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BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

COMMISSION MEETING
OCTOBER 29, 2008

Reported by: SHERRI SANTMAN FISHER
Job #73702

1 BE IT REMEMBERED that the above entitled matter
 2 came on for hearing on the 29th day of October, 2008,
 3 beginning at 11:04 A.M. at 7575 North Sam Houston
 4 Parkway West, Houston, Harris County, Texas, and the
 5 following proceedings were reported by SHERRI SANTMAN
 6 FISHER, Certified Shorthand Reporter for the State of
 7 Texas.

8
 9
 10 APPEARANCES

11
 12 Commissioners: JESSE R. ADAMS
 13 CHARLES L. "SONNY" SOWELL
 14 RONALD F. EDERER
 15 ROLANDO PABLOS
 16 GLORIA HICKS
 17 C. TOM CLOWE, JR.
 18 JIMMY ARCHER

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1 CHAIRMAN ADAMS: I'm going to call this
2 meeting of the Texas Racing Commission to order and
3 begin by recognizing our executive director, Charla Ann
4 King.

5 MS. KING: Good morning, Mr. Chairman and
6 members. The first thing I'd like to do this morning
7 is to introduce Carolyn Weiss, our new executive
8 assistant, who will be with us at the meetings.
9 Carolyn? We're happy that she's joining us from the
10 Department of Public Safety most recently and has a lot
11 of great State experience.

12 CHAIRMAN ADAMS: Very good. Thank you.
13 Thank you, Charla Ann. And thank you, Carolyn.

14 And if I can get you to please now call
15 the roll.

16 MS. WEISS: Jimmy Archer?

17 MR. ARCHER: Here.

18 MS. WEISS: Ron Ederer?

19 COMMISSIONER EDERER: Here.

20 MS. WEISS: Gloria Hicks?

21 COMMISSIONER HICKS: Here.

22 MS. WEISS: Rolando Pablos?

23 COMMISSIONER PABLOS: Here.

24 MS. WEISS: Robert Schmidt? Sonny

25 Sowell? Tom Clowe?

1 MR. CLOWE: Present.

2 MS. WEISS: Dr. Kent Carter? Jesse
3 Adams?

4 CHAIRMAN ADAMS: Present.

5 We do have a quorum. And with that, we
6 will begin by starting with our Item 2 on the agenda,
7 the proceedings on racetracks, discussion,
8 consideration, and possible action on the following
9 matters: Our first item of business is going to be the
10 tour of the damages to Sam Houston Race Park caused by
11 Hurricane Ike and we're going to begin that with a
12 PowerPoint and I'm going to recognize Charla Ann now to
13 tell us more about that.

14 MS. KING: Mr. Chairman and members of
15 the Commission, I want to thank everyone for coming to
16 Houston and I thank the staff of Sam Houston Race Park
17 for all their effort to host our meeting today. It's a
18 little out of the ordinary.

19 At this point I would like to explain in
20 some detail how we will be approaching the review of
21 the damage sustained by Sam Houston Race Park due to
22 Hurricane Ike.

23 First we will hear from Andrea Young,
24 chief operating officer for Sam Houston Race Park. She
25 will introduce Sam Houston's property loss specialist

1 who will be providing a PowerPoint. Then we will move
2 into a physical tour of the facility that should take
3 about 30 to 45 minutes.

4 We will be stepping -- after the
5 PowerPoint, we'll be stepping into the hallway here
6 immediately outside the meeting room and using this
7 hallway. The property loss specialist will be leading
8 the tour. We will be remaining in open session, so the
9 meeting will continue on the record. And that will be
10 meaning that the chairman will be leading us through
11 that and we'll be under his direction, being led by the
12 property loss specialist.

13 After we finish this portion of the tour,
14 we will exit the building. There will be golf carts
15 available for the Commissioners to travel to the
16 backside to see the damage sustained there. At that
17 point, you know, we will get together there again. The
18 Commissioners will be gathered with the gentleman who's
19 leading the tour for an opportunity to hear his
20 comments and ask questions at the direction of the
21 Chair.

22 And then we will next move after that
23 over to the tote board area where we will look at the
24 damage there using the same approach. Then we will
25 come back to this meeting room here for discussion.

1 I'm happy to answer any questions.

2 CHAIRMAN ADAMS: If I may -- if I may
3 add, the public certainly is invited and encouraged to
4 travel with us on the tour. We will be -- the sites
5 are not that far apart. They are all within walking
6 distance. And we will wait and not start the actual
7 tour portion, actual description portion, until
8 everyone has arrived and congregated and then we'll
9 follow through with that part of it and then move to
10 the next site. So everyone please take advantage of it
11 and be part of the tour.

12 We will have to ask that you're quiet
13 during this time because we have to record the
14 proceedings and then we'll have to have all of that
15 transcribed into the record at a later date. So we'll
16 be running off of a recorder as opposed to our process,
17 our current process.

18 So there will be limited questions and I
19 will need to recognize each individual before they ask
20 a question. If you'll -- Commissioners, if you'll
21 raise your hand so that I can recognize you on the
22 record so that we know who's speaking, who's asking the
23 question, and so on. So we'll go over that a little
24 more once we get there.

25 So we're ready for Andrea now?

1 MS. KING: Yes, sir.

2 CHAIRMAN ADAMS: Andrea Young, please.

3 MS. YOUNG: Thank you, Commissioner
4 Adams. I want to thank all Commissioners for being
5 here on short notice today. We understand that this is
6 hard on your all's schedules and kind of last minute,
7 so we appreciate you taking the time.

8 I really want to point out and thank
9 Commission staff. I think in the days before the storm
10 and after the storm, they've been nothing but helpful
11 and a great resource for us as we kind of went through
12 and evaluated all of our options.

13 Unfortunately, as you guys are already
14 aware, this resulted in us making the decision that we
15 would not be able to move forward with our live racing
16 meet this fall. I want to stress, you know, to
17 everyone, you know, how difficult a decision that is
18 for us. You know, I think that there is a lot of
19 misinformation out there today, so what we're going to
20 try to do is address that.

21 I think once people have an opportunity
22 to view what we present today, they have an opportunity
23 to tour, certainly ask us any questions they feel
24 like -- since Day One I've opened our doors to anyone
25 who wanted to come to Sam Houston Race Park and see the

1 damage, take a tour with me personally, talk to them,
2 so on. That will continue today and it will continue
3 as long as I need to make it continue for people to
4 understand, you know, how truly difficult a situation
5 this has been.

6 I want to take the time to introduce a
7 couple of people that are here to kind of -- today, to
8 help us through this process. First, to my right,
9 right here is Chris Gage. Chris is with BMS CAT, which
10 is one of the largest remediation companies in the
11 country. He has been on site leading our property
12 damage assessment and our team going forward as we
13 start to address the damages and begin the repairs.

14 So he's going to give a pretty detailed
15 explanation of really the high level items that have
16 the greatest impact. I mean, we're not going to talk
17 about, you know, signs that are turned over and gutters
18 and downspouts today. We're going to talk about the
19 big items that really impact our ability to host live
20 racing and the repairs necessary for them.

21 Also next to him is Greg Waller who's our
22 attorney on this matter. Greg is available because
23 during the process with Commission staff we know that
24 there are questions about kind of how an insurance
25 claim works and how that process is. And so I'm going

1 to, you know, defer those questions to him, but he's
2 here and available to answer all those things as well.

3 I'm going to start the first slide on
4 here today, just to give you guys a little bit of
5 context and what we're talking about, because a lot of
6 people in this room today are not from Houston and have
7 not spent the time here over the last 30 days.

8 Hurricane Ike came in on a Friday,
9 Saturday morning, September 13th. It resulted in us
10 canceling the last two dates of live racing for our
11 Quarter Horse meet. We were very fortunate, I think,
12 that that came at the end of our meet like it did.

13 The damages to this area were
14 significant. They continue to be significant. And
15 really, you know, something I want to focus on for the
16 people here, because I think it's important, is that 99
17 percent of people in Houston lost power. And we have
18 people on our staff that were without power for three
19 weeks, two weeks, you know, extended, extended periods
20 of time. So the initial days after the storm were
21 very, very difficult.

22 To give you an example, we could not get
23 our hands on a copy of our insurance policy because our
24 insurance broker was not -- didn't have power in their
25 office, couldn't access their files. You know, the

1 week after was very, very difficult for people here and
2 then the proceeding weeks. It went on for a long
3 time.

4 Here specific to the park, you know, we
5 were without power for four days. We were fortunate
6 that CenterPoint Energy, the largest power provider in
7 this area, was actually on our property running all of
8 their troops, their people on the ground, working out
9 of here, out of the park. So they were able to get us
10 up a lot more quickly than most people, which was
11 helpful because it allowed us to dry out a lot of
12 things in the building.

13 The real issue became and the reason we
14 ended up actually keeping our simulcast operation
15 closed for eight days is because we couldn't get a
16 stable water supply. Our water provider was running on
17 an emergency generator. And in addition to us, they
18 get water to homes and people who live in this area.
19 And, you know, those people were a little more
20 important during that time. And without water, we
21 couldn't turn on our AC units because of the chilling
22 towers. Without water, we couldn't -- without
23 pressure, we couldn't flush the toilets, so on.

24 About eight days in, we were able to
25 stabilize it. When we reopened, we opened on a limited

1 basis, only bottled water, no -- you know, very limited
2 cooking was being able to be done because of the water
3 supply issue. So there was a lot of kind of mixing and
4 mashing just to get us up and running even when we
5 did.

6 Like I mentioned, the Quarter Horse meet
7 ended two days early and the park was closed for a
8 total of eight days.

9 Here's kind of an overview of the areas
10 of the park that Chris is going to walk you through
11 today. We're going to talk a lot about the grandstand,
12 this building, and the roof damage that we suffered.
13 We're going to talk a lot about how, you know, the
14 damage we suffered is going to result in us having to
15 completely replace the roof here, in addition to the
16 adjacent building next door to us which is a meeting
17 center that we use at the park.

18 We're going to talk a little bit about,
19 you know, jockey quarters sustained some damage but
20 pretty much is okay. We're going to talk a lot about
21 some of the areas in the infield, the tote board, which
22 you'll see on the tour, the pump house which was
23 completely destroyed which we have rebuilt.

24 We're going to talk about the track, the
25 lights, the lost surface materials, and then really

1 spend a lot of time talking about the barns and the
2 dorm rooms, the tack rooms, and, you know, Barn Q which
3 you'll see on your tour which sustained the most damage
4 of any of the structures on the property.

5 With that said, I'm going to turn it over
6 to Chris. Chris is going to kind of explain a little
7 bit about how a team works on a process like this. The
8 other thing I'll say about Chris -- I'm going to ask
9 him to at least say a little bit about himself. But
10 one of the things we liked about him when we found him
11 was that he has experience with racetracks. He has
12 worked with racetracks in Florida after hurricanes
13 there as well as during Katrina in Louisiana. So I'm
14 going to turn it over to Chris right now.

15 CHAIRMAN ADAMS: Before you begin, Chris,
16 let the record reflect that Senator -- I mean,
17 Commissioner Sowell has joined the group.

18 COMMISSIONER SOWELL: All rise.

19 CHAIRMAN ADAMS: Go ahead, Chris.

20 MR. GAGE: That's a tough act to follow.

21 Good morning. My name is Chris Gage.
22 I'm one of the vice-presidents of BMS CAT. I represent
23 our technical services division. As you can imagine, a
24 property like here at Sam Houston is very technical in
25 not only its construction but in its post-catastrophic

1 repair.

2 What you see here is the team that has
3 been assembled in order to take care of this. Okay. I
4 work for CAT on top there. Thornton Tomasetti is our
5 forensic engineering firm. Okay. They consist of
6 forensic architects, forensic structural engineers,
7 curtain wall experts, certified roof observers,
8 mechanical engineers, electrical engineers, the guys
9 who climb up the light poles to look at all that kind
10 of stuff, a wide variety of folks.

11 They are matched on the insurance side by
12 Haag Engineering. All of you all from Texas probably
13 recognize the Haag name. They are officed here and
14 have several locations in Texas.

15 Linbeck, the general contractor who built
16 this building that you're in now, we'll be -- we're
17 working with them to provide quotes and whatnot on roof
18 projects and other projects here in the building, and
19 then, below them, Navigant Consulting, who's our
20 forensic accounting team. They are matched on the
21 insurance side by Hagen-Streiff, HSNO, in the corner.
22 York is our property adjuster on the insurance side and
23 Alliant is the broker.

24 As you can imagine, getting all these
25 folks together took a little bit of time in the

1 beginning when everybody had evacuated; but everybody
2 has gotten together and we are working diligently to
3 get the process rolling.

4 To give you a time line of what happened,
5 September 16th to 26th, even though most of this
6 facility had been -- was shut down and simulcast was
7 coming back up, that team that I just showed you
8 started to get together. That adjuster was brought
9 in. He's also working on the Port of Galveston. So he
10 had to get his folks together. And we immediately
11 started to figure out what exactly we needed as far as
12 different engineering expertise, different types of
13 folks, et cetera.

14 The first major outdoor project that was
15 undertaken was restoring the pump house. That actual
16 building was lifted off of its foundation and blown
17 across the track to the southeast. It damaged both
18 rails and the track itself in so doing. And it also
19 was damaged such that they could not perform irrigation
20 at the park. So track moisture, turf moisture was not
21 maintained for the first two weeks.

22 Since then and ongoing, you see, until
23 October 31st, Thornton Tomasetti and Haag Engineering
24 are on site for the surveying and subsequent report
25 writing.

1 It's very important to understand that
2 everybody works in teams. The accounting team from
3 both sides work together; and the architects, the
4 engineers, everyone works together in tandem. So they
5 are scurrying around the building, doing all their work
6 here, the barns, et cetera. And as soon as they were
7 done in certain areas, we were able to do some
8 subsequent remediation.

9 When we go on the tour today, you will
10 see that a lot of the Sheetrock and insulation and
11 whatnot has been removed from the dorms. That wasn't
12 like that prior to the engineers coming in and looking
13 at it because they have to look at the damages as they
14 work.

15 Our target date is to get a report from
16 the engineering folks next week. And then from that,
17 moving forward, a target would be for Linbeck then to
18 start looking for contractors and bids, subsequent to
19 that a delivery date. I can tell you that we've
20 already been working with them to help expedite that
21 and our next slide will explain a little of that.

22 Contracts hopefully are going to be
23 awarded mid November. And then the target for material
24 arrival for big scale items, like roof metal and
25 whatnot, would be early January, all other projects

1 running concurrently. As I've already said, we'll
2 share our Gantt chart once we get all this set up. And
3 a completion date of April 1st.

4 Some quick facts to think about. Okay.

5 And we're going to show, not only through the slides
6 but on the tour, the evidence of some of these things.
7 The grandstand roof. When you come in, you can still
8 see the roof is there and doesn't look overly damaged.
9 There's some blue tarps that makes me think fondly of
10 Louisiana. But it did sustain systemic roof failure.
11 Okay. The building has signs of movement. There is a
12 lot of evidence of wind-driven rain throughout the
13 building. And there is evidence of uplift in the
14 roof.

15 Okay. Now, the way the building is
16 constructed, when we go outside, you will see that the
17 insulation under the roof panels is sandwiched between
18 the girders and the purlins in the roof deck. So the
19 only way to fix the insulation is to remove the roof.
20 Exacerbating that is the fact that the roof is
21 mechanically crimped in place. So if you pull off a
22 roof panel to fix the insulation, you can't put that
23 roof panel back because it's been crimped there. So
24 we've got to get a new roof.

25 So the material lead time on the roof is

1 four to six weeks. Fortunately, our mills are
2 relatively local here so we don't have a lot of
3 transfer time; installation time after that, somewhere
4 on the order of 12 weeks. And then once that's done,
5 we can complete the interior remediation. Obviously we
6 would be a little bit remiss to start doing interior
7 remediation before we had the building dried in.

8 The pavilion roofs next door, the same
9 roof construction, same delivery time, same issues
10 there.

11 Barn Q back in the southeast corner, the
12 dorm was completely destroyed. We'll see that on the
13 tour. The actual roof of the dorm picked up and was
14 deposited on top of the barn, which caused barn roof
15 damage. That barn is the biggest one on the park. It
16 holds about 10 percent of the horses. And that dorm
17 holds 10 folks. So we have demolition of the damaged
18 structure and then reconstruction of the new dorm and
19 repair of the barn.

20 Now, as you can imagine, a 15-year-old
21 structure, here in Houston, some codes have changed, so
22 we're having to do some code upgrade issues on the dorm
23 and the barn itself. Therefore, architects are
24 involved. We have to get drawings made. And there's a
25 fair amount of work that goes into doing the due

1 diligence on that.

2 The rest of the barns and stables and
3 dorms have various amounts of damage you'll see today
4 on the tour. Remediation as far as removing the wet,
5 damaged material is under way. However, a rebuild will
6 take probably another two months.

7 The tote board in the middle of the -- in
8 the infield, there's 15,000 incandescent bulbs that run
9 that board. It's 15-year-old technology. Okay. Of
10 the 15,000 bulbs, three work. So that is beyond
11 repair. And because the technology is obsolete, it's
12 not something that we could piecemeal together. We
13 have to get a new one.

14 Okay. Furthermore, the spare parts for
15 the jockey board were conveniently located in the tote
16 board building, so therefore we now have to find spare
17 parts for the jockey board.

18 After a couple of weeks of searching
19 around for that, we find that that, too, is obsolete;
20 so we have now got a fix from Daktronics for a new tote
21 board and an updated jockey board and some changes in
22 the communication between the two.

23 Lights and track, about 200 lights are
24 out on the track itself, the lights on top of the
25 stanchions. We are on -- we are doing some ongoing

1 investigations there to figure out if it's just a bulb
2 that's out or if it's a ballast that was damaged. As
3 you can imagine, several lights, probably another
4 hundred or so, were blown out of place. Those need to
5 be re-aimed. The other ones need to be repaired.

6 And we estimate about an inch of track
7 surface was lost, either through wind or water
8 erosion.

9 The report structure, which is important
10 so you know what the engineers will be getting,
11 structural and architectural damage observations for
12 all the buildings we just talked about, electrical
13 damage observations, recommendations for repair, again
14 divided by building, appendices there attached, photo
15 logs, drawings, everything we're going to need soup to
16 nuts to finish the project.

17 And again, the important thing here is to
18 remember that that parallel movement is very, very
19 important, insurance and owner's folks working side by
20 side in tandem so that there's agreement throughout the
21 process.

22 Some of the things you'll see today on
23 the tour, the grandstand here, roof failure. Like I
24 explained before, due to the construction of the roof,
25 the vinyl-backed insulation that is damaged you see

1 here. Here you're seeing the seams that are exposed.
2 Okay. That little white stripe shouldn't be there.

3 Here you're seeing some insulation hung
4 down. This is a pocket of water that's still there
5 trapped between the girder. Okay. That's a girder.
6 Or excuse me. That's a purlin. That's a girder.
7 That's still going on here today. As it rains, these
8 problems get exacerbated even without tarps. The only
9 way to get access to this insulation is to remove the
10 overlying roof deck.

11 The roof deck here you see in this bottom
12 picture. It's mechanically crimped in place. That's a
13 seam. And if you notice where the arrow is pointing,
14 there's evidence of uplift against that seam. Now when
15 it rains, water comes in there. And you also see
16 evidence of the scour. We found a lot of actual track
17 soil up on the roof which probably created a lot of
18 that scour.

19 Inside the park -- or inside the
20 grandstand, rather, you obviously are going to see the
21 damages associated with water intrusion here. And this
22 is the celebration suite in the northeast corner of the
23 building. Water intrusion, Sheetrock is delaminating,
24 getting some mold growth, et cetera, not atypical of
25 what you find in most water damage.

1 And also here, that's actual ongoing
2 water intrusion in one of the suites. Every time it
3 rains, water still comes in the building. The tarps
4 are working, but they're not completely effective nor
5 are they a permanent solution.

6 The pavilion, the same problem with the
7 roof insulation delaminating here as well as more roof
8 damage here. You see a scuff mark. That is not from
9 that pencil. Okay. But you see that scuff mark there,
10 flying debris on the roof, again, damaging one of the
11 seams, allowing water to get in the building. That's
12 prevalent on all four of those buildings next door.

13 Barn Q. This is the dorm to Barn Q. You
14 notice it's missing a roof. The roof has been
15 deposited on the barn itself. There's an inside view
16 looking up of the barn -- of the actually dorm roof
17 penetrating into the barn.

18 Okay. Here's another view of an adjacent
19 metal roof. We're looking down into one of the groom's
20 dorm rooms right there. Obviously there's not a lot of
21 fixing that. That needs to be replaced.

22 Okay. Numerous code upgrades are going
23 to be applied here to the dorm itself. And these
24 repairs, as you'll see when you get out there, there's
25 more than just a few roof panels. There's several roof

1 panels. There's purlins. There's a lot of steel that
2 needs to be addressed as well.

3 Other dorms and barns throughout the
4 property. This is a tack room on the inside of the
5 barn. It's underneath the dorms. You can see water
6 damage -- sorry. You can see water damage associated
7 there in the tack rooms. You see a lot of wind damage
8 inside the dorms. That's a dorm room there where the
9 drop ceiling has been completely ripped out by wind
10 getting up into the space.

11 And then we also see this, which is a lot
12 of electrical wires, insulators, communication cables,
13 et cetera, that have been ripped off of the buildings
14 themselves in the dorm area and are hanging down. So
15 we can't drive trucks. We can't have horses and people
16 back there who are unaware of these hazards.

17 And what we need to do is fix the dorms
18 first and the barns first before we reattach those
19 because we attach those back to the dorms that are
20 being repaired.

21 The tote board, you'll see here, this is
22 some wind damage to the end of the building. Both ends
23 were completely blown out which allowed for a wind
24 tunnel effect to take place.

25 Here you see the inner workings, the

1 electronic components of the tote board. If they
2 weren't completely knocked off the wall, they suffered
3 a lot of wind damage. There's a lot of water damage in
4 there as well. Most of the circuits were corroded.
5 There's a lot of debris. Here you see more track soil
6 in the building itself.

7 Haag, Thornton Tomasetti, Daktronics, all
8 came out here, all agreed it's irreparable.
9 Replacement is the only option. And then again, like I
10 mentioned before, it does communicate with the other
11 board out to the west of this building.

12 Track and lighting, okay, obviously all
13 these lights up here were very subject to wind
14 damages. About 200 of the lights are not functional.
15 Another hundred or so have been blown out of position.
16 These need to be re-aimed. Re-aiming and replacing
17 these lights can -- replacing the lights can be done
18 during the day obviously, but re-aiming all has to be
19 done at night with a light meter as you go around the
20 track and measure so that you have equal light coverage
21 around the track. It's got to all be done at night.
22 It's a very onerous process.

23 And then as I mentioned before, the track
24 surface is eroded and the timing system that was in the
25 rail was damaged as well.

1 Other and sundry things that I won't take
2 a lot of your time to talk about today but should be
3 noted, little things like this. When we walked in this
4 morning, you probably walked under that awning. Well,
5 half of the awning is missing. We obviously can't
6 match the ripped-off part versus the existing part, so
7 we're having to order new awnings. The awning curves,
8 you'll notice, when you walk in and out of the
9 building. It's a harder awning to get to. These are
10 some of the typical challenges we're running into.

11 Damages like this, this is the inside of
12 one of the TV towers out there. That will need to be
13 reinsulated. There's gutter repair, downspout kind of
14 little damage here and there. Some of the pavers
15 throughout the park need to be replaced. They were
16 damaged. VCT and carpeting here in the building, et
17 cetera. So it's a lengthy list.

18 What I'd like to do is take questions
19 now, move on to the tour at your convenience, and then
20 we can discuss things out there.

21 CHAIRMAN ADAMS: Thank you, Chris.

22 Any questions of the Commission at this
23 time before we begin the tour?

24 COMMISSIONER EDERER: Just a quick one.

25 CHAIRMAN ADAMS: Yes.

1 COMMISSIONER EDERER: Walking around and
2 looking at the facility, of course, the first reaction
3 is: Why should they have to shut it down? It looks
4 great. But I see now it's not just this facility. The
5 other repairs, to the barns, to the dormitories, to
6 all -- when those repairs are being done, this will be
7 being done simultaneously. So there's really not
8 much -- there's no wasted time here. Is that correct?

9 MR. GAGE: That's correct.

10 COMMISSIONER EDERER: It all has to work
11 together is what it seems to me.

12 MR. GAGE: It does, for several different
13 reasons. If you just take the proposed project here on
14 this building, we are looking at options of moving
15 simulcast next door versus keeping it here and how we'd
16 have to phase the roofs and whatnot. There's no way
17 we're going to hit April 1st unless we work on
18 everything at the same time.

19 COMMISSIONER EDERER: Like I said,
20 looking at the facility, you think, well, they could
21 run it here.

22 MR. GAGE: Right.

23 COMMISSIONER EDERER: But I see that's
24 impossible.

25 MR. GAGE: It is. It would be extremely

1 challenging, if not impossible, yes, sir. The fact
2 that simulcast can run downstairs is primarily because
3 it's downstairs and we've got the deck that separates
4 the first and second floor protecting those folks down
5 there from falling insulation, roof leaks, et cetera.

6 COMMISSIONER EDERER: Thank you.

7 COMMISSIONER SOWELL: Question. The
8 damage appears to be much greater than I had
9 anticipated. But my question is: Is there anything to
10 the damages that have not been contained in your
11 report? Is there something that is relatively minor
12 that you skipped over that we'll see as we inspect? Or
13 what is the situation there?

14 MR. GAGE: Those minor damages are going
15 to include things like more damage to the rail, maybe
16 better examples of the paver damage which will create a
17 trip hazard or a hazard for the horses that will be
18 walking on the rubber pavers, a lot of metal damage as
19 you'll see when we go to the barn portion. Damage to
20 the exercisers itself, the little electric motors in
21 about 80 percent of those have failed and they're not
22 working.

23 So there are several things that are
24 small that you will see today. I did not want to take
25 up more of your time with the PowerPoint.

1 COMMISSIONER SOWELL: Thank you.

2 CHAIRMAN ADAMS: Any other questions?

3 Yes. Go ahead.

4 MR. CLOWE: When will an estimate of the
5 total cost of repairs be available?

6 MR. GAGE: We have started working on
7 that already. We're starting with our big ticket
8 items. Obviously roofs and whatnot are big from a
9 materials and a labor standpoint. And our hopes are to
10 have preliminary costs assembled for the insurance
11 folks by the end of the year. However, that's going to
12 be a dynamic document. I want everybody to know that
13 as we move forward. Those are just going to be our big
14 ticket items.

15 MR. CLOWE: Will you furnish that
16 information to the Commission as it's developed?

17 MR. GAGE: I will furnish that to my
18 client. She can do what she wants to.

19 CHAIRMAN ADAMS: Good answer.

20 MR. GAGE: Thank you.

21 MR. CLOWE: Just as long as we get it.
22 We don't care who it comes from.

23 MR. GAGE: Yes, sir.

24 CHAIRMAN ADAMS: Other questions?

25 Okay. Thank you, Chris.

1 Anyone else going to address the
2 Commission before we start the tour?

3 MS. KING: No, sir.

4 CHAIRMAN ADAMS: Okay. Chris is going to
5 lead the tour. And again, I'm going to reiterate here,
6 Commissioners, and for the benefit of Commissioner
7 Sowell, as we go through the tour, we will be recording
8 Chris' explanation. Commissioners, if you have a
9 question -- and I will not be taking questions from the
10 general public, nor will Chris be taking questions from
11 the general public.

12 We will -- the Commissioners will have an
13 opportunity to ask a question or to wait until we get
14 back in here and ask all the questions at one time.
15 Irregardless, I'll need to recognize you for the record
16 on the recorder before you pose your question and we'll
17 deal with it that way.

18 And as we move -- the other thing I want
19 to state is, as we move from one site to the other, we
20 will be separated into golf carts, so there will be no
21 communication between Commissioners during that period
22 of time since we are in session and we would violate
23 the Open Meetings Act if we did that. So everybody be
24 real attentive to that. Thank you.

25 (AT THIS TIME THE MEETING CONVENED AT

1 various locations and the following proceedings were
2 transcribed from tape recordings)

3 MR. GAGE: Okay. My goal in this
4 building is to make three stops. Okay. We're going to
5 start here. We're going to go to the center of the
6 building and look towards the northwest to some damages
7 there. And then we're going to go look in a
8 stairwell.

9 This will just give you an idea of what
10 we're going to see throughout the building. This here
11 is some of that seam splitting that you saw in the
12 PowerPoint. Okay. As these things get worse, as it
13 continues to rain throughout the winter, we will see
14 insulation continues to sag and, in fact, fall. This
15 insulation has actually fallen on top of that room
16 right there and has torn off from right there. So it
17 is, in fact, falling, okay, every time it rains.

18 We'll walk down to the center and we'll
19 see a lot more of this. I just wanted to give you a
20 precursor here.

21 (Brief recess for relocation)

22 MR. GAGE: When you all drove in this
23 morning, you saw the great blue tarp around this. This
24 is the central cupola here. This is an ongoing leaking
25 problem that we're having here. You see much greater

1 insulation failure throughout this portion of the
2 building. You can see here it's actually starting to
3 fall down. And obviously not only is it falling down
4 and could impact someone underneath. There's a dust
5 issue associated with it. But we're also losing
6 thermal value. When Fiberglas insulation like this
7 gets wet, it never retains the same R value it had
8 before.

9 I'll also direct you to look at the
10 threaded rods over there, over the dormer itself. You
11 notice the rod there on -- going down towards the
12 outside of the building on the left has a bend in it.
13 Okay. Those threaded rods were not kinked like that
14 during installation, nor should that bend be there.
15 Okay. That is demonstrative of wind movement
16 associated in that dormer. Okay. So the building, or
17 at least that dormer, did show evidence of movement.

18 So a lot of this failure that we're
19 seeing represented on the insulation side is not only
20 from water intrusion, but it's also from building
21 movement.

22 And again, as you look up here and see
23 this, there's no way to access all this insulation to
24 make these repairs from this side. Okay. Forget about
25 the fact that there's all this mechanical stuff in your

1 way. That insulation goes across the roof system and
2 is sandwiched between the structural members and the
3 deck. So the only way to get that out is to remove the
4 deck to get it out. We've looked at other options. We
5 looked at trying to do it another way. The mechanical
6 systems and whatnot get in your way coming from this
7 way.

8 Okay. Now also think about painting
9 issues. Okay. All of that was painted in place when
10 the building was constructed. That's why everything up
11 there is the same paint. That insulation actually
12 comes white. That's why you see white in the seams.
13 All right. So therefore, in order to try to do
14 something from the inside, we would have to repaint
15 it. And you can imagine the masking and taping that
16 would occur in this space trying to paint that.

17 Also, how do you get up that high? When
18 this building was first constructed and all this was
19 put in place, that curtain wall was not in existence.
20 A lift was brought in via a crane and everything was
21 done off of a lift. We would therefore have to remove
22 that curtain wall again to bring the lift in the
23 building to try to do the work from this side.

24 The list goes on -- excuse me. The list
25 goes on. It becomes more and more apparent, as we walk

1 around, that the way to do this is from the outside of
2 the building. Cost and time are the key factors in
3 this. We want to get back open by the spring. And I
4 think the only way to do it is from up above.

5 You'll see more insulation like this over
6 here at the ridge. The ridge was obviously one of our
7 main points of failure as it is on any roof. Any of
8 you all that have barns know that. The ridges leak.
9 And we will see, now moving over to the staircase, that
10 what has happened is most of the time where water has
11 come in the ridge, it's run down the roof and we've got
12 good evidence of it being trapped over here in the
13 stair.

14 (Brief recess for relocation)

15 MR. GAGE: Another picture here from
16 PowerPoint, here you see we've got this water balloon
17 effect in several places throughout the building. This
18 is the biggest one. The ongoing remediation solution
19 with this has been to talk about a BB gun. But
20 basically this is one of the key pieces of evidence
21 we're using to find where the water is coming from,
22 which way it's moving, and, again, show that it's not
23 just building movement but there was a fair amount of
24 water.

25 If you look behind you here on this wall,

1 there's some water staining and whatnot. That's very,
2 very common. We're not going to take your time today
3 going up in the suites, but that's the kind of stuff
4 we're looking for. As we go up to the upper floor,
5 that becomes a lot more prevalent.

6 My goal now is to go downstairs to that
7 far end of the building, down to the loading dock. I
8 know that's not real pretty, but it's the fastest way
9 to get to the golf carts and go out that way. But
10 before we do that and leave this space, does anybody
11 have any questions?

12 CHAIRMAN ADAMS: Commissioners, do you
13 have questions at this time?

14 MR. CLOWE: Yes. I have just one quick
15 one.

16 CHAIRMAN ADAMS: Commissioner Clowe.

17 MR. CLOWE: Thank you, Mr. Chairman.

18 Is the structural integrity of the
19 building intact? You pointed out the bending in the
20 rods as a result of the dormer moving. Are you
21 satisfied that the structure is okay for these
22 repairs?

23 MR. GAGE: The structural engineers have
24 done their analysis on the building and deemed it
25 structurally sound. And that is because of the

1 construction of the building. Although it is big and
2 open like you see, the roof deck itself is actually a
3 major structural component. And because that deck is
4 still attached across, albeit loosely or damaged from
5 uplift, it's still -- or the homogeneity of its
6 attachment across the roof is still providing
7 structural integrity.

8 MR. CLOWE: Thank you.

9 CHAIRMAN ADAMS: More questions? Go
10 ahead, Commissioner Sowell.

11 COMMISSIONER SOWELL: What, if anything,
12 could be done by way of other activities on the
13 property, other entertainment, while you were doing
14 your rebuilding and whatever needed to be done? Is it
15 compatible to be able to do your work around some other
16 activities that could be held?

17 MR. GAGE: Yeah. And let me speak to
18 that in a couple of different ways. Number one, when
19 you walked in, you saw that the two major
20 ingress-egress points to the second floor were the
21 escalators. So we can contain those areas and try to
22 soundproof them so as to allow the simulcast activities
23 to go on downstairs.

24 I don't believe that there's a safe way
25 or a customer-service-oriented way to do that any other

1 way except for try to separate the two. If you've been
2 around a building when metal roofs get installed, it
3 sounds like someone is dumping a dumpster in your front
4 yard every day all day because those panels are very,
5 very loud. So I don't see any way to use this or the
6 suite level during that operation.

7 I'm also concerned about the equipment
8 that comes in to install the roof. We're looking at
9 two major roof operations. One is cranes removing the
10 pieces and cranes replacing the pieces. I'm getting
11 bids on two different roof systems. One is panelized
12 like you see up here and the other comes in rolls.
13 Actually they'll bring a big flatbed truck in and
14 they'll roll the panel up and down the other side. And
15 that can be done from one side so as to allow access to
16 part of the building.

17 However, when you're talking about
18 matting, all the pavers out front, bringing 18-wheelers
19 in and several cranes, we're going to have more safety
20 concerns than anything else for the rest of this area.

21 So the only way to use this area then for
22 business would be to try to relocate it in the
23 pavilions next door. As far as the rest of the park,
24 if we could figure out a different way to get to the
25 infield, maybe some activities could go on there.

1 COMMISSIONER SOWELL: Thank you.

2 CHAIRMAN ADAMS: I have a question,
3 Commissioner Adams, for Chris. Is it not possible that
4 when you start disassembling the roof that you do find
5 some structural damage of the structure? And if so,
6 how do you deal with that or what -- do you have plans
7 or are you looking into that?

8 MR. GAGE: The one thing we've all
9 learned from doing this enough is that we always find
10 things that we didn't think we'd find or could not see
11 from standing here. So as part of the reconstruction
12 process, engineers from both sides of the teams will be
13 in place during the unveiling, if you will, or the roof
14 removal to look at those systems up there in place from
15 the side we can't see right now. And then there's
16 contingencies in our schedule and allowances in our
17 budget to address those at the time. The most
18 important thing is to have the people here with eyes
19 that know to identify those issues.

20 CHAIRMAN ADAMS: Thank you, Chris.

21 Any other questions?

22 Okay. Then we'll move to the other end
23 of the building.

24 (Brief recess for relocation)

25 CHAIRMAN ADAMS: Okay. Chris, if you'll

1 give us the story here.

2 MR. GAGE: This is a good place to stop
3 out in the barns. It's very representative of the
4 broad scale dorm and barn issues you see throughout
5 this part. And obviously they'll be worse when we go
6 towards the east and towards Q.

7 But as you see, some of the issues we
8 were talking about before with electrical service, with
9 these wires, low hanging wires, you can't even walk
10 underneath some of these areas without running into
11 those problems. And those were adhered to the sides of
12 the building; and these buildings, as you see from the
13 dumpsters and the debris, are being remediated.

14 They all took on a lot of water. The
15 cellulose or the paper-faced building materials,
16 Sheetrock, insulation, everything, sat wet for an
17 extended period of time and mold started to grow. And
18 that's not conducive for the inhabitants of those
19 buildings. So all these buildings are being gutted, as
20 you see, and we're getting bids for the rebuild and
21 that's an ongoing process.

22 Now, on the other side, what this
23 building sits on are the tack rooms. And the tack
24 rooms also have -- as you remember from that picture
25 this morning in the presentation, the ceilings are full

1 of mold. So there's an issue there with the tack
2 rooms.

3 And then as you go through the barn, we
4 still haven't figured out all the fire alarm issues.
5 The power surges damaged some. Most of those have low
6 hanging wires. And as I mentioned before also, the
7 exercisers and some of the other damage outside the
8 barns as well.

9 CHAIRMAN ADAMS: Any questions for
10 Chris?

11 MR. GAGE: Okay. Q is going to be a
12 little bit of a hike. It's that corner back there.
13 That's where we will go next.

14 (Brief recess for relocation)

15 CHAIRMAN ADAMS: Okay, Chris. We can
16 re-go at it here.

17 MR. GAGE: Okay. This is Barn Q and the
18 associated dorm. This is the biggest barn and the
19 biggest dorm in the area, all right, in this whole back
20 area. And it is obviously severely damaged. The roof
21 ripped off. We'll go ahead and poke our heads in the
22 other side and look at the barn itself. But there's
23 some interesting things about the dorm you should
24 know.

25 One, the roof is gone; and the internal

1 walls obviously have had water falling on them, so they
2 are -- although they are still standing, this whole
3 thing will need to be taken down.

4 Now, when you take down a building versus
5 just remodel a building here, there's some code issues
6 that come into play. There's major issues, like fire
7 and life safety, that are going to come into play in
8 the rebuild, everything from updating the fire alarm
9 system to have a visual and an audible alarm in each
10 room, updating where the heat strips are placed so that
11 the bed sheets don't fall on top of them, updating the
12 window air conditioners for the amount of -- the right
13 amount of air exchanges, and also things like the
14 deck.

15 Okay. On these other dorms, you see
16 there's only one ingress-egress point to the upstairs.
17 And that's allowable still by the distance between the
18 fourth door or the furthest door and the staircase.
19 Here, our middle two or three rooms are too far away
20 from the ingress-egress standpoint. So when we remodel
21 this, we have to take that into account and build
22 what's called an area of refuge, which will be a little
23 deck that sticks out here over the tack -- or the feed
24 rooms, with an extra exit.

25 So these are all the things that sort of

1 come in and will slow down the rebuild process because
2 all that has to get designed and then taken to the
3 County and approved and whatnot. So electrical upfit,
4 plumbing upfit, some structural fire issues, life
5 safety issues, all of that will be taken into account.
6 And then, first, obviously it's got to come down.

7 Now, the good news is we are winning the
8 fight on some other issues with the code, like ADA.
9 Obviously we don't need to put in a handicapped
10 accessible bathroom back here. Although they asked for
11 that, we're going to go ahead and petition against that
12 and some issues like that, only because it's not an
13 environment conducive to having handicapped employees
14 anyway.

15 All right. If we will, from here, poke
16 your head around and look into the barn itself and see
17 the barn damage.

18 (Brief recess for relocation)

19 MR. GAGE: All right. Above us right
20 here, typical roof damage from debris from the dorm.
21 Obviously you can see a lot of the dorm roof poking
22 through the barn right there and also structural damage
23 here to this purlin. And if you look up, you see some
24 of these purlins are turned over or wracked. That's
25 because of some building movement from the wind.

1 So in order to access these and that one
2 there, you have to remove several panels of roof to get
3 to that. So that's what I was trying to allude to
4 before. If you look at the size of these panels and
5 where the purlins connect or bolt, you end up removing
6 a lot of the barn to get to that part there.

7 Other things to note in here, aside from
8 electrical you see hanging down, at the time when this
9 was constructed, it was not deemed a wet environment.
10 It now is. So as part of the upfit, because the dorm
11 is considered part of the barn, we have to upfit the
12 fire alarm system for the entire building and rewire it
13 now for a wet environment as well.

14 CHAIRMAN ADAMS: Any questions?

15 Okay. We're going to go from here to the
16 tote board, are we not? Okay.

17 (Brief recess relocation)

18 CHAIRMAN ADAMS: Tell us about the tote
19 board.

20 MR. GAGE: From standing on this side,
21 you can see the susceptibility of the tote board to
22 wind-driven rain. It's an old incandescent bulb
23 system. It's original to the park. And all the bulbs
24 that you see are only protected by a screen. So as
25 water and debris and whatnot was being blown into the

1 building, it was allowed freely to pass into there.
2 And this was exacerbated by the fact that both ends of
3 the building blew off.

4 So what you can see here -- and what
5 we'll do is walk inside and I'll just show you a
6 quick -- just one of these panels as a representation.
7 I'll get it and bring it to you. But you'll see that
8 the level of corrosion from being in the wet
9 environment after the storm completely destroyed the
10 board.

11 And as I mentioned, doing a test for you
12 today would be pretty anticlimactic because there's
13 15,000 lights in the board and, literally, three of
14 them work. So there's not a lot to show you. But
15 we'll poke our head in here and look this way.

16 (Brief recess for relocation)

17 MR. GAGE: This door speaks to some of
18 the structural damage that the building also incurred.
19 Obviously doorjambs are meant to stop doors, and
20 that -- you see that separation that's occurred there.
21 The entire building has now shifted over. So
22 fortunately, the new board that will replace this does
23 not require a building. It will be just adhered to the
24 slab. So this building will go away.

25 COMMISSIONER EDERER: And you say the new

1 board does not have -- I guess I'm not supposed to
2 talk.

3 MR. GAGE: The new board itself will not
4 require a structure around it. It will sit on a slab
5 and have two geotechnical piers that are drove into the
6 ground to be attached to. But it's a self-contained
7 building itself. So it's like a scoreboard you'd see
8 at a football stadium.

9 Here you can see some of the circuitry
10 with the water staining inside them. Okay. So all of
11 these took on a fair amount of water due to the
12 structural damage of the building. And also you
13 notice, okay, how that's attached. That's literally
14 how they're designed to fit so that bulbs can be
15 changed out and whatnot.

16 Now, if you look there, that's all the
17 spare parts for the jockey board; and they got water
18 damage, too; so trying to retrofit any of those for the
19 jockey board was not going to prove very successful and
20 therefore we could never move forward fixing anything
21 on that front board so these both will be replaced.
22 However, the jockey board will probably have something
23 more like this, just LED panels in the existing
24 structure, because that structure itself didn't incur
25 any damage like this did.

1 CHAIRMAN ADAMS: Any questions?

2 Okay. Thank you, Chris.

3 MR. GAGE: We'll go out here and just
4 talk about the rail.

5 (Brief recess for relocation)

6 MR. GAGE: This will give you a good
7 perspective of the other damages to the infield. That
8 pump house over there is new. The preexisting
9 structure was completely blown off of its foundation
10 and traveled to the southeast. And it damaged the
11 rail, the timing system in the rail, the shadow fence,
12 et cetera, and was deposited on the lawn back on the
13 other side of the track.

14 As you can see here, there was a series
15 of signs here that were blown down. There were signs
16 on that whole stretch over there that were blown down.

17 The lighting, you can get an idea of all
18 the lights that are out here and their height. So we
19 are talking about people going up and fixing those and
20 inspecting those. It's obviously a pretty onerous
21 task.

22 And you get another shot of the
23 grandstand and what I was talking about before with the
24 curtain wall. That big glass wall on the front is a
25 curtain wall. It did have some minor failure and some

1 deflections in the corners which allowed water to come
2 into the structure there as well.

3 However, an interesting fact is that not
4 a single panel of that glass broke. The only pane of
5 glass that broke on the park was, in fact, the spare
6 panel that was stored over there.

7 CHAIRMAN ADAMS: Okay. Does that
8 complete the tour?

9 MR. GAGE: That's it.

10 CHAIRMAN ADAMS: So we'll be going back
11 to the meeting room now and continue with the question
12 session before we go to the next agenda item.

13 Thank you, Chris.

14 (At this time the meeting reconvened in
15 its original location and the following proceedings
16 were recorded stenographically)

17 CHAIRMAN ADAMS: Okay. We'll continue
18 now with the agenda item, tour of the damage to Sam
19 Houston Race Park, with a -- the only thing remaining
20 here is a possibility of questions from the Commission
21 of Chris or Andrea and before we go on to the next
22 item. And there's no action required on our part on
23 this agenda item.

24 MR. CLOWE: No questions.

25 CHAIRMAN ADAMS: So are there any

1 additional questions?

2 COMMISSIONER EDERER: No questions.

3 COMMISSIONER SOWELL: No questions.

4 CHAIRMAN ADAMS: Very good.

5 The next item will be the -- we're going
6 to consider Item B. There's no action required on Item
7 B on the agenda. Item C, D, and E we're going to
8 consider together jointly. And I'd like to -- and we
9 have a number of people signed to speak in this arena.
10 So we'll begin with Andrea Young.

11 MS. YOUNG: This is just officially -- we
12 have a letter in to the Commission, but to officially
13 request that our dates be canceled.

14 Any questions?

15 CHAIRMAN ADAMS: Okay. Any questions for
16 Ms. Young?

17 MR. CLOWE: No questions.

18 CHAIRMAN ADAMS: Thank you, ma'am.

19 Next signed, Bryan Brown. Is Mr. Brown
20 back from the tour yet?

21 I apologize. I didn't read the Items C,
22 D, and E and I should have done that, read them into
23 the record. Item C is a request by Sam Houston Race
24 Park to modify its 2008-2009 live racing schedule.
25 Item D is a request by Lone Star Park to modify its

1 2008-2009 live racing schedule. And Item E is a
2 request by Retama Park to modify its 2008-2009 live
3 racing schedule.

4 Now we'll hear from Bryan Brown.

5 MR. BROWN: Mr. Chairman and
6 Commissioners, Bryan Brown with Retama Park. I guess I
7 don't know whether to speak about our race dates or
8 just comment on the Sam Houston Race Park race dates
9 and wait for the later agenda items. I'll speak at
10 your pleasure.

11 CHAIRMAN ADAMS: We can hear them all at
12 the same time, Bryan.

13 MR. BROWN: All at the same time. Okay.
14 Good.

15 Retama Park has requested to run 43 race
16 dates beginning November 20th -- and that's a
17 Thursday. That will be the Thursday after we're to
18 complete our current meet -- and extending through
19 February 28th. We would do our best to run as much as
20 10 races a day. We would start out with a condition
21 book that would feature nine races a day. We would run
22 Thoroughbreds and Arabians. Our Arabian races will be
23 two per week over 13 weeks plus two Arabian stakes
24 races.

25 We would run a stakes schedule for

1 Thoroughbreds that's abbreviated from what Sam Houston
2 had proposed. We would run Champions Day much like Sam
3 Houston had intended to card and then two stakes races
4 in February after working with the Texas Thoroughbred
5 Association and seeing what was important to them.

6 We would take stall applications. We've
7 accepted the stall applications from Sam Houston Race
8 Park -- I should say we've received the stall
9 applications from Sam Houston Race Park. We would hope
10 to keep as many horsemen that are currently stabled at
11 Retama for the additional days. And a lot of that is,
12 you know, being worked through right now in
13 anticipation of any potential Commission action.

14 As far as purses go, we would mirror the
15 proposed Sam Houston Race Park condition book with
16 those purse levels. If the meet is going well and
17 we're able to raise purses up to the current Retama
18 levels, we'd love to do that.

19 A lot of what we're going to be doing --
20 is that better? I didn't make much sense anyway.

21 A lot of what we'll be doing as far as
22 the total number of races run and the average purses
23 that we run for, should the Commission grant the dates,
24 is going to be based on seeing what the horsemen need
25 most. Do they need more purse money per race? Do they

1 need more races? What is it that can best be done to
2 serve the horsemen?

3 And ideally, Retama would like to run as
4 many races as possible that are as full as possible.
5 And I think the horsemen would like the same thing.

6 Unfortunately, accepting the race dates
7 would cause Retama to not be able to run our training
8 center. This is something that is very, very difficult
9 for us to do. We've been running a training center
10 successfully since 1997. It's not something that we
11 look forward to, but I think it's important for us to
12 step up to the plate at this time and offer the dates
13 in spite of what it might do to the training center.

14 We are planning on working with the
15 Quarter Horsemen and, in fact, would like to meet with
16 them tomorrow after a Thoroughbred horsemen's meeting
17 to see what kind of opportunities we can provide for
18 works, including gate works, throughout the
19 Thoroughbred meet.

20 A lot of the difficulty that I think we
21 all face in looking at these race dates is the
22 economy. We started heavy discussions with the
23 horsemen a couple of weeks ago, unfortunately, the week
24 that the market crashed; and so there's a lot of
25 uncertainty for all of us coming up; but we're very

1 excited and comfortable about what's been worked out
2 with the horsemen. And we'd certainly be happy to
3 answer any questions that you have.

4 CHAIRMAN ADAMS: Do Commissioners have
5 any questions for Mr. Brown at this time?

6 I think not, Mr. Brown. Thank you.

7 MR. BROWN: Okay. Thank you.

8 CHAIRMAN ADAMS: Next signed to speak is
9 Drew Shubeck, Lone Star Park.

10 MR. SHUBECK: Thank you, Chairman. A few
11 weeks ago all interested parties met at the Texas
12 Horsemen's Partnership's offices in Austin and we
13 really reviewed different scenarios for picking up some
14 live race dates from Sam Houston.

15 From Lone Star Park's standpoint, we
16 offered three different scenarios. The first was to
17 run some additional days in March and early April,
18 three days a week for four weeks. Another scenario was
19 to run Wednesdays in April and May. There would have
20 been seven of them. And another scenario would have
21 been just an outright purse supplement that would have
22 been transferred from Sam Houston to Lone Star Park to
23 just supplement our purses for our normal scheduled
24 meet.

25 We offered those out to the horsemen for

1 some sort of remedy because we knew they were losing
2 racing opportunities over the winter. Not -- none of
3 the ideas was really ideal. I mean, you have horsemen
4 that need racing opportunities over the winter; but
5 really the remedies that I had didn't really help
6 that.

7 We could have started up our meet a
8 little bit earlier or had more racing opportunities
9 during the meet, but it didn't solve the problem for
10 the winter.

11 So Lone Star Park definitely agrees with
12 the horse -- the Texas Horsemen's Partnership and
13 Retama that the 43-day winter meet at Retama is the
14 most ideal situation for a terrible situation that's
15 happening here in Houston.

16 We understand that that 43-day meet will
17 exhaust the purse supply, the amount of money that can
18 be transferred from Sam Houston to Retama. We
19 understand that fully. We definitely would welcome the
20 opportunity adding the Wednesdays, but I don't see
21 enough purse money being available to do that under our
22 purse structure at Lone Star Park.

23 Does anyone have any question?

24 CHAIRMAN ADAMS: Questions for
25 Mr. Shubeck?

1 Thank you, sir.

2 MR. SHUBECK: Okay.

3 CHAIRMAN ADAMS: Tommy Azopardi?

4 MR. AZOPARDI: Good morning,
5 Mr. Chairman, Commissioners. My name is Tommy
6 Azopardi. I'm the executive director of the Texas
7 Horsemen's Partnership. It is the Texas Horsemen's
8 Partnership that is recognized through statute and
9 rules as being the official horsemen's organization as
10 designated by you to represent owners and trainers at
11 live meets; and we also have, under the statute and the
12 rules, the legal title to the purses. So that's why
13 I'm standing before you today.

14 I want to thank you for being here
15 today. I appreciate the disruption in your schedules
16 to come here in emergency meeting on short notice. I
17 want to thank your staff. They have been awesome
18 through this process. This has been a difficult issue
19 to manage and they have provided us with data and
20 resources that otherwise would have made this a very,
21 very -- a much more difficult process.

22 Also, I can't say enough nice things
23 about Andrea Young and her staff. This has been a
24 horrible situation that they've had to deal with. Yet
25 through all of that, she has done an incredible job of

1 keeping us informed on the progress, on the lack of
2 progress that's beyond their control, and of the
3 opportunities and the issues before us.

4 Also, Sam Houston -- I mean, excuse me,
5 Retama Park and Lone Star and Manor Downs all have
6 stepped up and tried to provide enough possibilities
7 and scenarios to salvage this.

8 Our board has had several meetings on
9 this issue, and the result of those meetings is an
10 agreement that I believe you have in front of you. In
11 coming to this conclusion, the board had one paramount
12 goal. And that was to try to preserve winter racing.

13 The 65 days that you all allocated to Sam
14 Houston Race Park stretch out over five months,
15 November through March, up into April. And we were
16 very concerned that in absence of those opportunities,
17 we would have an exodus of Thoroughbred horses and
18 horsemen that we may not be able to recover from.

19 We had concerns about what our entries
20 would look like at Lone Star Park in April if we didn't
21 have the horsemen that depend on the 65 days through
22 those five months to sustain their operations, that
23 they would either leave the state or go out of
24 business.

25 So what you have in front of you is an

1 agreement that transfers approximately 3.8 million in
2 projected purse revenue from the Thoroughbred purse
3 account at Sam Houston to the Thoroughbred purse
4 account at Retama Park. At the purse structure that
5 Bryan Brown outlined to you -- and I won't go over that
6 again; but that will buy 43 days of racing, which will
7 take us from his current meet right now through the
8 month of February, will allow for a short break in the
9 month of March, and then Lone Star will start up in the
10 month of April.

11 It's not an ideal situation, but it's the
12 best situation we can put forward. I appreciate
13 everybody's understanding that we're making lemonade
14 here with the lemons that we have.

15 And I'll be happy to answer any
16 questions, Mr. Chairman, that you have or,
17 Commissioners, that you might have.

18 CHAIRMAN ADAMS: Questions for
19 Mr. Azopardi?

20 MR. CLOWE: No questions.

21 CHAIRMAN ADAMS: Thank you very much.

22 Mr. Dave Hooper, please?

23 MR. HOOPER: Good morning, Mr. Chairman,
24 members of the Commission. I'm David Hooper, the
25 executive director of the Texas Thoroughbred

1 Association. And like Tommy, I want to thank you for
2 convening the meeting here at Sam Houston Race Park and
3 for the staff in putting together the logistical -- the
4 logistics working with Sam Houston officials for a tour
5 of the premises. Obviously this has given all of us an
6 opportunity to see firsthand some of the damages
7 incurred, and the presentation made this morning sheds
8 a lot of light on the step-by-step process to address
9 the damages.

10 We want to commend -- and as far as the
11 decision on the cancellation of the meeting, you know,
12 you've seen what you've seen. You've heard what you've
13 heard. And that decision will be yours to make here
14 shortly.

15 We also want to commend Retama Park and
16 Lone Star in particular for coming up with definitive
17 alternative plans. And our executive committee, acting
18 on behalf of our board, has passed a resolution in
19 thanks to the officials of those two tracks.

20 I also want to commend Howard Phillips
21 for being willing to possibly add some Thoroughbred
22 racing dates, particularly in the month of March when
23 we may not have any other Thoroughbred racing
24 opportunities.

25 Obviously, as we looked at this

1 situation, beginning with the last Commission meeting,
2 the best scenario, of course, would be to be able to
3 run live here at Sam Houston. If that wasn't possible,
4 we needed to look at alternatives. And one has been
5 developed. And that's probably what appears to be the
6 second best solution and that is to run as many days as
7 possible at Retama Park. And the third was really a
8 no-win situation for anyone, whether it be owners,
9 breeders, trainers, whoever, and that was not to be
10 able to find any live racing opportunities to make up
11 for any lost days due to the damage here.

12 Our executive committee has met on two
13 different occasions, as recently as five o'clock on
14 Monday evening. And up until that time, the Texas
15 Thoroughbred Association, as it wished to be and as I
16 stated before you the last time I appeared before you,
17 was a party to that agreement. The agreement you have
18 in front of you today does not make us a party to that
19 agreement; and as a matter of fact, until I received
20 the agreement that you have in front of you today by
21 pulling it down off the staff website, I was unaware
22 that there were -- that we had been taken out of the
23 agreement, although I knew that was a possibility.

24 There were also some references in the
25 previous drafts of the agreement to Texas Champions Day

1 and to the Texas -- the third leg -- running the third
2 leg of the Texas Stallion Stakes program at Retama
3 Park. Those stipulations are no longer in there.

4 I can assure you, in all sincerity, we
5 absolutely want to run Texas Champions Day, wherever it
6 can be held, on the first Saturday in December and we
7 do want to run the third leg of the Texas Stallion
8 Stakes Series, wherever it can be held, in its usual
9 spot sometime in the month of February. And we will be
10 happy to sign an agreement to that effect.

11 Our executive committee, when it met on
12 Monday -- late Monday afternoon at five o'clock, we
13 were working with an agreement that had come before us
14 at three o'clock and, luckily, all those who were on
15 the call were able to review it. We had no particular
16 problems with any aspect of the agreement. However,
17 there were several questions that came up in the course
18 of the dialogue from people participating in the
19 conference call.

20 And we regret that we couldn't convene
21 earlier, although obviously, as I stated, the draft of
22 the agreement we got was at three o'clock on Monday.
23 We couldn't convene earlier. We had three people who
24 were on the call on Monday who were very active the
25 previous weekend. They were connected with horses who

1 were connected with the Breeders' Cup.

2 In fact, one of those participants was
3 John Adger, who has represented Stonerside Stable and
4 Bob McNair's racing and breeding interests since its
5 inception in 1994, and they were commended on the front
6 page of the Daily Racing Form yesterday for having bred
7 two Breeders' Cup champions this past weekend and they
8 joined a very select group of breeders. And while
9 Stonerside has sold its racing and breeding interests
10 to Darley, they sure went out on top.

11 In addition, Keith Asmussen was part of
12 the call; and of course, he had -- both sons had horses
13 that were involved in Breeders' Cup races this past
14 weekend. And Bill Heiligbrodt and his wife had a
15 starter in one of the Breeders' Cup races. Obviously
16 they didn't have time for conference calls while they
17 were at the Breeders' Cup, so that's why we were a
18 little late in getting to this.

19 But some of the questions they raised are
20 in the letter which is in your agenda packet. I don't
21 think we need to go into that today. There's one issue
22 that I do want to address, though, and it wasn't part
23 of the agreement and I do want to make sure that we
24 have an understanding or can reach an understanding
25 today.

1 You know, there's a very small percentage
2 of revenue that goes to accredited Texas-bred stakes
3 and that's to support stakes races for accredited
4 Texas-breds. By the calculations of my business
5 manager yesterday, in the last four months there's been
6 \$10,000 that has accrued in the Sam Houston Race Park
7 accredited Texas-bred stakes fund and there should be
8 an additional \$10,000 accrued in that fund through the
9 end of February, which is the proposed end of the 43
10 days if they are moved to Retama Park.

11 We would like to be able to have the --
12 not only the money in the Thoroughbred purse account
13 and that which accrues from simulcasting here at Sam
14 Houston. We would also like to have the ATB stakes
15 fund revenue that accrues here at Sam Houston also
16 transferred to Retama Park, if that is your choice
17 today, and that will help support Texas Champions Day
18 races that are tentatively scheduled for the first
19 Saturday in December.

20 I'd be happy to answer any questions that
21 you might have.

22 CHAIRMAN ADAMS: Any questions of
23 Mr. Hooper?

24 Thank you, sir, very much.

25 Mr. Ed Wilson signed in.

1 MR. WILSON: I'm Ed Wilson, president of
2 the Texas Arabian Breeders Association.

3 Mr. Chairman and Commissioners, I would
4 like to say thanks to Sam Houston, Retama, the
5 horsemen's association, and the Commission staff that
6 worked out this agreement. It was very vital that we
7 have our Arabian racing during this period of time.

8 We've worked quite diligently over the
9 last years to be able to get horses in here from
10 Delaware Park after they've closed to come here and run
11 during the wintertime with us. It makes our racing
12 quite -- it improved it quite a bit. And this is going
13 to make it be able to be possible to have them come
14 down and race with us.

15 However, we do have one concern; and that
16 is that a lot of those trainers have come to Retama
17 Park to do their training in the wintertime and then
18 haul back and forth to Sam Houston. And there is quite
19 a dilemma now as to where they're going to be able to
20 find facilities to bring their training horses in
21 because of the shortage of stalls at Retama with all
22 the Quarter Horses and Arabians there.

23 So this is something we hope that someone
24 will continue to help work out some way to have some
25 type of training place that those trainers can go.

1 CHAIRMAN ADAMS: Any questions for
2 Mr. Wilson?

3 MR. CLOWE: No questions.

4 CHAIRMAN ADAMS: Mr. Wilson, we will be
5 addressing that issue, I think, as we go along here a
6 little bit. We'll get some more information for you on
7 that.

8 MR. WILSON: Thank you.

9 CHAIRMAN ADAMS: Thank you, sir.
10 Tooter Jordan?

11 MR. JORDAN: Mr. Chairman, ladies and
12 gentlemen of the Commission, my name is Tooter Jordan.
13 I represent the Quarter Horse side of the THP.

14 Obviously, from what we've seen out there
15 this morning, there is quite a bit of devastation
16 here. It's kind of scary as to whether or not -- I'm
17 concerned whether or not we're even going to be able to
18 have a Quarter Horse meet here at the first of May. I
19 would like for it to be at least publicly brought out
20 that we may need to take a look at Retama Park with our
21 Quarter Horse meet, the beginning of our Quarter Horse
22 meet.

23 I have a couple of questions or three
24 questions that I'd like to ask. I don't know whether
25 to address them to the Commission or address them to

1 the engineer that showed us the thing.

2 One of the things that concerned me was,
3 in their construction they're talking about, how many
4 rainy days are they talking about? Are they allowing
5 for that kind of a time limit? We're looking at an
6 April 1st construction completion. I know that time of
7 the year -- or this time of year coming up is a lot of
8 rainy days, a lot of days that they may not be able to
9 work. I'd like to know if that's part of the estimated
10 time that's figured there to kind of give us a little
11 more security as to whether or not we're going to be
12 here or not.

13 One of the other things that concerns me
14 a lot is the fact that we're just on the verge of the
15 2009 racing season for the Quarter Horses. At this
16 point in time, there's one spot in the State of Texas
17 where we'll be able -- after January -- at the end of
18 December, there's only one spot in the State of Texas
19 where we can get official works for our horses, that
20 being Retama Park.

21 The policy that they have right now is
22 pretty much unacceptable for us. We can go in there an
23 hour and a half two days a week. That's really
24 concerning to me. It's just not enough time to get
25 that amount of horses -- we're looking at several

1 thousand horses that we're going to have to prepare for
2 the 2009 racing season.

3 That being said, I hope that the
4 Commission will certainly take this into consideration
5 whenever we sit down and decide what we're actually
6 going to do. We don't want to wait until the middle of
7 December or January before we make any kind of
8 decisions.

9 If you all have any questions, I'd be
10 glad to answer them to the best of my ability.

11 CHAIRMAN ADAMS: Okay. Mr. Jordan, we
12 will have Chris Gage address your question regarding
13 the rain issue.

14 And other than that, are there any other
15 questions?

16 MR. CLOWE: No questions.

17 CHAIRMAN ADAMS: Thank you, sir.

18 MR. JORDAN: Thank you.

19 CHAIRMAN ADAMS: Chris, could we get you
20 to answer that question, please?

21 MR. GAGE: Yes, sir. And thank you for
22 bringing up that question. Two things are taken into
23 consideration with weather days. We also look at
24 holidays and offsetting overtime costs in that
25 calculation as well.

1 Linbeck is a local general contractor.
2 They're familiar with the climate here in Houston. And
3 all of us are from southern climates with equally rainy
4 winters. And there's probably 17 rain days put into
5 the calculation between the months of February and part
6 of March and I think an additional five or six
7 offsetting in January.

8 However, the way that the project is
9 phased, we're looking at immediate roof replacement.
10 As one panel is coming off, if you remember the
11 discussion about the panel coming in from this side and
12 the crane being on that side of the building, it should
13 offset most of those rain delays or at least minimize
14 them.

15 COMMISSIONER EDERER: Chris, so you feel
16 comfortable that you're going to be able to make the
17 April 1st deadline.

18 MR. GAGE: Yes, sir.

19 CHAIRMAN ADAMS: Thank you, Chris.

20 Next signed to speak is Rob Werstler.

21 MR. WERSTLER: Good afternoon,
22 Commissioners. Rob Werstler, executive director of the
23 Texas Quarter Horse Association.

24 I also have some questions for Mr. Gage.
25 The rain was one question, as to if they had put that

1 into their April 1st date. Also I have a question -- I
2 understand, I think, in his presentation, he said he
3 did work at Calder Race Course in Miami and Fair
4 Grounds in New Orleans; but I was wondering if they
5 came in on their completion date on those two
6 projects.

7 CHAIRMAN ADAMS: Do you want to go ahead
8 and --

9 MR. WERSTLER: Okay.

10 CHAIRMAN ADAMS: We'll bring him up to
11 answer your questions once you're done.

12 MR. WERSTLER: The reason I'm here today,
13 this situation, which is a tough situation, has a
14 perception of being limited to Sam Houston Race Park
15 and the Thoroughbred racehorses. Usually at the end of
16 our year, our racing year ends at Lone Star Park.
17 Those horsemen after -- at the completion, travel to
18 Retama Park. As Mr. Brown had stated, they've done a
19 really good job of keeping Retama Park open as a
20 training facility. And that's where the Quarter
21 Horsemen go and they have upwards of 400 horses there
22 by Christmas.

23 This year they won't have anywhere to
24 go. Like Tooter said, there will be one racetrack
25 where they can get an official work. Sam Houston will

1 be closed. Lone Star Park, it's my understanding they
2 will be closing down, will not stay open for training.
3 Manor Downs doesn't open -- I believe they open in
4 January sometime. Excuse me. And Retama Park is
5 talking about allowing a limited schedule of Quarter
6 Horse workouts.

7 We've seen that before, at Lone Star Park
8 before, years ago, where they would allow us in --
9 Quarter Horses in two times a week for an hour and a
10 half. And you can understand the logistics of that.
11 If you're bringing five or six horses to work, trying
12 to get all of those horses over the racetrack in an
13 hour and a half is impossible.

14 So as Mr. Brown stated earlier, there's a
15 meeting tomorrow. Hopefully we can work that out. But
16 we would really like to see that any time the racetrack
17 is open for training that Quarter Horses can come in.

18 We would also like to, if it's at all
19 possible, to have a barn for Quarter Horses to haul in
20 and out of. It's very difficult to bring your horses
21 in and work them out of the trailer. You have to pull
22 them out of the trailer and put the tack on them
23 there. You don't have a stall. Especially some of our
24 young horses, it's better to have them in a stall to
25 put tack on them.

1 Some of the other problems we have --
2 well, other than the fact that our Quarter Horse
3 trainers have nowhere to go, there's no place for them
4 to stable at the completion of Lone Star Park this
5 year. I've spoken to Andrea Young with Sam Houston
6 about the possibility of a few barns in the stable area
7 here open for Quarter Horsemen to have their horses;
8 but as you saw, the dormitories are -- have been
9 damaged severely. So it's really not any good to have
10 stalls here if you don't have grooms' quarters.

11 Also, if they're going to have a training
12 track, we would want them to stay -- to keep their
13 construction to a limit anyway until the training track
14 or the racetrack was closed, which is usually 10
15 o'clock, which Andrea said they can't do that, which we
16 understand. We want them to be finished by April 1st,
17 so we're not going to ask them to not open until --
18 start construction until 10:00. But if they could get
19 some barns open and could get some dormitories ready,
20 if we could use the lights and start maybe a 6:00 to
21 8:00, something like that, that's one possibility.

22 One other problem we have are a lot of
23 our grooms. At the end of Lone Star, these guys go
24 from racetrack to racetrack. Lone Star, then they'll
25 go to Retama, then they go to Houston. And they live

1 in those dormitories. Well, they just basically, at
2 the end of Lone Star, have nowhere to go. So obviously
3 they have to go somewhere, so I'm afraid we're going to
4 lose a lot of our good help as well that will either
5 find something else to do or move to another state or
6 obviously maybe they can -- some of the Quarter Horse
7 guys can get jobs with the Thoroughbreds.

8 One other thing I'd like to point out is
9 exactly what Mr. Jordan stated, just reiterate that. I
10 think by the next Commission meeting, which I believe
11 is December 12th, we have to take a real hard look at
12 transferring the dates that we transferred, Quarter
13 Horse racing dates, from Retama to Sam Houston, of
14 transferring those back to Retama.

15 I spoke to Mr. Brown earlier this year
16 and a few weeks ago in a meeting and he stated February
17 1st was a drop-dead date for them to make that
18 decision. I think it's a lot sooner than that. If
19 it's February 1st, horsemen will have made plans to go
20 someplace else. So I think that drop-dead date should
21 be the next Racing Commission meeting to where we
22 really need to take a hard look at moving our dates
23 back to Retama.

24 That gives us an additional six weeks --
25 or gives Chris and his crew an additional six weeks to

1 be ready to go. Instead of May 1st, it would be the
2 last part of June is when we normally start our Quarter
3 Horse race -- our Quarter Horse meet at Sam Houston.

4 And with that, I would entertain any
5 questions.

6 CHAIRMAN ADAMS: Any questions for
7 Mr. Werstler?

8 COMMISSIONER EDERER: Will you be
9 addressing those issues at the meeting?

10 MR. WERSTLER: Tomorrow?

11 COMMISSIONER EDERER: Yes.

12 MR. WERSTLER: Unfortunately, I can't
13 attend; but Mr. Jordan will.

14 COMMISSIONER EDERER: He can handle it.

15 MR. WERSTLER: Yes, he can. Thank you.

16 CHAIRMAN ADAMS: Thank you,
17 Mr. Werstler.

18 Chris, would you please address these
19 questions?

20 MR. GAGE: The question about scheduling,
21 on time and whatnot, remediation projects are not like
22 greenfield construction in that you have three
23 different main issues that come up to sometimes offer
24 obstacles to your schedule.

25 Number one is the insurance negotiations

1 Ms. Young's request as counsel for the race park and
2 here only to answer your questions if you have any. We
3 are in a very, very preliminary stage with regard to
4 insurance claims on the park. And so unfortunately,
5 I'm here and I'm not going to have a whole lot to offer
6 in response to your questions, but I can certainly try
7 if you have any.

8 CHAIRMAN ADAMS: Okay. Let's hold
9 Mr. Waller.

10 And we may have a question for you before
11 we're through here. But thank you, sir.

12 MR. WALLER: Thank you.

13 CHAIRMAN ADAMS: Next, Pat Anderson.

14 MR. ANDERSON: I'm Pat Anderson. I'm a
15 Thoroughbred owner and Quarter Horse owner. And the
16 questions that I have pertain to trainers calling me
17 night and day for the last three weeks from the
18 Thoroughbred association.

19 The response that they have received from
20 our whole industry has been very terrible. They don't
21 have any knowledge of what's going on. As of two weeks
22 ago, everybody was going to be coming in here. Stall
23 applications were received. And they made plans. And
24 these people, as you've heard earlier from the
25 Thoroughbred and the Quarter Horse people, they've got

1 grooms, they've got help. Financially, these guys are
2 a wreck right now. They need help.

3 So whatever we can do as a whole group --
4 and I think everybody needs to kind of work together.
5 They need a place to train. They need a place to stay
6 and to house out while this thing is worked out. So if
7 there is any opportunity to get this thing up and going
8 where they can come in, they really need this.

9 They're going as far as Lafayette, to the
10 old Evangeline Downs, paying stalls there. Louisiana
11 Downs is closing down. And we don't seem to work
12 across state borders very well as all of you all know.

13 So please take this into consideration.
14 All these people need some help, whether or not it's
15 Manor Downs, Sam Houston, Lone Star. I don't know.
16 We've got to find something and we've got to work it
17 out together. And I've had 10 or 12 trainers call me.

18 CHAIRMAN ADAMS: Thank you,
19 Mr. Anderson. Appreciate it.

20 MR. ANDERSON: Okay.

21 CHAIRMAN ADAMS: Next signed, Calvin
22 Klein.

23 MR. ANDERSON: I've got to talk for
24 Calvin. He just left. He had to go to Mr. Brock's
25 funeral.

1 CHAIRMAN ADAMS: Okay.

2 MR. ANDERSON: The question that Calvin
3 has pertains to what, if any -- is there any kind of
4 financial reward coming out of this from FEMA or from
5 anything else for the revenue base that Sam Houston
6 will have lost for these racing days not to be
7 ongoing?

8 There's a lot of us that kind of feel
9 like -- I mean, we've seen damage. I have barns
10 damaged. Calvin has places damaged. And we worked it
11 out. We got it back to where it's going. I've seen
12 what's here as well as you all have. But that's what
13 he's asking. Is there something coming in that's
14 beyond what our eyes see out here from a revenue base
15 that prevents or that makes some decisions from the
16 Maxxam group to not go on with this?

17 CHAIRMAN ADAMS: Let's see if we can't
18 get Mr. Klein's question answered here shortly.

19 Go ahead.

20 COMMISSIONER EDERER: I was just going to
21 say I think Mr. Waller can probably address that for
22 Mr. Anderson. And will Mr. Anderson be at the meeting
23 tomorrow?

24 MR. ANDERSON: No, I will not. I cannot
25 make it.

1 CHAIRMAN ADAMS: Could we have you --
2 Mr. Waller, could we have you address that if you -- if
3 it's possible?

4 MR. WALLER: It may not be possible for
5 me to do it. I am not aware of any revenue stream that
6 is incoming from FEMA. And I can certainly have
7 conversations with my client about that possibility,
8 but I'm not aware that that is a possibility. And I
9 think the other question was any revenue stream from
10 Maxxam, and I'm not aware of anything along those
11 lines. Of course, that's a separate company.

12 CHAIRMAN ADAMS: Thank you, Mr. Waller.
13 Jim Helzer?

14 MR. HELZER: Mr. Chairman, members of the
15 Commission, I'm Jim Helzer. I reside in Arlington,
16 Texas. I own both Thoroughbreds and Quarter Horses.
17 I've been a past president of the Thoroughbred HBPA as
18 well as chairman of the management committee. I've
19 been a Texas resident for 37 years and have raced
20 horses each and every one of those years.

21 And I'm not going to repeat everything
22 that the other gentlemen have said here in the interest
23 of time, but I think a couple of items are of serious
24 interest to me.

25 I happen to be a roofing contractor by

1 trade as well; so I think just as a broad look, looking
2 at what needs to be done on the roof, it certainly can
3 be accomplished within the time frame because this
4 whole facility does not need to be opened up at one
5 time in order to get the roof on. So I think whoever
6 is the awarded contractor can certainly make the time
7 frame without any problem.

8 But in order to ensure that, I would
9 certainly encourage them to have a liquidated damages
10 clause. And they're shrewd negotiators, so they should
11 have that in that contract in order to make them
12 proceed per schedule. That's one item.

13 The second item is I think the horsemen
14 have been very, very liberal in advancing funds to
15 Retama Park in order to make sure that Thoroughbred
16 racing continues in Texas, and the only thing that
17 we're asking is for some kind of a reciprocal agreement
18 within the horse industry is that Lone Star Park stays
19 open this winter in order to provide the Thoroughbred
20 horses as well as the Quarter Horses a place to train.
21 We have nowhere else to go, particularly in North
22 Texas. There's just not a facility there.

23 Prior to the storm happening I made a
24 survey of some of the Texas owners and trainers that
25 would come to Lone Star Park, and we had over 300

1 horses that could come there during the winter. At
2 that point in time -- and I think Drew has said that he
3 needs about 500 horses to keep that facility open. I
4 would see that that would probably be a pretty easy
5 deal since the storm happened down here and we have a
6 lot of horses coming out of Remington Park in order to
7 make that happen.

8 So we really, really do need it. And
9 these horsemen are struggling. Believe me, they're
10 really struggling in order to keep Texas racing alive.
11 And we certainly need some consideration in order to
12 make that happen.

13 Thank you very much.

14 CHAIRMAN ADAMS: Thank you, Mr. Helzer.

15 Any questions?

16 MR. CLOWE: No questions.

17 CHAIRMAN ADAMS: Thank you, sir.

18 That's the last party we had signed to
19 speak. I would like to go ahead with the line items
20 here before we address the questions that came out of
21 this discussion outside of our purview because I do
22 want to -- I do want to give the industry the benefit
23 of the information that staff has gained and where we
24 are with that.

25 So let me begin by saying the Chair would

1 at this time entertain a motion to approve the Sam
2 Houston Race Park's request to cancel its Thoroughbred
3 meet beginning on November the 28th of 2008 and ending
4 on April the 5th of 2009.

5 COMMISSIONER SOWELL: So move.

6 MR. CLOWE: Second.

7 CHAIRMAN ADAMS: It's been moved and
8 seconded.

9 Any discussion on that motion?

10 There's no discussion.

11 Those in favor please say aye.

12 COMMISSIONERS: Aye.

13 CHAIRMAN ADAMS: Any opposed?

14 The motion carries.

15 The next motion -- the next order of
16 business here would be the approval of Retama's request
17 to add the Thoroughbred race dates beginning November
18 20th, 2008, and ending on February the 28th of 2009,
19 those being 43 race days, if I'm correct on that. And
20 the Chair would entertain a motion to that effect.

21 MR. CLOWE: So move.

22 COMMISSIONER SOWELL: Second.

23 CHAIRMAN ADAMS: It's been moved and
24 seconded.

25 Any discussion on that second motion?

1 All those in favor please say aye.

2 COMMISSIONERS: Aye.

3 CHAIRMAN ADAMS: The motion carries.

4 Next I'd like to address his question.

5 And if I could, Charla Ann, would you like to speak to
6 that or would you like me to?

7 MS. KING: Sure. Well, you can start.

8 CHAIRMAN ADAMS: You go ahead.

9 MS. KING: I'll start.

10 CHAIRMAN ADAMS: Charla Ann is going to
11 try to fill us in on what's happening and what's been
12 going on.

13 MS. KING: In regard to the need for the
14 Quarter Horse --

15 CHAIRMAN ADAMS: Yes, the need for stall
16 and working --

17 MS. KING: -- stall and training facility
18 operations, we've been visiting with members of the
19 industry on this issue, encouraging some creative
20 thinking at this point in time, identifying the numbers
21 of people, the numbers of horses, and what are all our
22 options.

23 One of the things that occurred recently
24 was that we were approached by two new -- or two
25 training facilities interested in becoming licensed to

1 provide official works. And so we've contacted them.
2 They had planned to begin after January 1st because of
3 the way the licensing fee works. We've contacted them
4 to let them know that we could make an arrangement so
5 that they could get licensed before January 1st if they
6 were interested and able to do that. So we're trying
7 to continue those conversations.

8 One is in San Diego, Texas, which is in
9 South Texas, which would assist there; and then the
10 other one, I believe, is in the Tyler area and it was a
11 previously licensed facility. So we have that piece
12 and a number of other pieces that members of the
13 industry have mentioned. It's the kind of thing I
14 believe people need to get together and meet on and
15 flesh it out as quickly as possible.

16 CHAIRMAN ADAMS: I'd like to add by
17 saying that the Commission -- the staff and Commission
18 have offered to waive the additional licensing fees for
19 those training facilities to open early in light of
20 this problem we're having and the need for that.

21 I don't know the size. Do you know the
22 size of each of those training facilities as far as how
23 many stalls they will handle?

24 MS. KING: One of them is close to a
25 hundred stalls, the one that's in San Diego. And then

1 the one that's in Tyler --

2 CHAIRMAN ADAMS: The one in San Diego is
3 Junior Martinez's facility down there.

4 MS. KING: Yes, sir.

5 MR. FERRARA: We have not had the
6 opportunity to inspect the facility in Tyler.

7 CHAIRMAN ADAMS: So we don't know how
8 many stalls are in the Tyler application.

9 MS. KING: No, sir, we don't.

10 CHAIRMAN ADAMS: In addition to that --
11 and that may just be a drop in the water and it likely
12 may just be a Band-Aid situation. But I really would
13 like to encourage our other tracks to step up, as
14 Mr. Helzer had just mentioned, to see if we can't --
15 we're all in a jam here and this hurricane that hit Sam
16 Houston here was none of our -- was none of our choice
17 or our liking. So I think everyone -- each of the
18 tracks need to step forward and offer to help out in
19 this situation. I would like to see both Lone Star and
20 Manor offer some work opportunity and work days at
21 their tracks in light of this catastrophe.

22 So it is not within our purview to
23 dictate. We cannot tell the tracks that they have to
24 be open for your horses. We can strongly encourage
25 them to do that. But as much as I -- I hate the fact

1 that we don't have jurisdiction over that as a
2 regulator.

3 So with that, I think -- yes. Question,
4 Mr. Ederer?

5 COMMISSIONER EDERER: Charla Ann, that
6 information that you just gave us about the potential
7 of two new training tracks, will that information
8 detail be given to the group that's meeting tomorrow?

9 MS. KING: Yes, sir.

10 COMMISSIONER EDERER: Because apparently
11 that's going to be a very important meeting.

12 MS. KING: Yes, sir.

13 COMMISSIONER EDERER: They'll have that
14 in detail.

15 MS. KING: Yes. And we have a staff
16 member that will be attending.

17 COMMISSIONER EDERER: Okay. Good.

18 CHAIRMAN ADAMS: Okay. Line Item F on
19 our agenda, the request by Manor Downs to modify the
20 racing dates, does not require any -- there was no
21 request ultimately filed, so that does not require our
22 action.

23 And with that, I will entertain a motion
24 for adjournment.

25 MR. CLOWE: So move.

1 COMMISSIONER EDERER: Did we do the
2 Retama?

3 MR. CLOWE: Yes, we did.

4 COMMISSIONER EDERER: Did I miss one?

5 COMMISSIONER HICKS: You missed it. You
6 said yes.

7 COMMISSIONER EDERER: I said yes?

8 MR. CLOWE: You seconded that.

9 COMMISSIONER EDERER: I wanted to make
10 that motion. Maybe I was too busy doing that.

11 MR. CLOWE: You were quick, but you
12 weren't quick enough.

13 COMMISSIONER SOWELL: Mr. Chairman?

14 CHAIRMAN ADAMS: Yes.

15 COMMISSIONER SOWELL: I have one thing I
16 just want to throw out for whatever it's worth, which
17 may be nothing. But the mention of the --

18 CHAIRMAN ADAMS: Is this Senator Sowell
19 speaking or is this Commissioner Sowell?

20 COMMISSIONER SOWELL: This is sometimes
21 late but always there.

22 CHAIRMAN ADAMS: Okay.

23 COMMISSIONER SOWELL: Hearing the word
24 "FEMA" earlier made me think of the potential that
25 might lie there. I don't know anything about FEMA.

1 Everything seems to be pretty bad about them for the
2 most part. But one thing that I recall is that they
3 own a lot of trailers. And I don't know where those
4 trailers are and what they're being used for now. But
5 if you find a track, you might need to find some
6 facilities for people to stay in; and if those trailers
7 might be available in some way, you know, that's
8 something that the State of Texas might talk to the
9 United States of America and see if we can find out
10 whether there's some connection that we might make to
11 have those folks supply us with a bunch of trailers
12 where trainers and jockeys and what have you can bed
13 down while they're in some hopefully available training
14 facility.

15 CHAIRMAN ADAMS: Agreed, Senator
16 Sowell -- I mean, Commissioner Sowell.

17 MR. CLOWE: I'd like to mention in
18 support of that comment, the Governor has appointed
19 Judge Eckels to head up a task force to obtain Federal
20 funds and the emergency management chief, Jack Colley,
21 is working with him. And if the staff would make that
22 contact, I think that would be the appropriate way to
23 follow up on the Senator or the Commissioner's
24 comment.

25 COMMISSIONER SOWELL: I don't know how I

1 got to be a Senator, but I'm not sure that that's a
2 promotion from Commissioner.

3 CHAIRMAN ADAMS: I'd just like to state
4 that I would be real reluctant to encourage Sam Houston
5 to try to be that training facility and try to do all
6 the other stuff that we've loaded on them prior to the
7 April 1st deadline that we're trying to achieve. So I
8 would be -- I would be very hesitant to -- I really
9 think that the other tracks need to step forward and
10 that it shouldn't be Sam Houston that's trying to do
11 that as well as get this track ready for the Quarter
12 Horse meet in May.

13 Any other discussion?

14 COMMISSIONER EDERER: No. Sam Houston
15 does have to prepare the party come April 1st also for
16 all of us to enjoy the grand opening of --

17 CHAIRMAN ADAMS: Did I have a motion for
18 adjournment?

19 MR. ARCHER: So move.

20 COMMISSIONER EDERER: Second.

21 CHAIRMAN ADAMS: So we're hereby
22 adjourned.

23 (Proceedings concluded at 1:23 p.m.)

24

25

1 STATE OF TEXAS)
2 COUNTY OF TRAVIS)

3
4 I, SHERRI SANTMAN FISHER, a Certified Shorthand
5 Reporter in and for the State of Texas, do hereby
6 certify that the above-captioned matter came on for
7 hearing before the TEXAS RACING COMMISSION as
8 hereinbefore set out.

9 I FURTHER CERTIFY that the proceedings of said
10 hearing were reported by me, accurately reduced to
11 typewriting under my supervision and control and, after
12 being so reduced, were filed with the TEXAS RACING
13 COMMISSION.

14 GIVEN UNDER MY OFFICIAL HAND OF OFFICE at Austin,
15 Texas, this 3rd day of November, 2008.

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18
19
20
21

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