on wagering statistics for
3 calendar year period of January through July. The report
4 is a comparison of this calendar year's figures against
5 those from the same period for 2019.

6 The report shows that total wagering activities
7 at the greyhound racetracks decreased by 54.27 percent in
8 2020, equating to a decrease of \$13.66 million in handle.

9 Total wagering activities also declined at the horse
10 racetracks by 8.93 percent for the period in 2020 as
11 compared to 2019. This decrease represents approximately
12 \$20.40 million in handle.

13 Overall the report illustrates that total
14 wagers placed in Texas decreased by approximately \$76.13
15 million, representing a 44.84 percent decline from last
16 year, while total wagers placed on Texas races showed an
17 increase of approximately \$33.24 million, or 33.47
18 percent.

19 This concludes my report. I'd be happy to
20 answer any questions.

21 CHAIRMAN STEEN: Commissioners, any questions?

22 (No response.)

23 CHAIRMAN STEEN: Thank you, Curley.

24 MR. TRAHAN: Thank you, sir.

25 CHAIRMAN STEEN: The next item is agenda item

1 III.A.3. Enforcement report.

2 Jim Blodgett, director of investigations, would
3 you please give this report?

4 MR. BLODGETT: Yes, sir. Mr. Chairman,
5 commissioners, good morning. Your enforcement report this
6 morning is found on page 15 of your packet.

7 Commissioners, Gillespie County Fair, Lone Star
8 Park and Retama Park all concluded their summer meets in
9 August 2020. These racing facilities, along with Gulf
10 Coast Racing and Sam Houston Race Park are currently
11 conducting simulcast operations. Lone Star Park began its
12 fall Quarter Horse meet on September 4, 2020, and is
13 scheduled to run through a corrected date of November 28,
14 2020.

15 Commissioners, your report this morning
16 reflects minimal violations for the three summer race
17 meets as compared to previous years and previous race
18 meets. These reduced numbers are accounted for, in part,
19 due to the reduced personal contact with the horsemen
20 during the earlier stages of COVID-19 pandemic and reduced
21 hearings for the same reasons.

22 As we have currently returned to a more normal
23 enforcement operation at the racetracks, there are
24 enforcement cases not included within these numbers that
25 remain under investigation and others that are set for

1 hearings before our Board of Stewards.

2 That would conclude my report for this morning.

3 CHAIRMAN STEEN: Commissioners, do you have any
4 questions?

5 (No response.)

6 CHAIRMAN STEEN: Thank you, Jim.

7 MR. BLODGETT: Yes, sir.

8 CHAIRMAN STEEN: The next item is item III.B.
9 Instead of addressing this today, we're going to have a
10 special meeting on Friday to address the legislative
11 appropriations request.

12 Moving on to agenda item III.C. Discussion and
13 possible action to approve the Commission's operating
14 budget for FY 2021.

15 Gerry, would you present this report?

16 MR. DUBE: Yes. Thank you, Mr. Chairman.

17 Commissioners, on pages 17 through 18 of your
18 agenda packet is the proposed FY 2021 operating budget
19 that the agency is submitting for your consideration and
20 approval. The proposed operating budget is \$4,560,937.

21 This includes approximately \$3.47 million for
22 the cost of regulatory programs and operations and
23 approximately \$1.08 million for unappropriated expenses
24 for the cost of employee benefits. This proposed
25 operating budget does not include the approximately \$3.13

1 million appropriated to the Texas Bred Program as those
2 funds are pass-through funds.

3 It is estimated that the agency will need
4 approximately 37.5 FTEs, or full-time equivalent positions
5 for the year. In addition to remaining balances, new FY
6 '21 revenue collected by the agency is projected to
7 include \$2.67 million in simulcast revenues, approximately
8 \$1.19 million from annual racetrack fees, and
9 approximately \$595,250 in occupational licensing fees, and
10 \$23,867 in other miscellaneous revenue.

11 I'll be happy to answer any questions you may
12 have.

13 CHAIRMAN STEEN: Commissioners, do you have any
14 questions?

15 (No response.)

16 CHAIRMAN STEEN: Thank you, Gerry.

17 Robert, is anyone signed up to speak on this
18 item?

19 MR. ELROD: No, sir.

20 CHAIRMAN STEEN: If there's no further
21 discussion, I'll entertain a motion to approve the
22 Commission's operating budget for FY 2021.

23 COMMISSIONER KLEINSCHMIDT: This is
24 Kleinschmidt. I'll move that we approve the proposed
25 budget as stated.

1 COMMISSIONER EDERER: I'll second.

2 CHAIRMAN STEEN: Motion made by Commissioner
3 Kleinschmidt, seconded by Vice Chair Ederer.

4 Any further discussion?

5 (No response.)

6 CHAIRMAN STEEN: If not, we'll take this up for
7 a vote. All in favor please signify by saying aye.

8 (A chorus of ayes.)

9 CHAIRMAN STEEN: Any opposed?

10 (No response.)

11 CHAIRMAN STEEN: That motion carries.

12 The next item is agenda item III.D. Discussion
13 and possible action to approve the memorandum of
14 understanding with the Texas Veterinary Medical Diagnostic
15 Lab.

16 Chuck, I believe you'll give the report on this
17 item.

18 MR. TROUT: Yes, sir.

19 Good morning, commissioners.

20 Sections 2034.002 and .003 of the Racing Act
21 provide that drug testing on race animals shall be
22 performed by TVMDL. The charges for the testing will be
23 paid for by the associations and the Commission will
24 review the invoices to make sure the charges are
25 reasonable.

1 As part of that process, the agency enters into
2 a memorandum of understanding with TVMDL yearly that sets
3 the prices and services for drug testing. The proposed
4 MOU for fiscal year 2021 starts on page 19 of the meeting
5 materials. There are just a few minor changes from last
6 year.

7 First, it adds language to clarify that billing
8 of all costs associated with supplies will include
9 personnel time to prepare and package supplies and
10 shipping charges.

11 Second, the fee for TOBA testing is reduced
12 from \$444 to \$350. These are tests required by the
13 Thoroughbred Owners and Breeders Association for
14 substances in samples from horses that participate in
15 graded stakes races and listed stakes races at purse
16 levels of \$75,000 and above.

17 And lastly, the MOU increases the fee for a Vet
18 Work sample from \$70 to \$80. A clean sample is required
19 in order to remove a horse from the vet's list. This fee
20 is paid for by the trainer of the horse.

21 The price of post-race testing stays the same
22 at \$215 per tested horse and \$45 per tested greyhound.

23 Those are the only changes to this year's MOU,
24 commissioners. I believe Travis Mays, section director of
25 the lab, is available to answer any questions.

1 If you have no further questions, the staff
2 recommends approval of this MOU.

3 CHAIRMAN STEEN: Thank you, Chuck.

4 Commissioners, do you have any questions?

5 (No response.)

6 CHAIRMAN STEEN: Robert, is anyone signed
7 [audio skip] on this item?

8 MR. ELROD: No, sir.

9 COMMISSIONER MACH: Chairman Steen, this is
10 Commissioner Mach. I have joined the call.

11 CHAIRMAN STEEN: Thanks. Please note that
12 Commissioner Mach has joined the meeting.

13 Any further discussion on this item?

14 (No response.)

15 CHAIRMAN STEEN: If not, I'll entertain a
16 motion to approve the MOU with TVMDL for FY 2021.

17 COMMISSIONER McNABB: I so move.

18 COMMISSIONER PATE: Second.

19 CHAIRMAN STEEN: Sorry, who made the motion?
20 Apologies.

21 COMMISSIONER McNABB: Connie McNabb.

22 CHAIRMAN STEEN: Motion made by Commissioner
23 McNabb and seconded by Commissioner Ederer.

24 COMMISSIONER EDERER: I believe it was
25 Commissioner Pate, but yes, I'll go ahead and second.

1 CHAIRMAN STEEN: Commissioner Pate.

2 Any further discussion?

3 (No response.)

4 CHAIRMAN STEEN: If not, we'll bring this up
5 for a vote. All in favor please signify by saying aye.

6 (A chorus of ayes.)

7 CHAIRMAN STEEN: Any opposed?

8 (No response.)

9 CHAIRMAN STEEN: Motion carries.

10 Next is agenda item IV.A. Discussion and
11 possible action to adopt rule amendments.

12 Devon Bijansky, will you please present these
13 two items?

14 MS. BIJANSKY: Yes, sir. Thank you. Good
15 morning, commissioners.

16 We can take these next two together. First is
17 amendments to Section 323.101, Administrative Penalties.
18 These amendments would delete Subsection (a) which is just
19 a restatement of the statute but with some language that
20 makes it incorrect and confusing, and it would also update
21 Subsection (b) to correct the reference to the statute.

22 Next, the amendments to Section 323.201,
23 Reporting of Criminal Activity and Convictions, this is
24 just a minor correction to the citation to a provision of
25 the Transportation Code.

1 There were no comments in response to either of
2 these proposals and they're before you today for final
3 action.

4 CHAIRMAN STEEN: Thank you, Devon.

5 Robert, is anyone signed up to speak?

6 MR. ELROD: No, sir.

7 CHAIRMAN STEEN: Thanks.

8 Commissioners, do you have any further
9 questions?

10 (No response.)

11 CHAIRMAN STEEN: If there's no further
12 discussion, I'll entertain a motion to adopt the rule
13 amendments to Sections 323.101 and 323.201.

14 COMMISSIONER PATE: So moved.

15 COMMISSIONER EDERER: Second.

16 CHAIRMAN STEEN: Motion by Commissioner Pate,
17 seconded by Vice Chair Ederer. Any further discussion?

18 (No response.)

19 CHAIRMAN STEEN: If not, we'll take this up for
20 a vote. All those in favor please signify by saying aye.

21 (A chorus of ayes.)

22 CHAIRMAN STEEN: Any opposed?

23 (No response.)

24 CHAIRMAN STEEN: Motion carries.

25 Next is agenda item IV.B. Discussion and

1 possible action to propose rule amendments. First is
2 Section 309.8, Racetrack License Fees.

3 Devon Bijansky, will you please present the
4 item?

5 MS. BIJANSKY: Yes, sir.

6 As I believe I mentioned at your last meeting,
7 the amendments to the racetrack fee rule were necessitated
8 by a number of factors. The shutdown of racetracks due to
9 the pandemic and the resulting loss of over half a million
10 dollars of simulcast tax revenue in a single quarter
11 showed us that the current fee structure is neither
12 reliable nor sustainable.

13 The loss of Gulf Greyhound Park over the summer
14 meant \$140,000 per year of revenue that the agency
15 wouldn't be receiving going forward. So it was very clear
16 that we needed to revisit this rule.

17 The draft in your materials is based on a draft
18 the track proposed with edits for compliance with
19 Secretary of State formatting requirements, readability
20 and feasibility. Please note that I made a few technical
21 updates to the draft after sending you the materials so
22 the version on the agency website and shown here has those
23 changes highlighted.

24 Subsection (b) updates the base racetrack fees
25 to allocate Gulf's share proportionally among the nine

1 remaining tracks.

2 Subsection (c) (1) addresses what happens if we
3 lose another track in the future. It establishes a
4 formula for calculating proportional increases to the
5 remaining tracks to make up for the lost revenue from that
6 track that's lost.

7 Subsection (c) (2) addresses what happens if
8 another track license is issued and it establishes the
9 same sort of formula for calculating a proportional
10 decrease for the track fees to keep revenues stable.

11 Subsection (c) (3) provides that if the base
12 fees increase by more than 15 percent, the Commission will
13 undertake rulemaking to amend this rule within 90 days
14 after sending notice of the new fees.

15 Subsection (c) (4), which addresses additional
16 race days, stays the same.

17 Subsection (c) (5) changes the way the
18 supplemental fees due to simulcast tax shortfalls are
19 calculated. Currently the rule says that tracks have to
20 make up any amount by which the simulcast tax for a given
21 quarter falls short of 96 percent of that same quarter the
22 year before.

23 However, with a quarter this past year where
24 simulcast tax was close to zero, and we -- with the
25 expectation of simulcast revenues being down by well over

1 4 percent going forward, the current rule won't generate
2 the needed revenue. And so the amendments would provide
3 for using 96 percent of the 2018 simulcast tax figures as
4 the standard, and any amount less than the numbers in
5 (c) (5) (A) through (D) would therefore need to be made up
6 by the tracks.

7 Subsection (c) (6) is a transition provision
8 that ensures that any supplemental fee amounts that accrue
9 while these amendments are pending are still due once the
10 amendments are adopted.

11 And Subsection (c) (7) provides for at least 30-
12 days-notice to the tracks of any fee increase. Subsection
13 (c) (8) did not change.

14 The Rules Committee discussed these amendments
15 at their meeting earlier this month, so Commissioner
16 Ederer or Commission Kleinschmidt may want to comment on
17 this. And the track representatives may also want to
18 speak on this item.

19 CHAIRMAN STEEN: Thank you, Devon.

20 Commissioner Ederer, would you like to comment
21 on this?

22 COMMISSIONER EDERER: Well, John, we did have
23 extensive discussion concerning these rule changes. It's
24 my understanding that there was an agreement as to --
25 there were some questions as to the formula that would be

1 used. The track did have a proposal and they were in a
2 way agreeing with the track's proposal.

3 I think the tracks now are happy with the
4 formula that will be used to figure the fees. And as far
5 as I understand it -- and I think, Tim, unless you have
6 something different -- as far as I understand it, I think
7 that the proposal changes should go forward as stated now
8 by Devon.

9 COMMISSIONER KLEINSCHMIDT: This is
10 Kleinschmidt. I would recommend adoption of the proposals
11 as we go through them.

12 CHAIRMAN STEEN: Thank you.

13 Robert, is anyone signed up to speak on this
14 item?

15 MR. ELROD: No, sir.

16 CHAIRMAN STEEN: Commissioners, do you have any
17 further questions?

18 (No response.)

19 CHAIRMAN STEEN: If there's no further
20 discussion, I'll entertain a motion to propose the
21 amendments to Section 309.8, Racetrack License Fees.

22 COMMISSIONER EDERER: I make the motion that
23 the changes be approved.

24 MS. BIJANSKY: Proposed?

25 COMMISSIONER EDERER: Proposed changes to --

1 excuse me. As I understand it, it needs to be posted. Is
2 that correct, or is it ready for approval at this point?

3 MS. BIJANSKY: This is the proposal stage, yes.

4 COMMISSIONER EDERER: This is for proposal,
5 yes, and I recommend that they be posted.

6 CHAIRMAN STEEN: Motion made by Vice Chair
7 Ederer.

8 COMMISSIONER KLEINSCHMIDT: Kleinschmidt
9 seconds.

10 CHAIRMAN STEEN: Second by Commissioner
11 Kleinschmidt.

12 Any further discussion?

13 (No response.)

14 CHAIRMAN STEEN: If not, we'll take this up for
15 a vote. All those in favor please signify by saying aye.

16 (A chorus of ayes.)

17 CHAIRMAN STEEN: Any opposed?

18 (No response.)

19 CHAIRMAN STEEN: The motion carries.

20 Next is agenda item IV.B.2 and 3. Devon, would
21 you please present these items as well?

22 MS. BIJANSKY: Yes, sir.

23 These last two [audio skip] are amendments that
24 would allow the executive director to approve breed
25 registry proposals for funding from the Horse Industry

1 Escrow Account up to \$50,000. That was about 60 percent
2 of all the proposals last year so this would lighten your
3 load considerably.

4 The amendments to 303.321 authorize the ED to
5 act on behalf of the Commission to approve proposals up to
6 that amount, or to forward them to you if he has any
7 concerns. And the amendments to 303.323 extend that same
8 principle to requests for modification of approved events.

9 So he would be able to approve a change to [audio skip]
10 that he wouldn't have been able to approve if the event as
11 modified is for no more than \$50,000.

12 So both of these rules are before you today for
13 potential action to propose.

14 CHAIRMAN STEEN: Thank you, Devon.

15 Commissioners Pate or Kleinschmidt, do you
16 [audio skip] on this?

17 COMMISSIONER PATE: I'm in favor of it.

18 COMMISSIONER KLEINSCHMIDT: Yeah, me too.

19 COMMISSIONER PATE: The agency has the
20 administration of the program.

21 COMMISSIONER KLEINSCHMIDT: I agree, I agree.
22 Like it shows, some 60 percent of the applications would
23 go through the executive director after this rule, and so
24 it would streamline things considerably.

25 CHAIRMAN STEEN: Robert, is anyone signed up to

1 speak on this item?

2 MR. ELROD: Yes, sir. Mary Ruyle.

3 MS. RUYLE: Yes. Thank you.

4 We do approve of these proposed rules but I do
5 have a question that has come up. I understand about the
6 executive director having the ability to make decisions on
7 requests for less than \$50,000, or for a change to an
8 event if it's within 10 percent of the original amount
9 requested.

10 What if the original amount requested was, for
11 instance, \$20,000 and we need to request another \$7,000,
12 which is certainly more than the allowed percentage of the
13 total request, but it's still below \$50,000, which one of
14 these does that fall under?

15 MS. BIJANSKY: Yes, Mary, that would be under
16 303.323(1)(a), a change to an event that after the change
17 would qualify for approval by the executive director.

18 MS. RUYLE: Okay. All right. So that doesn't
19 apply -- in other words, you don't have to consider that
20 that is more than 10 percent of the original --

21 MS. BIJANSKY: The 10 percent is one way that
22 it would qualify for approval by the executive director.
23 Another would be if there's no monetary change, it's a
24 change in the date within six months, and yet another way
25 would be if there's a bigger change that's still within

1 something that he could have approved from the start.

2 MS. RUYLE: Okay. Great. Thank you very much
3 for that clarification.

4 MS. BIJANSKY: You're welcome.

5 CHAIRMAN STEEN: Robert, is anyone else signed
6 up to speak?

7 MR. ELROD: No, sir.

8 CHAIRMAN STEEN: Any further discussion?

9 Commissioner Waight, we're getting a little bit
10 of feedback, I believe, from your microphone.

11 COMMISSIONER WAIGHT: Really? You're getting
12 feedback from me?

13 CHAIRMAN STEEN: Commissioner Waight, yes, we
14 were getting a little bit of feedback from you, I believe.

15 COMMISSIONER WAIGHT: Let me turn this mic off
16 and see if that helps.

17 COMMISSIONER MACH: Chairman Steen, this is
18 Commissioner Mach. Did you get my motion to approve?

19 CHAIRMAN STEEN: I did not.

20 COMMISSIONER PATE: Second.

21 CHAIRMAN STEEN: There's been a motion by
22 Commissioner Mach, and a second -- I'm sorry, who was the
23 second?

24 COMMISSIONER PATE: Pate.

25 CHAIRMAN STEEN: Commissioner Pate. This is to

1 propose amendments to Section 303.321, Allocations to
2 Breed Registries, and 303.323, Modifications to Approved
3 Events.

4 Do we have any further discussion?

5 (No response.)

6 CHAIRMAN STEEN: We'll take this up for a vote.

7 All those in favor please signify by saying aye.

8 (A chorus of ayes.)

9 CHAIRMAN STEEN: Any opposed?

10 (No response.)

11 CHAIRMAN STEEN: That motion carries.

12 And Robert, I don't know -- it may be caller 16
13 that seems to be providing some of the feedback there.

14 MR. ELROD: Okay.

15 CHAIRMAN STEEN: Thanks.

16 Moving on to the next agenda item, which is
17 V.A. Discussion and possible action to allocate live race
18 dates for horse tracks.

19 Ricky Walker, director of racing, please
20 present this item.

21 MR. WALKER: Good morning, commissioners. My
22 name is Ricky Walker, chief steward for the Commission.

23 The calendar on page 32 shows both the
24 requested and granted race dates for 2021. Gillespie
25 County's eight race dates were previously granted. None

1 of the horse tracks requested 2022 dates. There will be
2 another opportunity to request those dates.

3 Pages 33 through 46 details Sam Houston Race
4 Park's request to run a 46-day Thoroughbred meet from
5 January 8th through April 3rd, and a 23-day Quarter Horse
6 meet from April 23rd through June 12th. Their request was
7 originally for a 39-day Thoroughbred meet, but because
8 Retama Park is requesting to run a straight Quarter Horse
9 meet this year and has agreed to transfer some
10 Thoroughbred purse money, Sam Houston agreed to add seven
11 days to their request.

12 There are letters of support from the Texas
13 Horsemen's Partnership, the Texas Thoroughbred
14 Association, the Paint Horse Association, and the Arabian
15 Breeders Association. The Texas Quarter Horse Association
16 did not submit an approval letter. Rob Werstler, director
17 of racing, may be available to answer any questions on
18 that.

19 Lone Star Park's request, starting on page 47,
20 is for a 42-day Thoroughbred meet from April 16th through
21 July 18th, and a 27-day Quarter Horse meet from September
22 10th thorough November 27th. There are letters of support
23 from the THP, TQHA, the Paint Horse and the Arabian
24 associations.

25 Page 53 is the Texas Thoroughbred Association's

1 letter that states that they cannot support any LSP
2 request of less than 49 days and that does not provide for
3 four days a week of racing. Mary Ruyle, executive
4 director of the Texas Thoroughbred Association, may be
5 available to answer these concerns.

6 Retama Park's request, starting on page 57, is
7 for a 20-day Quarter Horse meet from June 24th through
8 August 7th. They did not request any Thoroughbred dates.

9 Retama did revise their original schedule at the request
10 of Gillespie County to avoid a day of overlap.

11 There are letters of support from the TQHA, the
12 Paint Horse, and the Arabian Breeders associations. The
13 Texas Horsemen's Partnership letter, on page 63, explains
14 that while they can't support them not running a
15 Thoroughbred meet, they do understand their position and
16 support moving some Thoroughbred purse money to Sam
17 Houston.

18 Are there any questions?

19 CHAIRMAN STEEN: Commissioners, any questions?

20 (No response.)

21 CHAIRMAN STEEN: Thank you, Ricky.

22 Robert, I assume we have people signed up to
23 speak?

24 MR. ELROD: All I have is Steve Ross is
25 available from Retama Park if you had any questions for

1 him.

2 CHAIRMAN STEEN: Okay. Thank you.

3 MR. ROSS: This is Steve Ross. I just have one
4 thing I'd like to add is, I spoke with Ed Wilson about
5 racing some Arabians during Retama Park's meet and we are
6 happy to do that.

7 So I would like to, just for the record, say
8 that we would like to race two Arabians per week during
9 the Quarter Horse meet. I don't know if that needs to be
10 formally approved or not, but I thought I'd mention it.

11 CHAIRMAN STEEN: Thanks, Steve.

12 Devon, is that something that needs to be
13 formally addressed?

14 MS. BIJANSKY: It should be, yeah, included in
15 a motion, I suppose.

16 CHAIRMAN STEEN: Okay.

17 MR. SLABOTSKY: Excuse me. This is Kent
18 Slabotsky, Lone Star Park. If anyone has any questions
19 for me, I'll be happy to answer them.

20 CHAIRMAN STEEN: Thanks, Kent.

21 Commissioners --

22 MS. RUYLE: I'm sorry. This is Mary Ruyle.
23 May I offer some comments on TTA's position about Lone
24 Star Park's race dates request?

25 CHAIRMAN STEEN: Please go ahead, Mary. Thank

1 you.

2 MS. RUYLE: Okay. Thank you.

3 In our letter, you know, it laid out that the
4 dates were a problem. And I just wanted to give you the
5 thinking of our board of directors concerning this.

6 According to the TRC website for the eight-year
7 period, 2012 through '19, Lone Star averaged 48.875 live
8 Thoroughbred race dates per year. Lone Star is now asking
9 only for those 42 live dates and concerning is that most
10 of these weeks only offer three days per week live racing.

11 Horsemen will literally tell you that a four
12 day a week live racing schedule is of utmost importance to
13 run a quality race meet and attract quality stables in and
14 out of Texas. Lone Star concluded their 2020 live
15 Thoroughbred meet with a significant purse underpayment.
16 I believe that's around \$400,000.

17 The combination of that balance carryforward,
18 plus millions in House Bill 2463 funds, plus substantial
19 funds from Retama, provide a combination of funding that
20 certainly don't justify a reduction in live race dates
21 compared to the past eight-year average.

22 Also, their proposal, which is an effort to be
23 conservative, does not seem to fit that of a major league
24 racetrack, which is our goal for Texas, and particularly
25 Lone Star Park. By asking for and then publicizing a 42-

1 day meet with three day a week racing, many of the top
2 stables and top horses will not be inclined to come to
3 Lone Star for that type of schedule. Instead, Lone Star
4 may end up attracting a quality of horses much less than
5 they could and stepping back to a more responsible
6 position of offering 49 days with four day a week racing.

7 Approving this 42-day meet with three days a
8 week racing appears to tell horsemen around the country
9 that we think like more of a minor league track than a
10 major league track and we don't take our own product and
11 our own momentum seriously. Lone Star may offer to add
12 more dates later, but if they do so they stand a chance to
13 lose incremental economic impact.

14 Because a last-minute addition of race days
15 won't bring more horses, it just spreads the onsite horse
16 population thinner as horsemen are making their plans
17 early -- very early in the year, perhaps even in the
18 November-December calendar.

19 And that's all I have if anyone has any
20 questions.

21 CHAIRMAN STEEN: Mr. Slabotsky, would you care
22 to comment on that? I believe you're representing Lone
23 Star Park, if I heard correctly.

24 MR. SLABOTSKY: I am. I understand the TTA's
25 point of view. Internally we have spent hundreds of hours

1 in preparation for what would be coming -- what we are
2 thinking of as our initial application for race dates.

3 Keep in mind that mid-April of 2021 is six and
4 a half months from now. North of 80 percent of our purse
5 money generated here comes from the simulcast import. As
6 you know, we lost over two months of that business in
7 March, April and May.

8 We're also trending more than 20 percent to the
9 bad on import handle week by week, month over month. So
10 for us to project out to mid-April of 2021 what our purse
11 accounts are going to look like, what Retama's
12 Thoroughbred purse account is going to look like were we
13 to take half of that -- which is what we've been
14 discussing -- we feel like it would be premature to
15 guarantee a certain number of dates at this time.

16 There are provisions that allow us to ask for
17 amendments and additions to the race dates. We've had
18 these discussions with the THP and internally. And it
19 looks to us it's very likely that the 42 days that we've
20 initially requested with only three-day weeks would be
21 altered to be a blend, as we've done the last several
22 years, of some three-day weeks and some four-day weeks.

23 To run all four-day weeks is prohibitively
24 complicated for a variety of reasons that I don't need to
25 go into now but if anyone would want me to, I would be

1 happy to do that at another time. The blend of three- and
2 four-day work weeks works a lot better for us.

3 Now, we don't know what the COVID situation is
4 going to be in mid-April, meaning will we be able to
5 entertain live guests at full capacity, open our suites,
6 open our Silks dining room, open Level Two, have events.
7 Well, no one knows.

8 But I will tell you that if the COVID situation
9 looks about like it does now -- and again, no one knows --
10 next April if we're not able to entertain the general
11 public, that will radically alter our approach to when we
12 race, meaning what days of the week, what the post times
13 are, et cetera.

14 All along, what our intention is, rather than
15 being boxed into a number of days, such as 49, we're
16 looking at how many racing opportunities we're going to
17 provide for the horsemen. And right now that number is
18 somewhere around 435 with the hypothetical first revision
19 to the dates that we have just requested. When we
20 requested these dates on August 31st, we didn't have
21 enough data to be comfortable to put out in front of this
22 group a request for any more than that.

23 And I'll just close by saying discussions were
24 held between the TTA and the THP verbally prior to those
25 requests going in.

1 CHAIRMAN STEEN: Thank you, Mr. Slabotsky. I
2 understand it's hard to have a crystal ball at these
3 times. What -- and Mary, maybe this is a question for you
4 as well as far as from a planning perspective.

5 Is there a certain time you guys could agree to
6 get back together, since we've got a few months here, to
7 kind of take another look at this, given the
8 uncertainty -- not that we'll definitely have certainty at
9 that time -- but would that be something, at least for
10 now, where we could proceed and then you guys could agree
11 to get back together to have more discussions around this
12 as hopefully we get more clarity? Would that be
13 satisfactory, or what period of time would you need?

14 MS. ROUNTREE: Chairman Steen, this is Marsha
15 Rountree with the Texas Horsemen's Partnership. May I add
16 some comments, please?

17 CHAIRMAN STEEN: Sure. Please go ahead.

18 MS. ROUNTREE: I just wanted for everyone --
19 the commissioners to understand that I can agree with both
20 sides of this issue. I agree with Mary that the Texas
21 Horsemen's Partnership would always prefer to add more
22 race dates than cut race dates at our Class 1 tracks,
23 especially Lone Star Park.

24 And our organization can agree that we would
25 prefer four days a week, but we also understand that

1 sometimes that's not possible. During the last several
2 weeks I have had discussions on numerous occasions with
3 Kent Slabotsky and Lone Star Park officials about this
4 issue.

5 And in my letter, while I did say that we were
6 not happy with and are disappointed in a 42-day racing
7 schedule at Lone Star Park for Thoroughbreds, I do
8 understand and I have confidence in our ongoing
9 discussions with Lone Star Park that they are willing to
10 continue those discussions. They have suggested that they
11 would be excited to run additional races or race days
12 using the purse money that will not be used at Retama
13 Park.

14 So I do believe that even though they're asking
15 for 42 days today, our discussions are still wide open.
16 And I have every confidence that those will continue and
17 we're hoping that we will add racing opportunities at Lone
18 Star Park very soon.

19 Thank you.

20 MS. RUYLE: Commissioner Steen, this is Mary.

21 Our board would certainly be open to continuing
22 the talks with Lone Star Park management. We would
23 recommend that that take place as soon as possible so that
24 if they are able to see their way fit to add race dates,
25 that it can be announced as early in the year as possible

1 rather than waiting until perhaps April or even late March
2 when they're about to open.

3 The other thinking of our board is we
4 understand the uncertainty surrounding the COVID
5 situation, but feel it would be better to announce and
6 plan to run the maximum dates possible and certainly
7 everyone is going to understand if due to COVID
8 restrictions if they are unable to run some of those
9 dates. That would not be unreasonable at all.

10 Thank you.

11 MR. SLABOTSKY: This is Kent Slabotsky again.

12 As far as ramping up conversations and trying
13 to resolve this to everyone's satisfaction as soon as
14 possible, we couldn't agree more. Over the course of the
15 spring and summer, as you know, we were told on the 18th
16 of May we could race on the 22nd of May.

17 We weren't even under lockdown at that point
18 and somehow we pulled that off. So I would say to
19 everyone out there, we have proven our flexibility and our
20 collaborative nature over and over over the course of this
21 bizarre year. So that would be great.

22 Another thing is, we haven't ever said anything
23 such as we'll decide this in mid-March or first of April.

24 We haven't put a date on when we would be ready, but I'll
25 just repeat that we need to watch these purses accrue and

1 get a better idea of where we are before we can make that
2 decision on the number of days or number of races.

3 CHAIRMAN STEEN: Understood and appreciate
4 everyone's flexibility. It sounds like there's a
5 commitment from both sides to continue the discussions.

6 And you know, please let the Commission know if
7 we need to bring it up again, but it sounds like there's
8 good faith to continue those, understanding it's difficult
9 and no one has a crystal ball at this moment.

10 Rob, did you care to comment on the Sam Houston
11 Race Park race dates? Rob Werstler?

12 (No response.)

13 CHAIRMAN STEEN: Not hearing him.

14 Commissioners, did you have further questions
15 or discussion?

16 (No response.)

17 CHAIRMAN STEEN: If there's no further
18 discussion, I'll entertain a motion to grant the race date
19 requests as requested by the Class 1 racetracks.

20 COMMISSIONER EDERER: I'll make that motion.

21 COMMISSIONER MACH: Second by Mach.

22 CHAIRMAN STEEN: Motion made by Commissioner
23 Ederer, second by Mach.

24 Any further discussion?

25 (No response.)

1 CHAIRMAN STEEN: And Robert, I just want to
2 clarify, there was no one else signed up to speak on that
3 item?

4 MR. ELROD: No, sir.

5 CHAIRMAN STEEN: Thank you.

6 Okay. We'll take this up for a vote. All in
7 favor please signify by saying aye.

8 (A chorus of ayes.)

9 CHAIRMAN STEEN: Any opposed?

10 (No response.)

11 CHAIRMAN STEEN: That motion carries.

12 The next item is agenda item V.B., request to
13 allocate live race dates for greyhound racetracks.

14 Ricky, will you also please present this item?

15 MR. WALKER: Good morning again, commissioners.

16 The 2022 requested greyhound race date calendar
17 is on page 67. Gulf Coast Racing has requested five dates
18 to be run August 24th through August 28th in 2022. Since
19 publication of the meeting materials, we have received a
20 letter of support from the Texas Greyhound Association.

21 Valley Race Park has previously been granted
22 five race dates in August of 2021, shown on the calendar
23 on page 74. They did not submit an application. There
24 will be another opportunity to request 2022 dates.

25 Are there any questions?

1 CHAIRMAN STEEN: Commissioners, do you have any
2 questions or comments?

3 (No response.)

4 CHAIRMAN STEEN: Robert, is anyone signed up to
5 speak on this item?

6 MR. ELROD: No, sir.

7 CHAIRMAN STEEN: If there's nothing further,
8 I'll entertain a motion to grant Gulf Coast Racing's race
9 date request.

10 COMMISSIONER MACH: Motion by Mach.

11 COMMISSIONER McNABB: Second by McNabb.

12 CHAIRMAN STEEN: Motion made by Commissioner
13 Mach, seconded by Commissioner McNabb.

14 If there's no further discussion, I'll take
15 this up for a vote. All those in favor please signify by
16 saying aye.

17 (A chorus of ayes.)

18 CHAIRMAN STEEN: Any opposed?

19 (No response.)

20 CHAIRMAN STEEN: That motion carries.

21 The next item is item V.C. Discussion and
22 possible action to modify the disbursement of purse funds
23 throughout the year.

24 Curley, will you please present this item?

25 MR. TRAHAN: Yes, sir. Thank you. Good

1 morning again, commissioners.

2 On pages 76 through 82 of your meeting
3 materials is a proposal by Sam Houston Race Park to change
4 the methodology of payments to the horse racetracks for
5 the purse portion of the Horse Industry Escrow Account
6 earned ag tax.

7 The proposal is to pay out the purse funds
8 according to the schedule of live race meets rather than
9 equal monthly payments as has been the standard. This
10 means the track hosting the first meet of the calendar
11 year would get the majority of the purse funds before the
12 next track needs funds. Then funds would be reduced as
13 other tracks' meets approach.

14 I have reviewed the proposal and take no
15 position, however, noting that the proposal makes two
16 significant assumptions. First, the assumption is that
17 the full \$25 million will be deposited by the Comptroller
18 [audio skip] escrow account throughout the fiscal year.

19 As we all know, these funds are not guaranteed
20 and if deposit amounts are decreased for any reason or
21 discontinued at any point during the year, the remaining
22 tracks would not receive their allotment of funds.
23 Basically, it is on a first come, first served basis.

24 The assumption is made that the race date
25 calendar for the tracks will remain fairly static.

1 There's room for change but those changes might then alter
2 the remaining distribution.

3 Additionally, the specific payment numbers
4 listed in the proposal by Sam Houston Race Park are based
5 on calendar year 2020 approved allocations. Any changes
6 to the approved allocations for calendar year 2021 would
7 then alter the specific payments listed in the proposal.

8 Included in the materials on pages 83 through
9 86 are letters of support from Retama Park, Gillespie
10 County Fair, Texas Thoroughbred Association, and the Texas
11 Horsemen's Partnership. Mr. Berube from Sam Houston Race
12 Park is on the call today and is prepared to present the
13 full proposal and provide more detail for you.

14 Thank you.

15 CHAIRMAN STEEN: Thanks, Curley.

16 Commissioners, do you have any questions?

17 (No response.)

18 CHAIRMAN STEEN: Robert, is anyone signed up to
19 speak on this item?

20 MR. ELROD: As Curley mentioned, Dwight Berube
21 is available.

22 CHAIRMAN STEEN: Dwight, would you -- are you
23 just available for questions, or would you like to speak
24 on the item?

25 MR. BERUBE: Well, both, but I will take a few

1 minutes to speak.

2 Good morning, Mr. Chairman, commissioners and
3 staff, and thank you for allowing me this opportunity to
4 present this proposal, although Mr. Trahan did a wonderful
5 job.

6 The current method used by the Commission to
7 disburse payments from the Horse Industry Escrow Account
8 to the horse racetracks has been nothing short of
9 devastating to Sam Houston Race Park. In fact, it hinders
10 all Texas horse racetracks, but none more than Sam
11 Houston.

12 Because the Commission currently disburses the
13 allocated amounts to each horse racetrack on a monthly
14 basis, and because Sam Houston runs the first meet
15 chronologically on the calendar, Sam Houston only receives
16 58 percent of its funding in time for its Thoroughbred
17 meet. This issue is detailed in the proposal.

18 Similarly, under current disbursement
19 methodology, Lone Star Park doesn't receive its entire
20 allocation in time for its thoroughbred meet and Sam
21 Houston doesn't receive its entire allocation in time for
22 its Quarter Horse meet.

23 What we are proposing is that disbursements are
24 changed from monthly payments to all horse racetracks to a
25 payment schedule that recognizes the time frame of each

1 track's race meets. Specifically, we propose that the
2 Commission change their disbursement methodology to fund
3 horse racetracks based on their approved race date
4 calendars. This would not require a rule change as the
5 rules were written to provide for this option.

6 The proposal we submitted details the timelines
7 of 2021 race dates by track, the estimated allocations of
8 Horse Industry Escrow Account purse funds due each track
9 from House Bill 2463 legislation, and how the Commission
10 could make payments to the tracks based on their
11 respective race date calendars. What makes this proposal
12 especially attractive is that, if approved, all horse
13 tracks would receive their full allocation of funds in
14 time for their race meets.

15 Even Retama Park and Gillespie found this to be
16 a desirable change from the current system, taking the
17 guesswork away from writing their condition books and
18 carding races. It serves no purpose to have horse
19 racetracks holding hundreds and hundreds of thousands of
20 dollars of purse funds in non-interest bearing accounts
21 for months and months waiting for their race meets to
22 begin, while tracks like Sam Houston and Lone Star Park
23 aren't receiving their funds in time for their race meets
24 held early in the year.

25 Now, there may be a few tweaks needed to this

1 proposal, as Mr. Trahan suggested, to make it work, but
2 it's clear that this is the fair way to do it and it's
3 clear it's the right way to do it.

4 I'm available to answer anyone's questions.

5 COMMISSIONER PATE: Mr. Chairman, I'd like to
6 make a comment.

7 This was a real problem that Commissioner
8 Kleinschmidt and I had the opportunity to hear about,
9 anyway, when we had our meetings back in February and
10 March of this year. And at that time, although the monies
11 had been approved, for example, to advance to Sam Houston,
12 it got caught up and delayed because of what became the
13 COVID delays and it really was a penalty to that track.

14 So I'm very pleased that this proposal has come
15 forward and that they corralled the support of the other
16 tracks. I think this is a very smart and fair way to
17 approach what really was a problem this year.

18 CHAIRMAN STEEN: Thank you, Commissioner Pate.

19 And I guess, either Devon or Curley, the tweaks
20 that were referenced, what would those need to be for the
21 staff to agree with this?

22 MS. BIJANSKY: Curley, do you want to address
23 that?

24 MR. TRAHAN: Yes. I don't think there's any
25 tweaks. The only issues that would come up is if for some

1 reason the Comptroller or the legislature doesn't deposit
2 the full 25 million in the Horse Industry Escrow Account.

3 We have no reason at this time to believe they would not.

4 However, I simply want to make sure that you
5 all are aware that those funds are not guaranteed.
6 They're capped at 25 million per fiscal year, but they're
7 not guaranteed at 25 million per fiscal year.

8 So the proposal that Sam Houston lays out -- I
9 think there's a chart on page 5 -- would work as long as
10 the full \$25 million is deposited into the account
11 throughout the fiscal year. That chart that's in the
12 middle of the page there.

13 COMMISSIONER PATE: But it seems to me that the
14 tracks all looking at this understand whatever funding is
15 available is at the discretion and subject to the
16 disbursement by the state, and if it for some reason
17 didn't happen, it didn't happen. I don't think we can sit
18 here and look at this and try to guess if the legislature
19 is not going to deposit monies in there like they said
20 they would -- or Texas isn't.

21 I don't think it's a reason -- I guess what I'm
22 saying is I don't think it's a reason for us to hold up.
23 This is not a risk the Racing Commission is incurring.
24 It's a risk -- if there is a risk -- that the tracks
25 themselves are incurring.

1 CHAIRMAN STEEN: Okay. So Devon, as far as
2 approving this concept, what -- if we wanted to proceed
3 that way, what would we need to do? What --

4 MS. BIJANSKY: At this point because breed
5 splits haven't been set, what you might do is approve the
6 concept and direct staff to prioritize Sam Houston for the
7 first, I think, two payments of the year before you meet
8 next -- or in November. Not this Friday's meeting, of
9 course, but the following one.

10 At that time you should be taking up breed
11 splits. And so once those are set and based on those
12 proposals, I think staff can put together a more detailed
13 proposal that you can look at and approve at that point.

14 CHAIRMAN STEEN: And Dwight Berube, do you have
15 any comments or any concerns with that approach?

16 MR. BERUBE: No. I'd be very satisfied with
17 that approach.

18 CHAIRMAN STEEN: Thank you.

19 Commissioners, is there any further comments,
20 discussion, questions on this?

21 (No response.)

22 CHAIRMAN STEEN: Then if not, Devon, if you'd
23 help me frame the motion then, according to the approach
24 you just outlined?

25 MS. BIJANSKY: Sure. The motion would be to

1 approve the concept presented by Mr. Berube and direct
2 staff to prioritize Sam Houston for -- Curley, have the
3 September payments been made?

4 MR. TRAHAN: We have not received anything for
5 September. From what I understand, the September deposit
6 will be made in October.

7 MS. BIJANSKY: So that's the October 10th
8 payment?

9 MR. TRAHAN: Correct.

10 MS. BIJANSKY: Okay. So for the September and
11 October payments made in October and November, prioritize
12 Sam Houston to receive those funds, and then revisit it
13 again at the next meeting.

14 Should I restate that?

15 CHAIRMAN STEEN: Sure.

16 MS. BIJANSKY: So the motion is to approve the
17 concept presented by Mr. Berube and prioritize Sam Houston
18 for the first two payments of the year, and then you'll
19 revisit.

20 COMMISSIONER PATE: Mr. Chairman, I would make
21 that motion. Pate.

22 CHAIRMAN STEEN: Motion made by Commissioner
23 Pate.

24 COMMISSIONER McNABB: I'll second.

25 CHAIRMAN STEEN: Seconded by Commissioner

1 McNabb.

2 Any further discussion?

3 (No response.)

4 CHAIRMAN STEEN: Robert, just to clarify, we
5 didn't have anybody else signed up to speak on the item?

6 MR. ELROD: No, sir.

7 CHAIRMAN STEEN: Then we'll take this up for a
8 vote. All those in favor please signify by saying aye.

9 (A chorus of ayes.)

10 CHAIRMAN STEEN: Any opposed?

11 (No response.)

12 CHAIRMAN STEEN: That motion carries.

13 Moving on to item V.D., request to approve a
14 management change for Global Gaming LSP, d/b/a Lone Star
15 Park at Grand Prairie.

16 Devon, would you please present this item?

17 (Commissioner Waight's connection failed for
18 remainder of meeting.)

19 MS. BIJANSKY: Yes, sir.

20 The agency rules require tracks to obtain
21 Commission approval before making changes to their
22 management committees. Lone Star Park has requested to
23 replace Robert "Skip" Lannert with Roy Corby on its
24 management committee. DPS has conducted a background
25 check on Mr. Corby which revealed no information of

1 concern.

2 CHAIRMAN STEEN: Thank you.

3 And Robert, can you see the background, the
4 name that -- we're getting some background noise there?

5 MR. ELROD: Yeah, I'm looking for it right now.

6 CHAIRMAN STEEN: Okay. Has anyone signed up to
7 speak on this item, while you're at it?

8 MR. ELROD: No, sir.

9 CHAIRMAN STEEN: Commissioners, do you have any
10 questions?

11 (No response.)

12 CHAIRMAN STEEN: If not, is there a motion to
13 approve the management change for Global Gaming LSP?

14 COMMISSIONER EDERER: I'll make the motion to
15 approve.

16 CHAIRMAN STEEN: Motion made by Commissioner
17 Ederer.

18 COMMISSIONER PATE: Second by Pate.

19 CHAIRMAN STEEN: Seconded by Commissioner Pate.
20 Any further discussion?

21 (No response.)

22 CHAIRMAN STEEN: If not, we'll take this up for
23 a vote. All in favor please signify by saying aye.

24 (A chorus of ayes.)

25 CHAIRMAN STEEN: Any opposed?

1 (No response.)

2 CHAIRMAN STEEN: The motion carries.

3 Now to item V.E., request to approve a
4 management change for PM Texas, LLC.

5 Devon, please present this item as well.

6 MS. BIJANSKY: Yes, sir.

7 We also received a request to approve a
8 management change at PM Texas LLC, which owns the Sam
9 Houston, Manor Downs and Valley Race Park licenses. Now,
10 this change was effective last November, but we just
11 received the formal request to replace J. Kent Friedman
12 with David Hurwitz in the last few weeks.

13 You can choose to approve this request or not
14 at your discretion. Mr. Hurwitz was previously licensed
15 as an association officer/director, but his license lapsed
16 while this was pending. However, his license has been
17 reinstated and is now in good standing.

18 CHAIRMAN STEEN: Thank you, Devon.

19 Robert, is anyone signed up to speak on this
20 item?

21 MR. ELROD: Mr. Berube is available, if you
22 need him.

23 CHAIRMAN STEEN: Commissioners, do you have any
24 questions of Mr. Berube?

25 (No response.)

1 CHAIRMAN STEEN: I guess I have a question as
2 far as to staff. Obviously, we don't want this happening
3 without our approval up front.

4 Is there anything that we need to change about
5 the process in order to ensure this doesn't happen in
6 front of our approval again?

7 MS. BIJANSKY: Well, I'm not sure that there's
8 anything that the agency can really do to prevent this
9 from happening. It's really on the association to submit
10 the request on the front end.

11 And I think the agency has authority to take
12 some sort of action, whether that's a warning letter or
13 something more, but in terms of preventing it on the front
14 end, I don't know that that's really possible.

15 CHAIRMAN STEEN: And Dwight Berube, do you have
16 any comments on the timing of this?

17 MR. BERUBE: This simply slipped through the
18 cracks as we were preparing to open our live Thoroughbred
19 season, followed by the COVID-19 situation. And then when
20 we came to realize that we had failed to bring this before
21 the commissioners for the approval, even then we missed
22 the timing for the July meeting and we're just getting
23 here to the September meeting. And I can only apologize
24 and personally I'll be sure not to let that happen again.

25 CHAIRMAN STEEN: Thank you.

1 Commissioners, do you have any further
2 questions or comments?

3 (No response.)

4 CHAIRMAN STEEN: Then do we have a motion to
5 approve the management change?

6 COMMISSIONER EDERER: I'll make a motion to
7 approve the management change.

8 CHAIRMAN STEEN: Motion made by Vice Chair
9 Ederer.

10 COMMISSIONER KLEINSCHMIDT: Second by
11 Kleinschmidt.

12 CHAIRMAN STEEN: Any further discussion?

13 (No response.)

14 CHAIRMAN STEEN: We'll take this up for a vote.
15 All in favor please signify by saying aye.

16 (A chorus of ayes.)

17 CHAIRMAN STEEN: Any opposed?

18 (No response.)

19 CHAIRMAN STEEN: Motion carries.

20 Now to item V.F., request to approve a
21 concession contract for Sam Houston Race Park.

22 Devon, would you please present the item?

23 MS. BIJANSKY: Yes, sir.

24 Sam Houston Race Park has also notified us that
25 their longtime concessionaire has given notice of

1 termination of their contract, so they've requested
2 approval of a new concession contract. I've provided it
3 to you separately from the meeting materials because it is
4 confidential under the Racing Act.

5 I'd like to let Mr. Berube explain some of the
6 background to you, but keep in mind that if you'd like to
7 discuss the specifics of the contract beyond anything that
8 he voluntarily shares, that would have to take place in
9 executive session.

10 MR. BERUBE: This is Dwight Berube again.

11 As Devon said, in August our longtime
12 alcoholic-beverage concessionaire, 97, Inc., gave Sam
13 Houston Race Park its 30-day notice terminating the
14 agreement. VG Beverage, Inc. is the alcoholic beverage
15 concessionaire for Valley Race Park, which is a subsidiary
16 under the umbrella of PM Texas.

17 We were able to transfer the liquor license
18 owned by VG Beverage to Sam Houston Race Park so that VG
19 Beverage can now be the concessionaire for Sam Houston
20 Race Park. And that's why we're before you today with
21 this item.

22 I am happy to answer any other questions on
23 that matter.

24 CHAIRMAN STEEN: Commissioners, any questions?

25 (No response.)

1 CHAIRMAN STEEN: And Robert, is anyone else
2 signed up to speak?

3 MR. ELROD: No, sir.

4 CHAIRMAN STEEN: If not, I'll entertain a
5 motion to approve the concession contract for Sam Houston.

6 COMMISSIONER McNABB: So moved.

7 CHAIRMAN STEEN: Motion made by Commissioner
8 McNabb.

9 COMMISSIONER EDERER: I'll second it.

10 CHAIRMAN STEEN: Seconded by Commissioner
11 Ederer.

12 Any further discussion?

13 (No response.)

14 CHAIRMAN STEEN: We'll take this up for a vote.
15 All those in favor please signify by saying aye.

16 (A chorus of ayes.)

17 CHAIRMAN STEEN: Any opposed?

18 (No response.)

19 CHAIRMAN STEEN: That motion carries.

20 The next item is item VI. Discussion and
21 possible action on the proposal for decision in the matter
22 of Joel Politi v. Texas Racing Commission.

23 Virginia Fields, director of Enforcement, would
24 you please present the item?

25 MR. FIELDS: Yes. Good day, commissioners.

1 Virginia Fields with Enforcement, here to present the
2 contested case of the petitioner Joel Politi.

3 The case involves a claiming race held at Sam
4 Houston Race Park on March 17th of this year and the
5 petitioner's appeal of the stewards' finding upholding the
6 claim of the racehorse Running With Scissors after a
7 protest alleging improper licensing of the claimant.

8 SOAH held a de novo hearing on June 11th and
9 the record officially closed on June 22nd. The proposal
10 for decision, issued July 9th of this year, recommends
11 upholding the stewards' finding of the claim's validity
12 because the petitioner failed to meet the burden of proof.

13 There were no exceptions filed in this case,
14 and the staff respectfully requests that you adopt the
15 proposal for decisions, finding of fact and conclusions of
16 law, again, upholding the validity of the claimant's
17 claim.

18 I'm happy to answer any questions.

19 CHAIRMAN STEEN: Commissioners, any questions
20 of Ms. Fields?

21 (No response.)

22 CHAIRMAN STEEN: Robert, is anyone else signed
23 up to speak?

24 MR. ELROD: No, sir.

25 COMMISSIONER MACH: This is Mach. I move that

1 we adopt the SOAH findings.

2 CHAIRMAN STEEN: Motion made by Commissioner
3 Mach to accept the proposal for decision in SOAH number
4 467-20-3410, Joel Politi v. Texas Racing Commission.

5 COMMISSIONER McNABB: I'll second.

6 CHAIRMAN STEEN: Seconded by Commissioner
7 McNabb.

8 Any further discussion?

9 (No response.)

10 CHAIRMAN STEEN: If not, we'll take this up for
11 a vote. All in favor please signify by saying aye.

12 (A chorus of ayes.)

13 CHAIRMAN STEEN: Any opposed?

14 (No response.)

15 CHAIRMAN STEEN: The motion carries.

16 There will be no executive session today.

17 The next meeting is scheduled for this Friday,
18 October 2nd. The meeting following that is tentatively
19 scheduled for Tuesday, November 17th, but there's
20 potentially a chance we may need to move that back further
21 just to allow for rulemaking time. Be sure to contact
22 Jean Cook, commissioners, if you're unable to attend the
23 Friday meeting.

24 The time is now 11:42. With all business
25 concluded, we are now adjourned. Thank you.

1 (Whereupon, at 11:42 a.m., the meeting was
2 adjourned.)

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MEETING OF: Texas Racing Commission
LOCATION: via GoToMeeting
DATE: September 29, 2020

I do hereby certify that the foregoing pages,
numbers 1 through 59, 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 2, 2020

/s/Nancy King
(Transcriber)

On the Record Reporting
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