

BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

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COMMISSION MEETING
JULY 7, 2010

BE IT REMEMBERED that the above entitled matter came on for hearing on the 7th day of July, 2010, beginning at 10:35 A.M. at 6100 Guadalupe, Building E, Austin, Travis County, Texas, and the following proceedings were reported by SHERRI SANTMAN FISHER, Certified Shorthand Reporter for the State of Texas.

APPEARANCES

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Commissioners: ROLANDO PABLOS
 ROBERT SCHMIDT
 RONALD F. EDERER
 SCOTT HAYWOOD
 C. TOM CLOWE, JR.
 ANN O'CONNELL

1 CHAIRMAN PABLOS: Good morning. I have
2 10:35. I'll call this meeting of the Texas Racing
3 Commission to order.

4 Can we please have roll call?

5 MS. WEISS: Commissioner Tom Clowe?

6 MR. CLOWE: Present.

7 MS. WEISS: Commissioner Ron Ederer?

8 COMMISSIONER EDERER: Present.

9 MS. WEISS: Commissioner Scott Haywood?

10 COMMISSIONER HAYWOOD: Present.

11 MS. WEISS: Commissioner Gloria Hicks?

12 Commissioner Ann O'Connell?

13 MS. O'CONNELL: Present.

14 MS. WEISS: Commissioner Robert Schmidt?

15 VICE-CHAIRMAN SCHMIDT: Present.

16 MS. WEISS: Commissioner Vicki Weinberg?

17 Vice-chairman Kent Carter? I'm sorry. Chairman

18 Rolando Pablos?

19 CHAIRMAN PABLOS: Thank you.

20 MS. WEISS: That was --

21 CHAIRMAN PABLOS: Was that everyone?

22 MS. WEISS: Yes. And that was

23 Commissioner Schmidt as vice-chair. I'm sorry.

24 CHAIRMAN PABLOS: Do we have a quorum?

25 MS. WEISS: Yes, we do.

1 CHAIRMAN PABLOS: Thank you very much.

2 Thank you everyone for being here.

3 Do we have anyone signed up under our
4 public comment section?

5 MR. FENNER: No, sir.

6 CHAIRMAN PABLOS: None? Okay. Thank
7 you.

8 Then we'll step into Item III, general
9 business. Our first item will be our budget and
10 finance update. Shelley, please. Good morning.

11 MS. HARRIS-CURTSINGER: Good morning,
12 Commissioners. Is that on?

13 Good morning, Commissioners. We are now
14 75 percent through the current 2010 fiscal year as of
15 May 31st. The agency has expended 60.06 percent of our
16 operating budget.

17 On June 24th the agency received approval
18 from the Legislative Budget Board of our base
19 reconciliation submission. This is the reconciliation
20 of the original appropriations by method of finance and
21 the full-time equivalent positions for fiscal year 2009
22 expended, the fiscal year 2010 estimated, and the
23 fiscal year 2011 budgeted amounts.

24 The base reconciliation approved by the
25 LBB and the Governor's Office of Budget, Planning, and

1 Policy then becomes the basis for the 2012-2013
2 legislative appropriations request. We are now
3 preparing the LAR and will have a summary document for
4 your approval at the August Commission meeting. The
5 LAR is due to the LBB on August 16th. So far, we do
6 not have any dates for budget hearings but do expect
7 for them to start in mid September.

8 I'll be happy to answer any questions.

9 CHAIRMAN PABLOS: Thank you.

10 Commissioners, are there any questions?

11 Hearing none, thank you very much for
12 that report. Appreciate it.

13 Our next item is Item III-B, report on
14 racetrack inspections. Carol, please.

15 MS. OLEWIN: Good morning,
16 Commissioners. I'm Carol Olewin. This is the report
17 on racetrack inspection activities.

18 For Gillespie race barn, we had two
19 pari-mutuel inspections. We had one unsatisfactory,
20 which was the totalisator log printer was inoperable
21 and unable to print reports, and a new printer was
22 installed on May 28th.

23 The Gulf Greyhound safety and security
24 inspection had two unsatisfactory items, an expired
25 fire marshal report and expired Breathalyzer

1 certificate. A new Breathalyzer was purchased and
2 installed on June 5th. That leaves one outstanding
3 item.

4 The judges inspection at Gulf Greyhound
5 had three unsatisfactory items. The track surface had
6 low spots in the front stretch. The 550-yard starting
7 box needs repairs. And there's general maintenance
8 needed in the escape area.

9 The veterinarian inspection at Gulf
10 Greyhound had no unsatisfactory items. The Manor Downs
11 safety and security had no unsatisfactory items. Lone
12 Star Park safety and security had no unsatisfactory
13 items. The Retama Park pari-mutuel inspection had no
14 unsatisfactory items. And the Sam Houston Race Park
15 beginning-of-the-meet Quarter Horse inspections had no
16 unsatisfactory items.

17 So I'd be happy to answer any questions.

18 CHAIRMAN PABLOS: Commissioners, any
19 questions?

20 Thank you, Carol, very much. Appreciate
21 it.

22 The next item is Item III-C, report and
23 update by the executive director and staff on racetrack
24 licensing. Mark, please?

25 MR. FENNER: Commissioners, the first

1 item is the bankruptcy proceedings of Magna
2 Entertainment and the application to change ownership
3 of Lone Star Park.

4 On April 6th I met with the
5 representatives of the Department of Public Safety and
6 John Cardwell representing Global Gaming LSP to do a
7 quick desk review of the application and the background
8 disclosure forms. We did review those and viewed that
9 they were complete enough to go ahead and accept and
10 begin our initial process. That begins a review for
11 completeness.

12 And we have conducted a review for
13 completeness. We're going to be asking for a couple of
14 more items. I had a quick discussion with John
15 Cardwell about those this morning. I don't believe
16 they're very extensive. We are, I believe, on our way
17 towards having a staff review prepared and hope that it
18 will be available for you to review at the September
19 14th Commission meeting if everything goes well.

20 DPS has let me know that the background
21 review is going pretty smoothly and that the applicants
22 have been forthcoming in information to this stage. So
23 at this point we do believe that this will be ready for
24 the September 14th meeting if all goes well.

25 Do you have any questions on that one?

1 CHAIRMAN PABLOS: Commissioners, any
2 questions?

3 Mark, what are those items you requested
4 of them?

5 MR. FENNER: We are requesting a little
6 more clarification about the security plan, who is
7 going to be providing the security, is it in-house or
8 an outside provider. Also we're asking for the
9 five-year financial projections of the finances, the
10 pari-mutuel projections, which will include things like
11 a break-even point.

12 CHAIRMAN PABLOS: Okay. So from what I'm
13 understanding, you said the staff review would be ready
14 by September 14th. Did you mean to say that we will be
15 ready to discuss this item September 14th?

16 MR. FENNER: That is our hope, yes, sir.

17 CHAIRMAN PABLOS: Because once we receive
18 the DPS background information, then it has to be on
19 file for 14 days?

20 MR. FENNER: Yes. So we would be looking
21 to have the DPS form 14 days before that.

22 CHAIRMAN PABLOS: Okay. Well, please
23 keep us posted, particularly on our -- during our
24 August meeting. That way we know we're on track
25 because I understand there is a deadline that -- could

1 you talk a little bit about that deadline?

2 MR. FENNER: Yes, sir. The sales
3 contract between Magna Entertainment and Global Gaming
4 called for the closing of the sale to Global Gaming by
5 mid October. I believe it was October 16 or 17. I
6 don't remember the exact date. But if they don't get
7 closed and approved by the Commission by that date,
8 then they would either -- it would fall through or they
9 would need to go back to the Bankruptcy Court and ask
10 for approval to extend that date.

11 CHAIRMAN PABLOS: Okay. So the 14th of
12 September is a good target date.

13 MR. FENNER: Yes, sir.

14 MR. CLOWE: And you would put that on the
15 agenda as an action item.

16 MR. FENNER: Yes, sir.

17 CHAIRMAN PABLOS: I have John Cardwell
18 and Drew Shubeck. Would you all come up, please? That
19 way we can hear from you.

20 Thank you.

21 MR. SHUBECK: Good morning, Chairman.

22 CHAIRMAN PABLOS: Good morning.

23 MR. CARDWELL: Good morning, Chairman.

24 CHAIRMAN PABLOS: Good morning.

25 Would you speak to this, please, with

1 respect to the progress you all are making?

2 MR. CARDWELL: Yes, sir. We have met
3 with the staff. We filed on March the 31st. And I
4 believe we actually met on March the -- March the 31st
5 because that was our deadline and we made the
6 deadline. And I visited with the DPS representative,
7 Wynn Reynolds. They expect to have the DPS reports
8 probably the first few days of August.

9 Obviously it takes 14 days. Because of
10 the magnitude of the transaction and to give the
11 Commissioners an opportunity, we were hoping that the
12 meeting would have been later in August or that a
13 special meeting could have been called just so that if
14 there was any problem, it wouldn't push us up to our
15 October 12th deadline. But we'll do whatever the
16 Commission asks.

17 I just saw this morning the three items
18 that he asked for; and with Mr. Shubeck's help, we'll
19 get that in in just a matter of two or three days.

20 CHAIRMAN PABLOS: Well, but we do have
21 that September 14th date.

22 MR. CARDWELL: Yes, sir.

23 CHAIRMAN PABLOS: And so I think that
24 that would be sufficient, right, with respect to the
25 time line that is set out right now --

1 MR. CARDWELL: Yes, sir. The --

2 CHAIRMAN PABLOS: -- for us to bring this
3 for consideration?

4 MR. CARDWELL: Yes, sir, as long as there
5 are no problems.

6 CHAIRMAN PABLOS: I understand.

7 MR. CARDWELL: Which I'm not
8 anticipating. But I get paid to worry.

9 CHAIRMAN PABLOS: I understand.

10 Drew, do you have any remarks?

11 MR. SHUBECK: No, sir, not on the
12 transfer of the license. But I did want to give an
13 update, because it also mentioned the bankruptcy
14 proceedings, and maybe give an update on that as well.

15 CHAIRMAN PABLOS: Would this be a good
16 time to hear that?

17 MR. FENNER: Sure. Yes.

18 CHAIRMAN PABLOS: Okay.

19 MR. SHUBECK: Because it really does tie
20 in with the sales agreement calling for a drop-dead
21 date at this time in mid October.

22 We have sufficient cash on hand for
23 operations right now to make emergency repairs. Also
24 Magna Developments Corporation has extended us DIP
25 financing; so if we did need any cash for payroll or

1 emergency repairs, we would have access to that line of
2 credit. And I don't foresee any problems. But I could
3 see a problem if we got past the October 15th.

4 CHAIRMAN PABLOS: Very well.

5 Commissioners, any questions?

6 Commissioner Clowe, thank you very much
7 for all the work you guys are doing over there. I
8 appreciate it. I know it's a lot.

9 MR. CLOWE: The captain is in the room.
10 He's the one that's done all the work.

11 CHAIRMAN PABLOS: Is the captain here?

12 UNIDENTIFIED SPEAKER: Actually it's the
13 guys in the field that are doing the work.

14 CHAIRMAN PABLOS: Thank you very much.
15 Thank you, Captain. Appreciate it.

16 Thank you all.

17 Mark, thank you.

18 The next item, Mark, please?

19 MR. FENNER: Sure. The next item is a
20 report on the application to change ownership and
21 location of Longhorn Downs.

22 We met on June 24th with Bryan Brown of
23 the Austin Jockey Club also here at the Department of
24 Public Safety offices, with representatives of DPS and
25 the captain. And just as we did with the application

1 that was presented by the Global Gaming LSP folks, we
2 did a quick desk review of the forms.

3 Now, when DPS did their review, they
4 found that on two of the members they were missing
5 fingerprint forms and also missing the required five
6 years worth of tax forms. During my review of the
7 Racing Commission application, I found that there were
8 several items that were not complete and needed some
9 more work.

10 And so Bryan agreed graciously to take
11 the application back and continue to work on it. He's
12 doing it right now. I think the longest term part of
13 that would be the traffic study. I visited with him
14 just this morning. He said that would be a couple more
15 weeks.

16 So once all the information is complete,
17 they will be bringing it back and resubmitting it.
18 Hopefully by, I would say, the end of July, we should
19 have an application to change ownership and location
20 for Longhorn Downs.

21 CHAIRMAN PABLOS: What was that date?
22 I'm sorry.

23 MR. FENNER: I met with him on --

24 CHAIRMAN PABLOS: No. When we will be
25 ready to have the application.

1 MR. FENNER: When they will be ready to
2 submit it to us?

3 CHAIRMAN PABLOS: To submit it.

4 MR. FENNER: Well, if the longest term
5 item he said was a couple of weeks, I'm hoping that
6 they would have it in to us shortly after that.

7 CHAIRMAN PABLOS: Bryan, do you have
8 anything to add to that that you might want to share
9 with us, please?

10 MR. BROWN: I'm Bryan Brown with the
11 Austin Jockey Club.

12 I think Mr. Fenner summarized it pretty
13 well. The items that he has requested are being taken
14 care of as we speak, including the tax returns and
15 fingerprint cards and all the other miscellaneous
16 items. So we would certainly hope to have all that in
17 the Commission and DPS's hands next week.

18 CHAIRMAN PABLOS: Commissioners, any
19 questions?

20 Thank you very much.

21 MR. BROWN: Thank you.

22 CHAIRMAN PABLOS: Our next item, State
23 auditor's report on racetrack licensing application
24 processing. Charla Ann?

25 MS. KING: Thank you, Mr. Chairman and

1 Commissioners. I am pleased to report that after a lot
2 of work and an enormous commitment of resources, the
3 State Auditor's Office found something pretty
4 important. We are indeed doing a good job with the
5 racetrack licensing process. We are in compliance with
6 the Texas Racing Act and the Texas Rules of Racing.

7 Given the size of our staff and the
8 complexity of racetrack licensing, we believe that the
9 areas identified for improvement are not significant.
10 The suggested changes deal with filing structure,
11 procedures documentation, and data documentation. The
12 report findings validate issues the agency had either
13 self-identified or were identified through the sunset
14 process.

15 For example, the report said that the
16 agency should improve its racetrack licensing process
17 by establishing a central repository of information for
18 each license application. Well, we recognized the need
19 for a better file structure some time ago and in 2009
20 made personnel changes and began this project.

21 The decision to create a central filing
22 system was part of the significant organizational
23 changes made in the past three years to restructure and
24 to develop an integrated regulatory effort and team
25 culture.

1 As you recall, executive management
2 finalized a new organizational structure on March 1st,
3 2010, to clearly reflect and establish the new agency
4 approach. The central file structure fits nicely with
5 the new structure and the cultural climate of the
6 integrated teamwork.

7 The report also noted that the agency
8 should develop and implement detailed racetrack license
9 application procedures. During the sunset review
10 process last biennium, we identified a need for
11 additional regulatory tools and resources in this area
12 and we identified changes to the Texas Racing Act to
13 provide clarity, direction, and consistency to the
14 license application and ownership change process.

15 The sunset legislation included changes
16 that established new staff resources for racetrack
17 licensing. The sunset legislation also provided
18 opportunity for improved documentation of the licensing
19 process by dedicating staff to managing the licensing
20 function instead of relying solely on staff assigned to
21 other areas as is currently the practice. We look
22 forward to the continuing sunset review process as a
23 way to accomplish these goals.

24 Obviously all agencies have areas that
25 can be improved. At this point, given the current

1 situation and the heavy workload for a small staff, we
2 are happy that our improvements are related to process
3 documentation and filing structure and not any larger
4 issues.

5 Bottom line here, our audit results are
6 as they should be, in compliance with State laws and
7 administrative rules.

8 And I'm happy to try to answer any
9 questions.

10 CHAIRMAN PABLOS: Commissioners, any
11 questions? Comments?

12 Charla Ann, I'd like to thank you and
13 your staff for the wonderful work you're doing. I
14 think, as we move forward, you know, our objective is
15 to continue to polish our operations and really that's
16 part of continuous improvement. And so, you know, this
17 input from the auditor's office as well as the input
18 from sunset and the Legislature is always welcome. And
19 thank you very much for running a tight ship.
20 Appreciate it.

21 MS. KING: Thank you, Mr. Chairman.

22 CHAIRMAN PABLOS: Next item, Item 3,
23 recent wagering performance. Sammy Jackson, please?
24 Good morning.

25 MR. JACKSON: Good morning,

1 Mr. Chairman. Underneath Section III-C of the agenda
2 packet, pages 3.1 through 3, you will find an enhanced
3 version of the wagering statistic reports that are
4 provided to the Commissioners each week in their weekly
5 update as well as what's posted to the agency's
6 website. This enhanced version not only allows for
7 percentage change on the year but also an average wager
8 per day change.

9 As of the week ending 6-27-2010, the
10 greyhound total wagers were down 5.25 percent, from
11 43,270,000 in 2009 to 40,996,000 in 2010. And the
12 total sources of wagering at our horse racetracks was
13 down 1.76 percent, from 267,533,000 in 2009 to
14 262,840,000 in 2010. Overall total wagers placed in
15 Texas were down 9.58 percent, whereas total wagers
16 placed on all Texas races was up 7.07 percent.

17 The difference between the two is that
18 the Sam Houston Race Park Thoroughbred meet was not
19 conducted in 2009 due to Hurricane Ike, and in 2010 we
20 were able to reestablish the Thoroughbred meet with
21 significant handles from all sources wagered on those
22 races from around North America that impact the export
23 wager that's identified on here underneath the
24 sources.

25 This report will be continued to be

1 refined as we move along through the Commission
2 meetings. And staff would ask of the Commissioners, if
3 they have any input or items that they would like to be
4 seen in these reports, to provide it to me and we'd be
5 more than happy to incorporate that into the process as
6 we move along.

7 If I may answer any questions, I'd be
8 happy to do so.

9 CHAIRMAN PABLOS: Thank you, Sammy.

10 Commissioners, any questions?

11 MR. JACKSON: Yes, sir.

12 VICE-CHAIRMAN SCHMIDT: Just one
13 question, Mr. Jackson. How does the decrease in handle
14 in Texas compare to national trends? About the same?

15 MR. JACKSON: It is about the same when
16 you look at the individual sources. There are
17 double-digit declines at our tracks in certain source
18 types. On the export in, I think we're probably, at
19 certain tracks, higher reduction than other areas. The
20 Houston is kind of an issue about rerunning -- being
21 able to run the Thoroughbred meet kind of skews the
22 numbers right now. But I would say we're on line with
23 the rest of the industry in North America.

24 VICE-CHAIRMAN SCHMIDT: Thank you.

25 MR. JACKSON: Thank you.

1 CHAIRMAN PABLOS: Any other questions?

2 Thank you, Sammy, very much.

3 MR. JACKSON: Thank you, Mr. Chairman.

4 CHAIRMAN PABLOS: Item IV, enforcement
5 actions. Chuck Trout, please? Good morning.

6 MR. TROUT: Good morning, Commissioners.
7 I'm Chuck Trout. And I have for you this morning an
8 enforcement report that covers the period of 1 January
9 through June the 30th of 2010.

10 There have been 172 greyhound
11 performances at Gulf Greyhound Park and a total of 135
12 live race days at Manor Downs, Lone Star Park, and Sam
13 Houston Race Park.

14 Licensing technicians have issued 1,871
15 new licenses and processed 3,523 renewals.
16 Investigators have conducted 18 gate, barn, and kennel
17 searches that have resulted in 16 administrative
18 investigations and one investigation that has resulted
19 in a criminal case being filed.

20 Our veterinarians inspected 10,835 horses
21 and supervised the collection of 2,754 horse samples
22 for drug testing. At Gulf there were 16,702 greyhounds
23 inspected prerace; and from those, 3,320 greyhound
24 samples were collected.

25 The judges and stewards issued 213

1 rulings during the first half of this year. 148
2 resulted in a fine. 75 resulted in the licensee being
3 suspended. 20 of the rulings were for medication
4 violations, none of which were for Class 1, 2, or 3
5 drugs.

6 As you recall, drugs are classified by
7 their effect on the animals, with Class 1 being the
8 most serious for greyhounds and horses, while for
9 greyhounds Class 6 is the least serious and for horses
10 Class 5 is the least serious.

11 There were two greyhound medication
12 violations, one for a Class 4 and one for a Class 6
13 medication. Of the 18 horse violations, nine were for
14 Class 4 and two were for Class 5 medications, while six
15 were for overages of a permitted medication,
16 phenylbutazone, and one was for not administering the
17 permitted medication furosemide. These 18 medication
18 violations also resulted in 12 horses being
19 disqualified, with any portion of the purse won being
20 redistributed.

21 That concludes my report, so I'd be glad
22 to answer any questions.

23 CHAIRMAN PABLOS: Commissioners, any
24 questions?

25 Thank you very much.

1 MR. TROUT: Thank you, sir.

2 CHAIRMAN PABLOS: Appreciate it.

3 Item 5, live meet safety and welfare.

4 Dr. Quirk, please?

5 MR. QUIRK: Good morning.

6 CHAIRMAN PABLOS: Good morning.

7 MR. QUIRK: Very quickly, just to revisit
8 an old friend, so to speak, or a disease that simply
9 won't go away -- I don't know whether we really want to
10 call it a friend. But the piro situation has become --
11 in some respects, there's some good news attached to
12 it. There has been some work done to study a drug to
13 treat the disease that is showing some promise. It
14 poses some testing issues for us, but I think those
15 issues will be solvable and hopefully we can move past
16 it.

17 On the good news front as well, the new
18 case discovery rate has dropped considerably and
19 hopefully the worst of it is behind us. We'll have to
20 wait and see what happens with that. There is, of
21 course, the good news about the treatment option.
22 There's some pretty valuable genetics involved in some
23 of the horses that have tested positive previously and
24 hopefully that issue can be addressed appropriately.

25 On June the 18th, on a different subject,

1 we had a meeting at Lone Star Park. And I'd like to
2 thank Lone Star for hosting that meeting. They did a
3 really splendid job with that and provided lunch for
4 us. The meeting was developed by Ms. King and presided
5 over by Dr. Carter.

6 We had the chairman of the AAEP best
7 practices committee, which is -- the AAEP is the
8 American Association of Equine Practitioners,
9 Dr. Foster Northrop, who happens to be a racetrack
10 practitioner as well as a Commissioner in the State of
11 Kentucky, which is something that you don't encounter
12 very often. But it does bring a great deal of insight
13 into backside practices and racing to that committee.

14 We discussed subjects such as shock wave
15 therapy and hyperbaric chambers, medication thresholds,
16 tolerances, and what have you. And that is a work in
17 progress that is moving forward, I think, and we will
18 hopefully have some resolutions -- a resolution,
19 rather, of the bute threshold level here shortly.

20 Unfortunately, that document -- we've
21 previewed the document. It hasn't been finalized. So
22 it was -- again, it's a work in progress as well. The
23 language was fairly nonspecific. And you'd like to
24 think that the term "best practices" could come to
25 fruition and that, in fact, it does represent best

1 practices to the extent that they are known.

2 We also had in attendance at that meeting
3 the chief veterinarian for the racing medication and
4 testing consortium, Dr. Scott Waterman. He was down to
5 speak with us about lab uniformity, efforts to achieve
6 that, as well as the quality assurance program that
7 they hope to initiate. It's fair to say that their
8 approach has been viewed with some degree of
9 skepticism. I think it's purely an approach issue,
10 though, and not a subject issue.

11 In addition to that meeting, there was a
12 meeting recently in Lexington that the Jockey Club and
13 Grayson Foundation convened a panel to discuss injury
14 rates and safety and health issues of horses involved
15 in the sport of racing. It was an interesting
16 meeting. There was some data that was presented from
17 the InCompass injury database that basically deals with
18 the epidemiology of injury which hopefully will allow
19 us to identify the horses at greatest risk. There's a
20 number of statistics. And it's still a work in its
21 infancy stage and hopefully we'll have more to report
22 to you at a later date.

23 If you have any questions, I'd be happy
24 to try to answer them.

25 CHAIRMAN PABLOS: Thank you.

1 Commissioners, any questions?

2 MR. QUIRK: Thank you.

3 CHAIRMAN PABLOS: Thank you, Dr. Quirk.

4 Great work. Appreciate it.

5 We'll move on to Item D, rules committee
6 meeting report. I'd like to recognize Commissioner
7 O'Connell and thank her for stepping up and helping
8 chair that meeting. Thank you very much.

9 MS. O'CONNELL: Thank you, Chairman.

10 The committee on rules met on June 8th
11 and Commissioner Scott Haywood was present as well as
12 staff and quite a few stakeholders. We had very good
13 discussions about a number of items. We began the
14 meeting discussing some possible rule additions to
15 Chapter 307, which is the chapter that deals with
16 proceedings before the Commission.

17 We discussed several issues, one of which
18 was the application of the Rules of Evidence, what the
19 standard of proof should be in hearings, and also the
20 ability of a person to obtain a continuance with a
21 hearing.

22 For each of these things, we reviewed the
23 RCI -- any RCI rules on the matters as well as any
24 other rules that other states have on those and we
25 discussed the pros and cons of the different approaches

1 and had a very good discussion. We came up with some,
2 I think, consensus on what the group would like to see
3 on each of those matters. And Mark Fenner will be
4 circulating some drafts of what that language is to
5 stakeholders prior to our next meeting of the rules
6 committee, which is tentatively scheduled for August
7 31st.

8 We also discussed another issue relating
9 to program trainers. We went through the same
10 process. We talked about RCI rules and whether or not
11 they address the issue. Unfortunately, they don't. We
12 talked about other states that address the issue, and
13 they do not address the issue of program trainers in
14 the way that we -- that relate to our concerns that we
15 have about them.

16 There's going to be some further research
17 on this, and we will be -- we asked stakeholders to
18 provide some feedback and suggestions for us to discuss
19 at that next meeting on August 31st.

20 We also have on our agenda a review of
21 Chapter 321, which is pari-mutuel wagering. Our last
22 rules committee meeting took place prior to a meeting
23 that occurred on June 22nd of the Texas pari-mutuel
24 advisory committee. At that meeting there was a lot of
25 information taken in, and there will be another cycle

1 of feedback and vetting on suggestions and
2 modifications to that chapter.

3 Those -- that feedback is due to staff on
4 July 31st, and staff will review it in preparation for
5 the next pari-mutuel advisory committee meeting, which
6 will take place August 11th and 12th. So that will be
7 two weeks before the next meeting of the rules
8 committee on August 31st.

9 Finally, we discussed a rule proposal
10 that's on today's agenda. We had had a proposed change
11 to Rule 303.93(f)(3)(D), a rule relating to Quarter
12 Horses. And that rule was posted on April 4th of
13 2010. No written comments came in. And it's on
14 today's agenda.

15 At the last rule committee meeting, a
16 point was brought up which was discussed and we felt
17 that a conforming amendment was required. We felt that
18 that did not require a reposting since it was
19 nonsubstantive. And so the proposal is now before the
20 Commission today as a rule -- as an action item to
21 adopt a new rule, rule amendment.

22 That concludes my report.

23 CHAIRMAN PABLOS: Thank you very much.

24 Commissioners, are there any questions?

25 Comments?

1 Commissioner O'Connell, thank you very
2 much for all your good work, and also the staff. These
3 committee meetings are very important. It gives
4 everyone the opportunity to attend and speak up and
5 have your voice be heard. So I encourage you to attend
6 those meetings, especially as we're coming up on the
7 next legislative session. So please make time to be
8 there if you'd like to be heard.

9 Thank you very much. Appreciate that.

10 Thank you, Commissioner Haywood, as
11 well.

12 Our next item is Item E, selection of
13 internal auditor for the fiscal year 2011. Shelley,
14 please?

15 MS. HARRIS-CURTSINGER: Thank you,
16 Mr. Chair.

17 In January 2009, after receiving
18 direction from the Governor's office to immediately
19 reduce spending, the agency discontinued our contract
20 for internal auditing services.

21 On April 12th of this year, the agency
22 received approval from the State Auditor's Office to
23 contract for internal auditing services. Staff issued
24 a request for qualifications with a due date of June
25 24th, 2010.

1 In past years the agency spent 25,000 a
2 year on internal auditing services. The agency is on
3 the borderline of needing to meet this requirement but
4 does at this time fall under the statutory
5 requirement. The statute requires agencies whose
6 budgets are over 10 million, have 10 million in
7 revenue, or over 100 FTE's to have an internal auditing
8 program. Keep in mind that 50 percent of the agency's
9 budget is pass-through appropriations directly to the
10 breed registries.

11 As I mentioned at the last Commission
12 meeting, the request for qualifications included a
13 not-to-exceed limit of \$10,000 per fiscal year. Monday
14 Rufus, who has been the agency's internal auditor for
15 the past eight years, was the only respondent to the
16 request for qualifications.

17 Staff has reviewed Mr. Rufus'
18 qualifications and proposal to provide services and has
19 verified that he meets the selection criteria.

20 Staff recommends that the Commission
21 approve Mr. Monday Rufus as the agency's internal
22 auditor. If approved, the staff will enter into an
23 internal auditing services contract for the remainder
24 of fiscal year 2010 and all of fiscal year 2011. The
25 contract will also provide for four additional annual

1 term renewals at the Commission's option.

2 Mr. Rufus is here to answer any questions
3 you might have. And I will be, of course, happy to
4 answer any questions.

5 CHAIRMAN PABLOS: Thank you.

6 Commissioners, any technical or
7 clarifying questions?

8 I have a question. I'd like to just
9 clarify something. And this question is for you,
10 Charla Ann. It was mentioned that we discontinued
11 these services as a result of the Governor's direction
12 to cut costs, correct?

13 MS. KING: Yes, sir.

14 CHAIRMAN PABLOS: The Governor didn't
15 direct you to cut the auditor. It was your decision to
16 seek out areas where you can cut, right?

17 MS. KING: Our choice.

18 CHAIRMAN PABLOS: Is there anyone signed
19 up to speak on this item?

20 MR. FENNER: No, sir.

21 CHAIRMAN PABLOS: Okay. Well, at this
22 time I'd like to entertain a motion to approve the
23 selection of Monday Rufus as the agency's contracted
24 internal auditor.

25 Do I have a motion?

1 VICE-CHAIRMAN SCHMIDT: So move.

2 COMMISSIONER EDERER: Second.

3 CHAIRMAN PABLOS: Moved by Schmidt,
4 seconded by Ederer.

5 Is there any further discussion,
6 Commissioners?

7 MR. CLOWE: What period is that for,
8 Mr. Chairman?

9 CHAIRMAN PABLOS: Fiscal year 2011.

10 MS. HARRIS-CURTSINGER: The rest of '10
11 and 2011.

12 CHAIRMAN PABLOS: Thank you, Commissioner
13 Clowe.

14 Is there any further discussion?

15 At this time I'd like to take this up for
16 a vote then. All those in favor please signify by
17 saying aye.

18 COMMISSIONERS: Aye.

19 CHAIRMAN PABLOS: Any opposed?

20 That motion carries. Thank you.

21 Thank you, Shelley. Appreciate that.

22 Our next item is Item F, designation of
23 committee to study the current state of horse and
24 greyhound racing and breeding in Texas as directed in
25 veto of House Concurrent Resolution 252 by Thompson.

1 Charla Ann, would you please lay this out
2 for us?

3 MS. KING: Yes, sir, Mr. Chairman.

4 HCR 252 passed during the last
5 legislative session and was requiring the Governor to
6 appoint a task force to, one, support and promote horse
7 and greyhound racing and breeding programs in Texas;
8 two, review the Racing Act; three, establish guidelines
9 for increasing revenue and creating more jobs in the
10 industry; four, improve the working and living
11 conditions of the people who work and reside in and
12 around the tracks; and five, to develop methods to
13 enhance participation in and enjoyment of the sport.

14 The resolution required the task force to
15 submit its findings to the Governor, Lieutenant
16 Governor, and Speaker of the House before the 82nd
17 legislative session.

18 On June 19th, 2009, Governor Perry vetoed
19 the resolution, noting that the Texas Racing Commission
20 already has responsibility for several items that were
21 identified in the resolution.

22 Governor Perry directed the Texas Racing
23 Commission, in conjunction with private industry, to
24 fulfill the intentions of the resolution by studying
25 the current state of horse and greyhound racing and

1 breeding and making appropriate recommendations.

2 With the current health of the industry
3 at risk, this is a unique opportunity and a
4 responsibility to gather input and make objective
5 recommendations to the Legislature on how to improve
6 the condition of the industry.

7 Staff is looking forward to assisting you
8 in gathering the latest information and preparing a
9 report that will enhance the policy discussions that
10 are coming in the session that begins January 2011.

11 CHAIRMAN PABLOS: Commissioners, are
12 there any questions?

13 COMMISSIONER EDERER: Yes.

14 CHAIRMAN PABLOS: Commissioner Ederer?

15 COMMISSIONER EDERER: Isn't this -- I see
16 that this is obviously a resolution by Thompson that
17 was vetoed by the Governor. However, the Governor says
18 put it together and do it.

19 MS. KING: Yes, sir.

20 COMMISSIONER EDERER: Isn't this also
21 combined or couldn't we combine this with IV-B? IV-B
22 does mention greyhound and horse data committees, date
23 committees.

24 MS. KING: That is exactly that. The
25 designation of the race committees? I'm sorry. I

1 didn't mean to interrupt.

2 COMMISSIONER EDERER: Yes.

3 CHAIRMAN PABLOS: He's referring to the
4 race date committees.

5 MS. KING: I believe that those two
6 committee -- any working group meetings, committee
7 meetings we have for race dates, will contribute
8 significantly to the development of that information.
9 So, yes, we are planning on taking the information that
10 we collect during those committee meetings and making
11 sure that it's in play as we develop the report that
12 needs to go to the Legislature.

13 COMMISSIONER EDERER: So you're
14 anticipating a third meeting. I mean --

15 MS. KING: Yes, sir.

16 COMMISSIONER EDERER: Not a third
17 meeting. Excuse me. The meetings concerning the
18 dates, the committees that we'll be discussing
19 shortly --

20 MS. KING: Yes.

21 COMMISSIONER EDERER: -- and having
22 another meeting after those meetings which would comply
23 with this request.

24 MS. KING: With the provision itself, the
25 resolution and the proclamation language, that's

1 correct. And in fact, we've been talking about having
2 a larger meeting that potentially invites experts from
3 beyond the state and in the industry and having a
4 day-long meeting that hopefully is convenient for all
5 the Commissioners to attend after we have the race date
6 committee meetings.

7 CHAIRMAN PABLOS: And, Commissioner
8 Ederer, just to clarify, the Governor has indicated
9 that he expects industry input. And so this would be a
10 committee that is composed of the Commissioners, but at
11 the same time I would ask the committee to come back
12 and make recommendations as to who else might be
13 included in that.

14 And so what I have done is, Commissioner
15 Ederer, I've designated you as a part of that
16 commission as a horse representative and Commissioner
17 Hicks representing the greyhound as co-chairs and
18 Vice-Chair Schmidt and Dr. Carter have also expressed
19 interest in participating. I welcome everyone who's
20 interested, although keep in mind that I think we've
21 got to keep it to a certain limit in order not to
22 create a quorum of the Commission.

23 Is that correct, Mark?

24 MR. FENNER: I am going to be concerned
25 about how it's posted. If I know that there are going

1 to be more than -- five or more Commissioners there,
2 then I will just post it as a full Commission meeting
3 and then you can all be there and you can have
4 discussion.

5 CHAIRMAN PABLOS: Given that it's
6 basically a onetime deal, I would think that we can do
7 that. But I certainly want to keep that in mind. But
8 the idea here is to include the industry, bring experts
9 in, and really hash it out.

10 One question I do have, Mark, and this is
11 more for you. Under our purview as a Commission, we
12 are to regulate pari-mutuel gaming, correct? And under
13 the Governor's direction, he speaks in general terms as
14 all horse and dog racing in the state. And so I think
15 that's something we need to look at because, you know,
16 one is not like the other and so I want to make sure
17 that we're not being asked to refer to the entire
18 industry in Texas because our purview is very limited
19 to pari-mutuel gaming. And so I want to make that
20 distinction as well.

21 Commissioners, are there any questions?

22 Well, thank you very much, Charla Ann. I
23 appreciate it.

24 MS. KING: Thank you, Mr. Chairman.

25 CHAIRMAN PABLOS: Our next item is Item

1 G, strategic plan for fiscal years 2011 to 2015. I'd
2 like to recognize Charla Ann, please.

3 MS. KING: Mr. Chairman, Commissioners,
4 we believe our strategic plan for 2011 to 2015 is a
5 good product. It should be helpful in moving forward
6 through the remainder of 2010, into '11, and beyond.
7 The final report represents the work of many. Every
8 division at the agency made a significant
9 contribution.

10 Agency customers were also important, as
11 they provided feedback to us through the customer
12 service survey. Staff also sought feedback from the
13 Commissioners, and I want to thank you for taking the
14 time to work on the plan.

15 The internal and external assessment
16 portion of the plan should be particularly useful as we
17 move to the legislative session and into the sunset
18 process. These assessments help tell our story to the
19 many interested parties, particularly the public,
20 legislators, other elected officials, and industry
21 participants. It assists stakeholders in keeping up
22 with changes going on at the agency and within the
23 industry. And with so many changes happening so
24 quickly, the timing for the production of the plan
25 couldn't be better.

1 We tried to tackle the big issues at the
2 agency -- that the agency and the industry will be
3 facing over the next five years. We made every attempt
4 to cover the important ground in an objective and
5 neutral way. In some cases, we used our abilities to
6 see into the future; but that's a requirement when
7 putting together a forward-looking plan.

8 In most cases, however, recent history
9 and the trends tell the story of Texas racing in stark
10 and revealing terms. Our biggest challenge, at times,
11 simply was to get out of the way to let the data tell
12 the story. I believe we met that challenge. And staff
13 would be happy to answer any questions you may have.

14 CHAIRMAN PABLOS: Commissioners, any
15 questions of Charla Ann?

16 Is there anyone signed up to speak on
17 this item? No?

18 MR. FENNER: No, sir.

19 CHAIRMAN PABLOS: All right. So, Charla
20 Ann, we are to take this up for a vote to approve the
21 strategic plan for approval.

22 MS. KING: Yes, sir.

23 CHAIRMAN PABLOS: At this time I'd like
24 to entertain a motion.

25 COMMISSIONER EDERER: So moved.

1 CHAIRMAN PABLOS: There's a motion to
2 approve the strategic plan. Is there a second?

3 VICE-CHAIRMAN SCHMIDT: Second.

4 CHAIRMAN PABLOS: Moved by Ederer,
5 seconded by Schmidt.

6 Is there any discussion on this,
7 Commissioners?

8 COMMISSIONER EDERER: I'd just like to
9 make a comment that I reviewed the plan and I think
10 that you all have worked awful hard to put it together
11 and I think it's excellent.

12 MS. KING: Thank you.

13 VICE-CHAIRMAN SCHMIDT: I would echo
14 those comments. Hard work. Good job.

15 MS. KING: Thank you.

16 CHAIRMAN PABLOS: And I'd like to borrow
17 your ability to look into the future, Charla Ann,
18 especially in racing. So thank you very much.

19 Okay. So we have a motion and a second.
20 I'd like to take this up for a vote.

21 All those in favor please signify by
22 saying aye.

23 COMMISSIONERS: Aye.

24 CHAIRMAN PABLOS: Any opposed?

25 That motion carries. Thank you very

1 much.

2 We'll move on to Item IV, proceedings on
3 racetracks, IV-A, designation by the Commission of an
4 application period for race dates under Commission Rule
5 303.41. I'd like to recognize Sammy. And we'll take
6 up Items A and B together, but we'll start with this
7 one. Sammy, please.

8 MR. JACKSON: Good morning again,
9 Mr. Chair.

10 It is that time of year again where we
11 begin the process of looking at race dates for race
12 date calendars moving forward. Underneath Commission
13 Rule 303.41, we are required to open up an application
14 period for at least 30 days to receive requests by the
15 associations for race dates in the future.

16 The application period that we'd like to
17 have the 30 days for would cover calendar year 2011 and
18 also January 1 through 8-31 of 2012. This is
19 consistent with what we have opened up in the past two
20 years and will help the agency move forward in
21 preparing our legislative appropriation request as also
22 working with the industry on the race date calendars
23 through the race date working groups.

24 If I can answer any questions, I'd be
25 happy to do so.

1 CHAIRMAN PABLOS: Commissioners, are
2 there any questions of Sammy regarding this item?

3 Well, I'd like to comment on this. And
4 this leads us into Item B, so I'll bring that up right
5 now. In the past we've had Commissioners participate
6 in an informal way in these meetings simply to provide
7 input and to listen in. But I think the time has come,
8 given the state of the industry, to formalize
9 Commissioner involvement.

10 As you know, what we've done in the past
11 is set up subcommittees in order to help facilitate the
12 process, create the transparency that's required, and
13 also to encourage involvement and input from the
14 industry. And I think I'd like to do this for this
15 situation where now we would set up race date
16 committees, both for horse and dog.

17 And I have asked Commissioner Ederer to
18 chair the horse committee and Commissioner Hicks the
19 dog committee. I would welcome involvement from other
20 Commissioners at this time. This is a very crucial
21 item.

22 Sammy, would you -- do you have the
23 calendar for 2011 in front of you where it shows the
24 dates that we've already issued?

25 MR. JACKSON: Yes, sir. It's actually in

1 your agenda packet underneath IV.A.2 and 3. Underneath
2 the horse calendar, which would probably be the more
3 discussed, it provides a calendar and time period of
4 dates that have been issued.

5 Lone Star Park in 2011 requested a 56-day
6 Thoroughbred meet beginning in April and running
7 through July. Retama Park requested two days of
8 Thoroughbred racing in August, which is usually the
9 beginning of their fall meet that runs into November.
10 Sam Houston Race Park requested 44 days of Thoroughbred
11 racing, which is typically the back end of their
12 Thoroughbred meet that starts in November.

13 And we had no request from Manor Downs
14 for 2011. We had Laredo Race Park request eight days
15 of mixed racing. Laredo -- excuse me. That was Laredo
16 Race Park. Laredo Downs requested six days of Quarter
17 Horse racing. Longhorn Downs requested 12 days of --
18 we'll try it like this.

19 CHAIRMAN PABLOS: That's fine.

20 MR. JACKSON: Longhorn Downs requested 12
21 days of Thoroughbred racing. Saddle Brook Park
22 requested nine days of mixed racing. Valle de los
23 Tesoros requested six days of Quarter Horse racing.
24 And Gillespie County Fair requested their traditional
25 eight days of racing over July and August. All of the

1 Class 2 tracks that requested dates were either the
2 month of July but mostly were in August. And those
3 dates are all for 2011.

4 The application period, if opened as we
5 requested a moment ago, would allow for these tracks
6 who submitted these dates to come forward and ask for a
7 change. That would have to be approved by the
8 Commission. But it also allows for the latter four
9 months that were not open to be addressed for
10 continuation of meet, which is usually where the focus
11 is at.

12 CHAIRMAN PABLOS: Okay. Commissioners,
13 any further questions on this item?

14 Is there anyone signed up to speak on
15 this item?

16 MR. FENNER: No, sir.

17 CHAIRMAN PABLOS: Okay. So we'll have
18 our subcommittees lined up. We'll have the
19 opportunity -- yes, sir.

20 COMMISSIONER EDERER: In the
21 subcommittees, Mr. Chairman, what do you anticipate is
22 going to be the scope of the committee's research, so
23 to speak?

24 CHAIRMAN PABLOS: The scope of the
25 objective really doesn't change, meaning we still have

1 the same process for designating the dates. Having
2 Commissioner involvement and formalizing that is really
3 the purpose of setting up these committees. That way,
4 the industry knows that at that time we have a formal
5 process for Commissioner input and for a Commissioner
6 to hear the industry.

7 And so the same process will remain
8 where, as Sammy was mentioning, everyone will have an
9 opportunity to submit their dates, to submit changes to
10 the dates that are already in place, and simply to have
11 a formal process really. We're formalizing the
12 process. Before, it was a little bit more relaxed.
13 But being that we're moving forward into unknown
14 territory with the industry, I feel that it's important
15 that we have official participation by the
16 Commissioners.

17 COMMISSIONER EDERER: As far as input
18 from the industry, of course, input will be primarily
19 based -- focused on the race dates. But do you
20 anticipate input from the industry as to the status of
21 racing in the State of Texas to be discussed at
22 these -- at this meeting?

23 CHAIRMAN PABLOS: Well, I would suppose
24 that a lot of the decisions that are being made
25 regarding those dates will be based on what each track

1 perceives the future to be. And so that is certainly
2 going to be a consideration, but that is definitely not
3 the purpose of these meetings. The purpose of these
4 meetings is to establish the dates.

5 And for those of you who can see into the
6 future and see what's coming, you'll have the
7 opportunity to lay out your dates as you see them fit
8 according to your business model and according to the
9 Texas racing industry. And I expect everyone to work
10 together to make things happen. And that's really the
11 purpose of getting together is to make sure that
12 everybody, according to their needs, is able to arrive
13 at race dates that make sense for them.

14 COMMISSIONER EDERER: Do you see this as
15 a precursor to the meeting that was earlier discussed
16 by our executive director, after all this information
17 is gathered, where we would actually get together and
18 possibly make recommendations?

19 CHAIRMAN PABLOS: Well, the race date
20 period that is being proposed is set to open July 12th
21 and conclude August 18th. And so I would expect for
22 the other committee to get ramped up and started
23 somewhere in there. And so perhaps to answer your
24 question, some of the information that is going to
25 arise out of this particular committee might be used in

1 the discussions of the other committee.

2 But I wouldn't tie one to the other per
3 se. They're definitely different and distinct in their
4 objective. One is to look at the industry in general
5 and this one is to set the race dates for Commission
6 purposes.

7 Any other questions or comments?

8 Okay. Well, at this time I'd like to
9 take a motion. I'll entertain a motion to designate
10 the application period beginning on July 12 and ending
11 August 18th. Is there a motion?

12 VICE-CHAIRMAN SCHMIDT: So move.

13 CHAIRMAN PABLOS: A motion by Schmidt.

14 MR. CLOWE: Second.

15 CHAIRMAN PABLOS: Is there a second?

16 Seconded by Clowe.

17 Any further discussion on this item?

18 All those in favor please signify by
19 saying aye.

20 COMMISSIONERS: Aye.

21 CHAIRMAN PABLOS: Any opposed?

22 That motion carries. Thank you very
23 much.

24 We'll move on to Item C, a request by
25 Gulf Greyhound Park to amend its 2010 live racing

1 schedule. I'd like to recognize Sally Briggs, please.

2 MS. BRIGGS: Good morning. Sally Briggs,
3 Gulf Greyhound Park.

4 43 performances were granted to Corpus
5 Christi Greyhound Racetrack for the 2009 season; and if
6 you will remember, when Gulf Coast Racing took over
7 that license, we agreed and you allowed for us to run
8 those performances at Gulf Greyhound Park on Tuesday
9 evenings beginning January the 5th of this year.

10 After 14 performances this year, it
11 became very clear to us that these were very
12 unprofitable, even though we felt like that we had
13 advertised them in many different ways. The average
14 handle for the Tuesday evening live performance was
15 approximately 51 percent below the period average and
16 the live handle per race was 49 percent below that
17 period average.

18 On April 13th of this year, I sent a
19 letter to Mrs. King, which I believe you have a copy
20 of, requesting approval to cancel the remaining Tuesday
21 evening performances beginning with the May 4th
22 performance.

23 We were concerned about the number of
24 greyhounds that we had to run and them going too many
25 days between races, so we requested to add one of those

1 12 races to our Wednesday matinee performance and one
2 of them to our Saturday matinee as well as an
3 abbreviated performance after our Thursday evening,
4 adding four races.

5 Since that time, during about the past
6 six or seven weeks, we have one kennel whose trainer
7 moved out of state and took quite a few greyhounds with
8 him. We also have another kennel whose trainer has
9 changed and quite a few greyhounds left there on that
10 kennel.

11 So at this time we feel that we do not
12 have the number of active greyhounds that it would take
13 to add these four extra races. However, I am confident
14 that at the next meeting we will be able to probably
15 add them into our performances. Both of these
16 kennel -- one of them has already received a letter
17 putting them on probation about their active list and
18 the other one we have talked to many times verbally.

19 So I am requesting that we are granted a
20 waiver to not add these four races at this time.

21 If you have any other questions or any
22 questions, I'll be happy to try to answer them.

23 CHAIRMAN PABLOS: Thank you.

24 Commissioners, any questions?

25 COMMISSIONER EDERER: So it's just four

1 races? Did I understand you?

2 MS. BRIGGS: Yes, sir.

3 COMMISSIONER EDERER: Why did the trainer
4 leave?

5 MS. BRIGGS: One of the trainers left
6 because of a bad drug test and he went back to Iowa.
7 He had brought dogs with him from Iowa and took them
8 back. He had come from Dubuque, and Dubuque runs a
9 seasonal event, and so it was time for them to open
10 back up for their season and so he took all of his dogs
11 that he had brought with him back.

12 The other one is a kennel that is from
13 out of state and the owner has moved to our area and he
14 is taking over the kennel and a lot of the dogs that
15 were in that kennel were there because of the current
16 trainer who is leaving. So they lost a lot of
17 greyhounds that were active also.

18 COMMISSIONER EDERER: Thank you.

19 CHAIRMAN PABLOS: Any other questions?

20 MR. CLOWE: May we hear from the staff on
21 this matter?

22 CHAIRMAN PABLOS: Yes, sir. Please.

23 MR. JACKSON: Staff has reviewed the
24 request and, in fact, included within the packet, on
25 IV.C.9, an analysis of the handle that Ms. Briggs spoke

1 about and it concurs with her statements of the poor
2 performance on that day of the week.

3 We have looked at the greyhound issue and
4 I spoke with Sally about it at length because we
5 were -- staff was encouraging adding the races where
6 they could add a race that still fell below the
7 statutory requirement of not exceeding more than 13
8 races per performance, and they have stepped to the
9 plate and done that already. It didn't need Commission
10 approval for that to occur. The only thing that would
11 need Commission approval would be able to add the
12 abbreviated performance.

13 At this time, with the acknowledgment of
14 the shortage of greyhounds in those two kennels, staff
15 is comfortable with tabling this until the next
16 Commission meeting. We did speak to the TGA about that
17 and they concurred that they thought that was a good
18 idea as well. I'm not sure if Diane is in the crowd,
19 but she may be able to speak for herself and talk to
20 the Texas Greyhound Association's position on this.

21 CHAIRMAN PABLOS: Yes. I wanted to ask
22 Diane to come up, please.

23 MS. WHITELEY: Good morning,
24 Commissioners.

25 CHAIRMAN PABLOS: Good morning.

1 MS. WHITELEY: We always like additional
2 races, which is additional racing opportunities, but we
3 do also realize that Gulf is going through kind of a
4 trying period right now with getting some kennels to
5 honor their kennel contract. In fact, we have a
6 meeting with Gulf management this afternoon and the TGA
7 board to discuss some of these issues. So we encourage
8 them to bring it back at the next Commission meeting
9 and hopefully we will be able to get these problems
10 resolved quickly.

11 We've put a lot of stock into our kennel
12 contracts and we expect the kennels to live by their
13 contracts, which is providing greyhounds. We know that
14 there are greyhounds in the State of Texas that would
15 like to get into Gulf, so it's a matter of kennel
16 management. And this is something that we would work
17 with Gulf management on to get the additional dogs.

18 CHAIRMAN PABLOS: Okay. Any questions,
19 Commissioners?

20 So, Sally, if I may, what is the request
21 here then? Is it a request to amend and to approve
22 your request or to table this?

23 MS. BRIGGS: I would like to table this
24 until the next meeting because after working with these
25 two kennels, I feel that we will be able to get enough

1 active greyhounds to be able to run these four races
2 until the end of the year.

3 CHAIRMAN PABLOS: And, Sammy, staff is
4 okay with the request to table?

5 MR. JACKSON: Yes, sir.

6 CHAIRMAN PABLOS: Commissioners -- thank
7 you very much.

8 MS. BRIGGS: Thank you.

9 CHAIRMAN PABLOS: Commissioners, we have
10 a request to table this item. I'd like to entertain a
11 motion, please.

12 COMMISSIONER EDERER: So move.

13 CHAIRMAN PABLOS: It's moved by Ederer to
14 table. Is there a second?

15 COMMISSIONER HAYWOOD: Second.

16 CHAIRMAN PABLOS: Seconded by Haywood.

17 Is there any discussion, Commissioners?

18 At this time all those in favor of
19 tabling please signify by saying aye.

20 COMMISSIONERS: Aye.

21 CHAIRMAN PABLOS: Any opposed?

22 Thank you. That motion carries.

23 We look forward to seeing you during our
24 August 3rd meeting on this item.

25 Our next item is Item D, request by

1 Retama Park to reduce the numbers of dates allocated
2 for its 2010 Thoroughbred race meet. At this time I'd
3 like to recognize Bryan Brown, please.

4 MR. BROWN: Good morning, Commissioners.
5 Bryan Brown with Retama Park.

6 We're currently approved to run 30 race
7 dates this fall beginning at the end of August and
8 through November 7th. We do not have the purse money
9 at this time to run those dates at a level that we
10 think is adequate. We're requesting to reduce that
11 meet down to 16 days. That will give us the purse
12 money we need to maintain purse levels in our fall 2009
13 meet and also allow us to run the two stallion stakes
14 races with the TTA and run our El Joven and La Senorita
15 races. We'll be running, starting September 3rd, two
16 days a week and extending through October 23rd.

17 This is unfortunate. We don't like doing
18 it. We don't like reducing meets like this. But it's
19 very, very important to maintain our purse levels so
20 the horsemen do have an opportunity to make some money
21 when they run. We have the support of the TTA, of the
22 Texas Arabian Breeders Association, and the
23 Thoroughbred HBPA.

24 I'd be happy to answer any questions you
25 have.

1 CHAIRMAN PABLOS: Commissioners, are
2 there any questions of Mr. Brown?

3 Thank you, Mr. Brown.

4 COMMISSIONER EDERER: Yes. No, there is
5 questions.

6 CHAIRMAN PABLOS: Mr. Ederer.

7 COMMISSIONER EDERER: I don't
8 understand. Now, you say it's because of purses. What
9 are you talking about?

10 MR. BROWN: That's a good question. If
11 you take the money that we have in our purse account
12 right now and you project out what we'll have through
13 the end of the meet, which we do on a continual basis,
14 we do it every week at Retama, and you factor in the
15 number of days that we're scheduled to run, we'd be
16 running for about \$47,000 a day for a 30-day meet. To
17 us and to the horsemen, that's unacceptable. That's
18 just way too low.

19 And it's merely mathematics. There's not
20 much we can do about it. Purses are a function of
21 simulcast handle and projected live handle. We're
22 certainly projecting, as has happened this year, a
23 continued reduction in simulcast handle versus last
24 year. We're projecting a little bit smaller live
25 handle, particularly outbound handle, because that's

1 been the experience of the other tracks this year.

2 And so when you take the math and you
3 factor it all in, the amount of money that's left over
4 for purses for the horsemen is not sufficient to run
5 those 30 days.

6 COMMISSIONER EDERER: What's the
7 difference? I mean, you keep saying it's lower and
8 it's not sufficient. What are we talking about?
9 \$20,000, \$2,000?

10 MR. BROWN: About \$40,000 a day.

11 COMMISSIONER EDERER: How many?

12 MR. BROWN: About \$40,000, about --
13 actually \$33,000 a day difference.

14 MR. CLOWE: What was the question,
15 please?

16 COMMISSIONER EDERER: The question was
17 the difference, what is he talking about as far as the
18 amount of money that would be available for the purses
19 if he cuts back or the amount of money that would be
20 available if he continues as is.

21 MR. CLOWE: Thank you.

22 MR. BROWN: It's about \$33,000 a day. If
23 it was \$5,000 a day, we would probably just overpay --
24 in other words, pay more money than is in the purse
25 account -- and then recoup that after the meet is

1 over. But \$33,000 a day is just way too much. That
2 would amount to, if we paid it out over the whole
3 30-day meet, a million dollars. So it's not something
4 that we or the purse account could handle.

5 CHAIRMAN PABLOS: Any other questions?
6 Commissioner Clowe?

7 MR. CLOWE: What is the difference
8 between your break-even when you have a live race day
9 and a day when you only do simulcasting?

10 MR. BROWN: That's a real difficult
11 question to answer and I was asked it about 12 years
12 ago and I don't have any better answer than I did
13 then.

14 MR. CLOWE: You still haven't told
15 Mr. Straus what the number is?

16 MR. BROWN: Actually, it was my
17 father-in-law that asked the question. We made up a
18 number and he went away and didn't ask it again.

19 The short answer is that we lose money on
20 live racing. And so in effect, because of all the
21 costs that are involved, the break-even level of
22 wagering that day is higher than what we can produce
23 now and certainly higher than what we would have on a
24 simulcast-only day. But it's really hard to answer
25 what the break-even levels are.

1 I think to break even -- one way to
2 answer it, to break even on live racing, we would
3 probably all have to see close to 20 percent increases
4 in handle from what we are having now. And that's a
5 wild guess. But it would be significant. We couldn't
6 have a five percent increase in live handle and hope to
7 break even. That wouldn't do it.

8 MR. CLOWE: Commissioner Ederer, you
9 were, I think, feeling around for some answers relative
10 to the committees that you're heading up and serving
11 on. And we're seeing a systemic problem emerge, it
12 appears to me, and it's right here before us, the
13 reduction of live racing days, because they are loss
14 days. And this comes back to the committees the
15 chairman has appointed now and we're seeing this before
16 us.

17 And so these are the kinds of questions
18 that the owners and the operators are going to have to
19 produce so that the Commission, I think, and these
20 committees, in your investigative work, can determine
21 where we are financially to keep this industry viable
22 and able to keep open on some basis. I think we're
23 really into the kind of information that is going to
24 come to the surface in your committee meetings.

25 COMMISSIONER EDERER: Yes, sir. And to

1 follow up on that, as far as -- all of us know the
2 industry is in trouble. I mean, it has been for some
3 time and we're losing money, just generally speaking.
4 And let me just say this. As a horseman, if I could
5 run for a purse of \$2500 but I could get a race and I
6 could run my horse or I could not get a race and I
7 could hope for a race two weeks from now at a purse of
8 \$4,000, I'd rather run at the 2500-dollar level. So
9 that's where I'm coming from.

10 I hear what you're saying and I hear --
11 but when we have our committee meeting and we talk, I
12 don't necessarily want to hear everybody complaining
13 about how bad the industry is or what it is. I'd like
14 to have some solutions. I'd like to have what the
15 industry says we can do to make it better. Is it a
16 reduction in dates? If so, fine. Let's lock in those
17 dates.

18 I've received letters from horsemen. We
19 also have a letter from the partnership here how
20 important it is that the dates be locked in so that
21 they can make plans for their future, where are they
22 going to live, where are they going to store their
23 horses, when do we have to move. So all of these
24 things are important.

25 And we don't want to -- and I don't think

1 anybody in the industry wants to see this happen again
2 next year. I mean, we want to lock in those dates and
3 go forward. Okay. The economy is in trouble. Fine.
4 What can we do now to establish it?

5 I think everybody would rather have it
6 established on the low end than on the high end. Don't
7 promise them the sky and then you take the -- cut the
8 legs out from under them. These are the type of --
9 this is the type of input that I look forward to on
10 August the 13th. And I think Dr. Schmidt does, too.
11 In fact, I know he does, because this is what we've
12 discussed.

13 So I would like to hear from the
14 industry -- from the horsemen, though, as far as this
15 cutback is concerned. Like I said, is it better for
16 them to run for 2500 or for 4,000 or whatever? You
17 know, I know the dates are very important to the
18 horsemen and being able to get a race is very important
19 to the horsemen.

20 MR. BROWN: The scenario that you
21 outline, if you ask the horsemen in the state -- and
22 I'm guessing here. But you would get 500 answers
23 saying yes to the 2500 and 500 saying yes to the
24 4,000. And these are issues that we meet with and
25 discuss with the horsemen quite regularly.

1 COMMISSIONER EDERER: I understand.

2 MR. BROWN: And I kind of feel for them,
3 the leadership at least, because their members are all
4 over the board on your question. And it's an excellent
5 question and certainly one that we'll deal with at
6 length.

7 In our case, when we applied for the 30
8 days, we made it clear to the horsemen a year ago that
9 we didn't have the purse money to run the 30 days but
10 we would all try to do what we could, quite frankly,
11 hope money came somehow from the sky to allow us to do
12 it, but we would try to do what we could over the year
13 to find enough purse money to do it. It hasn't
14 happened. And we -- but we knew and the horsemen knew
15 we didn't have enough purse money at the time.

16 So, yes, I think it's much better to
17 start low and increase dates if necessary. In this
18 case, that just wasn't possible.

19 CHAIRMAN PABLOS: Thank you, Bryan.

20 Commissioner Schmidt?

21 VICE-CHAIRMAN SCHMIDT: I've got two
22 questions, Mr. Brown. First, by cutting the race dates
23 in half, does that restore your purse levels to what
24 they were a year or two years ago?

25 MR. BROWN: Yes, it does.

1 VICE-CHAIRMAN SCHMIDT: What number is
2 that?

3 MR. BROWN: It will be about \$80,000 a
4 day, plus enough money to run, as I mentioned, the
5 stallion stakes races with the TTA and our two premier
6 two-year-old races, the La Senorita and El Joven.

7 VICE-CHAIRMAN SCHMIDT: So at \$80,000 a
8 day, that still puts us in the lower 20 percent
9 nationwide?

10 MR. BROWN: Pretty close to that, I would
11 say. Maybe lower 30 percent or so.

12 VICE-CHAIRMAN SCHMIDT: And I, like
13 Commissioner Ederer and, I think, the other members of
14 the committee, are trying to understand a little bit
15 more about the economics of running a racetrack. And
16 this is, I guess, a hypothetical question, which you
17 can answer to the best of your ability.

18 In terms of simulcast revenue that your
19 track receives, is running one 50,000-dollar allowance
20 race, which may attract attention from other cities,
21 more profitable for you than the combined profit you
22 might get from five 10,000-dollar claiming races? Do
23 you understand the question?

24 MR. BROWN: I'd rather have the five
25 10,000-dollar claiming races if the fields are full.

1 VICE-CHAIRMAN SCHMIDT: If the fields are
2 full.

3 MR. BROWN: If the fields are full.

4 Now, I would rather have a full field
5 50,000-dollar allowance race than a full field
6 10,000-dollar claiming race. I'd much rather have that
7 race because it will get significantly more. But
8 bettors are going to want to see full fields and
9 several races with full fields versus just one race.

10 VICE-CHAIRMAN SCHMIDT: One large race, a
11 national attraction.

12 MR. BROWN: Right.

13 VICE-CHAIRMAN SCHMIDT: Thank you.

14 MR. BROWN: And we try to do a little bit
15 of both. You know, we try to give the players some
16 nice allowance races and then a full field claiming
17 race. So we try to do a little bit of both for the
18 bettors. It's more and more difficult to do.

19 CHAIRMAN PABLOS: Thank you, Bryan.

20 MR. BROWN: Thank you.

21 CHAIRMAN PABLOS: Appreciate it.

22 MR. CLOWE: I have another question,
23 Mr. Chairman.

24 CHAIRMAN PABLOS: Yes, sir.

25 MR. CLOWE: Do you make money when you

1 have simulcasting days and you don't have live racing?

2 MR. BROWN: We lose less. We're at the
3 point now where we are losing money on our dark months
4 when we're not racing live. So we do lose money in
5 those months, too.

6 MR. CLOWE: Thank you.

7 CHAIRMAN PABLOS: Any other questions?

8 Thank you, Bryan. Appreciate it.

9 I have a question of Charla Ann.

10 MS. KING: Yes, sir.

11 CHAIRMAN PABLOS: Charla Ann, we haven't
12 talked about the impact to the agency itself when we
13 reduce race dates. Could you speak to that just a
14 little bit? I don't think I fully understand that.

15 MS. KING: Okay. And Sammy may want to
16 assist with that, and Shelley as well.

17 We were concerned -- we are concerned
18 about the reduction of race dates that takes us to two
19 racing days a week. It's very challenging to staff
20 only two live racing days in terms of what we need in
21 getting our personnel, in particular our veterinarians,
22 keeping people with enough hours that we can keep them
23 employed and that they don't need to go seek other
24 employment. It's a pretty basic thing.

25 In the race date process last year,

1 through the working group, we told the industry that
2 that was a hardship and that we didn't think we were
3 going to be able to manage the two-day week. However,
4 during the legislative session, through the leadership
5 of Chairman Ogden, they provided the 1.5 million in
6 support through the general revenue and that is
7 bridging us at this point in time.

8 But it's still an issue. And it's my
9 recommendation that we take to the rules committee a
10 discussion of fees about -- we, in the past, I
11 believe -- and Sammy has got the better history on this
12 in terms of dark day fees and we've discussed in the
13 past the idea of a regulatory fee for a week, over a
14 week's time, instead of just live race day fees, that
15 somehow we're going to have to address this.

16 But right now we can manage this, we
17 believe, because we've gotten the support from the
18 Legislature. And we should probably take it to the
19 rules committee, I'm thinking, in the fall, perhaps
20 around October. And so we'll be visiting with the
21 chair of those committees, Commissioner O'Connell.

22 CHAIRMAN PABLOS: Thank you, Charla Ann,
23 very much.

24 Marsha Rountree representing the
25 horsemen?

1 MS. ROUNTREE: Good morning.

2 CHAIRMAN PABLOS: Good morning.

3 MS. ROUNTREE: I'm Marsha Rountree,
4 executive director of Texas Horsemen's Partnership.

5 And the Texas Horsemen's Partnership and
6 its Thoroughbred partner, Texas Thoroughbred HBPA,
7 would like to support the request of Retama Park to
8 amend its 2010 Thoroughbred race dates from the
9 allocated 30 days to the proposed 16-day meet.

10 While this situation is not, by any
11 means, ideal, we do understand and realize that the
12 available purse money will only support this limited
13 meet. It's not a good situation for anybody; but right
14 now, we really, really need to just go with the
15 request. Thank you.

16 CHAIRMAN PABLOS: Any questions,
17 Commissioners?

18 MS. ROUNTREE: Thank you.

19 CHAIRMAN PABLOS: Okay. Is there anyone
20 else signed up to speak on this item?

21 Okay. At this time I'd like to hear from
22 you, Commissioners, as to what you'd like to do on this
23 request by entertaining a motion. Is there a motion?

24 MR. CLOWE: Move to adopt.

25 CHAIRMAN PABLOS: Okay. Is there a

1 second?

2 VICE-CHAIRMAN SCHMIDT: Second.

3 CHAIRMAN PABLOS: So we have a motion to
4 adopt by Clowe, seconded by Schmidt.

5 Is there any further discussion on this
6 item?

7 COMMISSIONER EDERER: In light of the
8 Texas Horsemen's Partnership's last statement, I will
9 support.

10 CHAIRMAN PABLOS: Thank you. Thank you.

11 And me, too. I think, you know, as
12 Commissioner Clowe stated, you know, we're living and
13 we're seeing -- we're seeing what's happening and we
14 have to adapt. And so I certainly encourage everyone
15 to continue to try to move forward. And this is
16 certainly an opportunity to do that.

17 MR. CLOWE: Mr. Chairman?

18 CHAIRMAN PABLOS: Yes, sir.

19 MR. CLOWE: Before you take the vote on
20 this, I think it's appropriate for me to say that it
21 seems like to me from a business standpoint, these
22 operators are facing a dire situation; and we're, I
23 think, bound to understand the problem and to do what
24 we can on an immediate or short-term basis to allow
25 racing to continue as best it can while the committees

1 delve into solutions for these long-term problems.

2 It comes to mind that we have granted
3 simulcasting dates to a number of tracks that are
4 saying they're building and they're going to operate
5 live race dates. And that brings, in my mind, the
6 question of where the future of that is. And I hope we
7 hear more about that now in the future.

8 But I made the motion with the feeling in
9 mind that this is a problem that we ought to be
10 supportive of assisting and helping, to the extent of
11 our authority and the statutes and the rules, while
12 these committees are functioning and coming up with
13 what I hope are more long-term solutions. Thank you.

14 CHAIRMAN PABLOS: Thank you, Commissioner
15 Clowe. And I wholeheartedly agree with your comments.

16 Any other comments, Commissioners?

17 Hearing none, at this time I'd like to
18 bring this up for a vote. All those in favor please
19 signify by saying aye.

20 COMMISSIONERS: Aye.

21 CHAIRMAN PABLOS: Any opposed?

22 That motion carries. Thank you very
23 much.

24 Our next item is Item E, allocation of
25 purse revenue and escrowed purse account. Mark, I'd

1 like to call on you just to lay the foundation on this,
2 if you would, please, or Charla Ann, either one,
3 please.

4 MS. KING: I think Sammy would be best.

5 CHAIRMAN PABLOS: Sammy?

6 MR. JACKSON: Good morning again,
7 Commissioners. Underneath Tab IV.E.1 is the agreements
8 in place that have been submitted for you for
9 consideration underneath Commission Rule 321.505 and
10 321.509.

11 These are what we commonly refer to as
12 the breed split agreements or the allocation of purse
13 revenue between the various breeds of horses from
14 simulcasting as well as the allocation and distribution
15 of funds accrued in the escrowed horse purse account
16 and the allocation of it between the various breeds of
17 horses.

18 This is an extension of the agreement
19 that has been in place for the past three years to
20 continue it for 2011 and 2012, with an additional
21 addendum to it that further allocates the minor breed
22 purse account allocation between the Arabian and Paint
23 horses. It further also allocates the minor breed
24 purse account balances as of May 2010 and continues the
25 2010 allocation on the minor breeds between the Paints

1 and the Arabians.

2 Staff has reviewed it and finds it is in
3 compliance with all rules and requirements to be
4 submitted underneath 321.505 and 321.509 and would
5 suggest its approval.

6 I think there will be testimony on it
7 today in regards to some concerns that are going on and
8 they will be coming forth to talk to you about them.

9 CHAIRMAN PABLOS: Thank you, Sammy.

10 Are there any clarifying questions of
11 Sammy?

12 We have several folks signed up to
13 speak. At this time I'd like to recognize Rob
14 Werstler, please.

15 MR. WERSTLER: Good morning,
16 Mr. Chairman, Commissioners. Rob Werstler, executive
17 director of the Texas Quarter Horse Association.

18 I'm before you today to request that you
19 table Items, under proceedings on racetracks, E-1, 2,
20 3, until the next Racing Commission meeting, scheduled
21 Racing Commission meeting.

22 Late last week some new information -- a
23 week -- we agreed and signed off on these agreements
24 several weeks ago. But late last week some new
25 information came to light that could really affect --

1 negatively affect the Texas Quarter Horse racing and
2 breeding industry. And I think if we table it, we'll
3 have time -- more time to find out if this
4 information -- where it's going if it's correct. And
5 it has to do with race dates, 2011 race dates.

6 CHAIRMAN PABLOS: Could you be more
7 specific?

8 MR. WERSTLER: Well, last week the Texas
9 Horsemen's Partnership hosted two race dates meetings,
10 one at Lone Star Park for the Thoroughbreds and one at
11 Sam Houston Race Park for the Quarter Horses. And
12 during the Quarter Horse meeting, Manor Downs informed
13 the Quarter Horsemen at the meeting that they -- not
14 only did they not plan to file for race dates in 2011,
15 they also planned to shut down simulcast operations
16 this month.

17 So the Quarter Horsemen receive 74
18 percent of the simulcast revenue; so as you can tell,
19 that is really going to negatively affect the Quarter
20 Horse industry, race purses as well as accredited
21 Texas-bred purses.

22 CHAIRMAN PABLOS: So you're telling me
23 that Manor Downs is saying they're going to shut down
24 this month?

25 MR. WERSTLER: Yes, sir.

1 CHAIRMAN PABLOS: Okay. Is there a
2 representative --

3 MR. WERSTLER: That's simulcasts.

4 CHAIRMAN PABLOS: Is there a
5 representative from Manor Downs here today?

6 MS. KING: Howard is here.

7 CHAIRMAN PABLOS: Thank you, Rob.

8 Good morning, Howard.

9 MR. PHILLIPS: Good morning,
10 Mr. Chairman. I'm ready for questions.

11 CHAIRMAN PABLOS: Well, you know, I'm
12 hearing here that you intend to shut down. Could you
13 fill us in a little bit about what's going on, please?

14 MR. PHILLIPS: Yes. At a meeting in
15 Houston at Sam Houston Race Park with, I guess, about a
16 hundred horsemen, we -- I mean, within the industry for
17 the past three months, our position has been that we've
18 let them know that we didn't intend to apply for 2011
19 race dates.

20 There's a couple of reasons. You know
21 what they were -- are. Our simulcast handle is down 25
22 percent in 2009 from 2008. In 2010 it's down an
23 additional 20 percent. To put that in perspective, the
24 last three weeks in June, for 2008 we handled, not a
25 lot, but about \$420,000 a week. That's down to 235

1 now.

2 The amount of money that it costs us to
3 stay open has just overwhelmed us. 21 years we've been
4 doing this. And the industry we all know is in dire
5 straits. And we have a small ownership group, two of
6 us, and at this time we just can't keep funding this.

7 CHAIRMAN PABLOS: Have you submitted
8 anything official to the Commission regarding this
9 decision that you've made?

10 MR. PHILLIPS: No. I have talked with
11 Sammy Jackson and told him that July 25th was the date
12 we had locked in now unless something changed and that
13 as soon as I knew that nothing was going to change that
14 I would let him know.

15 There's a couple of things some horsemen
16 were talking about doing, maybe leasing the track or
17 doing something. It's kind of far -- it's a stretch,
18 but it's something that we're open to help any way we
19 can.

20 CHAIRMAN PABLOS: So right now your
21 intention is to go dark at the end of the month?

22 MR. PHILLIPS: Yes.

23 CHAIRMAN PABLOS: But you're saying that
24 there's a possibility of entering into discussions with
25 the horsemen?

1 MR. PHILLIPS: I think we've already
2 started those discussions. I just haven't heard
3 anything back from them. Those kind of started last
4 Friday at Sam Houston.

5 CHAIRMAN PABLOS: So really this item
6 really -- the request to table this is a proper request
7 given that perhaps there's a possibility that there
8 could be an agreement regarding this? Is that what I'm
9 hearing?

10 MR. PHILLIPS: Well, I can't speak for
11 the TQHA.

12 CHAIRMAN PABLOS: I'm asking on your
13 end.

14 MR. PHILLIPS: Yes.

15 CHAIRMAN PABLOS: If you were given more
16 time, you might be able to arrive at a reasonable
17 situation?

18 MR. PHILLIPS: I think -- I think if
19 something did happen, I think everybody in the industry
20 would be supportive of what's before you. I think the
21 question is, if something doesn't happen, the Quarter
22 Horse industry will probably want some changes or some
23 consideration.

24 CHAIRMAN PABLOS: Well, I can certainly
25 respect your business decision. You know, as

1 Commissioner Clowe stated, we're living it. And, you
2 know, you are in the best position to know where you
3 take your business, so I can respect that.

4 I think -- I've heard Mr. Werstler's
5 request. I'd like to hear from the rest of the people
6 who are signed up to speak. I just wanted to get
7 confirmation from you as to what your intentions are.
8 And next time I'd like to ask you to please -- if
9 you're going to make comments that are so impactful as
10 that, you know, please do so in writing to the
11 Commission so we know ahead of time and we're not
12 surprised by such comments. I'd really appreciate
13 that.

14 MR. PHILLIPS: Yes, sir.

15 CHAIRMAN PABLOS: Commissioner Schmidt?

16 VICE-CHAIRMAN SCHMIDT: Just kind of help
17 me understand the economics a little better. And I
18 don't want to ask any confidential personal financial
19 information. But what are your principal overhead
20 drivers that cause you to lose money on simulcasts? We
21 don't have any horses. We have minimal staff.

22 MR. PHILLIPS: We've actually gone to
23 tellerless Wednesdays and Thursdays.

24 VICE-CHAIRMAN SCHMIDT: Tellerless?

25 MR. PHILLIPS: We cut health insurance

1 out a couple of months ago. We've gone to -- because
2 80 percent of our business on Wednesday and Thursdays
3 were self-serve, so we went to complete tellerless.

4 I mean, it's not -- we've been doing this
5 a long time and probably are a microcosm of what the
6 bigger tracks face and what the industry faces. We've
7 cut everywhere. But you -- when you have the weekly
8 costs that we have -- and I'm talking strictly
9 operating margins, not EBITDA or profit and loss
10 statement. Dollars in, dollars out every week. When
11 you have significant costs, be it the mutuels contract
12 and the -- actually, for our little track, the \$2,000 a
13 week fee to the Commission is meaningful, substantial
14 to us. We've cut payroll by 25 percent. It -- you
15 know, you can't do too much with utilities. It's very,
16 very challenging.

17 I explained it to them at the meeting.
18 It's interesting that we were able to generate money
19 for purses. And we've enjoyed doing that. And then
20 live racing is where the excitement and the energy is.
21 But you can't -- you can't stay open as a business
22 model and lose X amount of dollars every week while
23 you're generating 15,000 for purse money even if
24 that's -- you know, that's your big desire.

25 So it just overwhelms you, is what it

1 does. And it's -- and payroll is your big -- if that's
2 what you're asking, payroll is your biggest expense and
3 then your fixed fees with the tote and the State are
4 other ones.

5 VICE-CHAIRMAN SCHMIDT: Thank you.

6 MR. CLOWE: Well --

7 CHAIRMAN PABLOS: Commissioner Clowe?

8 MR. CLOWE: You've got insurance and
9 you've got utility bills.

10 MR. PHILLIPS: Oh, yes.

11 MR. CLOWE: And you've got all the
12 operating costs of --

13 MR. PHILLIPS: That's right.

14 MR. CLOWE: -- maintaining an on ongoing
15 business.

16 MR. PHILLIPS: And host fees, which have
17 just climbed through the roof as Churchill Downs and
18 Magna battled it out for who's going to own the most
19 tracks and how fast they could raise the fees. I
20 estimate our fees -- our host track signal fees are
21 probably up 30 percent from five years ago.

22 MR. CLOWE: Mr. Chairman, if I might.

23 CHAIRMAN PABLOS: Yes, sir.

24 MR. CLOWE: You know, I'm empathetic to
25 what you're saying. It's like when you're running a

1 restaurant -- and I've had that pleasure -- and you're
2 losing money and you just say, "Okay. We're going to
3 close."

4 Now, the problem we've got together is
5 that you have a license from the State. And I'd like
6 to ask the general counsel to just give the board, not
7 a legal opinion, but a general understanding. If this
8 track arbitrarily goes dark, then the license is an
9 issue and goes in jeopardy, does it not?

10 MR. FENNER: Well, they have fulfilled
11 their racing obligations, their live meet that they
12 were given for 2010. So the most analogous situation
13 would be to Corpus Christi Greyhound Track which went
14 dark at the end of 2008, I believe, and were -- or '07,
15 and closed for about a year or so and then they were
16 transferred to a new owner and they reopened it. They
17 would become inactive.

18 MR. CLOWE: Do they need to make an
19 application to become inactive?

20 MR. FENNER: No, they don't need to make
21 an application.

22 MR. CLOWE: So that's an arbitrary action
23 that they have the right to take.

24 MR. FENNER: Yes, sir.

25 MR. CLOWE: That's helpful. Thank you.

1 CHAIRMAN PABLOS: Any other questions of
2 Mr. Phillips?

3 Okay. Thank you very much.

4 MR. PHILLIPS: Thank you.

5 CHAIRMAN PABLOS: Mr. Jordan, would you
6 like to comment, please?

7 MR. JORDAN: Mr. Chairman, Commissioners,
8 my name is Tooter Jordan representing the Texas
9 Horsemen's Partnership.

10 Basically I was here to discuss the same
11 thing or request the same thing that Rob probably did,
12 either table or at least be -- at least go on record as
13 stating that without the simulcasting efforts of Manor
14 Downs, it would have a huge impact on the purse
15 structure for the Quarter Horses next year and the
16 Thoroughbreds, both breeds, as a matter of fact.

17 The fact just brought up just now about
18 the inactive cost of whatever that may be, I think that
19 over a period -- and I'm not really sure. You might
20 check my numbers. But since April of this year, the
21 horsemen have already accrued somewhere in the
22 neighborhood of 300,000 for purse accounts next year.
23 That's a considerable amount of money just to lose.

24 And under the circumstances, with these
25 contracts that we have agreed upon three or four months

1 ago, there's going to be a huge change in the amount of
2 money we're talking about for purse revenue next year.
3 So either I'd like to go on record or agree with
4 Mr. Werstler as far as maybe taking an attempt to table
5 this.

6 CHAIRMAN PABLOS: Okay. Thank you.

7 Any questions, Commissioners?

8 Drew? Would you like to say something,
9 Drew?

10 MR. SHUBECK: Yes.

11 CHAIRMAN PABLOS: Okay. Please come up.

12 MR. SHUBECK: I originally wasn't signed
13 up to testify for this, but I'll fill out an additional
14 card.

15 We signed these contracts and negotiated
16 these contracts several months ago as Rob Werstler said
17 and Tooter said. You know, things change in business
18 all the time. And we're just starting to conclude our
19 Thoroughbred meet at Lone Star Park. We're paying
20 purses based on the breed split agreement that we
21 negotiated in the first quarter. And I don't
22 understand why we can go back and try to undo something
23 like that. These monies have been paid. If we're to
24 negotiate something that is dramatically different from
25 what we signed in the first quarter, it would affect

1 our purse fund significantly.

2 CHAIRMAN PABLOS: Okay. Any questions,
3 Commissioners?

4 Thank you.

5 Ms. Rountree, do you have anything to
6 add?

7 MS. ROUNTREE: I had originally -- I'll
8 come up there.

9 Marsha Rountree, executive director,
10 Texas Horsemen's Partnership.

11 I had originally prepared a statement for
12 you concerning this issue; and after listening to some
13 of the other testimony, we would just like to agree and
14 request that the Commission table this issue for the
15 following reason: The Texas Thoroughbred HBPA and the
16 Texas HBPA, which is our Quarter Horse partner, agreed
17 to and signed these breed split agreement extensions
18 that you have before you; and while we do agree with
19 the current terms of the agreement, the Texas HBPA
20 would like to go on record stating that if Manor Downs
21 closes its door this summer, which seems to be a
22 possibility, this will cause a situation that will
23 throw this breed split agreement out of balance.

24 Manor Downs is the track where Quarter
25 Horse purses receive the majority of the earned purse.

1 By closing the track where Quarter Horse purses benefit
2 the most, the current breed split agreement would be
3 detrimental to our Quarter Horse members.

4 I feel certain that if this situation
5 does occur, representatives of our Thoroughbred
6 interests and Quarter Horse interests will work
7 together to come to an alternate agreement. We're not,
8 as Mr. Shubeck is suggesting, trying to change the
9 terms of this agreement at this time. We would just
10 like for the -- your approval of this agreement to be
11 tabled so that we can let this play out and see exactly
12 what's going to happen. We don't want to rush to
13 judgment and say that Manor is closing when, in fact,
14 it does not.

15 So we would just like to table your
16 approval of the agreement until the next meeting to
17 give us some time to delve into this a little further.

18 CHAIRMAN PABLOS: Any questions,
19 Commissioners?

20 MS. ROUNTREE: Thank you.

21 CHAIRMAN PABLOS: Thank you.

22 Andrea Young?

23 MS. YOUNG: Thank you, Chair.

24 This is a little bit of a surprise to
25 us. We weren't aware that this was going to come up

1 like this today at this morning's meeting. You know, I
2 don't -- personally, on behalf of Sam Houston Race
3 Park, I don't think it's a proper request. I think an
4 agreement is an agreement. We've all signed this
5 contract. And of course, if there are material changes
6 in the industry, we'll sit down and do the best that we
7 can to address them. But we're also trying to make
8 plans and figure out things for 2011, which this
9 agreement directly impacts.

10 And, you know, we heard last week from
11 Manor Downs. You've heard from them, you know, today.
12 But, you know, there are a lot of red herrings in this
13 industry. There's a lot of things that are -- you
14 know, the rubber is kind of meeting the road here for a
15 lot of folks involved. And we understand that. We're
16 sensitive to that. We're dedicating a heck of a lot of
17 time to dealing with those issues and talking about
18 them.

19 But it's our position that, you know, we
20 all signed this agreement and that a contract is a
21 contract.

22 CHAIRMAN PABLOS: Any questions,
23 Commissioners?

24 Thank you.

25 MS. YOUNG: Thank you.

1 CHAIRMAN PABLOS: Okay. Anyone else
2 signed up to speak?

3 All right. Well, Commissioners, we've
4 heard the testimony. It sounds like there's a lot of
5 poker playing going on and I'm certainly not going to
6 get caught up in the middle of that. The good thing is
7 that we do have a meeting coming up here in a month or
8 less than a month. And so, you know, unlike a regular
9 meeting time frame where we have to wait two months,
10 we've got a few weeks here where I think tabling it
11 might be a reasonable thing to do, and letting the
12 industry take care of their issues I think might be
13 appropriate.

14 I hear what Andrea Young is saying; but I
15 think, you know, letting you all work it out is
16 probably the best way to do this. You know, I don't
17 want to hear from secondary sources what everyone is
18 trying to do, you know, against some other people. And
19 so it's just important that you all work things out on
20 your own and then bring them to us and don't put us in
21 the middle of things. And so I really wanted to
22 request that of you.

23 At this time, Commissioners, I'd like to
24 put it out to you to see what you want to do.

25 MR. CLOWE: I have a question before a

1 motion.

2 CHAIRMAN PABLOS: Yes, sir.

3 MR. CLOWE: We heard a recommendation
4 from staff that this be approved and I'm wondering if
5 the information that we've heard now was privy to you
6 before you made that recommendation or if the
7 recommendation still stands to approve or not.

8 MS. KING: Sammy, go ahead.

9 MR. JACKSON: The recommendation that was
10 crafted in this memo, that information that you heard
11 today was not known when this was crafted. The staff's
12 opinion would be that there is no problem with waiting
13 a month. These agreements that are put before you are
14 for breed splits really that are occurring in 2011 and
15 2012. There is already approval of 2010 splits and
16 they are on the books and nothing has been asked to
17 change that as of today.

18 So I see no problem with waiting a month
19 or even two months, until September, if need be. We
20 typically do not handle breed splits at this level
21 until after the race dates have been decided. And I
22 believe that's why you see people coming before you
23 today saying, "Something has changed and we ask for you
24 to table it." So I don't see a problem with tabling it
25 at all.

1 MR. CLOWE: So my sense is that now your
2 recommendation is not to approve. Is that correct?

3 MR. JACKSON: My recommendation would be
4 table and give them, just like the Chair said, an
5 opportunity to discuss this issue.

6 Mr. Howard Phillips came up here and
7 spoke about his conversation with me. I'd like to kind
8 of clarify that. He had a conversation with me because
9 I phone called him based on information that was given
10 to me that he was making this statement at his
11 facility. I requested that he put to us in writing
12 what he planned to do. And he asked to wait because he
13 had told me he hadn't notified his staff yet and he was
14 going to a horsemen's meeting the next day to discuss
15 this very issue.

16 I believe there was hope there that there
17 was something going to come from the horsemen that
18 could avert closing on July 25th. From the
19 conversation I just heard as you did, I don't think
20 that was the case. And it sounded like paramount that
21 we're going to have a closure on July 25th, which
22 triggers many, many things. And for the horsemen and
23 the breed registry, this is closest to their heart as
24 how it's going to impact them.

25 MR. CLOWE: That's very helpful. Thank

1 you.

2 CHAIRMAN PABLOS: Commissioners, what's
3 your pleasure?

4 COMMISSIONER EDERER: Make a motion to
5 table.

6 MR. CLOWE: Second.

7 CHAIRMAN PABLOS: I have a motion by
8 Ederer to table, seconded by Clowe.

9 Any discussion, Commissioners?

10 Okay. I'll take this up for a vote. All
11 those in favor please signify by saying aye.

12 COMMISSIONERS: Aye.

13 CHAIRMAN PABLOS: Any opposed?

14 That motion carries. Thank you.

15 The next item is Item F, a request by
16 Retama Park for approval of change of ownership of less
17 than one percent. I'd like to recognize Mark Fenner,
18 please.

19 MR. FENNER: Commissioners, Retama Park
20 has submitted two requests to approve two ownership
21 transfers. They are both in the amount of 0.249
22 percent interest. It's slightly less than one quarter
23 of one percent.

24 The first is a transfer in interest from
25 Leo and Marilyn Sue Greenblum, half of it being

1 transferred to Mr. Greenblum and half transferred
2 through a bypass trust with him as the trustee. These
3 are to resolve the estate of Mrs. Greenblum who has
4 passed away.

5 The second is a transfer of less than a
6 quarter percent interest from Sanger & Altgelt Agency
7 to Jones N. and Christine A. Haynes.

8 The DPS has run background checks on
9 Mr. Greenblum and then Mr. Jones and Christine Haynes
10 and found no disqualifying information.

11 The staff recommends approval.

12 CHAIRMAN PABLOS: Any questions,
13 Commissioners?

14 Thank you, Mark.

15 I have Bryan Brown signed up to speak.
16 Bryan, do you care to say -- okay. Thank you very
17 much.

18 Commissioners, we have this request in
19 front of us. We've had staff recommendation for
20 approval. Do I have a motion?

21 MR. CLOWE: Move approval.

22 CHAIRMAN PABLOS: Clowe moves to
23 approve. Is there a second?

24 COMMISSIONER HAYWOOD: Second.

25 CHAIRMAN PABLOS: Seconded by Haywood.

1 Any discussion?

2 All those in favor please signify by
3 saying aye.

4 COMMISSIONERS: Aye.

5 CHAIRMAN PABLOS: Any opposed?

6 That motion carries. And I thank you
7 very much for that.

8 Item G, request by Retama Park for
9 approval of an amendment to its tote contract with
10 AmTote International. Carol, please?

11 MS. OLEWIN: Commissioners, Retama Park
12 has requested an extension to the totalisator service
13 contract with AmTote. Staff has completed a review of
14 the contract approved by the Commission in 2007 and
15 find all documents to be in compliance with the Texas
16 Racing Act and the Texas Rules of Racing.

17 If there's any questions, I'll be glad to
18 answer them.

19 CHAIRMAN PABLOS: What is your
20 recommendation, please?

21 MS. OLEWIN: Recommend approval.

22 CHAIRMAN PABLOS: Okay. Thank you.

23 Is there anyone signed up to speak on
24 this item?

25 MR. BROWN: I'll be happy to answer any

1 questions that the Commission has.

2 CHAIRMAN PABLOS: Any questions of
3 Bryan? We really can't have much discussion on this.
4 And so if none, I will take the staff recommendation
5 under recommendation.

6 And so, Commissioners, do I have a motion
7 to approve?

8 COMMISSIONER EDERER: So move.

9 CHAIRMAN PABLOS: Moved by Ederer. Is
10 there a second?

11 VICE-CHAIRMAN SCHMIDT: Second.

12 CHAIRMAN PABLOS: Seconded by Schmidt.
13 Any discussion?

14 All those in favor please signify by
15 saying aye.

16 COMMISSIONERS: Aye.

17 CHAIRMAN PABLOS: Any opposed?

18 That motion carries.

19 Item H, we'll start with progress
20 reports, first by Austin Jockey Club. Bryan Brown,
21 please.

22 MR. BROWN: Good afternoon,
23 Commissioners. Bryan Brown with the Austin Jockey
24 Club.

25 I wanted to give you an update on the

1 status of the Austin Jockey Club. And we mentioned
2 earlier that the application for a transfer of
3 ownership and change in location has been reviewed by
4 Mr. Fenner and as well as the DPS forms of all the
5 partners of the new group that would come in and
6 acquire the stock of Longhorn Downs, Inc.

7 That group has closed on a 148-acre
8 parcel of land in southeast Travis County in
9 Creedmoor. That piece of land is in an area that seems
10 to be very acceptable to the community in terms of
11 having a horse racetrack. It's very close to the
12 county dump, which is nice. You figure if the
13 community will accept a dump -- which is, by the way,
14 the nicest dump I've ever been to. You ought to go out
15 and look at it. It's a beautiful place.

16 The community is excited about it. The
17 mayor is willing to come up here before the Commission
18 and talk about it, talk about what he thinks this might
19 do in ultimate development of the city. The city has
20 kind of been bypassed by Travis County and by citizens
21 of Travis County, you know, jumping into the Kyle and
22 Buda area. And part of that has been traditionally a
23 lack of utilities in the area.

24 There are some plans to do a MUD, put
25 together a MUD. A MUD has actually been approved and

1 there's some plans to possibly extend sewer lines
2 throughout the area, which many believe will change the
3 development aspects of that area.

4 So we have completed site plans, building
5 floor plans, done quite a bit of work on -- that will
6 be ultimately necessary both for the application and
7 the ultimate development of the project.

8 I'd be happy to answer any questions you
9 have.

10 CHAIRMAN PABLOS: Commissioners, any
11 questions?

12 COMMISSIONER EDERER: Is it over near the
13 airport?

14 MR. BROWN: It's pretty far south of the
15 airport, so not -- you know, not real far away.

16 COMMISSIONER EDERER: Not as far as
17 Buda.

18 MR. BROWN: No. It's north of Buda and
19 Kyle and south of the airport. If you kind of drew a
20 straight line between Kyle and the airport, you would
21 hit Creedmoor.

22 COMMISSIONER EDERER: Thank you.

23 CHAIRMAN PABLOS: Thank you, Bryan.

24 MR. BROWN: Thank you.

25 CHAIRMAN PABLOS: Appreciate it.

1 Item 2, progress report by Saddle Brook
2 Park. I know Drew Alexander was unable to make it. Is
3 there a representative or anyone from Saddle Brook
4 Park?

5 Mark, do you have the letter from
6 Mr. Alexander or at least could you give us a summary
7 of what his update said in very brief terms?

8 MR. FENNER: I believe there's a copy at
9 your seat that says that he had slipped and fallen in
10 his commercial kitchen. I talked to him yesterday
11 afternoon. He said that his medical situation was
12 making it difficult for him to be here today. So I
13 asked him to document that with a letter, which is what
14 he provided.

15 CHAIRMAN PABLOS: But his update that I
16 had requested be submitted in writing, do you -- just
17 off the top of your head do you recall what it said?

18 MR. FENNER: Yes, sir. It says that they
19 have entered into a contract to sell Saddle Brook to an
20 affiliate of Global Gaming Solutions and that they are
21 working on their application form and they're working
22 on their demographic studies and their financial
23 forecasts and that that study is due to them in about
24 three weeks and then they plan on incorporating that
25 into their application and submitting it.

1 CHAIRMAN PABLOS: Very well. Thank you,
2 Mark.

3 Any questions, Commissioners?

4 We'll take Item 3 and 4, progress report
5 by Valle de los Tesoros and Laredo Downs. Greg
6 LaMantia, please?

7 MR. LaMANTIA: Good afternoon,
8 Commissioners. Greg LaMantia. I'm here to talk about
9 the Laredo LRP and McAllen VDLT tracks.

10 Not a lot has changed. I am sorry to say
11 that the location we have for -- to move Laredo to Fort
12 Worth is not next to the dump, but we continue to try
13 and find one, some acreage next to the dump, so we can
14 be on par with everybody.

15 That's just a joke there, Bryan, to pick
16 on you.

17 We continue to work with Holt Hickman and
18 the local governments to get or to see what we need
19 from the standpoint of any zoning, things of that
20 nature. Holt has not been feeling very well for some
21 time now, so that's a little bit of a hindrance, but we
22 continue to do that. I think we sent a letter in
23 stating that we continue to look at moving and getting
24 to the Fort Worth area.

25 On McAllen, you have a letter from the

1 City of McAllen. We had hoped to reach an agreement
2 with the City of Hidalgo, which is right across the
3 street from our 200 acres that we own. It would have
4 been much cheaper and nice. They had a preliminary
5 agreement and then that fell by the wayside. So
6 currently the City of McAllen is looking at putting out
7 for bid or whatever where they would put in utilities
8 which we would participate in paying for. And I think
9 the letter states it's about -- they're looking at
10 about a 90-day window. And that's where we are.

11 Any questions I'll be happy to try and
12 answer.

13 CHAIRMAN PABLOS: Questions,
14 Commissioners?

15 VICE-CHAIRMAN SCHMIDT: Just one
16 question. I'm always interested in Fort Worth since I
17 live there. I was confused. Have you identified a
18 site and are awaiting approval or have you not
19 identified a site?

20 MR. LaMANTIA: No. We've identified a
21 site. We've had a site under contract, under option.
22 It's Holt Hickman's site on the northwest side just
23 outside the loop. And we're currently making sure or
24 trying to make sure that any approvals we need to have
25 that we get those and can get those, et cetera.

1 VICE-CHAIRMAN SCHMIDT: That's just sort
2 of west of General Dynamics?

3 MR. LaMANTIA: I'm sorry?

4 VICE-CHAIRMAN SCHMIDT: West of General
5 Dynamics?

6 MR. LaMANTIA: I think that's right.
7 Silver Creek Road.

8 VICE-CHAIRMAN SCHMIDT: Yeah. Okay. So
9 you've identified a site. You're just working through
10 the process.

11 MR. LaMANTIA: Yes.

12 VICE-CHAIRMAN SCHMIDT: Okay.

13 MR. LaMANTIA: Anything else?

14 CHAIRMAN PABLOS: Thank you very much.

15 MR. LaMANTIA: Thank you all.

16 CHAIRMAN PABLOS: Appreciate it.

17 Progress report by Laredo Race Park.

18 Andrea Young, please.

19 MS. YOUNG: Thank you, Commissioners.

20 You have a letter from us in your packet. If you
21 haven't had a chance to read it, I'll hit on the
22 highlights because it's kind of a -- it is a current
23 status report of where we are today.

24 Since we last met in April, we had the
25 opportunity to be a party to a number of Webb County

1 Commissioner meetings on our plans for the Casa Blanca
2 Golf Course location. Ultimately, we finally have come
3 to a conclusion that we are not going to continue to
4 pursue that site.

5 We're clearly disappointed by that. But
6 they got feedback from golfers and, you know, did a big
7 survey and ultimately they didn't have the appetite to
8 move forward with us like we had hoped and expected
9 they would at one point in time. But that's okay
10 because, you know, at least now we have some certainty
11 and we can kind of move forward with the next steps.

12 As part of that kind of conclusion that
13 the Webb County Commissioners reached, they came back
14 to us through their own doing, asked us to pursue
15 another alternative site. It's called LIFE Downs. It
16 is a site we've looked at before. It is a site we've
17 always really, really liked. But the County and the
18 fair association kind of had their own challenges and
19 so, you know, rather than get involved with them, we've
20 kind of pursued our alternative, like the Casa Blanca
21 location.

22 They've come to us. We are encouraged
23 that, you know, they can resolve their issues because
24 of the outside counsel that they've retained, a
25 gentleman by the name of Steve Whitworth. Steve is who

1 helped us kind of complete the golf course exercise.
2 And so while it didn't end up exactly how we had hoped,
3 it did get us to a point of resolution in moving
4 forward.

5 So we're really hopeful that they've seen
6 that light with Steve and that we'll continue to talk
7 with them. We met with them on this in probably the
8 first or second -- probably the second week of June.
9 And it's our plan to probably get together here again
10 in the next 30 days or so.

11 I'm happy to answer any questions.

12 CHAIRMAN PABLOS: Any questions,
13 Commissioners?

14 Thank you very much.

15 MS. YOUNG: Thanks.

16 CHAIRMAN PABLOS: Now, for all of the
17 inactive licenses submitting reports, I'd like to ask,
18 especially as it relates to our race date committee
19 meetings, for you to begin to think about whether you
20 intend to satisfy the race dates that have been awarded
21 to you.

22 And so I think it's a discussion we need
23 to have. We need to start looking at that as to really
24 what it is that your intentions are. We're coming up
25 on 2011, 2012. And so please include that in your next

1 report. And also during your meetings on race dates I
2 ask you to keep that in mind as well.

3 Thank you for those reports. Appreciate
4 it.

5 Our next item, Item V-A, we'll move to
6 adoption of Rule 303.93, Quarter Horse Rules. Mark
7 Fenner, please?

8 MR. FENNER: Commissioners, this is a
9 rule proposal that was requested by the Texas Quarter
10 Horse Association. It would be a change to the
11 accredited Texas-bred payment schedule which would
12 allow them to make a single payment of the ATB funds at
13 the end of a meet rather than every four weeks through
14 the meet.

15 This proposal was posted in the May 14th
16 edition of the Texas Register. We received no written
17 comments in response to it.

18 We did discuss it at the rules committee
19 meeting. In further review and analysis of it, it
20 became apparent that the last sentence of this proposal
21 was inconsistent with the intent of the -- the last
22 sentence of the existing rule was inconsistent with the
23 intent of the proposal but that striking it would make
24 it align correctly and that it's a nonsubstantive
25 conforming adjustment. It doesn't affect any new

1 parties. So it is, I believe, eligible for adoption as
2 amended and in your packets at today's meeting.

3 Do you have any questions about that?

4 CHAIRMAN PABLOS: Any questions of Mark?

5 Is there anyone signed up to speak?

6 Commissioners, I'd like to entertain a
7 motion to adopt. Is there a motion?

8 COMMISSIONER HAYWOOD: So move.

9 CHAIRMAN PABLOS: Moved by Haywood. Is
10 there a second?

11 VICE-CHAIRMAN SCHMIDT: Second.

12 CHAIRMAN PABLOS: Seconded by Schmidt.

13 Any discussion on this item?

14 Okay. I'll take this up for a vote. All
15 those in favor please signify by saying aye.

16 COMMISSIONERS: Aye.

17 CHAIRMAN PABLOS: Any opposed?

18 That motion carries.

19 We will not have executive session
20 today.

21 Is there any old or new business,
22 Commissioners, that you'd like to discuss at this
23 time?

24 Hearing none, our next scheduled
25 Commission meeting is set for August 3rd, 2010. The

1 time is 12:31 and at this time I'd like to adjourn
2 today's meeting of the Texas Racing Commission.

3 Thank you all for attending.

4 (Proceedings concluded at 12:31 p.m.)

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1 STATE OF TEXAS)

2 COUNTY OF TRAVIS)

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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 14th day of July, 2010.

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SHERRI SANTMAN FISHER, Texas CSR 2336

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