

TEXAS RACING COMMISSION
MEETING

10:45 a.m.
Tuesday,
January 21, 2020

Texas Capitol Extension
Room E1.010
1100 Congress Avenue
Austin, Texas

COMMISSIONERS PRESENT:

JOHN T. STEEN III, Chair
TIM KLEINSCHMIDT
MARGARET MARTIN
MIKE MOORE
ROBERT C. PATE
ARVEL "A.J." WAIGHT, JR.

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P R O C E E D I N G S

1
2 CHAIRMAN STEEN: Good morning. The time is now
3 10:45. I apologize for the delay. At this time I'd like
4 to call today's meeting of the Texas Racing Commission to
5 order.

6 Robert, could you please call the roll?

7 MR. ELROD: Commissioner Mach?

8 (No response.)

9 MR. ELROD: Commissioner Martin?

10 COMMISSIONER MARTIN: Present.

11 MR. ELROD: Commissioner McNabb?

12 (No response.)

13 MR. ELROD: Commissioner Kleinschmidt?

14 COMMISSIONER KLEINSCHMIDT: Here.

15 MR. ELROD: Commissioner Moore?

16 COMMISSIONER MOORE: Here.

17 MR. ELROD: Commissioner Pate?

18 COMMISSIONER PATE: Here.

19 MR. ELROD: Commissioner Waight?

20 COMMISSIONER WAIGHT: Here.

21 MR. ELROD: Commissioner Ederer?

22 (No response.)

23 MR. ELROD: Chairman Steen?

24 CHAIRMAN STEEN: Present.

25 Do we have a quorum?

1 MR. ELROD: Yes.

2 CHAIRMAN STEEN: Thank you.

3 Moving on to item II. Public Comment. Robert,
4 has anyone signed up for public comment?

5 MR. ELROD: No, they have not.

6 CHAIRMAN STEEN: Thank you.

7 So on item III.A. I'm going to push that agenda
8 item to our next meeting, given that our current Vice-Chair
9 Ederer is not present.

10 Next is agenda item III.B.1. Budget and finance
11 report.

12 Patrick Pence, could you please give us the
13 update?

14 MR. PENCE: Good morning, commissioners. My
15 name is Patrick Pence, finance officer for the Racing
16 Commission.

17 On page 6 through 10 of your agenda packet is
18 the agency's fiscal year 2020 operating budget with revenue
19 collection and expenditures through the end of November
20 2019, first quarter.

21 With 25 percent of the 2020 fiscal year
22 completed, the agency collected approximately \$2.34
23 million, or approximately 28.3 percent of the projected
24 operating revenue, and we expended \$1.65 million, or
25 approximately 21.5 percent of the budgeted expenditures.

1 Of the 1.6 million in expenditures, approximately 1.4- are
2 appropriated expenditures, and just over 247,000 are
3 unappropriated expenditures, such as agency share of
4 retirement health cost, employment insurance and FICA
5 costs.

6 Simulcast tax revenues for FY 2020 totaled
7 \$796,250 at the end of December and that was as of the end
8 of December 2019. This amount is approximately 3.9 below
9 the FY19 collections but it is on target with the
10 Commission's projected revenue estimate for FY20. We have
11 a spreadsheet that will demonstrate that and that will be
12 emailed to you.

13 And I'll be happy to answer any questions.

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

16 (No response.)

17 MR. PENCE: Thank you.

18 CHAIRMAN STEEN: And Patrick, our estimate was
19 based on a 4 percent year-over-year decline. Is that
20 correct?

21 MR. PENCE: That is correct, and it is currently
22 3.9 so we're on target for what we anticipated collecting.

23 CHAIRMAN STEEN: Thank you.

24 The next item is agenda item III.B.2. Wagering
25 statistics report.

1 Curley Trahan, could you please give us the
2 report?

3 MR. TRAHAN: Thank you, Mr. Chairman. Good
4 morning, commissioners. I'm Curley Trahan, the director of
5 parimutuels for the agency.

6 In your meeting materials on pages 11 through 13
7 is the comparison report on wagering statistics for
8 calendar year ending December 31. The report is a
9 comparison of 2019 handle figures against those from
10 calendar year 2018.

11 The report shows that total wagering activities
12 at the greyhound racetracks decreased by 2.78 percent in
13 2019, equating to just over \$1.13 million less handle.
14 Total wagering activities also declined at the horse
15 racetracks by 4.20 percent for 2019 as compared to 2018.
16 This decrease represents approximately \$14.55 million in
17 handle.

18 Overall, the report indicates that total wagers
19 placed in Texas decreased by just over \$14.18 million,
20 representing a 4.97 percent decline, while total wagers
21 placed on Texas races decreased by approximately \$2.17
22 million, or 1.78 percent.

23 This concludes my report and I'd be happy to
24 answer any questions.

25 CHAIRMAN STEEN: Commissioners, any questions?

1 (No response.)

2 CHAIRMAN STEEN: Thank you, Curley.

3 MR. TRAHAN: Thank you.

4 CHAIRMAN STEEN: The next item is agenda item
5 III.B.3. Enforcement report.

6 Jim Blodgett, will you please present this
7 report?

8 MR. BLODGETT: Mr. Chairman, commissioners, good
9 morning. Commissioners, your enforcement report this
10 morning is found on page 14 in your materials packet.

11 As you will notice, this report differs from our
12 usual enforcement format that provided only data collected
13 from the latest completed race meets at individual
14 racetracks. Your enforcement report this morning provides
15 a cumulative enforcement activities comparison between 2018
16 and 2019 for greyhound and horse race meets.

17 Commissioners, page 14 reflects data by specific
18 enforcement categories, with the comparable race dates in
19 2018 and 2019 during live racing, this report documents a
20 32 percent decrease in overall enforcement activity during
21 live race meets. This report reflects activity decreases
22 in almost every ruling category. While it's hard to
23 provide an exact reasoning for this decrease, I do believe
24 that scheduling increased boots on the back side of
25 racetracks, increased penalties, continued education of

1 racing participants, and enforcement support from the
2 racetracks have impacted at least some of these enforcement
3 numbers.

4 Although percentage comparisons using small
5 sample numbers can provide deceiving statistics, I would
6 draw your attention to the specific categories of conduct,
7 contraband, human alcohol violations, licensing and failure
8 to disclose which documents some of the larger decreases on
9 our racetracks. In the same manner, please note that we
10 experienced two additional animal drug violations which
11 represented a 4 percent increase from 2018 to 2019.

12 Commissioners, one final note as you review this
13 material, there are several additional cases within the
14 2019 animal drug category that are not included in this
15 report due to the fact that they have not been fully
16 adjudicated at this time.

17 And I'd be happy to answer any questions that
18 you might have.

19 CHAIRMAN STEEN: Commissioners, any questions?

20 (No response.)

21 CHAIRMAN STEEN: Thank you, Jim.

22 The next item is agenda item IV. Discussion and
23 possible action on rules.

24 Devon, will you please present this item?

25 MS. BIJANSKY: Yes, Mr. Chairman.

1 Commissioners, good morning.

2 The first item is discussion and possible action
3 to adopt new 16 TAC 309.106, Transfers to Texas-bred
4 Incentive Fund. House Bill 3366 required the agency to
5 adopt rules regarding the deposit and use of Texas-bred
6 funds. There's already a rule regarding the use of these
7 funds, so this new rule satisfies the requirement to adopt
8 a rule regarding the deposit of the funds. It simply
9 formalizes the procedure the tracks are already following,
10 and there were no comments in response to the proposal of
11 this new rule so it's before you today for final action.

12 CHAIRMAN STEEN: Thank you, Devon.

13 Robert, is anyone signed up to speak?

14 MR. ELROD: No, sir.

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

17 (No response.)

18 CHAIRMAN STEEN: If no further questions or
19 discussion, I'll entertain a motion to adopt the amendments
20 to Section 309.106, Transfers to Texas-bred Incentive Fund.

21 COMMISSIONER MARTIN: So moved.

22 CHAIRMAN STEEN: Motion made by Commissioner
23 Martin.

24 COMMISSIONER PATE: Second.

25 CHAIRMAN STEEN: Seconded by Commissioner Pate.

1 Any further discussion?

2 (No response.)

3 CHAIRMAN STEEN: Okay. All those in favor please
4 signify by saying aye.

5 (A chorus of ayes.)

6 CHAIRMAN STEEN: Any opposed?

7 (No response.)

8 CHAIRMAN STEEN: The motion carries.

9 Devon, would you like to continue?

10 MS. BIJANSKY: Yes, sir.

11 The next item is 16 TAC Section 311.2,
12 Application Procedure. These amendments implement Senate
13 Bill 1200 which allows military spouses to engage in an
14 occupation for which a license is required in Texas without
15 obtaining a Texas license if they have a license from
16 another jurisdiction with substantially equivalent
17 licensing requirements and they meet certain other
18 requirements.

19 These amendments satisfy the requirement that
20 agencies adopt rules to implement the new provisions. We
21 received no comments in response to this posting and it's
22 before you, as well, today for final action.

23 CHAIRMAN STEEN: Thank you, Devon.

24 Robert, is anyone signed up to speak?

25 MR. ELROD: No, sir.

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

3 (No response.)

4 CHAIRMAN STEEN: If there's no further
5 discussion, I'll entertain a motion to adopt the amendments
6 to Section 311.2, Application Procedure.

7 COMMISSIONER MARTIN: So moved.

8 CHAIRMAN STEEN: Motion made by Commissioner
9 Martin.

10 COMMISSIONER KLEINSCHMIDT: Second.

11 CHAIRMAN STEEN: Seconded by Commissioner
12 Kleinschmidt.

13 Any further discussion?

14 (No response.)

15 CHAIRMAN STEEN: Okay. All those in favor
16 please signify by saying aye.

17 (A chorus of ayes.)

18 CHAIRMAN STEEN: Any opposed?

19 (No response.)

20 CHAIRMAN STEEN: The motion carries.

21 Devon, back to you.

22 MS. BIJANSKY: Yes, sir.

23 The next is amendments to 16 TAC 311.1,
24 Occupational Licenses. This is an item that we identified
25 recently. It duplicates a provision in another rule on the

1 expiration of training facility licenses. It doesn't
2 really belong in this section on occupational licenses and
3 so we are recommending proposing the amendment to delete
4 this provision from this rule.

5 CHAIRMAN STEEN: Thank you, Devon.

6 Robert, anyone signed up to speak?

7 MR. ELROD: No, sir.

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

10 (No response.)

11 CHAIRMAN STEEN: If no further discussion, I'll
12 entertain a motion to propose amendments to 16 TAC 311.1,
13 Occupational Licenses.

14 COMMISSIONER KLEINSCHMIDT: So moved.

15 CHAIRMAN STEEN: Motion made by Commissioner
16 Kleinschmidt.

17 COMMISSIONER PATE: Second.

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

20 (No response.)

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

23 (A chorus of ayes.)

24 CHAIRMAN STEEN: Any opposed?

25 (No response.)

1 CHAIRMAN STEEN: That motion carries.

2 MS. BIJANSKY: Next is a proposal by the
3 Jockeys' Guild regarding amendments to 16 TAC 313.409,
4 Jockey Mount Fees. This item would increase the minimum
5 mount fees by \$5 to \$10 depending on the race and depending
6 on the placing in the race.

7 I believe Mr. Beach is here to address you today
8 and this is before you today for action to propose.

9 CHAIRMAN STEEN: Thank you, Devon.

10 MR. BEACH: Good morning, Mr. Chairman,
11 commissioners and staff. John Beach, regional manager of
12 the Jockeys' Guild.

13 Throughout the country, as purse structures
14 increase and the cost of living goes up, we move forward to
15 try to increase the losing mount fees for the jockeys so
16 they can have a better lifestyle. And meeting with the
17 horsemen that we've done and with Ms. Rountree, they agreed
18 to the mount fee increase.

19 CHAIRMAN STEEN: Thank you.

20 MR. BEACH: Thank you.

21 CHAIRMAN STEEN: Robert, has anyone else signed
22 up to speak? Commissioners, do you have any questions?

23 (No response.)

24 CHAIRMAN STEEN: If there's no further
25 discussion, I'll entertain a motion to propose amendments

1 to 16 TAC 313.409, Jockey Mount Fees.

2 COMMISSIONER PATE: So moved.

3 CHAIRMAN STEEN: Motion made by Commissioner
4 Pate.

5 COMMISSIONER MARTIN: Second.

6 CHAIRMAN STEEN: Seconded by Commissioner
7 Martin.

8 Any further discussion?

9 (No response.)

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

12 (A chorus of ayes.)

13 CHAIRMAN STEEN: Any opposed?

14 (No response.)

15 CHAIRMAN STEEN: That motion carries.

16 MS. BIJANSKY: And last is discussion and
17 possible action to propose amendments to 16 TAC 309.206,
18 Rails. This was requested by Lone Star Park.

19 The current rule provides that rails must be
20 between 38 and 42 inches high. RCI rules currently provide
21 for the rail to be up to 50 inches above the ground, which
22 I believe they have identified is a safer height. Lone
23 Star Park, I believe, is wanting to replace their rail and
24 would like to go to that higher height and is requesting a
25 change so that they can do that.

1 CHAIRMAN STEEN: Thank you, Devon.

2 Robert, is anyone signed up to speak on this?

3 MR. ELROD: No, sir.

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

6 (No response.)

7 CHAIRMAN STEEN: No questions or further
8 discussion. I'll entertain a motion to propose amendments
9 to 16 TAC 309.216, Rails.

10 COMMISSIONER WAIGHT: So moved.

11 CHAIRMAN STEEN: Motion made by Commissioner
12 Waight.

13 COMMISSIONER MARTIN: Second.

14 CHAIRMAN STEEN: Seconded by Commissioner
15 Martin.

16 Any further discussion?

17 (No response.)

18 CHAIRMAN STEEN: Okay. We'll take this up for a
19 vote. All those in favor, please signify by saying aye.

20 (A chorus of ayes.)

21 CHAIRMAN STEEN: Any opposed?

22 (No response.)

23 CHAIRMAN STEEN: The motion carries.

24 The next item is agenda item V.A. Discussion and
25 possible action regarding allocation of additional race

1 days and race day fees under 16 TAC Section 309.8.

2 Ricky, will you please present this item?

3 MR. WALKER: Good morning, commissioners. My
4 name is Ricky Walker, chief steward for the Texas Racing
5 Commission.

6 On pages 28 through 50 are requests from Sam
7 Houston Race Park, Lone Star Park, and Retama Park adding
8 additional race dates.

9 Sam Houston Race Park has requested to add three
10 dates to their Quarter Horse calendar: May 25, 29 and 30.

11 Sam Houston was previously granted 59 race dates. There
12 is a letter of support from the Texas Horsemen's
13 Partnership.

14 On pages 33 through 49, Lone Star Park has
15 requested to add ten Quarter Horse dates: September 11,
16 12, 18 and 19, October 15, and November 12, 20, 21, 27 and
17 28. Lone Star Park was previously granted 60 race dates.
18 There are no letters of support attached.

19 On pages 41 through 50, Retama Park has
20 requested to add two Quarter Horse days: July 17 and 18,
21 and to move some Thoroughbred days from Tuesdays and
22 Wednesdays to Fridays and Saturdays: July 28 and 29 to
23 July 26 and 27, August 4 and 5 to August 7 and 8, August 18
24 to 19 to August 21 and 22, September 8 and 9 to September
25 11 and 12. Retama Park was previously granted 28 race

1 dates.

2 There are letters of support from Texas
3 Horsemen's Partnership, Texas Thoroughbred Association, and
4 the Texas Arabian Breeders Association. However, there was
5 a letter of concern from Gillespie County Fair, but as I
6 understand it, they have worked that situation out as of
7 last night.

8 Are there any questions?

9 CHAIRMAN STEEN: Questions of Ricky,
10 commissioners?

11 (No response.)

12 CHAIRMAN STEEN: Thank you.

13 MR. WALKER: Okay. Thank you.

14 CHAIRMAN STEEN: I'll go ahead and call up Tommy
15 Azopardi, maybe as well as Steve Ross, if you guys are both
16 here. Great.

17 MR. ROSS: Mr. Chairman, commissioners, staff,
18 I'm Steve Ross, director of racing operations at Retama
19 Park.

20 And as Ricky mentioned, with Tommy's help and
21 the cooperation of Lee Delong at Gillespie, we have
22 resolved the issue. We would modify the proposed schedule
23 that is in the packet on page 45 by not racing on Saturday,
24 August 22, which is the Gillespie County Fair weekend, and
25 that would give them -- the focus on racing would be at

1 Gillespie on that day. I want to thank Tommy and Lee for
2 working on this, we couldn't have done it without them.

3 MR. AZOPARDI: Mr. Chairman, commissioners, my
4 name is Tommy Azopardi. Today I'm representing Gillespie
5 County Fair. Their representative is at the back of the
6 room. But we would also like to thank Retama Park, Steve
7 Ross, Angela, for their work on accommodating our concerns.

8
9 As y'all know, Gillespie County Fair has been
10 running for almost 136 years, one of the oldest fairs in
11 Texas, one of the longest continuing operating race meets
12 in the country. What a great problem to have that we've
13 got dates we're trying to add, so we're happy to see the
14 industry taking that turn.

15 And we appreciate Retama respecting not only the
16 fair day and moving off that day, but also their
17 commitments to cooperate with the racing secretaries to
18 make sure there is an adequate supply of horses, adequate
19 supply of jockeys, gate crew, things like that.

20 So we thank you and we'd ask you to approve
21 their request to add dates.

22 Any questions I'm happy to answer.

23 CHAIRMAN STEEN: Any questions, commissioners.

24 COMMISSIONER WAIGHT: Appreciate your efforts.

25 MR. AZOPARDI: Thank you, commissioners.

1 CHAIRMAN STEEN: Thanks for your efforts.

2 Staff, as far as changing the days, is there
3 anything that we need to do, or are we okay to proceed with
4 the changes as proposed?

5 MS. BIJANSKY: You can go ahead and approve
6 it -- what Mr. Ross outlined.

7 CHAIRMAN STEEN: Okay. And then I also had
8 comment cards not wishing to testify from both Ed Wilson
9 and Marsha Rountree, Ed Wilson for Texas Arabian
10 Association and Marsha Rountree of Texas Horsemen's
11 Partnership, in support of the item.

12 Commissioners, any further questions on this
13 item?

14 Steve?

15 MR. ROSS: One thing I think I failed to
16 mention, we're not going to race on that Saturday but we
17 are going to race on the prior Thursday, so we're not
18 giving up a day of racing, it's just being moved.

19 CHAIRMAN STEEN: Great. Thank you.

20 COMMISSIONER KLEINSCHMIDT: Am I understanding
21 correctly, Mr. Chairman, that we would not only be -- if we
22 approve the request, we would not only be approving the
23 additional race dates for the Class 1 tracks, we would also
24 be approving payment for the additional race days? Is that
25 correct?

1 MS. BIJANSKY: The rule on fees requires payment
2 for additional days beyond a certain number and so there
3 are, I believe, two days that would require additional
4 payment.

5 COMMISSIONER KLEINSCHMIDT: Okay. And that's
6 not a problem? From the staff, you don't see it as a
7 problem?

8 MS. BIJANSKY: It's my understanding that that's
9 all taken care of.

10 COMMISSIONER KLEINSCHMIDT: Okay.

11 CHAIRMAN STEEN: And this motion includes the
12 race days that are calendared, I'm sorry, fiscal year '21,
13 a few of them as well?

14 MS. BIJANSKY: What was the motion?

15 CHAIRMAN STEEN: I'm asking this item includes
16 those additional race days in 2021?

17 MS. BIJANSKY: It does, it's all of the
18 requests.

19 CHAIRMAN STEEN: And a stipulation to them
20 regarding the fees?

21 MS. BIJANSKY: Yes, sir.

22 CHAIRMAN STEEN: And Scott Wells, are you here
23 today? Would you mind coming up?

24 MR. WELLS: Scott Wells, president and general
25 manager of Lone Star Park, Grand Prairie.

1 CHAIRMAN STEEN: So there was, I believe, in
2 your request a stipulation that you would run the days but
3 you did not want to pay the additional race date fees
4 associated with that for a few of your 2021 dates. Is that
5 correct?

6 MR. WELLS: That is right. As our counsel has
7 stated here in previous meetings before this Commission, we
8 wanted to make those conditional. We are of the strong
9 opinion that business is going to take an upturn this year.
10 It's already been reflected by the opening at Sam Houston
11 where they were up, I think, 42 percent opening weekend.
12 Field size is up.

13 We're coming off a year in which everything had
14 sort of bottomed out, so we think the Texas horse racing
15 industry is going to be tremendously stimulated by the
16 recent legislation, and of course, the legislation which
17 has helped the Commission's budgetary situation as well.
18 We're hoping that if those trends continue, we'll see that
19 there won't be any need to pay \$5,300 for additional days,
20 and it is in the best interest of the industry.

21 CHAIRMAN STEEN: So I guess I would say my
22 personal opinion on that item is I hope the same things
23 that you're talking about as far as projections going
24 forward. Right now we're tracking right on sort of the
25 budget.

1 With the short period of time, obviously it's
2 tough for us to have a crystal ball into what 2021 might
3 look like. And so I think, in my opinion, it is difficult
4 for us to say one way or the other as far as, you know, we
5 have a certain requirement operating costs of running a
6 race day.

7 And so I guess my question to you would be -- I
8 don't think that we could make that guarantee right now,
9 given the amount of time that's between now and then. And
10 so I'd ask of you, would you like those race days to be
11 granted without that stipulation or -- because I'm not sure
12 that we can accept -- obviously a decision for the
13 Commission, but that we can accept them with that
14 stipulation.

15 MR. WELLS: I'm only authorized to apply for the
16 days under those conditions, however, I am confident that
17 working with our Quarter Horse partners, we can satisfy the
18 Commission's need to have a backup plan should those fees
19 need to be paid. It might be the next Commission meeting
20 before we're able to present that in formal fashion to the
21 Commission, but we're willing to work with them to do that.

22 CHAIRMAN STEEN: So am I hearing from you that
23 you potentially want to table that until the next
24 Commission, that request until the next Commission meeting
25 for those particular days?

1 MR. WELLS: Yes, sir.

2 COMMISSIONER KLEINSCHMIDT: Excuse me. If I'm
3 understanding correctly what you're asking, you're still
4 requesting the additional race days but we would just table
5 the issue as to whether or not the payments will still be
6 required for future action. Is that what we're looking at?

7 CHAIRMAN STEEN: I think what I heard, and I'll
8 let you clarify, was that they want to table the request
9 for the race days themselves.

10 COMMISSIONER KLEINSCHMIDT: Okay. So table the
11 entire request is what you'd prefer as opposed to approving
12 the race days but tabling whether or not the payments would
13 be waived?

14 MR. WELLS: I would defer to your expertise on
15 how to handle that. We really want to run the 26 days as
16 opposed to the 16 days but we don't feel that it's -- you
17 know, I'm running a business that is unfortunately losing
18 money, at least the one in Texas, and I just feel like I
19 need to work with our Quarter Horse partners.

20 I think we all definitely agree we want to run
21 the days, but I'm not prepared to request the additional
22 days if we are going to have to pay for them. I realize it
23 is a long ways in the future. I'm confident that we can
24 work together to work out a parachute if things go awry,
25 but by the same token, we want to have the planning ability

1 to go ahead and plan for a 26-day meet and add to the
2 momentum that the Texas racing industry is going under
3 right now.

4 CHAIRMAN STEEN: Mr. Pate, did you have a
5 question?

6 COMMISSIONER PATE: I'm just trying to think.
7 So if we approve the days but don't approve that portion of
8 the funding he requested, can we do that, is that
9 acceptable to you?

10 MR. WELLS: Yes, sir.

11 COMMISSIONER PATE: We can always modify the
12 days. I don't think we -- what I'm hearing from the
13 chairman is the sense is that we should not today tell you
14 in advance that we're not going to charge for some race
15 days that you're trying to schedule for 2021.

16 I don't think I'm prepared to do that. I don't
17 know if anybody else is. So you can schedule the days but
18 there's no agreement that they're not going to be paid for
19 by y'all.

20 CHAIRMAN STEEN: I guess my perspective, and
21 I'll defer to Devon as well, is we could either schedule
22 the days without the stipulation or we can table the
23 scheduling of those particular days until the next meeting
24 or whenever there's resolution on the matter. To me those
25 are the two options.

1 MS. BIJANSKY: It seems cleaner to table both
2 parts but it's your decision.

3 COMMISSIONER KLEINSCHMIDT: Well, if we approve
4 the dates, they obviously -- the Class 1 tracks, if they
5 desire to go forward with those dates knowing that the fees
6 haven't been waived, well, they've got the choice to at
7 least go forward and advertise them and schedule them and
8 things of that nature.

9 What I'm asking, I guess, is that helpful to the
10 industry if we approve the dates but don't in this action
11 waive the fees, knowing you could go forward to advertise
12 or plan those but that you may end up being required to pay
13 the fees for those days?

14 MR. WELLS: Possibly the best course of action
15 would be to table this until I have a solid agreement
16 worked out with our horsemen. I had expected to get a
17 letter of support from the Texas Quarter Horse Association
18 and was told that I would have one, but we don't so we need
19 to sit down and hammer this out so we can come back to you
20 with a clear solution.

21 COMMISSIONER WAIGHT: I have a question. The
22 additional days, there are additional expenses incurred.

23 MR. WELLS: Yes, sir.

24 COMMISSIONER WAIGHT: So they're not to be
25 offset, if something --

1 MR. WELLS: Additional expenses by the
2 Commission, you mean, or by the racetrack?

3 COMMISSIONER WAIGHT: Yes.

4 MR. WELLS: By the Commission? Well, we expect
5 that the standing of the Commission because of the
6 improvement in business that those days will -- the
7 Commission will be in a situation that they would be able,
8 we anticipate, to either reduce or eliminate or reimburse
9 those fees. We're in a money-losing situation and we're
10 opposed to having to pay additional costs to run the races
11 unless all boats have risen in the harbor enough that we
12 can do that and we're very optimistic that that will
13 happen.

14 COMMISSIONER KLEINSCHMIDT: I think you've got a
15 motion to table.

16 COMMISSIONER PATE: Move to table.

17 CHAIRMAN STEEN: Okay. Should we take these
18 up -- Rob Werstler, would you like to come up?

19 MR. WERSTLER: Thank you, Mr. Chairman and
20 commissioners. Rob Werstler, representing Texas Quarter
21 Horse Association.

22 I apologize, I thought I had submitted a letter
23 of support. We are absolutely in support of the ten days.
24 We need those ten days. As you may or may not be aware,
25 we had a 26-day meet and they dropped the ten days when it

1 dropped to 16 and had assured us that they were going to
2 apply for another ten days.

3 We have a million dollar futurity that we're
4 already taking payments for, started January 15, which
5 right now we have to be announced as far as when the trial
6 dates and the final dates are going to be. We normally run
7 those the last weekend of the Lone Star meet, which with
8 the additional ten days would be November 28.

9 So it's very important for us to start
10 advertising those now because as you know, horsemen right
11 now will start making plans as to what they're going to do
12 with their horses, where they're going to be with their
13 horses throughout the year, and so if we wait until March
14 to set these race dates -- and I understand exactly where
15 Scott and Lone Star Park are coming from and I understand
16 y'all's position as well, but we would do our best to work
17 with y'all to move forward on this right now.

18 But I think tabling it, it really hurts all of
19 us, hurts them for budgeting, for planning later in the
20 year, and it definitely hurts our race.

21 COMMISSIONER KLEINSCHMIDT: Is it preferable to
22 allocate the additional race days and not waive the fees at
23 this point in time versus tabling? I mean, in other words
24 if all that is still up in the air is whether or not the
25 fees are going to be paid, that's something can be decided

1 in the future but you at least know you've got a race date
2 you can advertise.

3 MR. WERSTLER: Exactly. I think we agree with
4 Scott, we really feel, especially with the opening of Sam
5 Houston, which was incredible, we think all the racetracks
6 this year are going to see a significant increase in
7 business, and so maybe this is something you approve the
8 additional days today and we work with Lone Star and the
9 Commission down the road and see where we are a little bit
10 closer.

11 CHAIRMAN STEEN: Scott, is that something that
12 you're amenable to?

13 MR. WELLS: We're amenable to that.

14 MR. WERSTLER: I think if it comes down to it,
15 if we still are required -- if Lone Star Park is required
16 to pay those, we definitely don't want to see you approve
17 the days and then pull them back, so we would be willing to
18 work with Lone Star. If it came down to them having to pay
19 those fees, we will do everything in our power to help
20 them.

21 CHAIRMAN STEEN: Scott, I'll ask you -- I mean,
22 they're your day requests do I'd ask you how you'd like to
23 proceed.

24 MR. WELLS: I would agree with that plan.

25 CHAIRMAN STEEN: Okay. And so that would be to

1 go ahead and approve them without the stipulation that you
2 guys are going to work together, and then perhaps maybe we
3 could have a check-in at the next meeting to make sure
4 everything has been worked out?

5 MR. WELLS: Yes.

6 CHAIRMAN STEEN: Should we take all the changes
7 in one motion or would you like it in multiple motions, as
8 far as the Retama/Gillespie and then this one?

9 MS. BIJANSKY: You can take them all together.

10 CHAIRMAN STEEN: Commissioners, do you want to
11 take a crack at it?

12 (General laughter.)

13 COMMISSIONER KLEINSCHMIDT: I'll take a crack at
14 it. Mr. Chairman, I move that we approve the requested
15 allocation of additional race days under 16 TAC Section
16 309.8 for the Class 1 tracks but that we do not at this
17 time waive the fees for those additional race days.

18 CHAIRMAN STEEN: And we need some additional
19 language, or we don't, around the Retama/Gillespie
20 agreement?

21 MS. BIJANSKY: Did you say with the change that
22 they articulated?

23 COMMISSIONER KLEINSCHMIDT: In addition, with
24 the change that they requested on the Gillespie/Retama
25 conflict, the August 22 race day.

1 CHAIRMAN STEEN: Motion made by Commissioner
2 Kleinschmidt.

3 COMMISSIONER PATE: Second.

4 CHAIRMAN STEEN: Seconded by Commissioner Pate.
5 Any further discussion?

6 (No response.)

7 CHAIRMAN STEEN: If not, we'll take this up for
8 a 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 The next item is agenda item V.B. Discussion and
14 possible action regarding LRP Group, Ltd., et al. v. Texas
15 Racing Commission, et al.

16 The Commission will now enter an executive
17 session under Government Code Section 551.071(1) and (2) to
18 seek the advice of its attorney regarding pending or
19 contemplated litigation or regarding a settlement offer,
20 and to seek the advice of its attorney as privileged
21 communications under the Disciplinary Rules of Professional
22 Conduct. The time is now 11:19.

23 (Whereupon, at 11:19 a.m., the meeting was
24 recessed, to reconvene this same day, Tuesday, January 21,
25 2020, following conclusion of the executive session.)

1 CHAIRMAN STEEN: The Commission is now
2 reconvening after concluding its executive session under
3 Government Code Section 551.071(1) and (2). The time is
4 now 11:47. We have made no decisions while in executive
5 session.

6 Before we go to item VI, I found on the bottom
7 of my comment pile, I apologize to Marsha Rountree on
8 agenda item IV.B.2. was not wishing to testify but for the
9 item. I just wanted to note that for the record. My
10 apologies.

11 Okay. The next item is agenda item VI.
12 Discussion and possible action to allocate purse funds in
13 the Horse Industry Escrow Account to state horse breed
14 registries under Chapter 303, Subchapter G.

15 Devon, will you please present on the item?

16 MS. BIJANSKY: Yes, sir.

17 Commissioners, as you know, House Bill 2463
18 turned the Escrowed Purse Account into the Horse Industry
19 Escrow Account and directed up to \$25 million per year of
20 various agriculture-related taxes to it. Up to 70 percent
21 of the funds in the account are to be used for purses and
22 you approved an allocation of those funds for this year, I
23 believe, at the last meeting.

24 The remainder of the money is to be used for
25 events to further the horse industry, with recognized breed

1 registries applying for those funds under rules that you
2 approved at your last meeting. Key provisions of those
3 rules include that applications must include a description
4 of the event, the amount requested, and an explanation of
5 the budget for the event.

6 The funds cannot be used for things like capital
7 improvements, lobbying expenses or fundraising, and that
8 administrative expenses may not exceed 5 percent of the
9 amount allocated for a given event and must be specifically
10 requested and approved. The requests are in your materials
11 beginning on page 52, and I believe each breed registry has
12 a representative here today to address you about their
13 proposals.

14 CHAIRMAN STEEN: Thank you, Devon.

15 I just want to open this up because obviously
16 this is the first time we've administered this process. I
17 appreciate the industry and staff's efforts in trying to
18 get into an organized fashion. It's going to take us a
19 little bit of time to get used to doing this so I
20 appreciate everyone's patience on the item.

21 What we're going to do today is, I asked the
22 breeds to kind of prioritize the items that were time-
23 sensitive and so we're going to try to tackle those today.

24 And then I'd like to call on Commissioner Kleinschmidt,
25 who has a lot of experience in this area, to help us with

1 an ad hoc committee that potentially we can get together
2 between now and the next meeting to try to work out -- not
3 to say that they aren't all time sensitive but to work out
4 the rest of the items to make sure.

5 It's in everyone's best interest, both industry,
6 Commission and everyone, that we do this properly, so I
7 want to have close attention to detail but also recognize
8 the needs to get some of these funds released. Also, I
9 think it would be good to help create sort of -- and the
10 breeds did a really good job on their presentation.

11 I think it would be good to have sort of a
12 uniform form going forward for the requests, so I'd like
13 you to work on that as well, Commissioner Kleinschmidt, if
14 you're amenable. With that, I do have a couple of comment
15 cards and I guess we have all the breed registries here to
16 present.

17 But before we get into that, commissioners, did
18 you have any questions about this before we get into the
19 details, sort of the broad strokes of it?

20 (No response.)

21 CHAIRMAN STEEN: Okay. So I guess, first I've
22 got the Texas Paint Horse Breeders Association, including
23 Pancho Villarreal, Billy Smith, Dave Dillon, Lex -- I can't
24 read that one -- Karen and Victor Villarreal wishing to
25 testify on the item. Is anyone present?

1 MR. VILLARREAL: Chairman, commissioners, my
2 name is Pancho Villarreal, and I'm the president of the
3 Texas Paint Horse Breeders Association. I'd like Billy
4 Smith, who is the current executive director of APHA, to
5 come up with me at this time, and Lex Smurthwaite, who is
6 the executive secretary of the Texas Paint Horse Breeders
7 Association.

8 If you turn to page 140 of your packet, that's
9 the summary of our proposal. In respect to the priority,
10 the only two that we're asking for at this time are the
11 World Show and the Paint Barrel Racing Incentive Program.

12 The World Show is the premier show for the
13 American Paint Horse Association. Last year we had 2,276
14 entries for our show. It brings participants from all over
15 the world to come to Fort Worth.

16 That is the 588,000 we're asking for. It's
17 divided amongst all disciplines that we put on there at the
18 show. The reason that it's a priority for us right now is
19 it's a qualification show, so by May 30 of 2020 you have to
20 qualify for the show.

21 What we're hoping -- and we have many events
22 before May 30 that are the qualifying shows that they have
23 the opportunity -- if we know that this money is going to
24 be out there, that's going to be incentive for all of the
25 shows throughout the State of Texas to know that we need to

1 go qualify now because this is going to be the best show
2 ever.

3 We've done the economic impact study for you and
4 we've provided that to you. The economic impact for the
5 World Show, the total of the economic impact is 6,530,068.

6 For the World Show itself, with the proposal that we're
7 requesting, we'd expect the economic impact to be
8 5,330,788.

9 What we did as an association, the Texas Paint
10 Breeders Association, is we're accepting the responsibility
11 as stewards of this money, and we know that the legislature
12 has stepped up to help the industry and so now it's going
13 to be our responsibility for the respective breeds in the
14 State of Texas to make sure that when you invest in racing,
15 you invest in the Texas horse, and that's what we're trying
16 to do.

17 One hundred percent of all of the monies that
18 we're requesting are going directly back out to all of the
19 horsemen. We're not going just to the racing, we want
20 barrel racing, we want roping, if you can do it on a horse,
21 we probably have your event at the World Show, so that's
22 what the 588,000 at the World Show is.

23 The second one is the Paint Barrel Racing
24 Incentive Race. It's actually PBRIP, it's something that I
25 created. I used to be the chairman of the racing committee

1 and I used to have to write an article and we had a barrel
2 horse issue.

3 And I said, What's barrel horses? So I'd start
4 doing my research to find out, and lo and behold, if you
5 look at the registries, the leading sire of the race sires
6 was a horse called Dash to Fame, and Dash to Fame is the
7 leading barrel horse sire of all time. I said, well,
8 there's some synergy here that we can create.

9 So I started doing research and I said, let me
10 find the people that do barrel racing. And I said, Would
11 it be good to have a program where we put racing and
12 barrels together? And that's exactly what I did, or what
13 we did, and we got Billy Smith and APHA to come to it.

14 When you go to these events, many times the
15 horse could be solid and that solid horse is a Paint horse
16 through the breed registry, but somewhere along the line we
17 lost the opportunity to identify who that owner is, to
18 identify who that horse is. So now we have a requirement
19 that you have to become a member of APHA, you have to have
20 that horse transferred into your name, and so now we're
21 able to recognize more horses out there.

22 And that happens not only for Paints but you go
23 to a lot of these ranchmen, cow ranch championships, ranch
24 work championships, barrel races, roping events, you name
25 the type of event where all you have to do is have a

1 horse, well, we don't know who these people are many times,
2 we don't know the name of their horse, and by doing
3 something like this and create the incentive, we can
4 identify the people that support the horse industry and
5 bring them back.

6 The Paint Barrel Racing Incentive Race, we have
7 it at our world championship show and what we try and do is
8 we try and bring more horses back from Oklahoma, more
9 horses back from Louisiana, more horses back from New
10 Mexico because we want to make Texas the best in all things
11 having to do with the horse, and specifically for me, I'm
12 here for the Paint horses but I love all horses.

13 Our ranch work championships, which is something
14 for next meeting, is open to all breeds. The Paint Barrel
15 Racing is limited to Paints right now and the open world
16 championship is limited to Paints. But we have had initial
17 conversations with TQHA and what we eventually want to do
18 is to work with all breeds to have what event can we have
19 throughout the state of Texas where we have a championship
20 and regionalized events to build and get all the horsemen
21 in the community together.

22 Because most of these horses that are ropers or
23 heelers or headers or whatever you're doing, shooting a
24 target on top of your horse, they're ex-Thoroughbreds,
25 they're ex-Arabians, they're ex-Quarter Horses, they're ex-

1 Paints, and so I'm here to ask for these monies because
2 we've set out the proposal, I think we've met all the
3 requirements, and all of the money is going back to the
4 horsemen.

5 I will ask Billy if you want to come up and say
6 anything.

7 MR. SMITH: Yes. Thank you, commissioners, for
8 giving me the chance. I'm Billy Smith, the executive
9 director of the American Paint Horse Association.

10 I would just simply add that our proposal
11 attempts to be uber democratic in the way that it
12 administers prize money across the platform and also looks
13 for ways that we can include all horses. Obviously our
14 primary mission is the development of the Paint horse, but
15 we look for ways to develop opportunities through our
16 different programs to embrace those other breeds as well.

17 We're an open registry. That means that our
18 sires can be Quarter Horse and Thoroughbred, so our
19 interest is color in the horse but that's not the deciding
20 factor in participation.

21 So we think our economic impact analysis is
22 accurate and we've done that through the City of Fort Worth
23 and their statistician. We do a series of interviews and
24 analysis against sort of identified and known expenditure
25 rates at events like this, so we feel like the economic

1 impact is a pretty solid number, pretty accurate number.
2 So we appreciate your consideration.

3 One of the most unique features that we've added
4 in this is this ranch work championship. It's a little bit
5 of a unique approach to ranch work competition wherein it's
6 not a judged event. It harbors the spirit of ranch work
7 and it creates a divisional kind of structure where the
8 \$2,500 horse and the \$250,000 horse have the same
9 opportunity to win money, and we think it's got -- it will
10 kind of ride this ranch horse wave and provide some
11 opportunities that are very democratic in the horse
12 community in Texas.

13 Thank you.

14 CHAIRMAN STEEN: Thank you. Any questions?

15 COMMISSIONER WAIGHT: I guess I question you're
16 asking the Racing Commission for monies for roping and
17 cutting?

18 MR. VILLARREAL: For events?

19 COMMISSIONER WAIGHT: Yeah.

20 MR. VILLARREAL: Yeah, for the horse industry.
21 It's our understanding from the legislature they wanted an
22 investment in the entire horse industry, and if we look at
23 the rules that are out there, under one of the requirements
24 for things that you can place the money into, it's for
25 other events that better the horse industry.

1 And so we want to try and get as much momentum
2 from everyone in Texas and not just the racing people so
3 that when we go back to the legislature and say you've made
4 a wise investment, we've spread the wealth out to all of
5 the horses, and we're trying to build them all.

6 One of the things that we do with barrel racing
7 is I was trying to bring the barrel racing in so I could
8 get them, guys, you're just racing them on the barrels, why
9 don't you start a year or two early and race them on the
10 track. And so it's about finding people that love horses
11 and it's a way to recruit them into our industry. So if
12 they're out there showing in a halter, if they're out there
13 roping, if they're out there doing that --

14 COMMISSIONER WAIGHT: I hear what you're saying
15 and I applaud what you're doing, I'm just confused. Is
16 that part of what the --

17 CHAIRMAN STEEN: Sure.

18 Tommy, I hate to disturb you over there. Would
19 you come up, if you don't mind, for a second and just talk
20 a little bit about the legislation. I hate to put you on
21 the spot but around this 30 percent that we're discussing,
22 kind of the origins of it and the potential intents of it.

23 MR. AZOPARDI: I was busy trying to see if the
24 author of the bill is actually in the building.

25 Yes. The genesis of this several years ago was

1 that there was an interest in moving beyond just live
2 racing at the racetracks, but they wanted to support the
3 overall horse industry, so they did allow flexibility for
4 it to be spent on other non-racing activities; events was
5 the term they used. But specifically they did limit it in
6 the legislation that it has to be applied for from the
7 Racing Commission by one of the official breed registries
8 listed in the Texas Racing Act under your regulation, so
9 the Texas Paint Horse Association, Texas Quarter Horse
10 Association, Texas Thoroughbred can come forward with any
11 events that they want to use this incentive money to
12 promote and produce.

13 So, the only restrictions that I heard
14 personally was that obviously they didn't want the money to
15 go directly to lobbying, hence the taxpayer-funded lobbying
16 rub that goes against many members now. But I've read the
17 applications and I think most of this would qualify for
18 your approval.

19 COMMISSIONER WAIGHT: So it's anticipated that
20 more of this could come to fruition, right? I mean,
21 there's a lot of different breeds of horses and different
22 breeds to come up with different competitions and compete
23 for these monies.

24 CHAIRMAN STEEN: And just to clarify, it has to
25 be the various official breed registries that can apply for

1 this, Devon?

2 MS. BIJANSKY: The statute identifies or points
3 to the breed registries that are identified in the statute
4 which is the four that have submitted requests. For other
5 organizations to submit requests in the future, the statute
6 would have to be amended.

7 COMMISSIONER WAIGHT: So would it make sense
8 that a percentage of this would be allocated to each breed,
9 or just first come, first served?

10 MS. BIJANSKY: Well, I think they've worked
11 together to some extent, and then it's your decision how to
12 allocate the money from there.

13 CHAIRMAN STEEN: And I believe there is at least
14 agreement amongst the industry as to the allocation between
15 the various breeds.

16 MR. AZOPARDI: I was very proud that the
17 industry initially, after the legislation passed, came
18 together, the two major breed registries. The Texas
19 Quarter Horse Association and the Texas Thoroughbred, they
20 did come together and very amicably divided not only the
21 revenue that would go to purses but also the revenue that
22 would go to this incentive fund for non-racing activities
23 at the racetracks. I don't know how much coordination
24 there has been after that, but, yes, sir, initially there
25 was that agreement that was reached.

1 And by the way, I applaud you. I think you
2 getting Commissioner Kleinschmidt here to agree to chair a
3 committee is a great approach, because this is not that
4 dissimilar from the Go Texas program that he's already had
5 to work with.

6 COMMISSIONER KLEINSCHMIDT: This system of
7 allocation actually strikes me as very analogous to what we
8 would see as our grant systems through the agencies. In
9 other words, the legislature has made this money available
10 as it can come through these sources of taxes and there's
11 got to be a way of getting the money out to the
12 participating industries and the public, and through this
13 allocation process each one of the breed registries gets a
14 certain amount of monies that they can use to incentivize
15 the horse industry.

16 And so rather than we as a Commission deciding
17 where all these monies go, essentially what they've done
18 it's almost like a grant given to each one of the breed
19 registries to where they can reallocate those funds out
20 into industry and the public, and it's everything from
21 tourism to industry to you name it. And so that's how I
22 tend to think of it is it almost is sort of -- it's not
23 legally that way but it almost looks like a grant system
24 that enables the breed associations to allocate these
25 monies out for the benefit of the industry and the public.

1 And so your question is really on point, well,
2 it doesn't look like it's being spent specifically. Well,
3 it's not because the legislation is broad enough to spread
4 this money around.

5 COMMISSIONER WAIGHT: I appreciate the
6 explanation.

7 COMMISSIONER PATE: I have a couple of
8 questions. Is the maximum amount that's going to be
9 available annually \$7.5 million for all breeds, 30 percent
10 of the 25-, or is that a flexible number depending on what
11 those tax revenues are?

12 MR. AZOPARDI: The statute, as it was created,
13 very specifically will cap at \$25 million a year that was
14 created from House Bill 2463. The legislation then further
15 stipulates that no more than 70 percent can be spent on
16 live racing at the racetracks, in other words, purse money.

17
18 It doesn't have to be the -- right now the
19 industry has said, okay, we'll do the full 70 percent to
20 purses, that leaves 30 percent for these non-racing related
21 deals. But the industry could back and ask y'all to change
22 that to 50-50 where 50 percent goes into purses, 50 percent
23 goes in the incentive fund.

24 COMMISSIONER PATE: So we have to approve both
25 the purse money 70 percent allocations and the

1 miscellaneous expenditures, or are we only here today
2 talking about the 30 percent numbers?

3 MR. AZOPARDI: I mean, Devon could probably
4 answer this better than I can, but y'all have to approve
5 everything, purse money and incentive. It's my
6 understanding that the only thing on the agenda today is
7 the incentive money.

8 MS. BIJANSKY: That's correct.

9 COMMISSIONER PATE: So my question would be, for
10 example, with Mr. Villarreal's presentation, this is prize
11 money and awards, so why isn't this considered under the 70
12 percent?

13 MR. AZOPARDI: The 70 percent was specifically
14 related to horse racing purses at the racetracks, so the
15 other 30 percent can be for other purses beyond the
16 racetracks.

17 COMMISSIONER PATE: I see. Okay.

18 MR. AZOPARDI: Yes, sir.

19 COMMISSIONER PATE: And then my other question,
20 Devon, you've looked at -- with respect to Mr. Villarreal's
21 presentation on the Texas Paint Horse Breeders Association,
22 do both of these two that we're looking at, the 128,000 and
23 the 588,000 -- I think those are the two you're talking
24 about. Correct? Right?

25 MR. VILLARREAL: Yes, sir.

1 COMMISSIONER PATE: Do both of those meet all
2 statutory requirements that they're required to meet for us
3 to approve it?

4 MS. BIJANSKY: I saw no issues with regard to
5 either the statute or the rules for these two proposals.

6 COMMISSIONER PATE: Okay. Thank you.

7 MR. AZOPARDI: And the only thing I'd follow up
8 with Commissioner Kleinschmidt's remarks is it's exactly
9 right. When this was originally contemplated, it followed
10 very similarly the program at Texas Parks and Wildlife
11 where a portion of revenue off your sporting goods sales
12 goes to fund programs through the Texas Parks and Wildlife.

13
14 And Commissioner Martin, you're very familiar
15 with that as well. So it's very similar to those programs
16 where precedents have already been set for collecting this
17 money and then disbursing it into the industry.

18 COMMISSIONER KLEINSCHMIDT: If I'm remembering
19 the language of that statute, it was really broad on the
20 uses of that 30 percent, and it could go virtually all the
21 way down to 4-H and FFA. I mean, it was pretty broad, if I
22 remember the rider.

23 MR. AZOPARDI: Any of y'all that are familiar
24 with the legislative process know that it goes back and
25 forth and there was a lot of discussion. And it was

1 intentional on the author's part and on the Senate
2 sponsor's part that there be a lot of flexibility in the
3 industry, with the idea that nobody knows best how to spend
4 the money within their industry to promote their industry
5 and make it successful than the industry participants, so
6 they tried to get as much flexibility in the legislation as
7 possible.

8 CHAIRMAN STEEN: Any other questions of Mr.
9 Azopardi?

10 COMMISSIONER WAIGHT: Thank you for your
11 participation.

12 MR. AZOPARDI: Thank you, commissioners.

13 MR. VILLARREAL: I just have one clarification,
14 I just want to make sure I get this out there. On the 70
15 percent which is the purses, we had a signed agreement as
16 far as the allocation of those funds, and it's my
17 understanding that was presented. That's not an issue.

18 The 30 percent, this is the first time that
19 we're ever before the Commission to talk about this 30
20 percent, so I'm unaware of any specific agreement regarding
21 the allocation. In the legislation I'm called a minor
22 breed. They call the Paints and the Arabians the minor
23 breeds. When it comes to racing, we're minor breeds in the
24 sense that our numbers are lower.

25 But when we come to non-racing events, if you

1 look at the numbers, I would say that we're one of the
2 major breeds. And in fact, the APHA we're the second
3 largest breed association in the world, the third -- second
4 only to AQHA and the third when you talk about registries
5 because Thoroughbred is a registry whereas AQHA, TQHA,
6 TPABHA and AQHA are all associations. So when we talk
7 about associations in the horse industry on a global
8 concept, that's where we're a little bit higher up.

9 I always introduce myself as the ambassador of
10 peace because I am always trying to work out something that
11 works for everyone. And I think it's our responsibility as
12 the representatives of the breed registries to really sit
13 down and figure out what's the best way to use this money
14 because at some point in time we might want to go to the
15 legislature and say, Why not cap us at 75 or 80? But the
16 only way that we're going to have the ability to go back to
17 that legislature and get more money for the racing industry
18 is to show to them -- we've always been saying trust us, if
19 you invest in the racing we will show you what we can do
20 for Texas.

21 And now we're asking for the Paint. Trust the
22 Paint, we're going to invest the money that we're asking
23 for wisely and we're going to come back a year later, we're
24 going to submit our quarterly reports and we're going to
25 show exactly how that money is being used.

1 And we're going to show how we can grow the
2 numbers, and hopefully we can get more people in more
3 representative districts and senatorial districts to say,
4 hey, go thank your senator, go thank your representative
5 because to own a horse in Texas it's something that you
6 need to do. And then the racing folks, we need to, once
7 you have a horse and you love horses, bring them to the
8 track.

9 So if there's no more questions, I will sit
10 down, because I --

11 COMMISSIONER PATE: So I want to clarify,
12 because the question was asked, the \$7.5 million then
13 that's actually a hard number, and you're saying there is
14 no allocation with respect to the 30 percent as between the
15 various breeds, it is first come, first served.

16 MR. VILLARREAL: It's not first come, first
17 served. The statute -- we have to file applications to the
18 Racing Commission and then the Racing Commission is going
19 to determine how to allocate those funds.

20 And I think forming a committee, like the
21 chairman has suggested, is very beneficial to all of us so
22 we can hopefully sit down and maybe we can reach an
23 agreement on the 30 percent and say this is how it's going
24 to be. And then all we have to do as the Racing
25 Commission, with your general counsel and your chairman,

1 make sure that we're following the law and what we agree to
2 request.

3 COMMISSIONER PATE: Okay. So how do we handle
4 your request today. Let's say that your numbers are
5 reasonable.

6 Do we say, okay, it's reasonable, and we're just
7 going to write those down and then we're going to wait for
8 a committee to come up and say how are we allocating those
9 monies between the other breeds depending on what they've
10 asked for? We have some larger asks in here.

11 MR. VILLARREAL: Oh, I understand completely.

12 COMMISSIONER PATE: You know, are you proposing
13 anything along those lines, or are you just simply saying
14 give me that money today, authorize that money?

15 MR. VILLARREAL: Well, I'm asking for that money
16 today because we have a deadline of May 31 to qualify. How
17 the Commission and how you want to handle it with your
18 business folks and the staff and everyone as far as how
19 we're going to do it.

20 Our total request was 966,000. The only two
21 that we absolutely need right now is the PBRIP and the
22 World Show because we have qualifying and it's not going to
23 make any sense to get the money after May 31 because
24 there's no more incentive to get more people there.

25 CHAIRMAN STEEN: Thanks, Mr. Villarreal, and I

1 appreciate your presentation. I'd suggest that we -- let's
2 get through. I was under the impression, as well, that
3 that had been worked out, but let's get through the other
4 breeds and then we'll circle back to the Paints in
5 particular.

6 MR. VILLARREAL: Thank you.

7 CHAIRMAN STEEN: Mary Ruyle, could I call you
8 up, representing Texas Thoroughbred Association?

9 MS. RUYLE: Commissioners, Chairman, I'm Mary
10 Ruyle, executive director for the Texas Thoroughbred
11 Association, and I appreciate this opportunity that you've
12 given us to present our request. Ours are quite lengthy,
13 as you'll notice in your packet, but I figured better to
14 have information there than to be lacking. On page 52 is a
15 summary of the items that we are requesting, and they are
16 ordered in kind of a priority list.

17 What we did is when we met with the Texas
18 Quarter Horse Association, we agreed to split the
19 \$7,500,000 50-50. Then from our percentage, which was
20 \$3,750,000, we had negotiations with Mr. Ed Wilson, from
21 the Texas Arabian Breeders Association, and agreed to
22 allocate to him 6 percent of that total. So you will find
23 that there's no overlap or conflict between monies that he
24 has requested and that we are requesting.

25 CHAIRMAN STEEN: I'm sorry. Just to clarify,

1 that's 6 percent of your 50 percent, or that's 6 percent of
2 the total?

3 MS. RUYLE: Six percent of our 50 percent.

4 CHAIRMAN STEEN: Okay.

5 MS. RUYLE: So we are now looking at for the
6 Thoroughbred Association \$3,525,000 available for total
7 requesting.

8 CHAIRMAN STEEN: And can I ask, while we're on
9 that subject, in regards to the Paints, how does that fit
10 into that equation?

11 MS. RUYLE: I would assume that the Quarter
12 Horse Association and the Paints had that same
13 relationship. In other words, if they had come to an
14 agreement, there would be no overlap if there was some
15 discrepancy in agreement on sums that there might be a
16 conflict there.

17 CHAIRMAN STEEN: Can I pause for a second and
18 ask the Quarter Horses if that's the case?

19 MS. RUYLE: Sure.

20 CHAIRMAN STEEN: I want to get through all these
21 presentations but if we've got -- you know, if we're trying
22 to approve, we've got a pie to go around and if that
23 equation is not in there, I'm having trouble figuring how
24 to proceed with that.

25 MR. WERSTLER: Sure. Good afternoon. Again,

1 Rob Werstler, Texas Quarter Horse Association.

2 No, we did not have an agreement with the
3 Paints. There was a discussion at one point through purses
4 that Quarter Horse and Thoroughbreds would split purses a
5 certain way and then allocate a percentage into the Paints
6 and Arabians as well for racing. For this 30 percent, it
7 was kind of thought to go down the same lines but there was
8 nothing in writing.

9 CHAIRMAN STEEN: Okay. And so I guess just to
10 bring this to the forefront, do you have, I guess from the
11 other breeds -- so it sounds like everyone but the Paints
12 were kind of in this equation -- does anybody have any
13 issue with what the Paints are asking for today? I know
14 there's a long way to go, we're trying to get some things
15 approved today and we've got more that we're going to work
16 through Commissioner Kleinschmidt, but I just want to make
17 sure that everybody is in agreement there. Maybe this
18 needs to be settled when we get through the final numbers,
19 but at least that we can get through today on what
20 everybody is requesting.

21 MR. WERSTLER: I'm not sure what your question
22 is. Do we have a problem with what they've applied for?

23 CHAIRMAN STEEN: Yes.

24 MR. WERSTLER: We feel it's excessive, but we
25 also feel that the statute basically gave the Racing

1 Commission the ability to split this money, and it was in
2 their right, as they are listed in the Texas Racing Act as
3 a breed registry, to apply for what they wanted. But yes,
4 we do feel it's excessive, but you know, we can't find
5 fault with it.

6 But yeah, we would love to work it out in the ad
7 hoc committee because, you know, the numbers are not going
8 to add up at this point. That's what we were hoping when
9 we got here that the numbers were going to, but they're not
10 going to.

11 COMMISSIONER PATE: Well, the \$716,000 that the
12 Paints are asking for is well more than 6 percent of the
13 \$3,750-, so that formula, if that was the formula, doesn't
14 work.

15 CHAIRMAN STEEN: Sure.

16 COMMISSIONER PATE: It seems to me, though, Mr.
17 Chairman, it's going to put us in the position of either
18 not approving any monies or only approving monies
19 contingent upon a subsequent agreement which will be
20 approved at a later meeting.

21 CHAIRMAN STEEN: I tend to agree.

22 MR. WERSTLER: I'll come back up when you --

23 CHAIRMAN STEEN: Okay. Apologies for the
24 interruption.

25 MS. RUYLE: No worries. So if I could take just

1 a couple of minutes of your time, I'll be outlining the
2 request items that we would love to have your attention to
3 today.

4 The first is noted on your sheet and on your --
5 on page 59 there is a spreadsheet indicating our request as
6 well. The 2020 Thoroughbred meet at Sam Houston Race Park,
7 obviously approval of this item is urgent since they've
8 already begun racing and it concludes on March 28. The
9 Texas Racing Commission approved adding days to the
10 beginning of this meet, necessitating an earlier opening of
11 the stable area to accommodate horses shipping in. Funds
12 are requested in connection with those extra expenses when
13 the stable area opened on December 3.

14 To capitalize on opportunities to attract more
15 horsemen to participate in Texas racing, provide additional
16 race days and improve handle via increased purses, a plan
17 has been developed to include increased media exposure,
18 offering new wagering promotions, implementing grassroots
19 marketing, and improving the stakes program with an
20 emphasis on Texas-bred races. The expanded media coverage
21 of these initiatives will also benefit the breeding sector
22 as interest in the Accredited Texas-bred Program increases.
23 The amount requested for that is \$685,000.

24 Item 3, I believe, Chairman, you had requested
25 that we perhaps consider in March. Since this is a

1 relatively small amount, I would encourage you to consider
2 today, if possible. This is the American Racehorse
3 Stallion Register, \$12,250, and approval of this is urgent
4 because the Stallion Register has already been published
5 and the publisher has incurred his costs there.

6 To grow the breeding industry it's vital to
7 promote our Texas stallions and attract more mares to the
8 state. As many Texas stallions are owned by those without
9 a large advertising budget, discounts offered to advertise
10 Texas farms and stallions in the register resulted in a 23
11 percent increase in the number of advertisements over the
12 previous year.

13 Advertisers benefit from exposure to over 4,600
14 direct recipients of the publication, as well as online
15 readership. This \$12,250 was derived by a discount
16 procedure for the advertisements.

17 Items 4, 5 and 6, we have no problem postponing
18 those to the March meeting.

19 Item 7 is the 2020 Thoroughbred meet at Lone
20 Star Park, \$670,000. Again, this is very similar to the
21 proposal for Sam Houston Race Park. Approval of this item
22 is urgent because racetrack personnel are currently working
23 on their condition books and purse schedules for the
24 Thoroughbred meet, which begins April 16 and concludes July
25 19. Horsemen perhaps racing at Houston are already looking

1 to point their horses towards specific races taking place
2 during this meeting.

3 One new thing is a Texas Derby will be conducted
4 for the first time in May, with a bonus available for
5 participating Accredited Texas-bred horses. Their
6 signature events days include the Texas Derby Day on May
7 25, the Lone Star Showcase Day on June 14, and Stars of
8 Texas Day on July 12.

9 Item 8 is a purse bonus for the 2020 Texas two-
10 year-old and horses of racing sale graduates. We've
11 requested \$100,000. Again, if approved, we have to get on
12 this immediately because our consignment deadline was
13 actually January 15.

14 We do have the leeway to extend that deadline
15 and we would appreciate being able to do so. This sale
16 will be conducted April 3, 2020, in the Texas Thoroughbred
17 sales pavilion at Lone Star Park, with horses and
18 consignors from Texas and many other states.

19 This bonus would be paid to the owner of a sales
20 graduate finishing in the top three in Texas races in
21 calendar year 2020. This could potentially increase the
22 number of horses participating in the sale and subsequently
23 increase the number of horses racing in Texas, and
24 therefore contributing to associated businesses in the
25 state.

1 Item 9 is also associated with the sale, and
2 this is a rebate to consignors in this particular sale. We
3 have requested \$56,000 which was an estimated \$250 for 224
4 horses. We do expect that to be less.

5 This was based on a rebate of one-half of the
6 \$500 consignment fee provided for sales graduates. It will
7 encourage participation by providing a price break for our
8 consignors and increased participation will increase
9 associated business in the state.

10 It takes a lot to get a two-year-old horse ready
11 to present at an in-training sale, quite a lot of expense
12 to prepare the horse. There is expense associated when you
13 take the horse to the sale, with your staff required to be
14 there to take care of the horse, feed, veterinary care.

15 Your consignment fees are necessary to produce
16 the catalogue pages, and then they have a commission, as
17 well. So if we can give them a little bit of a break to
18 help them get their horses ready to sell, it would benefit
19 the entire state.

20 Item 10 is the ATB breeder bonus awards. We've
21 requested \$350,000. Again, this is urgent because it would
22 be implemented for the 2020 Thoroughbred meet at Houston,
23 and we would like to advertise that. It should attract
24 many more horses to race there.

25 TTA currently pays an owner bonus award to

1 owners of Accredited Texas-bred horses placing first,
2 second or third in open company races in Texas. This came
3 about and the Racing Act was changed several years ago.

4 An Accredited Texas Thoroughbred horse that
5 finishes first, second or third in a race other than a
6 Texas-bred race is entitled to receive an owner's bonus as
7 purse supplement. Twenty-five percent of the Texas-bred
8 Program funds received, excluding expenses for the
9 administration of the program, shall be allocated to fund
10 the bonus awards.

11 When we calculate our awards, they are always
12 based on purse money earned by that particular horse. By
13 rewarding success in open company, we are encouraging the
14 breeding of better racehorses, those that can compete in
15 company with other accredited breeds but also excel in open
16 company races.

17 We would like to now have a breeder's bonus to
18 encourage and help those breeders who pay the expenses of
19 having mares, breeding to stallions, all the associated
20 costs, and encourage them to breed better racing stock as
21 well. These awards equated -- the owner bonus equated in
22 2019 to \$345,000, and we would ask for 350-, simply to keep
23 pace with that particular amount.

24 Item 11, again, we'd ask that you not postpone
25 this to March, if possible. This is an incentive for mares

1 bred in Texas in this breeding season. Breeding season
2 begins February 1, and we are hoping to bring many more
3 mares to Texas, get them to participate.

4 We would love to draw some in-foal mares from
5 out of state, so if we have a mare that's in-foal in
6 Louisiana, she can come to Texas this breeding season. The
7 mare becomes accredited and she foals out that baby, it's
8 eligible to be Accredited Texas-bred and then breed that to
9 a Texas stallion. At that point we've just gained
10 potentially three horses for Texas. Also, this will
11 introduce new bloodlines, in addition to promoting
12 additional mares and foals in Texas.

13 There is also a sheet at the back of our
14 presentation packet. It is a summary of number of mares
15 bred, stallions standing in Texas and foals since 2008.
16 That's comparing us with Louisiana, New Mexico and
17 Oklahoma. You'll see that our numbers have steeply
18 declined and we desperately need to get those back up.

19 Moving a mare to Texas and maintaining her care
20 can be costly with a long-term reward. At the earliest,
21 it's a three-year prospect. If a mare gets in foal, she
22 sustains the pregnancy, she delivers a healthy foal and
23 that foal begins racing as a two-year-old.

24 This initiative would provide a partial rebate
25 of breeding fees on a sliding scale and other expenses

1 based upon foals born in 2021, so in other words, we're
2 looking at foals conceived this year. According to the
3 Jockey Club, Texas currently ranks number eleven in the
4 nation for the number of registered foals and mares bred.

5 This incentive should increase those numbers and
6 move Texas up in the ranking. And we've proposed a program
7 similar to those now being implemented in Ontario and
8 Indiana. And I do have handout materials for you, if
9 that's allowed.

10 (Ms. Ruyle presented handout materials to
11 Commission members.)

12 MS. RUYLE: The dollars they are proposing are
13 quite substantial, but we think that we can make an impact
14 on this with \$450,000. This is based on a \$900 average
15 rebate to 500 mare owners. The Jockey Club reported 480
16 mares bred in Texas in 2018.

17 And the other items we would be happy with
18 postponing those to the March meeting.

19 CHAIRMAN STEEN: So you added 4 to potentially
20 the other --

21 MS. RUYLE: Two.

22 CHAIRMAN STEEN: -- item 4 --

23 MS. RUYLE: Oh, yes.

24 CHAIRMAN STEEN: -- to the potential
25 postponement list. Is that correct?

1 MS. RUYLE: That's correct. Item 4 and item 3
2 for the stallion register.

3 CHAIRMAN STEEN: You're willing to postpone item
4 3?

5 MS. RUYLE: No. I'm sorry. We asked to include
6 item 3 in this meeting, postpone 4, 5 and 6, as well as --

7 CHAIRMAN STEEN: 12, 13 and 14.

8 MS. RUYLE: 12, 13 and 14, yes.

9 CHAIRMAN STEEN: Okay.

10 MS. RUYLE: I'd be happy to answer any
11 questions.

12 CHAIRMAN STEEN: Commissioners, I've reviewed
13 this. Obviously it's our first time going through. I
14 guess as far as these items -- and I guess we should get
15 Devon's opinion as well. Devon, would you mind reading the
16 definition one more time, the event definition of kind of
17 how --

18 MS. BIJANSKY: There is no definition of events.

19 CHAIRMAN STEEN: Just the statute itself on what
20 qualifies and what doesn't.

21 MS. BIJANSKY: Sure. The statute says that any
22 state horse breed registry listed in Section 2030.002(a),
23 the four breed registries that have applied, may apply for
24 receipt of money in the account for any event that furthers
25 the horse industry.

1 CHAIRMAN STEEN: And then there's some other
2 stipulations in there, or that's it?

3 MS. BIJANSKY: That's really all there is in the
4 statute. The rest has been established by rule.

5 CHAIRMAN STEEN: Okay. And could you read those
6 off by rule as well, just quickly, so we can kind of level
7 set again?

8 MS. BIJANSKY: There's the section on what the
9 application should look like, and is that what you're
10 wanting?

11 CHAIRMAN STEEN: Well, there were certain items
12 that were prohibited, I guess.

13 MS. BIJANSKY: So the following types of costs
14 may not be paid with funds allocated from the account:
15 capital improvements; donations or contributions made to
16 any individual or organization without express approval
17 from the Commission for such contribution or donation; cost
18 of entertainment, amusement, social activities and
19 incidental costs relating thereto, including tickets to
20 shows or sports events, meals, alcoholic beverages,
21 lodging, rentals, transportation, tips and gratuities;
22 fines, penalties or other costs resulting from violations
23 of or failure to comply with federal, state or local laws
24 and regulations; liability insurance coverage not specific
25 to a particular event or series of events for which the

1 Commission has allocated funds from the account; expenses
2 related to litigation; professional association fees or
3 dues from the breed registry or individual; legislative
4 expenses such as salaries and other expenses associated
5 with lobbying a state or federal legislature or similar
6 local governmental bodies, whether incurred for purposes of
7 legislation or executive direction; or fundraising.

8 There's also a section on types of costs that
9 would count as administrative expenses and that are subject
10 to that 5 percent limitation. Do you want those as well?

11 CHAIRMAN STEEN: No. That's okay for now.

12 So --

13 COMMISSIONER PATE: I was just going to ask a
14 question. Is there some other law you can look to to give
15 us the definition of event? Because some of the items that
16 this rule outlined are programs.

17 I mean, I understand the value of the registry,
18 that that's something that might be a useful part of your
19 industry, your association, but it may not be an event as
20 defined in the statute or as implied by the statute. Can
21 you give us any guidance there, Devon?

22 MS. BIJANSKY: Commissioner, I had proposed a
23 definition of event when the rules were initially proposed,
24 and after feedback from the industry, when you adopted the
25 rules, you omitted that definition, so it really is up to

1 you to interpret, as you look at these requests, what you
2 think is appropriate and what isn't.

3 CHAIRMAN STEEN: Commissioner Pate, that's some
4 of the concerns I have as well, and then I guess, trying to
5 address this proposal specifically, the two that pop out at
6 me is potentially, given the ones that have postponed, were
7 items 4 -- or sorry, 4 was postponed, so just 3, the
8 register, as you mentioned, and then item 11, understanding
9 that that is an important one.

10 There was very little detail on that besides the
11 kind of historical figures. So to me, those were the two
12 that stuck out that I think would warrant sort of further,
13 from the ad hoc committee, review. Open to discussion on
14 that item, but those were the two that stuck out to me. I
15 don't know if other commissioners had any thoughts on
16 those.

17 COMMISSIONER KLEINSCHMIDT: Well, I'm trying to
18 understand the math in my head here right quickly on a
19 larger basis to begin with, and if we proceed to fund some
20 of these today, we would appear to be heading forward on a
21 basis of the \$7.5 million being roughly divided in half
22 between the Thoroughbred Association and the Arabians
23 splitting a half and the Quarter Horse and the Paint horse
24 splitting a half, analogously to what they've done on the
25 purse side of the program. That's not in concrete

1 anywhere, it's just sort of a working model of some form or
2 fashion. Okay?

3 And so, if -- I'm also cognizant of the fact
4 that if we delay in the allocation of some of these funds,
5 it's too little too late. It doesn't do them any good.
6 You know, the year is going by and the times for their
7 advertising and their events and the whole bit.

8 Folks, we're not going to get this perfect this
9 first time around, I guarantee you we're not going to. We
10 want to get it legal the first time around and we want to
11 try and get it equitable with all that are involved.

12 But if we go forward in the funding at all
13 today, it looks to me like we're at least going forward on
14 the basis that that \$7.5 million potential pot is divided
15 roughly equally between the two groups, and then the one
16 group being, again, Thoroughbred and Arabian, and the other
17 group being Quarter Horse and Paint horse.

18 I don't know that we know all of that money is
19 obviously going to even come in to fund that full \$7.5
20 million, but it looks to me like we can do some partial
21 allocations today to meet these current needs and still
22 have room to arrange equities or needs in the future, you
23 know. But it's not going to be perfect. I just wanted to
24 say that. I mean, we're dealing with some unknowns here.

25 COMMISSIONER PATE: I'm talking about the ideas

1 that Devon gave us beforehand that talked about the Quarter
2 Horse items that they want to go forward on. It totals
3 over \$3 million, \$3.2 million. So that math isn't going to
4 work there either if you give the 588- for the Paints, plus
5 the 128- and the 716-.

6 I'm under the impression the legislature must
7 have thought that the breed associations would get together
8 on this and give us some guidance, but without that
9 guidance, I'm not sure we go forward. I mean, that's the
10 way I'm looking at it because -- and then the other thing
11 is it may be that Mr. Villarreal was very effective in his
12 presentation, I thought, and his program to spend \$716,000
13 to promote the Paints might be much better than a program -
14 - and I'm not picking on anybody -- of any other breeder
15 associations for something they're doing.

16 Do we simply abide by the -- with no allocation
17 do we simply make that up or do we force whether it was
18 anticipated by the legislature to get the breeds working
19 together to give us some guidance?

20 CHAIRMAN STEEN: Sure. So I guess what's
21 unbalancing to the equation is, in my mind, how the Paints
22 fit into the split. That unbalances the overall allocation
23 of the monies.

24 COMMISSIONER KLEINSCHMIDT: And let me -- I
25 understand their time concerns, but let me -- from our

1 state agency fiscal situation, we would have to, in
2 essence, encumber these funds before September 1 in order
3 for them to be used in our fiscal year 2020.

4 We have to at least encumber them before August
5 31. Right? I understand they need them before then,
6 that's not a comment there, I'm just trying to make sure we
7 get to use the funds.

8 MS. BIJANSKY: I don't know that I'm the best
9 person to ask.

10 MR. DUBE: Commissioners, I'm Gerry Dube, with
11 the Texas Racing Commission director of Administration.

12 We probably would have to go to the Comptroller
13 to ask exactly how we would manage this because the
14 escrow -- these particular funds are off budget for us.
15 They're not appropriated, so I don't know that we can
16 encumber them or not.

17 And as far as we understand in our recent
18 conversations is that we're only going to get up to \$25
19 million per fiscal year. So we know that within the fiscal
20 year, at least right now, unless things change, that we're
21 limited to that \$25 million per fiscal year, and that money
22 actually may only come in a little bit after the end of
23 August, some of that fiscal year availability.

24 So again, it's the whole encumbrance issue as to
25 what we can set aside. And we're only getting so much per

1 month, as well, and I don't know if the Comptroller can
2 advance any more than they've tried to to date.

3 So these are kind of Comptroller questions,
4 really. We don't have a definitive answer for you today.

5 COMMISSIONER KLEINSCHMIDT: We've got a crystal
6 ball out there that the amount we're going to get --

7 MR. DUBE: We're going to get \$25 million.

8 COMMISSIONER KLEINSCHMIDT: -- it's for the 25-
9 , okay. And how the Comptroller is going to play the rules
10 as to when we spend it, when it's available to spend, and
11 how much, that we'd have to check into.

12 MR. DUBE: Exactly. Exactly, yes, sir.

13 MS. BIJANSKY: If I might interject. I
14 believe -- and Gerry, correct me if I'm wrong -- it's
15 actually a little bit over 25 million because there's the
16 original escrow purse money in that pot as well.

17 MR. DUBE: That's correct. And I think if you
18 want Curley to come up and speak to a little bit of that.
19 It's not a whole heck of a lot more, but it's enough. So
20 yes, you're right, there's a little bit more than 25
21 million. Because the other --

22 MS. BIJANSKY: Because I think it amounts to
23 either 7.6-, 7.7 million for the breed registries?

24 MR. DUBE: Curley, do you know what that number
25 is?

1 MR. TRAHAN: I don't have the exact number but
2 the 25 million is strictly from the ag tax and that's on
3 top of the escrow funds that are already coming in from the
4 greyhound tracks, which we estimate about \$640,000 this
5 fiscal year. So in total from that account we're looking
6 at 25.6 million, and then 30 percent of that 25.6 million.

7 COMMISSIONER KLEINSCHMIDT: And we don't know
8 whether the Comptroller will let us spend those before or
9 after they come in at this point in time.

10 MR. DUBE: We don't know. They've advanced some
11 of those funds, they've increased the allocation per month
12 by a few hundred thousand.

13 MR. TRAHAN: About 800-.

14 MR. DUBE: \$800,000. But that's all they've
15 done so far, nothing else. They haven't moved to give us a
16 lump sum or anything like that.

17 COMMISSIONER KLEINSCHMIDT: So we really don't
18 know. Let's just take an example. Let's say we approved
19 all these requests today and it's, you know, several
20 million dollars, we really don't know that the Comptroller
21 would immediately fund that amount.

22 MR. DUBE: No, no idea. We have no idea.

23 COMMISSIONER KLEINSCHMIDT: Whether the money is
24 actually available.

25 MR. DUBE: That's the uncertain part of it.

1 Correct.

2 COMMISSIONER KLEINSCHMIDT: So we have to come
3 up with the numbers and then go to the Comptroller to see
4 how much they're willing to release at this point.

5 MR. DUBE: Absolutely. Yeah, because we don't
6 know. We don't what they'll let go at this point.

7 COMMISSIONER KLEINSCHMIDT: Okay.

8 MS. BIJANSKY: But they've been putting a little
9 over 2 million per month in.

10 MR. DUBE: Right, and they increased that, as
11 Curley just mentioned, by about \$800,000 a month. They
12 told us, I believe it was last Thursday, that they were
13 going to continue that little extra bump of about 800,000 a
14 month through -- it looks like through March.

15 CHAIRMAN STEEN: So how much is sitting there
16 today?

17 MR. TRAHAN: Currently in the account available
18 for distribution is \$2,809,507.

19 MR. DUBE: And they deposit on the 10th of the
20 month, pretty much.

21 CHAIRMAN STEEN: And so you expect another
22 800,000?

23 MR. DUBE: More than that.

24 MR. TRAHAN: The amount that they're depositing
25 each month is 2,908,899.50, and then 70 percent of that

1 goes toward purses and the remaining 30 percent stays in
2 the account until it's allocated to the breed registries.

3 CHAIRMAN STEEN: Okay.

4 MR. DUBE: And the amount of that deposit may
5 push back a little bit, come March or April.

6 COMMISSIONER KLEINSCHMIDT: So how much is
7 available in the 30 percent right now?

8 MR. TRAHAN: Right now it's \$2,809,507.

9 CHAIRMAN STEEN: But that's the 100 percent, is
10 it not?

11 COMMISSIONER PATE: No. That's the 30 percent.

12 MR. TRAHAN: That's the 30 percent that's
13 available to the breed registries.

14 COMMISSIONER KLEINSCHMIDT: And if the
15 Comptroller took the position they wouldn't let us actually
16 pay out more than what's available, then that's it.

17 MR. DUBE: Well, they're not going to give us
18 more than what they've collected in taxes, that's for sure.
19 And then beyond that, we don't know what they'd be willing
20 to allocate, we'd have to talk to them first.

21 COMMISSIONER KLEINSCHMIDT: We don't ever know
22 either at TDA, so we're in the same boat.

23 MR. DUBE: Exactly, exactly.

24 COMMISSIONER PATE: So the 30 percent grows by
25 about 700-, 800,000 a month, based on what they're putting

1 in?

2 MR. TRAHAN: Roughly it's 886,000 that it grows
3 by, with the added payments. Now they're paying a little
4 bit more than what they were originally.

5 COMMISSIONER KLEINSCHMIDT: Along these lines,
6 Mr. Chairman, I've just got a question to ask, and it will
7 include Chuck and Devon, too. You know, I can see a need
8 for speed here on the part of the breed registries. Okay?

9 We've got a limited pot of money that
10 potentially would be released by the Comptroller at this
11 point in time, and even on the prioritization we've got
12 here by some of the breed registries, we may need further
13 prioritization in order to not exceed the amounts of money
14 available right now. Okay?

15 And this is not off the subject matter, but from
16 a meeting standpoint, if we've got a need for speed on
17 these, can we meet this Commission at a distance? We can
18 as long as the chairman is at a location and everybody is
19 available to Skype. We can meet at a distance. Right?

20 MS. BIJANSKY: I believe so. I don't know what
21 sort of infrastructure that would require.

22 COMMISSIONER KLEINSCHMIDT: I'm thinking that
23 we're all available to do that. I don't know -- I mean --

24 CHAIRMAN STEEN: Let me interject real quick on
25 just the amounts. So the reason we'd go, if we were to

1 approve everything that's on this is really the Quarter
2 Horse Association, the amount of money they're requesting
3 that's over \$3 million.

4 Now, my understanding of that is that would
5 be -- that's for -- maybe this is a question for the
6 Quarter Horses, but that would be over time. That's not
7 all money that needs to come out of the coffer today, I
8 guess. And so I don't know that we're necessarily under
9 but we'd have to figure that out.

10 COMMISSIONER KLEINSCHMIDT: Right. So we need
11 some idea how fast we need to act because time is moving on
12 the advertising and the whole bit. But we know right now
13 we've only got a pot of about almost \$2.9 million, and
14 that's all we've got, yet we've got requests for well in
15 excess of that. And if we gave the four registries time to
16 get together and see if they could sort if out between
17 them, then what kind of time frame are we looking at?

18 MS. RUYLE: I can tell you, gentlemen, we're
19 prepared -- I'm prepared to tell you today the money that
20 is needed immediately and those that will be needed by
21 June, and so on and so forth. It's not a case of having
22 all of the money available today, it's a case of having the
23 program approved so that we can begin to promote it.

24 COMMISSIONER PATE: So through the 10th of next
25 month, so the 30 percent will have about 3.8 million -- or

1 2.8- plus another --

2 MS. BIJANSKY: Commissioners, the two big dollar
3 Quarter Horse items, I believe, are kind of on a rolling
4 basis. So my understanding was that they would get a
5 portion of it, they would be paying it out, by the time
6 they get their last dollars, they're getting their last
7 request for that funding. So when I looked at these
8 numbers, I didn't see a funding crisis.

9 COMMISSIONER PATE: Except for the fact that
10 they're asking for more when coupled with the Paint. If
11 we're going down this road where they're bound together on
12 \$3.75 million, there's not enough money between the two of
13 them.

14 MS. BIJANSKY: There's not enough to approve the
15 full Paint request and a full --

16 COMMISSIONER PATE: Either one, because it's
17 3.75- for the year.

18 MS. BIJANSKY: Right.

19 CHAIRMAN STEEN: So I guess on the timing
20 aspect, I think we could -- I don't know the exact numbers
21 but we're probably close enough. Some of these are kind of
22 a rolling request. I don't mind kicking the prioritization
23 aspect to your committee as far as when those -- and I
24 encourage the industry to get together and figure that out
25 as well to make sure that all fits together.

1 I agree that the problem is still outstanding of
2 the total amount of requests are greater than the pot
3 available. And so, I don't know, Mr. Villarreal, if you've
4 got a proposal in that regard for where we are right now.

5 MR. VILLARREAL: I actually do, and I've been
6 trying to work through it this morning. I am the
7 ambassador of peace, as you remember.

8 I first went to my folks. We're asking for
9 716,000. I said, To walk out of here today with some type
10 of money so we can get the ball rolling, what can we reduce
11 it to, not saying that we're not going to come back and get
12 the rest of it, but to do it?

13 And so what we came up with is to reduce the
14 World Show to 400,000 and then to reduce the PBRIP to
15 64,000, so that comes out to 64,000. I believe if my math
16 is correct -- I'm sorry, 464,000. If my math is correct,
17 we're reducing our request by 35 percent.

18 What I was trying to do is I was trying to
19 approach TQHA, and I really haven't had a chance to do it
20 with the Thoroughbreds, is what if we reduce all of our
21 requests across the board by 35 percent so we can get
22 approval of that.

23 On a grant-writing process, any time you're
24 requesting funds, you're not necessarily going to get 100
25 percent. So I would think it's within the Commission's

1 right anyways to say, you're asking for a million but we're
2 only going to give you \$400,000 for that program, I would
3 think, I'm not sure.

4 So that's the avenue that I'm taking right now
5 is to try and get out of here today with some type of
6 agreement amongst the four breeds so we can demonstrate to
7 everyone today and so we can have some positive press when
8 we leave here that we're doing something for our industry.

9 As far as this whole 50-50 thing, that might
10 work when we're talking about racing, but if we're talking
11 about other events and the horse industry in the whole, the
12 Paints, we're not the minor breed anymore. And I'm not
13 going to allow you to call us the minor breed when it comes
14 to do with the horse industry as a whole, because I mean,
15 everywhere you turn, Kentucky Derby you're going to see a
16 Paint pony horse, you're going to see a Paint everywhere
17 you look.

18 I looked up at one of the programs that we need
19 to look at, look at all the Texas equine therapy centers in
20 Texas, I challenge the Commission to take a look at that.
21 You're going to see that ad nauseam, and a lot of times the
22 therapeutic horse that they're using is a Paint. So
23 when it comes to these monies, the 50-50 split and you go
24 to TQHA and Arabians you go -- I'm not agreeing to that.
25 I'm trying to come to things in my mind of can we do

1 something with, okay, with 50 percent of the 30 percent.
2 We can go that route, but then the other 50 percent we're
3 all going to work together, and hopefully with this ad hoc
4 committee to work together to make sure.

5 The one thing I want more than anything is I
6 want to be able to go back to each one of my senators -- or
7 to as many senators and to as many representatives in this
8 state to thank them for what they did and to be able to
9 say, because of what you did, this was what came to your
10 community. Because of what you did, this is how you helped
11 this. And if you look at some of the discussions on the
12 floor -- and somebody brought this up to me.

13 You look at some, it's public record. But look
14 at some of the discussions. They were talking about it
15 trickling down to the 4-H, they were talking about
16 trickling it down, but they gave the responsibility to the
17 breed registries.

18 When we have -- the last thing you want is a
19 thousand people coming in here with applications for money.
20 You're going to have four registries and it's our
21 responsibility to listen to the people that have Paints,
22 the people that have Thoroughbreds, the people that have
23 Arabians or Quarter Horses. If they come to our
24 association and they ask us to make a request to the
25 Commission, I would think it's our duty and obligation that

1 if it's a fair request that it should be submitted.

2 But right now we're the gatekeepers. We're the
3 gatekeepers for our registries and we're the gatekeepers
4 for these monies. So we're accepting that responsibility,
5 and that's what we're doing.

6 And I'm welcome to sit down with anybody to come
7 up with something because the best thing we could ever have
8 is an agreement that we can come 70 percent of the funds
9 agreed. We have the 30 percent of the 30 percent that we
10 need the Commission's help to tell us what's in the best
11 interest of the Texas horse industry. Today I'm willing to
12 reduce mine by 35 percent so I can walk out of here with
13 something and so we can start preaching the good word of
14 the Paints and the Texas horse in general.

15 CHAIRMAN STEEN: Thank you, sir.

16 MS. RUYLE: Chairman Steen?

17 CHAIRMAN STEEN: Sure.

18 MS. RUYLE: Along those lines, I would tell you
19 that the two amounts that we're going to need actual money
20 for quickly is obviously the \$685,000 for the Sam Houston
21 meet and the \$670,000 for the Lone Star Park meet which
22 begins in April.

23 Stallion Register, we can push that off till
24 next meeting, that's not a do or die.

25 As far as the purse bonus for 2020 Texas two-

1 year-old and horses of racing age graduates, we can propose
2 that in a generic way. This would not be paid until the
3 end of the year, so we can advertise it in a generic way
4 without stating particular amounts for each of those races.

5 The rebate to the consignors, we can reduce --

6 COMMISSIONER PATE: Is that item 8?

7 MS. RUYLE: Pardon?

8 COMMISSIONER PATE: Item 8?

9 MS. RUYLE: Yes. Item 9 is the consignor
10 rebate. When we first began looking at this, we were
11 thinking 224 horses, but quite sure it's going to be less.

12 I think if we simply allocated a lump sum of \$30,000 to
13 that rather than 56-, again, this is something that we can
14 advertise rather generically without stating a specific
15 dollar amount to come back to them.

16 The ATB breeder bonus awards, item 10, \$350,000.

17 That \$350,000 covers the entire calendar year. Our first
18 ATB awards payout is after the conclusion of the Sam
19 Houston Race Park meet, so I would estimate that we would
20 be using \$100,000 in April at that time.

21 Then we go on to item 11, you know, again, we
22 can probably come up with something that's more generic on
23 this to advertise it without stating a specific dollar
24 amount. And the reason that this is pretty basic is
25 because when we first started thinking about this, we

1 didn't have any guidelines to go off of as far as what
2 other states might be doing. So, you know, any money that
3 will help a breeder is better than no money that will help
4 a breeder.

5 But those, you know, if you look at what I'm
6 telling you today for the money that's actually dollars
7 that are needed most quickly, it's not a lot of money. And
8 the other thing I would encourage here is, I understand
9 that there is a potential problem with the Quarter Horses
10 and the Paint Horse Association.

11 Please don't let that affect your consideration
12 of our request, as well as Mr. Wilson's request, because we
13 have agreed to the split and we are never going to go over
14 each other as far as a conflict of requested funds. And
15 other than that, I'd be happy to answer any questions.

16 COMMISSIONER WAIGHT: Question. Can we commit
17 to partial funding of this without committing to the
18 balance?

19 CHAIRMAN STEEN: Yes, I believe so.

20 MR. VILLARREAL: If I could just say one thing.
21 I have no problem with the Quarter Horses, we're just
22 fine. It's just with the whole concept of how we're doing
23 the 100 percent.

24 CHAIRMAN STEEN: Right. But if we start out
25 with your proposal, we're automatically setting a

1 percentage allocation between you two, arbitrarily the
2 Commission would be doing that to start out, which is
3 something we'd like to avoid doing that and for you guys to
4 have agreement on I think is the issue.

5 MR. VILLARREAL: Right. But all I'm saying it's
6 not necessary because many of the events that we're going
7 to do we're probably going to do with the Quarter Horse
8 Association. My whole thing is when you look at this 30
9 percent, not automatically do the Thoroughbreds get 50
10 percent, is all I'm saying, if we look at the other events.

11 CHAIRMAN STEEN: I understand what you're
12 saying.

13 MR. VILLARREAL: Yes, sir.

14 CHAIRMAN STEEN: Let's just have the Quarter
15 Horses come up at least and the Arabians, I guess, and make
16 their presentation, and we'll figure out what we can do
17 from there.

18 MR. GRAHAM: Good afternoon, commissioners. I'm
19 Tyler Graham. I'm the current president of TQHA.

20 A couple of things. The money that we've
21 requested in the proposal of immediate need is a small
22 amount. I think it only totals 191,000 of money that we
23 would need for events that are going to take place before
24 March. The bulk of the money is money that's going to be
25 rolling into breeding season that wouldn't be paid out for

1 several months, most of it after breeding season.

2 We've worked with the Thoroughbreds, I've worked
3 with Mary a bunch on a lot of this stuff, and we did agree
4 on the purse money. I do agree that the 30 percent, we
5 don't have a signed agreement.

6 One thing, not to throw more confusion into
7 this, but there's nothing that ties the Quarter Horses
8 directly to the Paints, same thing with the Thoroughbreds.

9 Now, that's kind of how it's always been historically with
10 purse money, funding race days, et cetera. And so, you
11 know, we don't have a formal agreement with the Paints or
12 with Pancho's group.

13 That being said, it's just kind of been on a
14 historical basis with racing with purse money that the
15 Quarter Horses have kind of taken care of the Paints and
16 that the Thoroughbreds have kind of taken care of the
17 Arabians. But this is a totally new program that we're all
18 trudging through.

19 CHAIRMAN STEEN: Understood.

20 MR. GRAHAM: But of our money of immediate need,
21 you know, something that we couldn't put off or would
22 prefer not to put off, it's only \$191,780. The other bulk
23 of the money for the ATB fund and for the ATB enrollment
24 incentive, which is a little over \$3 million that we were
25 requesting, that's something that wouldn't be paid out --

1 you know, we would like a committal.

2 We were hoping to get a committal but not
3 necessarily a payment just so that we could promote that
4 within our organization, but as far as needing the money to
5 pay out, that would be some time in probably summer.

6 So, thank you.

7 COMMISSIONER KLEINSCHMIDT: Tyler, if we asked
8 the four breed associations to try to get together and get
9 us some information, how fast can that occur? I mean, can
10 y'all talk to each other in three days or a week?

11 MR. GRAHAM: I think very short order. I mean,
12 I think in two weeks or less. And I mean, I understand
13 their issue. Some of the argument seems like to me is
14 there's an argument on if we do this the pie is not big
15 enough to split it all, I get that. Some argument is a
16 different argument of we need the money today.

17 We don't really have that issue. I mean, it's a
18 very small amount of the money that we would potentially
19 need today. But for the bulk amount of our money, you
20 know, if you appoint an ad hoc committee and we get
21 together and agree on something before the March meeting, I
22 don't think that's any issue personally.

23 COMMISSIONER KLEINSCHMIDT: But what about
24 getting together in the next few days --

25 MR. GRAHAM: Yeah, I mean as soon as possible.

1 COMMISSIONER KLEINSCHMIDT: -- and get some
2 agreement on the whole pie.

3 MR. GRAHAM: Absolutely. Thank you.

4 CHAIRMAN STEEN: Thanks.

5 COMMISSIONER WAIGHT: That kind of needs to
6 happen, doesn't it? I mean, they need to get among
7 themselves and figure out how they're going to split it.
8 It's not our position to be telling them how to split it.
9 Right?

10 COMMISSIONER KLEINSCHMIDT: We have the
11 discretion to do it statutorily, of course, but they know
12 the industry and the markets and where to go to best spend
13 the money. I mean, I think it's why it's sort of designed
14 for them to put that money out there. We've got the
15 discretion to do it but we don't necessarily have the
16 knowhow how to do it as well as they do.

17 COMMISSIONER WAIGHT: Yeah, right.

18 COMMISSIONER PATE: Mr. Chairman, I think we
19 ought to discuss whether we ought to either break for lunch
20 and give them a chance to talk and maybe they come up with
21 an agreement today. If not, we ought to perhaps consider
22 adjourning until the next meeting and allowing the ad hoc
23 committee to do its thing with the groups. They need to be
24 encouraged to promptly get together and come to us with a
25 thoughtful analysis on the 30 percent.

1 CHAIRMAN STEEN: All right. Let's proceed to
2 the occupational licenses, to the next agenda item. We'll
3 table this agenda item. Do I need a motion to table it?

4 MS. BIJANSKY: Do you want to come back to it
5 today?

6 CHAIRMAN STEEN: I do.

7 MS. BIJANSKY: No.

8 CHAIRMAN STEEN: Okay. So I need you guys to
9 get together amongst the breed registries and figure out
10 how to handle this today. I appreciate what you're doing
11 in prioritizing.

12 I don't want -- it's not the Commission's
13 desire, at least expressed by the commissioners, to set the
14 splits between you guys. We'd like you guys to figure that
15 out. And so we'll go through these next agenda items and
16 you guys can get together and come back with a proposal
17 that we can get something done today. Otherwise, we'll
18 just have to figure out how we take it from here.

19 Does that work for you?

20 MS. RUYLE: May I ask a question?

21 CHAIRMAN STEEN: Sure.

22 MS. RUYLE: Mary Ruyle, Texas Thoroughbred
23 Association.

24 Commissioner, we have learned that the
25 Comptroller's Office has verified that the purse accounts

1 and the breeders association accounts will receive a total
2 of 17,885,000 by March 30 of this year, if that's of any
3 concern or helps you.

4 CHAIRMAN STEEN: Appreciate that.

5 MS. RUYLE: The other -- I understand about
6 wanting the breed registries to get together, but again, I
7 would encourage you, the Thoroughbred Association and the
8 Texas Arabian Breeders Association have no issues. Can we
9 please --

10 CHAIRMAN STEEN: I think that what I'm hearing
11 from the Quarter Horses and the Paints is that historically
12 that's been the way that, you know, one organization has
13 taken care of the other, but I'm hearing that they're
14 saying that that doesn't necessarily apply here. So
15 that's -- I don't know that it's just something between the
16 Quarter Horses and the Paints that needs to be figured out,
17 is at least what I'm hearing from the Paint organization
18 and the Quarter Horse organization.

19 MS. RUYLE: As far as we're concerned, those
20 negotiations were had when we discussed the purse amounts
21 and the breed amounts were the same thing.

22 CHAIRMAN STEEN: Yeah. That's where I'm seeing,
23 I guess, disagreement between you guys.

24 We want to get the money that we can out the
25 door today. I'm going to move to the next agenda item. Can

1 you guys get together in the meantime and let's try to
2 figure something out so that we can do something today.

3 MS. RUYLE: Certainly.

4 I would just remind you, don't forget Mr. Wilson
5 does have a presentation.

6 CHAIRMAN STEEN: Sure.

7 MS. RUYLE: Thank you.

8 CHAIRMAN STEEN: And I didn't have Mr. Wilson on
9 a card, but Mr. Wilson, do you want to speak before we
10 break?

11 MR. VILLARREAL: I think they ran out of cards
12 for Mr. Wilson and we tried to put it on a piece of paper
13 for him.

14 CHAIRMAN STEEN: Oh, okay. I'm sorry.

15 MR. WILSON: Ours is much simpler than all
16 theirs. We started this, we understood that the amount of
17 money that was total, the 25 million, would be split 50-50
18 between Quarter Horses and Thoroughbreds. We would get
19 with the Thoroughbreds for our percentage of both the purse
20 and 30 percent money.

21 The Quarter Horses and the Paints would get
22 together and work out theirs and split it like they want
23 to. We got with the Thoroughbreds and we worked it out
24 purse-wise and we worked out the 30 percent money also, so
25 we knew how much we were going to get to do this.

1 When we wrote our proposal, originally we sat
2 down and did it for the entire year. We run at Sam Houston
3 in the spring and basically we don't run again until July
4 when we run at Retama Park, and then we wind up at Lone
5 Star. So ours come into three, we kind of did it in
6 quarters by taking the first at Sam Houston, and then the
7 light period in the middle, and then we would come back
8 with two different others at the end. We would then ask to
9 only ask for the money that we would need now, immediately,
10 so that's what we did with this.

11 We are looking at the show industry as a part
12 that we want to go into to recruit both participants at the
13 tracks and to come up with new ownerships in our horse
14 industry. When racing first came in, this is what we did.

15 A lot of the people that are in it, myself included, was
16 from the show part, we moved over into the racing, and we
17 think it is a big area that we can still do the same thing.

18 So our money has actually been concentrated
19 where we're going in to look at those organizations, plus
20 some others, and try to entice them to the tracks and
21 entice them to things that we could be putting on that
22 would get them to come into racing and bring their horses
23 to racing. Ours was totally concentrated on racing, it was
24 not into any other facets of the industry. We are going to
25 look at those other facets, but we're doing it for the

1 purpose of getting them as racing enthusiasts and for
2 getting new ownerships and possibly some new trainers.

3 We've actually have had a little bit of that
4 already move over and we want to look for some more. We
5 have -- since started thinking about doing this and getting
6 talking, I have actually accredited more horses since
7 November than I did in the previous two years. So we're
8 having an effect with it, so this is the way we've
9 approached it.

10 We were asked to do this into events, and what
11 we're doing, we're looking at working with a public
12 relations outfit named Eva. She has worked exclusively
13 with the Arabian Horse Association, the Arabian Jockey
14 Club. She was the one that did the Kentucky parks, did a
15 lot of work for them.

16 She's very familiar with this industry that
17 we're trying to get into to recruit over. When we refer to
18 our media specialist, that's who we're looking at. She can
19 do the advertising, she knows what to do, she knows
20 contacts to do it, so we thought this was a big advantage
21 to us.

22 But we think that people have got to come to the
23 track and see races if you're going to get enthused about
24 them, so we -- when we have stakes races, we want to have
25 an event there where we can get people to come in that we

1 would talk to and got some enthusiasm from to come get them
2 to the races, to see the races and where we can continue to
3 bring them on in and hope, again, to get some more members
4 into racing.

5 And we did that with two races at Sam Houston
6 during their meet. The first one is races that we've had
7 since we started racing at Sam Houston, period, and that's
8 the Yellow Rose, the sixth year. And we're reserving a
9 suite and we invite them into there, we will have some
10 refreshments, they'll all be non-alcoholic, and they will
11 be -- we will have people in there. We will have
12 representatives from our board there with information to
13 them.

14 Then the other one is the Darley, that's on the
15 20th of November. This is the year we saw the Arabians
16 from all over the United States are recognized for their
17 accomplishments throughout the previous year. We will have
18 enthusiasts there from all the different states will be
19 there for that event.

20 The Darleys themselves is on Saturday night. On
21 Friday night we want to have two stakes races, and again,
22 we're going to join with the Arabian Racing Club to put on
23 that weekend. The races will be sent by live stream all
24 over the country and actually overseas that night, so we're
25 joining in. We're using some of the money of this to help

1 get Texas promoted this way.

2 And then we are wanting to use, I believe we put
3 in there \$30,000 for Accredited Texas-bred money. What we
4 get is very, very low, and when we found out that we're
5 going to add more money to this, that's when we began to
6 get all the extra horses come into our program. We're
7 proposing to use 30,000 for the Sam Houston meet, we want
8 to use 20,000 at the Retama meet, and then we'll put
9 another 30,000 in at the Lone Star meet.

10 We're just only here requesting that for Sam
11 Houston at this time, but I just wanted you to know where
12 we're using our money throughout, and this is what our
13 proposal is. This business of using it into other facets
14 of the industry, this is the first we've heard of it here
15 when we saw the packet, but we did not do any that way.
16 We're simply putting ours to the racing industry.

17 If you have any other questions, I'll be glad to
18 answer them.

19 CHAIRMAN STEEN: Thank you.

20 Any questions?

21 COMMISSIONER KLEINSCHMIDT: Is your
22 association's most immediate need the \$30,000 request for
23 the Sam Houston meet?

24 MR. WILSON: We're running at Sam Houston
25 currently with the Thoroughbreds. Yes, sir. And we used

1 as a guide to ours, how much, the amount we got -- we
2 looked at the participation by the two breeds, is what we
3 based that on.

4 CHAIRMAN STEEN: Any other questions?

5 (No response.)

6 CHAIRMAN STEEN: Thank you, sir.

7 MR. WILSON: Thank you.

8 CHAIRMAN STEEN: All right. So we'll move to
9 item VII and come back to this other item. In the
10 meantime, I encourage the breed registries to get together
11 to try to figure something out.

12 So we'll take up item VII.A. Discussion and
13 possible action on proposals for decision in the case of
14 Sigifredo Gonzalez, Jr. Virginia Fields, director of
15 Enforcement, will be representing the staff.

16 Is there anyone here on behalf of Mr. Gonzalez.

17 (No response.)

18 MS. FIELDS: Chair, I got an email message about
19 seven o'clock last night, and I put a copy of that email
20 before you. Because it was so late, I told him to contact
21 you all as a basis to continue this matter. It was tabled
22 at the last meeting, and given the late notice, I'm just
23 putting it before you this morning whether you want to move
24 forward.

25 It looks like he has a month notice, according

1 to his email, "My schedule is made a month ahead." If you
2 look at the second page, this is where I notified him of
3 the Commission meeting which was on December 3.

4 CHAIRMAN STEEN: So we've already continued this
5 once?

6 MS. FIELDS: Yes, sir. It was on the agenda for
7 the last meeting and we tabled it.

8 CHAIRMAN STEEN: Unless there's anyone else, I'd
9 say go ahead and proceed.

10 MS. FIELDS: Any objections?

11 CHAIRMAN STEEN: Does someone else have
12 objection to that?

13 (No response.)

14 MS. FIELDS: Okay, then we'll proceed with
15 VII.A.

16 Good afternoon, commissioners. Virginia Fields,
17 director of Enforcement.

18 I'm presenting the SOAH appeal of Sigifredo
19 Gonzalez, Jr. involving the contest of the Lone Star Board
20 of Stewards' ruling, LSP-3505. It was issued December 13,
21 2018. It found the owner had violated the Racing Act and
22 rules prohibiting contraband, suspending the owner's
23 license for five years and assessing the guideline penalty
24 of \$25,000.

25 Specifically, on November 9, 2018, the

1 petitioner visited Lone Star Park where security personnel
2 discovered two shocking devices in his vehicle during a
3 gate inspection. On July 16, SOAH conducted a hearing on
4 the merits where petitioner represented himself and
5 provided additional testimony. On September 4, the ALJ
6 issued her proposal for decision, finding no clear error,
7 recommended upholding the stewards' ruling.

8 Today staff would respectfully request that you
9 move to adopt the proposal for decision dated September 4,
10 as written, with a proposed final order in your meeting
11 materials. The only comment I would make about that draft
12 order is that the appeal was filed December 13 of '18, not
13 December 13 of '19, so I have a corrected order with that
14 date.

15 Any questions, commissioners?

16 CHAIRMAN STEEN: Any questions? Any discussion?

17 (No response.)

18 CHAIRMAN STEEN: If not, I'll entertain a
19 motion.

20 COMMISSIONER KLEINSCHMIDT: I move that we adopt
21 the proposal for decision as recommended.

22 COMMISSIONER PATE: Second.

23 CHAIRMAN STEEN: Motion made by Commissioner
24 Kleinschmidt, seconded by Commissioner Pate.

25 Commissioners, any further discussion?

1 (No response.)

2 CHAIRMAN STEEN: If not, let's take this up for
3 a vote. All in favor of the motion, please signify by
4 saying aye.

5 (A chorus of ayes.)

6 CHAIRMAN STEEN: Any opposed?

7 (No response.)

8 CHAIRMAN STEEN: That motion carries.

9 Next we will take up item VII.B. Discussion and
10 possible action on the proposal for decision in the case of
11 George Bryant. Virginia Fields will be representing staff.

12 Is there anyone here on the behalf of Mr. Bryant?

13 MS. FIELDS: Commissioners, I've been in contact
14 with Mr. Hayes. Johnny Mac Hayes represented the trainer
15 in this action. He did not request a continuance, he is
16 not here today. He asked me for a dismissal, and because
17 it's on the agenda, I don't have authority to dismiss this
18 case, and so that's where it is with Mr. Hayes.

19 CHAIRMAN STEEN: So can you give us the
20 background again one more time?

21 MS. FIELDS: As far as his presence here today?

22 CHAIRMAN STEEN: No. Just on --

23 MS. FIELDS: Oh, just the spiel?

24 CHAIRMAN STEEN: Yes.

25 MS. FIELDS: Are you ready? Okay. No one here

1 for Mr. Bryant, just making that clear.

2 Commissioners, again, Virginia Fields, staff
3 with enforcement. I'm here to present Trainer George
4 Bryant's appeal of the Sam Houston Board of Stewards'
5 ruling 5320. It was issued June 27, 2019, for violation of
6 the absolute insurer medication rules, assessing a 15-day
7 suspension and a \$500 fine.

8 The trainer's horse, My Bling, participated and
9 placed in the fourth race at Sam Houston Race Park on
10 February 23, 2019, while carrying and thereafter testing
11 positive for the metabolite of the prohibited substance
12 Tramadol. On August 12, staff filed a motion for summary
13 disposition and the petitioner filed a reply arguing a
14 variety of mitigating circumstances for reduction in the
15 penalties.

16 The ALJ granted staff's motion for summary
17 disposition by issuance of a proposal for decision before
18 you. The ALJ recommended upholding the ruling and found no
19 evidence that human contamination led to the positive and
20 no evidence that the petitioner presented any persuasive
21 credible evidence of a mitigating factor.

22 Today staff respectfully requests that you move
23 to adopt the proposal for decision as written, dated
24 October 24, 2019, with the proposed draft order in your
25 materials. I'm here for any questions.

1 CHAIRMAN STEEN: Commissioners, any questions or
2 discussion?

3 (No response.)

4 CHAIRMAN STEEN: If not, I'll entertain a
5 motion.

6 COMMISSIONER PATE: So moved.

7 COMMISSIONER MOORE: Second.

8 CHAIRMAN STEEN: Motion made by Commissioner
9 Pate, seconded by Commissioner Moore.

10 Do we need to say what the motion is?

11 MS. BIJANSKY: Yes, sir.

12 CHAIRMAN STEEN: Can you frame it for us, Devon?

13 MS. BIJANSKY: The motion would be to adopt the
14 order adopting the proposal for decision in your materials.

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

17 (A chorus of ayes.)

18 CHAIRMAN STEEN: Any opposed?

19 (No response.)

20 CHAIRMAN STEEN: That motion carries.

21 Next we'll take up item VII.C. Motions for
22 rehearing in SOAH No. 0476-18-1010, Judd Kearl v. Texas
23 Racing Commission, and SOAH No. 0476-18-1011, Jose Sanchez
24 v. Texas Racing Commission.

25 Is there someone here on behalf of Mr. Kearl and

1 Mr. Sanchez?

2 MS. RUFFNER: Eleanor Ruffner, Your Honor.
3 We're just here because we believe that the deadline has
4 expired for any motion for rehearing and were just curious
5 to see what the Racing Commission has in mind for today.

6 CHAIRMAN STEEN: I'm sorry, ma'am. Could you
7 come to the front?

8 MS. RUFFNER: Sure. My name is Eleanor Ruffner.
9 I represent Mr. Kearl and Mr. Sanchez. I've appeared
10 before this Commission before.

11 We believe that the deadline for any action on
12 the motion for rehearing has expired and anticipate filing
13 our petition for review tomorrow, consistent with the
14 deadlines by statute and rule, and are really just here not
15 to advance any agenda on behalf of my clients before the
16 Commission but just to observe what the Commission has in
17 mind for consideration by the Board today.

18 CHAIRMAN STEEN: Thank you.

19 MS. RUFFNER: Thank you.

20 MS. FIELDS: Commissioners, if you'll indulge
21 me. Virginia Fields with Enforcement.

22 The motion for rehearing is a little less than
23 60 days since filing. It's overruled by operation of law
24 typically 90 to 100 days after the filing of the motion.
25 We would argue that it's correctly before you on the

1 agenda.

2 We would like to address the motion for
3 rehearing, specifically four points, just for the record.
4 And if she doesn't want to present the motion, I'd be happy
5 just to give you my four points and we can let you rule on
6 the motion.

7 CHAIRMAN STEEN: Ma'am, could I ask you to step
8 forward one more time?

9 MS. RUFFNER: Yes, sir.

10 CHAIRMAN STEEN: So this is your motion. Is
11 that correct?

12 MS. RUFFNER: Yes, sir. We filed a motion for
13 rehearing. I'm happy to argue it on behalf of my clients
14 to the committee, but the time for action is within 55 days
15 and that has expired.

16 We had forwarded it to the Commission as
17 required and had hoped that we would see some relief, but
18 because we're not, our deadline for filing a petition for
19 review in the District Court of Travis County is tomorrow,
20 and we intend to proceed on that scheduled deadline.

21 COMMISSIONER PATE: Okay. So you're treating it
22 as it's been overruled as an operation of law? Is that
23 what you're saying?

24 MS. RUFFNER: Yes, that there will no action
25 taken to amend any prior rulings by SOAH or actions taken

1 by this board. And I'm happy to argue on behalf of my
2 clients why we believe that's in error. I mean, it's your
3 decision and you can act in your own capacity as a board to
4 restore my clients' license, and far be it from me to give
5 an opportunity to do that, but I also don't want to run my
6 mouth in a vain effort.

7 CHAIRMAN STEEN: Okay. So what's under dispute
8 here is some sort of timeline, essentially?

9 COMMISSIONER PATE: What's she saying is that
10 the time for the hearing has already passed and by
11 operation of law we've already denied it, so she has to
12 file their appeal from us already, and that's what she's
13 doing tomorrow.

14 Ms. Fields, on the other hand, says it's still
15 properly before us, so I have no idea what's correct.

16 CHAIRMAN STEEN: How would we determine what was
17 correct?

18 COMMISSIONER PATE: We'd ask our lawyer if she
19 has a different view.

20 MS. BIJANSKY: I'm conflicted out of
21 representing you on this matter.

22 COMMISSIONER PATE: I know you are, I'm talking
23 about Ms. Fields.

24 MS. FIELDS: As I counted it, it was filed
25 November 25, so you're probably a little bit past the 55

1 days, if it was overruled.

2 MR. ROSS: Fifty-five days after the order was
3 signed.

4 MS. FIELDS: So the order was signed on October
5 29, so yeah, it actually may be overruled. I thought with
6 the new rules it was a little bit longer than 55 on the
7 rehearing.

8 MR. ROSS: That's on extensions.

9 MS. FIELDS: No extension here, so.

10 CHAIRMAN STEEN: Okay. Do we need a motion of
11 some sort here? Or I can't ask you that.

12 MS. BIJANSKY: Good point.

13 MR. ROSS: I don't think so. I think you
14 probably lost jurisdiction when the 55 days ran out.

15 CHAIRMAN STEEN: Okay.

16 MS. BIJANSKY: I would concur.

17 CHAIRMAN STEEN: No action.

18 MS. RUFFNER: Thank you.

19 CHAIRMAN STEEN: Thank you.

20 What is the opinion of the commissioners as to
21 should we give a little bit more time here?

22 COMMISSIONER PATE: Let's go to lunch and come
23 back at 2:30 and see if we have anything.

24 CHAIRMAN STEEN: I'm a little bit concerned on a
25 schedule basis as far as maintaining a quorum. We would

1 need all of us here. Is that correct?

2 MS. BIJANSKY: Yes, sir.

3 (General discussion.)

4 CHAIRMAN STEEN: Do you want to say an hour? So
5 we'll reconvene here at 2:30?

6 MS. BIJANSKY: Yes, sir.

7 CHAIRMAN STEEN: Do I need to say anything else?

8 MS. BIJANSKY: You're not adjourning.

9 CHAIRMAN STEEN: Okay. Do I need a motion to do
10 that?

11 MS. BIJANSKY: I don't think so. It's a break.

12 CHAIRMAN STEEN: A break. 2:30. Thank you.

13 (Whereupon, at 1:25 p.m., the meeting was
14 recessed, to reconvene this same day, Tuesday, January 21,
15 2020, at 2:30 p.m.)

16 CHAIRMAN STEEN: The time is now 2:30. We are
17 reconvening the meeting. We're moving back to item VI.
18 Discussion and possible action to allocate purse funds in
19 the Horse Industry Escrow Account to state horse breed
20 registries under Chapter 303, Subchapter G.

21 Tell you what, let's get one from each up here,
22 one from each breed.

23 So do you want to start, Mr. Villarreal?

24 MR. VILLARREAL: Sure. We had a meeting, we all
25 agreed that item 2 and item 7 for the Texas Thoroughbred

1 Association, item 2 for 685,000 and item 7 for 670,000, we
2 all agree that they should receive that today. There's no
3 problem with them receiving that today.

4 That Mr. Wilson should get his 30,000.

5 MR. WILSON: 96,000.

6 MR. VILLARREAL: Today?

7 MR. WILSON: Yes. You only looked at one item.
8 There were five items.

9 MR. VILLARREAL: Mr. Wilson can get his \$96,000
10 today. I think Tyler, he has 191,780 today.

11 The only problem we have is what the Paints get
12 today. We're willing to bring it down to 225,000 for the
13 purposes of today with the opportunity to come back and
14 follow up on our other requests.

15 The reason we put 225- is that it's equal to the
16 6 percent of the 50 percent that TQHA has already approved,
17 but they cannot agree to that today because they're afraid
18 that we're going to come back and convince the Commission
19 to give us more than the 6 percent that they're willing to
20 give us for the whole year.

21 CHAIRMAN STEEN: And do you acknowledge that if
22 that were to be the case there's a possibility that you
23 would not get more than the 6 percent going forward.

24 MR. VILLARREAL: That's a possibility. It's up
25 the chairman and the Commission here to allocate those

1 funds based on the factors that are delineated in the
2 statute and based on the evidence that we present to you.
3 That's correct.

4 CHAIRMAN STEEN: Okay. And tell me what you're
5 allocating that?

6 MR. VILLARREAL: \$25,000 would go to PBRIP and
7 \$200,000 would go to the World Show.

8 CHAIRMAN STEEN: And the Quarter Horse
9 allocation, can you just break that down real quick?

10 MR. GRAHAM: Of the 191,000, it's 100,000 to the
11 March 2020 NCHA Super Stakes, 24,780 to the TQHA Novice
12 Saddle Show Series.

13 CHAIRMAN STEEN: Slow down one second.

14 Mr. GRAHAM: I'm sorry.

15 CHAIRMAN STEEN: I don't know if we've got these
16 items.

17 MR. GRAHAM: It's on page 120 broken out.

18 COMMISSIONER PATE: Twenty-four what?

19 MR. GRAHAM: It's on page 120.

20 CHAIRMAN STEEN: Okay.

21 MR. GRAHAM: It's on Appendix B.

22 CHAIRMAN STEEN: Okay. So this was originally a
23 what, this was the 100K original request?

24 MR. GRAHAM: Yes, sir. These are the funds that
25 we broke out before we came to the meeting that were, you

1 know, immediately needed funds. It's 191,780, but it's
2 100,000 for the NCHA Super Stakes.

3 CHAIRMAN STEEN: Okay.

4 MR. GRAHAM: 24,780 for the TQHA Novice Series,
5 17,000 for TQHA Barrel Stallion, and then 50,000 for the
6 Rock On. It's a therapeutic riding program.

7 CHAIRMAN STEEN: Okay. So you're holding off on
8 the one point --

9 MR. GRAHAM: Yes, sir. The million fifty and
10 the two million ninety-six, we're fine with discussing that
11 in the ad hoc committee.

12 CHAIRMAN STEEN: Okay. I'll open up the floor
13 for questions regarding that.

14 And just to be clear on everyone's position, I
15 think what I heard was as far as the Paint position, the
16 other breed registries are neither in support nor against
17 this proposal? I mean, please speak up if you feel
18 differently about what was just said.

19 MS. RUYLE: That's correct, Chairman. Without
20 speaking with my board of directors, this is all brand new
21 information. We cannot support it. That's not to say
22 whether they will or they won't once they get into the
23 specifics with the Paint Horse Association.

24 MR. GRAHAM: Exactly. I mean, I'm neither for
25 it or against it. The 225- they're applying for, I'm not

1 going to say I'm opposed to it today.

2 The reason we came to that number is that's the
3 6 percent that the Thoroughbreds allotted to the Arabians.

4 To get something done today, honestly to help the
5 Thoroughbreds. They have a much bigger need today than any
6 of us and it's really going to affect some things that
7 they're going to do.

8 We needed to come to some agreement today, so
9 you know, that's the agreement we came to for the time
10 being on the 225,000. Honestly, from the Quarter Horse
11 standpoint, I did that for the Thoroughbreds.

12 COMMISSIONER KLEINSCHMIDT: But nobody is going
13 to say we're abusing our discretion if we award the 225,000
14 to Paint horse today? That's the key question.

15 MR. GRAHAM: No, sir, not from our standpoint.

16 COMMISSIONER KLEINSCHMIDT: Okay.

17 COMMISSIONER PATE: Let me ask a question also.

18 So what this means, as I understand it, is there really is
19 no agreement on an allocation in terms of an absolute
20 allocation of the 7.5 million, the 30 percent, because of
21 the position the Paints are taking, if I understand it
22 correctly.

23 MR. GRAHAM: Well, correct. And as the chairman
24 stated earlier, because you're, I assume, still planning on
25 appointing an ad hoc committee for us to get together

1 extremely quick, hopefully before March 1, our position
2 was, yes, I would have liked to come back in here with a
3 percentage for the whole deal. We couldn't come to that
4 agreement, so let's get something done today.

5 That's why we knocked off our big ticket items
6 for today, I mean, because we don't have to have that money
7 today. Those are for breeding things that are going to be
8 paid out spring and summer, you know, after breeding
9 season, most of it, so.

10 COMMISSIONER KLEINSCHMIDT: Are y'all going to
11 continue to discuss further an allocation that might
12 resolve most of the issues we're looking at? Do y'all have
13 plans to talk in the next few days over this further? You
14 have to go to a board, possibly.

15 MS. RUYLE: Yes. I told Pancho if he would put
16 together a proposal, I'm happy to present it to my board of
17 directors, and if they don't initially approve, I'm sure we
18 can negotiate from there, but he's going to have to provide
19 the information because I don't have it.

20 MR. VILLARREAL: And we're going to work as hard
21 as we can to get as much information to make sure that this
22 thing gets resolved.

23 COMMISSIONER PATE: How long do you need to do
24 that?

25 MR. VILLARREAL: Today is Tuesday, we can

1 probably get something together within a week, by Tuesday,
2 if not sooner. We'll shoot for this Friday but I'm not the
3 one that's going to be personally doing it all myself.

4 CHAIRMAN STEEN: I guess when would it be useful
5 for the ad hoc committee to get the most useful timing of
6 that? Assuming we were able to get through what we're
7 trying to get through today, how much time do you guys need
8 to get -- discuss with your board, whatever it is, to get
9 back together to continue the discussion?

10 MR. GRAHAM: It's kind of convenient, I can say,
11 for our board, we're having our annual meeting this weekend
12 and so we're actually having a board meeting. The EC is
13 meeting Friday and Saturday so obviously this is going to
14 be a topic of discussion.

15 CHAIRMAN STEEN: Sure.

16 MR. GRAHAM: As far as getting together with the
17 other groups, I mean, we can do it as soon as everybody can
18 get together in the next ten days. I mean, we want this
19 resolved as soon as possible.

20 MR. VILLARREAL: Would you like us to get the
21 information to you by Thursday or Friday? Whatever I can
22 get together, I can do it in piecemeal fashion to start
23 putting stuff together so they can share the information,
24 at least know where we're coming from. They do have our
25 proposals. They have a good idea of what we're trying to

1 do, and then I can continue to talk to them to see what
2 event that we can have that overlaps.

3 And then what we tried to do is point out that
4 at even our Paint show events there's some horses that
5 actually have two registration papers, they're Quarter
6 Horses and Paint. And the way the statistics are in some
7 of our events, 25 percent of the Paint horses are actually
8 Quarter Horses also. Quarter Horses is a breed, if you
9 breed two registered Quarter Horses together or a Quarter
10 Horse to a Thoroughbred.

11 What happened way back when is horses came out
12 and they had too much color to be registered as Quarter
13 Horses, so there was a group of men that had some really
14 high-powered Quarter Horses that they wanted to get papers.

15 So they formed an association, I believe it was the
16 American Paint Stock Quarter Horse Association, and then
17 that's where APHA came from. So in a lot of ways, the
18 Paint horse came, a big part of their beginnings came from
19 the Quarter Horse.

20 Then there was a lawsuit that sued the Quarter
21 Horse Association -- this is a little bit more but I just
22 wanted the Commission to have this information -- saying
23 that you can't exclude a horse because it has too much
24 white, so now the horses that have too much white that used
25 to be Paint horses got Quarter Horse papers. So now today,

1 and it's going to go on into the future -- you actually
2 have some Thoroughbreds that are also Paints because they
3 have too much color. So in a lot of ways we have a horse
4 that will be both a Paint and a Quarter Horse and a Paint
5 and a Thoroughbred because the Paint horse is just a color
6 breed.

7 I'm sorry for taking too much time.

8 CHAIRMAN STEEN: I appreciate it.

9 MR. VILLARREAL: We have a lot of overlap and
10 we're going to try and take advantage of that and provide
11 the Thoroughbreds the types of events that maybe we can all
12 share together and make a joint application for funds so it
13 doesn't come off of anybody's individual percentage.

14 CHAIRMAN STEEN: Understood.

15 MS. RUYLE: As far as my board is concerned, we
16 typically have to give 30 days notice, but I can do an
17 emergency meeting which would be via conference call. I
18 can at this point schedule that for next week, Wednesday or
19 later, if that works for Pancho.

20 CHAIRMAN STEEN: And would you like to have that
21 meeting before or after the ad hoc meeting?

22 MS. RUYLE: It's up to you. I mean, I guess the
23 question is what impact would any resolution or discussion
24 on our part have on that ad hoc meeting.

25 CHAIRMAN STEEN: Okay. Well, I'll leave it to

1 the four of you to get with Commissioners Kleinschmidt and
2 Pate in order to schedule that as soon as possible for
3 everyone.

4 MS. RUYLE: Right. I think, you know, it would
5 be better to have it afterwards so we kind of know where
6 we're headed in each direction, and then, you know, working
7 with your schedule, Commissioner.

8 COMMISSIONER KLEINSCHMIDT: We're looking at
9 Friday, February 7 right now.

10 COMMISSIONER PATE: Here in Austin.

11 COMMISSIONER KLEINSCHMIDT: Here in Austin is
12 what we're looking at, in the morning. The morning of
13 Friday, February 7.

14 MS. RUYLE: Okay. Well, we can certainly have
15 our meetings before then.

16 COMMISSIONER PATE: We'll give you a time and
17 place, but it will be in the morning.

18 MS. RUYLE: One other question, commissioners.
19 I understand that you're trying to wrap this up, but again,
20 if I could have concept approval on some of those items
21 without dollar amounts, that would help us get ahead of the
22 curve with our breeding season and so on.

23 CHAIRMAN STEEN: Sorry. I thought we were down
24 to just the first two, the 685- and the 670-.

25 MS. RUYLE: Those are the ones that we need

1 dollars for immediately.

2 CHAIRMAN STEEN: Okay.

3 MS. RUYLE: On items 7, 8, 9, 10 and 11, those
4 are concepts that we would like to be able to start
5 advertising as soon as possible, and we can do so without
6 specifying dollar amounts or percentages. I'm sorry, 2 and
7 7 are immediate, concepts only for 8, 9, 10 and 11. That's
8 the purse bonus to Texas sale grads racing in Texas,
9 consignor rebates, ATB breeder bonus awards and incentives
10 for mares bred in Texas.

11 COMMISSIONER PATE: Less than \$200,000.
12 Correct?

13 MS. RUYLE: No, sir. The purse bonus is
14 100,000, the rebate to consignors actually would come out
15 at 30-, the breeder bonus is 350- but of that only 100,000
16 would be forthcoming in April, and the incentives for mares
17 could be as much as 450-, but those don't need to be paid
18 until 2021. But again, breeding season is a long time in
19 making decisions, so we would need to be able to promote
20 these four items as soon as possible.

21 CHAIRMAN STEEN: Okay. So the funds are needed
22 for items? I'm sorry to make you repeat it again.

23 MS. RUYLE: That's okay. Funds are needed for
24 items 2 and 7 which is the Sam Houston meet and the Lone
25 Star meet, 685- for Houston, 670,000 for Lone Star.

1 CHAIRMAN STEEN: Okay. And what you're saying
2 conceptually is?

3 MS. RUYLE: 8, 9, 10 and 11.

4 COMMISSIONER PATE: The following three.

5 CHAIRMAN STEEN: Okay.

6 COMMISSIONER PATE: Can I ask a question?

7 CHAIRMAN STEEN: Please.

8 COMMISSIONER PATE: Devon, with respect to the
9 first two of the Texas Thoroughbred Association, as far as
10 you can tell, do those meet all the requirements of the
11 statute with the amounts they're requesting there.

12 MS. BIJANSKY: I didn't see any issue with that.

13 COMMISSIONER PATE: Okay.

14 CHAIRMAN STEEN: Okay. So when you say
15 conceptual, I mean, I guess potentially what we could do, I
16 mean, if you guys are meeting on the 7th to iron out the
17 finer points of these, is that too late for you to have --

18 MS. RUYLE: It's only too late for the sale, the
19 purse bonus to the sale grads, and the consignor rebates,
20 because we're already past the deadline for consignment.

21 CHAIRMAN STEEN: Tell me which ones those are
22 again. Sorry.

23 MS. RUYLE: Item 8 and item 9, and we're talking
24 about a total of \$130,000 there.

25 CHAIRMAN STEEN: 8 and 9.

1 MS. RUYLE: 9 is listed at 56- but looking at
2 30-. Since the sale consignment deadline has passed, we
3 can extend it for only probably ten more days, but with
4 heavy promotion, this will attract more horses to the sale.

5 CHAIRMAN STEEN: Okay.

6 MS. RUYLE: The breeder bonus and the incentive
7 for mares, those can wait till after the ad hoc meeting.

8 CHAIRMAN STEEN: So you're requesting approval
9 but not funding, essentially.

10 MS. RUYLE: Correct.

11 CHAIRMAN STEEN: Okay. And is everyone else
12 okay with that as well?

13 MR. VILLARREAL: Absolutely.

14 CHAIRMAN STEEN: Do we want to take a shot at a
15 motion at this point?

16 I'm going to make a working shot at the motion
17 right now. So from the Thoroughbreds, we're looking at
18 items 2, 7, 8 and 9?

19 MS. RUYLE: Yes.

20 COMMISSIONER PATE: There's just two that are
21 being paid immediately.

22 CHAIRMAN STEEN: Two to be paid and the rest
23 we'll kick to the -- so 2 and 7 to be paid and 8 and 9 to
24 move to the committee for timing purposes?

25 MS. RUYLE: But to approve the concept today.

1 CHAIRMAN STEEN: Correct.

2 MS. RUYLE: Will that work?

3 CHAIRMAN STEEN: Yeah.

4 And then on Quarter Horse we are doing the March
5 2020 Super Stakes 100K, the TQHA Novice Saddle Show Series
6 25K, TQHA Barrel Stallion Incentive 17-, Rock On 50K.

7 MR. GRAHAM: Yes, sir.

8 COMMISSIONER MOORE: Is there one that was
9 24,750?

10 MR. GRAHAM: Well, it was 24,780. Yes, sir.

11 CHAIRMAN STEEN: Okay. The Paints we're talking
12 about 25,000 to the Paint Barrel Racing Incentive Race.

13 MR. VILLARREAL: Correct.

14 CHAIRMAN STEEN: 200,000 to the World Show.
15 The Arabians 96,000 which is the three Sam
16 Houston related items.

17 MR. WILSON: Correct.

18 COMMISSIONER KLEINSCHMIDT: Devon, is the
19 Commission staff -- are they going to need new
20 applications? I mean, is the application for these funds
21 you've got good enough, or do you need to receive -- if
22 we're changing any monies and stuff like that, do you need
23 to receive some new applications for these funds?

24 MS. BIJANSKY: That would, I think, make it a
25 lot more straightforward, but if necessary, we can work

1 with what we have.

2 COMMISSIONER KLEINSCHMIDT: Okay.

3 CHAIRMAN STEEN: I mean, even if we do an
4 approval, would you guys mind just re-formalizing that in
5 digestible format so that everybody has got that to sort of
6 track it?

7 I defer somewhat to you since you guys will be
8 dealing with this as far as the ad hoc, as to what you
9 want --

10 COMMISSIONER KLEINSCHMIDT: Commissioner Pate
11 and I will get together and sort of discuss the parameters
12 that we think we're going to need to look at primarily. We
13 probably need to, through staff, let y'all get those
14 parameters that we're considering the keys as funding out
15 to the breeders associations so they can respond
16 appropriately as far as the information and data we're
17 going to need. And I'm supposing we're going to be able to
18 have the breeder associations present there at that
19 meeting. Right?

20 MS. BIJANSKY: Yes, sir.

21 COMMISSIONER KLEINSCHMIDT: Okay. And so that
22 way they'll know what they need to come and discuss
23 primarily with us. I'm sure there's going to be some
24 information we'd prefer ahead of time to look at and let
25 Commission staff also look at and assess because you've got

1 to, of course, continue to assess it from a rules and
2 statutory, you know, authority standpoint. But he and I
3 need to decide on how we're going to approach this from an
4 economic standpoint, and he and I will get together.

5 COMMISSIONER PATE: One other thing. She
6 mentioned that there was removed from some language a
7 definition of event. If there are any rule changes like
8 that that you need to bring to our attention to help you as
9 staff and us as a Commission better administer these funds,
10 bring that forward too. We'll discuss those ideas, also.

11 COMMISSIONER KLEINSCHMIDT: In Devon's defense,
12 she tried to do a better job to bring that up. I think the
13 rest of us overruled her on that one.

14 COMMISSIONER PATE: But seriously, if there's
15 something needed there, let us know and let's see if we can
16 get it right.

17 MS. BIJANSKY: Will do.

18 COMMISSIONER KLEINSCHMIDT: I will so move
19 according to as you stated the payout, to authorize that
20 allocation -- let me see if I can get it right here.

21 CHAIRMAN STEEN: Are you going to try to repeat
22 the whole thing?

23 (General laughter.)

24 COMMISSIONER PATE: No. As stated, I would move
25 to authorize the allocation of funds in the Horse Industry

1 Escrow Account to the state breeder registers under 16 TAC
2 Chapter 303, Subchapter G, as stated.

3 CHAIRMAN STEEN: Motion made by Commissioner
4 Kleinschmidt.

5 COMMISSIONER PATE: Second.

6 CHAIRMAN STEEN: Seconded by Commissioner Pate.

7 If there's no more discussion, we'll take this
8 for a vote. All in favor, please signify by saying aye.

9 (A chorus of ayes.)

10 CHAIRMAN STEEN: Any opposed?

11 (No response.)

12 CHAIRMAN STEEN: The motion carries. Thank you.

13 MS. RUYLE: Commissioners?

14 CHAIRMAN STEEN: Yes.

15 MS. RUYLE: Do you need a separate motion for
16 the approval of the concepts?

17 COMMISSIONER PATE: No. He stated that.

18 COMMISSIONER KLEINSCHMIDT: That's been stated.

19 MS. RUYLE: Thank you.

20 CHAIRMAN STEEN: Thank you.

21 Okay. So the next meeting is scheduled for
22 Tuesday, March 24.

23 No other business, Devon?

24 MS. BIJANSKY: No, sir.

25 CHAIRMAN STEEN: The time is now 2:52. With all

1 business concluded, we are now adjourned. Thank you.

2 (Whereupon, at 2:52 p.m., the meeting was

3 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: January 21, 2020

I do hereby certify that the foregoing pages,
numbers 1 through 122, 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: February 4, 2020

/s/ Nancy H. King
(Transcriber)

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