

BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

COMMITTEE ON HORSE RACE DATES MEETING

AUGUST 13, 2010

BE IT REMEMBERED that the above entitled matter came on for hearing on the 13th day of August, 2010, beginning at 10:30 A.M. at Sam Houston Race Park, 7575 North Sam Houston Parkway West, Founder's Room, Houston, Harris County, Texas, and the following proceedings were reported by SHERRI SANTMAN FISHER, Certified Shorthand Reporter for the State of Texas.

1 COMMISSIONER EDERER: I'd like to call
2 the meeting to order, please. It is about 10:31 and it
3 is -- we'll be starting on time and hopefully we can
4 move along efficiently.

5 First I'd like to welcome everyone. My
6 name is Ron Ederer. I am Chair of the Commission for
7 horses, I guess you'd say. I did miss the meeting in
8 Dallas. I have seen it on video and I have read the
9 transcript, so I'm very familiar with what went on in
10 Dallas. I know some of you were there. I expect to
11 have some repetition here today; and for those who did
12 already hear this at one point in time, just kind of
13 bear with us. We're all going to learn together. Now,
14 so I do welcome you.

15 Now, first I'd like to introduce who is
16 sitting up here with me. Mr. Carter. Commissioner
17 Carter has been with the Commission now for a number of
18 years and we rely on him heavily for a lot of
19 assistance. Charla Ann King, executive director. And
20 Sammy is the deputy director. I think all of you do
21 know Sammy.

22 As far as what we are going to do here
23 today, we're going to be discussing race dates for 2011
24 and 2012. Now, the purpose of this meeting, as was the
25 purpose in Dallas, is for all of us to gather as much

1 information as we possibly can. We want the tracks to
2 gather information. They're learning. They're
3 learning from you. The horsemen's association are
4 learning. They're learning from you. And you are
5 learning from them. And that's what we're all here for
6 is to try to get as much input as we possibly can.

7 A lot of things are going to be happening
8 in the racing industry, you know much better than I do,
9 over the next six months; and I think more of these
10 meetings -- this is the second meeting -- that we have,
11 the more information we can gather, the better we're
12 all going to be prepared to respond.

13 Now, what we, of course, are trying to do
14 as far as the race dates are concerned, we will have
15 input from the tracks. We will have input from the
16 horsemen's association. And we will have input from
17 you.

18 We're looking for what effect these dates
19 are going to have on racing; and any negative effects,
20 which, of course, there will be negative effects, we
21 want to have some sort of possible solutions that any
22 of us have or discuss some of those solutions.

23 There will be no decisions made here
24 today, no decisions whatsoever. And again, it's
25 information gathering. The tracks don't have to submit

1 their race dates until August 18th. So your input is
2 very valuable to the tracks, for them to learn what you
3 are having to say, and also for the horsemen's
4 association.

5 Now, I think it's interesting -- I'm
6 going to start ducking. We've got the Hatfields and
7 the McCoys here. I'm not sure which is which. But I
8 hope they all don't have their guns because we've got
9 them lined up six and six across from each other.
10 That's not -- hopefully, that doesn't mean there's some
11 battle forming here. Just that's the way it was. And
12 this seems to be most efficient.

13 But with that said, what I would like to
14 do now is ask Mr. Carter -- Dr. Carter, do you have any
15 comments?

16 COMMISSIONER CARTER: Yeah. I hope you
17 all can hear me without the mike. But I just thank you
18 all for coming and ask you all to keep in mind that
19 we're trying to work on a consensus, a combined
20 solution to a problem that we have in Texas racing
21 right now.

22 And we all understand that racing is
23 suffering nationwide. Although we look at what happens
24 in our neighboring states and see a lot of our dollars
25 going over there, if you go to California and Kentucky

1 and New York and those places, people are having
2 trouble as well. And so there's been some proposals of
3 how to handle these declines and how to deal with them
4 in Texas.

5 This is an opportunity for people to come
6 give some comment, listen to other people's comments,
7 so you all can understand the process. This is a --
8 this is an important opportunity for everybody to
9 listen and to hear both sides of what's going on. We
10 understand the horsemen want more racing dates, but
11 also the tracks can't afford to sometimes provide those
12 if they're losing money.

13 So we're trying to work out some
14 solutions where we can come to a consensus and
15 hopefully work out some agreements before racing dates
16 so that when we have our next Commission meeting, the
17 racing dates are already determined, because if they're
18 not, that will be determined in the Commission
19 meeting. And hopefully the industry members can work
20 those problems out.

21 So we thank you for coming.

22 COMMISSIONER EDERER: I would like to say
23 this is not the horsemen and the tracks and the
24 breeders. We all have to work for a solution
25 together. There's no -- it's one big group. We're all

1 here together. We're all going to either sink together
2 or we're all going to swim together. And that's why
3 we're here.

4 I'd like to start now with introducing
5 the table to my right. Could you introduce yourself,
6 please?

7 MR. PHILLIPS: I'm Howard Phillips, the
8 chief operating officer, chief executive officer, and
9 managing partner of Manor Downs.

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

12 MS. YOUNG: I'm Andrea Young with Sam
13 Houston Race Park and Laredo Race Park.

14 MR. SHUBECK: Drew Shubeck, president of
15 Lone Star Park.

16 MR. LaMANTIA: Greg LaMantia for VDLT and
17 LRP, which is McAllen and Laredo.

18 MS. BRIGGS: Sally Briggs, Gillespie
19 County Fair.

20 COMMISSIONER EDERER: And beginning with
21 you, sir, on the left.

22 MR. VILLARREAL: Pancho Villarreal with
23 the Texas Paint Horse Breeders Association.

24 MR. WERSTLER: Rob Werstler with the
25 Texas Quarter Horse Association.

1 MS. ROUNTREE: Marsha Rountree with the
2 Texas Horsemen's Partnership.

3 MR. HAYS: Tommy Hays, Texas Quarter
4 Horse Association.

5 MR. HOOPER: David Hooper, Texas
6 Thoroughbred Association.

7 MR. WILSON: Ed Wilson, Texas Arabian
8 Breeders Association.

9 COMMISSIONER EDERER: Now, at this point
10 in time I'd like to have Sammy Jackson, please, review
11 the agenda packet that you have.

12 MR. JACKSON: Thank you, Commissioner
13 Ederer.

14 The agenda packet material index lays out
15 what we've included in the packet for today. It's
16 subdivided into five subsections. Section I is
17 dedicated totally to race date calendars for year 2011
18 and 2012 based off submissions we have received through
19 Friday, August the 6th.

20 Section II is additional information
21 submitted for consideration. Additionally, within that
22 subsection, it has four components. Some of the
23 information was provided in public comment at our
24 meeting at Lone Star Park and it was followed up with
25 written submission, specifically that from the Texas

1 Thoroughbred Association.

2 In addition, Item D under Section II is a
3 two-year analysis of wagering handles by day of week,
4 i.e., Monday, Tuesday, Wednesday, Thursday, Friday, et
5 cetera, broken down into live or simulcast or live days
6 with simulcast or simulcast only.

7 The Commission staff took this little
8 objective on because of a lot of questions and comments
9 we were getting through e-mail and phone calls over the
10 last month. This was about a two-week project. We
11 believe that this information will be valid for people
12 who had questions, and you'll actually see some of
13 those questions with the e-mail correspondence of the
14 agenda packet. I appreciate those who requested that
15 and their patience for that.

16 Section III are stakeholders' comments.
17 This is the written correspondence via letters or
18 e-mails that were sent in. We've included those
19 there.

20 Section IV is the written submissions
21 that were provided at the Lone Star Park race date
22 committee meeting. We included them here. In addition
23 is the meeting report filed by the Commission to our
24 Commissioners for our last Commission meeting on that
25 committee meeting.

1 And Section V is the financial statements
2 of operation for the past five years for the Class 1
3 racetracks and Manor Downs. We put this in here
4 because of a lot of questions that we fielded through
5 phone calls and e-mail the last few weeks in regards to
6 what were the income streams of the racetracks and what
7 were the expense sections of the racetrack.

8 There seemed to be a misconception that
9 the annual report that the Racing Commission files each
10 year would have that information in there. However,
11 that's mistaken. The annual report for the Racing
12 Commission is a report on the agency's operations and
13 our budget. We also include within it handle reports
14 and data from racetracks because it ties to performance
15 measures that we have, but it's not an encompassing
16 report on the financial wherewithal of the racetracks.
17 They do that with their own independent certified audit
18 reports that they're required to submit to us on June
19 15th of each year.

20 What we did was we choose to include here
21 statements of operation, which in generally accepted
22 accounting principles is also known as the profit and
23 loss statements.

24 In addition to this agenda packet
25 material, we have several handouts in the back. These

1 were also provided during the Lone Star Park meeting.
2 One is an excerpt from the agency's strategic plan on
3 external factors. The second would be -- the second
4 item is wagering data on purses and opportunities for
5 the region that we are in. And there is also a how
6 purse money is calculated in Texas tutorial. And
7 today, in addition to this Item 2, we mention here 2-D
8 on the two-year handle analysis. I also put the detail
9 documents of that back there in the back and didn't
10 include it here because it's so large.

11 And with that, Commissioner Ederer, I
12 think that covers what composes the packet today.

13 COMMISSIONER EDERER: Okay. Thank you.

14 At this time I'd like to have the -- we
15 need some racetrack working proposals. I don't know
16 how this was done before, but I think what I'll do is
17 I'll ask our hostess -- and we appreciate you having us
18 here and letting us use your facility and -- Andrea
19 Young, Sam Houston racetrack.

20 MS. YOUNG: Thank you. We're happy to
21 have everyone here today. We appreciate everyone
22 taking the time out of their day.

23 What I'd like to do, if it's okay with
24 you, Commissioner Ederer, is we have a handout prepared
25 and we'd just like to talk about some kind of top-line

1 facts and how we, as racetrack operators, are thinking
2 about our business, particularly in light of kind of
3 the extreme pressure we've been on under the last
4 several -- under the last several years. And so if
5 that's okay, I have copies here and we're going to
6 distribute them that way.

7 You know, we started, as racetracks, kind
8 of first talking about what the heck we were going to
9 do in the coming 2011, 2012, late last year. What we
10 experienced -- and if I take you just straight to
11 what's getting handed out, it's Slide No. 3. It's
12 entitled "Texas Handle".

13 We started talking about this amongst
14 ourselves because typically this discussion really
15 doesn't happen until the Racing Commission starts the
16 process during the summer. However, what we recognized
17 was that if we did that, if we waited again to -- until
18 that time frame to start talking to folks that, you
19 know, we'd have a real tough time dealing with some of
20 the difficult issues that we're facing.

21 So we took it upon ourselves to start
22 talking internally about our own financial conditions.
23 I actually appreciate the Commission including our
24 financial reports in the packet today because, you
25 know, a lot of times people ask us and they don't

1 necessarily believe what we're saying.

2 And I think -- particularly, I think my
3 financial statements may be the worst of anyone's in
4 there based at looking at them real quickly. So I
5 mean, I think it's helpful for people to really see
6 that and understand that, you know, times are tough for
7 everyone and we're certainly not exaggerating or making
8 money in different places that aren't disclosed on
9 those statements there.

10 You know, I first got to Sam Houston in
11 2007; and if you look at this slide, 2005 and 2006 and
12 the first part of 2007, what I told my board at that
13 time was, you know, we expect to see a five to six
14 percent clip indefinitely per year in handle, which
15 is -- handle, by the way, is 70 percent of our
16 bottom-line revenue at the park.

17 And we expected that. So we really had a
18 plan to, you know, diversify and how can we keep up
19 while we experience losses there and grow other revenue
20 streams of our business. And in fact, you know, the
21 first year or so, we did okay with that. But what
22 happened to us and all the Texas tracks subsequent to
23 that is a drop-off that was, you know, two to three
24 times what I told my board in 2007.

25 And that's something that, you know,

1 while we expected things to be difficult and remain
2 challenging, we certainly didn't expect, you know, to
3 lose, you know, almost 250 million dollars in handle
4 annually in Texas since 2005. And just to make sure
5 everyone knows, this is all sources here of handle, so
6 everything outbound and inbound.

7 And what we've seen is, you know, over
8 time the tracks have -- you know, in order to maintain
9 purse levels that the horsemen could live with, we've
10 cut dates and cut dates and maintained the purse level,
11 cut the purse level, and we've really ended up in a
12 very, very vicious cycle. And so what we started
13 searching for were ways to get out of this cycle.

14 Just to give some more perspective, what
15 I'm going to talk a lot about in here is just to really
16 give everyone a sense of the real challenge that we
17 have as operators. I mean, we've all here lost a lot
18 of owners and trainers and breeders to our surrounding
19 states, and on Slide 4 you can start to see why.

20 In 2003, earned purses and race dates in
21 Texas, 332 days and 35 million dollars was distributed
22 to horsemen. By 2009, that number had diminished to 24
23 million and 247 days of racing.

24 And to put it in perspective, you know, I
25 talked about how much -- I know some people will say,

1 including myself, well, when you cut days, handle goes
2 down. And that's true, absolutely. But the truth is
3 that out of our entire wagering line of business,
4 almost 60 percent of it is our guest simulcasting, the
5 simulcasting that occurs here at the park 364 days a
6 year.

7 And so real -- and then the next big
8 chunk is the outbound and then what occurs live on
9 track. For us, I think that is less than 10 percent of
10 our total portfolio now. So just to put that in
11 perspective, you know, what really, really drives
12 purses down for us more than anything is what happens
13 to our guest simulcasting. So in total, you know, in
14 this six-year period, horsemen have lost 11 million in
15 purses and six months of racing in Texas.

16 In 2003, if you look at Slide 5, we talk
17 about how Texas was still competitive. And, you know,
18 I take this slide a lot when I go to talk to people
19 about our industry and this issue, the issues and
20 challenges we face, is look at, you know, the number of
21 people in our state, you know, over 24 million, and you
22 look at the much smaller population bases of the other
23 states around us and you can start to think about,
24 especially as I get over to the next slide, you know,
25 wow, what's going on here? Because it doesn't seem

1 right with the type of -- what should be happening with
2 the population base we have.

3 So bottom line, Slide 5 really talks
4 about how Texas was still competitive in 2003. We
5 knew, you know, that -- by that point, you know, we had
6 seen the alternative gaming expansion start to happen
7 around us and I think folks that were involved in the
8 industry at that time, you know, certainly saw things
9 coming. But, you know, we were still able to compete
10 and I think that probably took a lot of urgency away
11 from getting something done for a lot of folks.

12 If you look at Slide 6, you can see
13 2008. And I would update this for 2009; but the way
14 various State agencies report their data, we don't
15 actually have all of 2009 available yet. I'm sure we
16 will soon. So it's the last kind of full year that we
17 can get for every single one of the surrounding
18 states.

19 But what you can see, you know, if you
20 look at that little picture, is, you know, 44 more days
21 of racing in New Mexico, 69 more days in racing in
22 Oklahoma, three more days in Arkansas, 74 in Louisiana,
23 and a loss of 61 in Texas. And you can start to also
24 look on the left at the purse levels. You know, this
25 isn't stuff, you know, we are happy about. It's not --

1 we're not excited about it. But, you know, we don't
2 operate in a level playing field anymore and we haven't
3 in some time and it's now really taken a toll on our
4 industry.

5 Slide 7 is the last slide here. And it
6 just gives you, you know, this pie chart. I use this a
7 lot, too, so folks understand, you know, how purses in
8 our region have really grown over this period of time.
9 They've gone from 177 million to 255 million. At face
10 value, I think that would be a really good thing for
11 horsemen; but when you're a horseman in Texas and our
12 slice of the pie has gone from 23 to 14 in that time,
13 again, it's just more illustration of, you know, how
14 difficult things are for folks.

15 I lay that out there today because I know
16 Sammy and the Commission have put out a lot of good
17 information, too; but, you know, this is the stuff we
18 put together in January and started thinking about and
19 we really felt like it was important for everyone here
20 to understand, you know, what's going through our head
21 and what's going on in our businesses as we approach
22 this issue.

23 I mentioned we had spent a lot of time
24 thinking about this. We have exchanged lots of ideas.
25 We have talked about mixed meets. We've talked about

1 all racing at one track. We've talked about, you know,
2 boutique meets. I mean, we really have talked about a
3 lot of things. And I know there's a lot of rumors,
4 too, about what people think. But, you know, the
5 bottom line is where we are today. And that's what
6 really matters and what we're discussing today.

7 So what I'd like to do next is I'm going
8 to have Drew kind of line up what they've been talking
9 about, what we talked about at the last meeting. It is
10 a proposal that is very consistent, for those of you
11 that are there -- were at that meeting, with what we
12 talked about last month. It's really still where we
13 are today.

14 So, you know, Drew, why don't you kind of
15 take it through and then we'll go through everyone
16 else.

17 MR. SHUBECK: Thanks, Andrea.

18 What I'm going to be discussing is in the
19 packet provided by the Racing Commission. It's pages
20 I.A.1 -- that's where it starts -- on just a cover
21 letter that -- including some information.

22 So the first thing I just want to talk
23 about is our proposed calendar for Lone Star Park for
24 2011. We've been consistent in our belief that we want
25 to run two distinct meets. We want to provide

1 opportunities for all breeds. And this calendar is
2 remarkably similar to what we're doing right now in
3 2010. We're proposing 60 live Thoroughbred days and 26
4 Quarter Horse days.

5 The timing of these days is one of the
6 reasons why we haven't submitted and we'll probably
7 wait until the deadline to submit. We are always
8 reliant on what's happening with Texas Motor Speedway.
9 We don't want to start on top of them. And right now
10 we're getting information that the big race in North
11 Texas is going to be on the 10th. So that would be a
12 dilemma for the calendar that we've provided so far.
13 We'd either have to go up a week and start March 31st
14 or back off a week and start April 14th. So we're
15 still holding back, looking for more information from
16 NASCAR.

17 And just a little background for people
18 that may wonder why would they worry about NASCAR, it's
19 two distinct customer groups, really there's no
20 overlap. And I agree with that statement a hundred
21 percent. The thing is the media attention. We get a
22 tremendous amount of media attention in the Dallas
23 market. All the morning shows come out and do live
24 shots of the track, horses in training. It's great for
25 exposure for us. It also allows the news crews to come

1 out on opening day, opening night, and really give us a
2 tremendous amount of publicity.

3 The dollar value on that, we've had our
4 ad agency look at it and it's worth well over a hundred
5 thousand dollars. So obviously we want to take
6 advantage of that free marketing. It gives us a chance
7 to talk about live racing, to talk about events that
8 we're going to be having at the Thoroughbred track
9 early in the meet. So we wouldn't want to miss that
10 opportunity. So it's definitely worth the wait and
11 we'll have answers to that fairly rapidly.

12 The second piece of information I
13 provided was information that the Racing Commission
14 requested from the previous meeting. We talked about a
15 purse supplement coming from Sam Houston in the amount
16 of 4.8 million dollars to increase purses at Lone Star
17 Park and they wanted us to do some polling of
18 trainers.

19 I think everybody in this room can
20 understand that premature polling of things like that
21 is tough to do. You're not going to get a trainer to
22 commit in July for something that's going to be
23 happening next April, particularly when it's not
24 written in stone, when a condition book isn't written,
25 when a stakes program isn't laid out. But we went

1 through the effort. Most of the interviews were on the
2 phone, although a couple of them were in person. And
3 we did have some results that we'd share with everyone
4 on page A.3.

5 So I don't think you can draw any huge
6 conclusions with this. I think if you're going to poll
7 owners, poll trainers, and you talk about money, I
8 think the more money you talk about, the more they're
9 going to be interested.

10 The one thing that we did learn from this
11 is there is a magic number. That 200 number does get
12 everybody's attention. When you're below 200, it seems
13 more of the same, even though there's a tremendous
14 difference -- and we'll get to that in a minute -- in
15 overnight purses in particular, what you can do with
16 it. But once you get to that 200 number, there's a lot
17 of attention that will be paid to Lone Star Park in
18 relationship to the 150 that we paid this year.

19 So why don't we just do that. Why don't
20 we just flip the page over. And this is an abstract
21 from our condition book. It shows, in the left-hand
22 column, the 200 -- the 2010 purse distribution of 150.
23 The 150 includes everything. It includes money
24 generated from live racing, from simulcasting. It also
25 includes the breeds money. It includes money that's

1 paid for owners to get into stakes races. So that's
2 the all-in number. That's the number that tracks talk
3 about when they do press releases and things like that,
4 so I think it's consistent and something we want to use
5 today.

6 So you can see right on down the list
7 from an open allowance at 30,000 to a maiden 7500 at
8 7,000. You can see that when you get to the
9 200,000-dollar number, there's a significant difference
10 in overnights.

11 Any time we are talking about a purse
12 supplement, we are talking about a hundred percent of
13 that money going towards purses. And not only purses,
14 overnight purses. We're planning no increase in
15 stakes. We're definitely talking about realigning our
16 stakes schedule for 2011, but we really haven't gotten
17 to that point yet. We want to pin down racing dates.
18 We want to pin down the money that's available before
19 we really discuss that in great detail.

20 And then let's just talk one more thing
21 about the next page. I wanted to show some history
22 here, the trend that we're trying to develop at Lone
23 Star Park, because I think we touched on this at the
24 last meeting and the Commission asked me to provide
25 information about this as well.

1 You can see in 2009 that overnights we
2 distributed about eight and a half million dollars and
3 stakes were 22 percent. I had a long discussion with
4 the Texas Horsemen's Partnership and we were all in
5 agreement, and with Mr. Hooper as well, that that was
6 too big of a number. So we took a drastic cut in
7 stakes purses for 2010, the meet that just concluded,
8 and we got it down to 18 and a half percent, which is
9 definitely a workable number. But you can see for 2011
10 we're proposing that number go down to 11.2 percent
11 paid in stakes.

12 So you can see that, you know, we pay
13 attention to a lot of details in the meet. Of course,
14 stake races are the highlights of the meet. They're
15 the highlights for breeders and owners and trainers,
16 something that people point towards in long-term
17 planning. But you have to have a balance. You have to
18 have a balance with the proper amount of overnights and
19 the proper amount of stakes.

20 And that concludes everything I provided
21 in the packet, Commissioner Ederer. If you have any
22 questions, then we'll get to Quarter Horses.

23 COMMISSIONER EDERER: Any questions at
24 this time from this other group?

25 COMMISSIONER CARTER: I have one question

1 for Ms. Young. When you gave your talk, I think you
2 said this kind of quickly and I think I heard you
3 right. Did you say less than 10 percent of your income
4 is from live handle?

5 MS. YOUNG: Of our wagering income, less
6 than 10 percent is from live handle, yes.

7 MR. SHUBECK: So let me just lay out the
8 Quarter Horse days we're proposing. Again, they're the
9 same as for 2010. We're proposing 26 dates that start
10 on September 18th and end on November 12th. We feel
11 that at this time we have -- the purse fund is quite
12 healthy. We don't -- we are not projecting any overpay
13 for this year. And that's only because of the great
14 cooperation we're having with the Texas Horsemen's
15 Partnership, the Quarter Horse breeders. We made some
16 substantial cuts to overnight and the stakes last year,
17 so we feel that there's no adjustment that needs to be
18 made for 2010 or, quite frankly, 2011.

19 We also accommodate Paints and Arabians
20 during that meet; and while those funds are a little
21 bit tight, we think there's definitely ample purse
22 money to do what we've done in the past.

23 COMMISSIONER EDERER: Any other comments
24 from the tracks from anyone?

25 MS. YOUNG: Would you like us to lay out

1 the rest of our dates?

2 COMMISSIONER EDERER: Yes. I'm sorry.

3 I'm getting ahead of myself here.

4 MR. VILLARREAL: Could I just ask one

5 question?

6 COMMISSIONER EDERER: Yes.

7 MR. VILLARREAL: When reducing the
8 stakes, are you going to reduce the added money or are
9 you going to reduce the amount -- the number of stakes
10 races or both?

11 MR. SHUBECK: Well, no. The added money
12 is not going to go down. The added money comes from
13 the owners' payments into the stakes races. But quite
14 frankly, that's a pretty minor amount; but we're
15 definitely aware of those payments.

16 We feel that we're going to maintain our
17 graded stakes races for Thoroughbreds; and then on the
18 Quarter Horse side, I know we made a -- we had to make
19 a few cuts as well this year to get the book in
20 balance, but we still feel the graded stakes for
21 Quarter Horses will be the same amount going in there
22 and the conditions for those races for owners are going
23 to be the same as previous years.

24 Does that answer your question?

25 MR. VILLARREAL: I guess I'm having a

1 hard time understanding. How do you decrease the 22
2 percent to stakes to 11 percent to stakes? What is
3 the --

4 MR. SHUBECK: Well, that was done because
5 all the additional money we're talking about receiving
6 will go into overnights. In other words, instead of
7 doing a split, where 10 percent of that new money goes
8 into stakes, we're not even considering that. All the
9 money that comes into Lone Star Park that's incremental
10 will go to overnights.

11 MR. VILLARREAL: So the number of stakes
12 races and the number of added money should remain the
13 same.

14 MR. SHUBECK: Correct.

15 COMMISSIONER EDERER: Ms. Young?

16 MS. YOUNG: So you heard Drew talk about,
17 you know, his plan requiring a purse supplement, and
18 the reason -- from Sam Houston. So think about what
19 Sam Houston is currently proposing for 2011. We should
20 talk about first the dates we currently have on the
21 calendar at the end of this year and the first part of
22 next year.

23 In order to give -- to, you know, be able
24 to get the purse levels above \$200,000 a day in order
25 to have a successful meet in Texas, that would require

1 us eliminating those race dates. There's no way, with
2 the purse money that's available, that we could do
3 that.

4 Furthermore, the truth is also that we
5 don't have the money to run 60 dates like we did this
6 past year, more than 60 dates, at a hundred thousand
7 dollars a day. In fact, you know, as of some
8 projections we ran in the last few days, we don't think
9 we could run any more at those levels than about 42 to
10 45 days at that level.

11 So, you know, it's not really -- it
12 becomes more and more difficult for us to operate as
13 you trim dates because the infrastructure of this
14 entire place is built for live racing. This is a giant
15 building that we're in today and we keep a lot of
16 overhead and we spend a lot on marketing year-round in
17 order to fulfill the requirements of our dates.

18 So as we started looking at a model that
19 could keep Sam Houston on the map for, you know, two or
20 three, four or five more years, what we started looking
21 for is a one-meet opportunity and a much shorter
22 window, fewer number of dates.

23 After our discussions -- and so what
24 we're currently proposing is the elimination of that
25 meet, the Thoroughbred meet that we have, and that we

1 would run a mixed meet, predominantly Quarter Horses,
2 of somewhere in the neighborhood of 28 days in the
3 June, July time frame.

4 We are -- and I said this last time in
5 Dallas -- flexible on when that meet occurs. We want
6 to work with the horsemen very much so to try to, you
7 know, reduce gaps and work within the region that we
8 all operate, the tracks in the surrounding states, to
9 come up with what the best time is.

10 We recognize that there is some void in
11 the calendar created by, you know, what's recently
12 occurred at Manor. So again, we're flexible on that;
13 but what we're really interested in is a mixed meet
14 opportunity. Again, we're happy for that to be
15 predominantly Quarter Horses and in the summertime like
16 Quarter Horses have been in Houston for a very long
17 time.

18 COMMISSIONER EDERER: Looking at these
19 calendars, are you -- are you walking on Lone Star's
20 dates?

21 MS. YOUNG: What we're talking -- no,
22 because, you know, this is a Thoroughbred meet. And so
23 that's very specific that, you know, we could be
24 starting mid to late June or early June, kind of
25 depending on the will of what the horsemen want. But

1 this is going to be real predominantly Quarter Horses,
2 so there's not going to be much competition.

3 And what we heard in many of our meetings
4 with the horsemen's groups is we still wanted to create
5 some opportunities in Texas for people who feel like,
6 hey, maybe I can't participate in the new Lone Star
7 program and so that our races would be at a very
8 different purse level than what Drew is offering in
9 order to give folks those racing opportunities.

10 COMMISSIONER EDERER: I understand.

11 Retama?

12 MR. BROWN: Good morning. Retama Park is
13 going to be applying -- at least our plans right now
14 are to apply for 24 Thoroughbred/mixed days beginning
15 in August, most likely the third or fourth weekend of
16 August, and extending around nine or 10 weeks into
17 October. So we'd have a combination of two-day weeks
18 and three-day weeks to get us around nine or 10 weeks
19 and 24 total days.

20 The amount of purse money we have
21 projected to be available to allow us to run average
22 daily Thoroughbred purses of \$80,000 or more. That's
23 assuming a continued decline in our simulcast handle
24 and a continued decline in live and outbound handle.

25 We would run Quarter Horse days together

1 with -- or Quarter Horse races together with the
2 Thoroughbred races in August and up until September
3 10th. We would cease running Quarter Horse races when
4 Lone Star Park begins their Quarter Horse meet, which
5 right now is projected, I believe, for September the
6 16th. At least that's what is on Mr. Shubeck's
7 calendar.

8 We've looked very hard at the possibility
9 of racing in the spring, Quarter Horse racing in the
10 spring. At the end of our current meet, which will end
11 on October 23rd, we are going to be reducing our staff
12 as much as we can. We need to keep that staff
13 reduction in place for quite a long time. In addition,
14 we are going to be raising additional capital, as we
15 did this past March, to sustain our losses that we
16 project and that we know will happen.

17 For us to run two different meets would
18 add to the losses we would have to project by about
19 \$400,000. Adding to those losses, showing those
20 projected losses to our financing source, would most
21 likely make financing all but impossible.

22 We cannot run two meets. We have to run
23 one. And we need to run as far out as we can into
24 2011.

25 We'd be happy to answer any questions

1 that you have.

2 I should add on the stakes side in the
3 Thoroughbred meet, as we are doing in this current
4 meet, we would only run the Texas Stallion Stakes
5 Series races and we would run the El Joven and La
6 Senorita. We plan on doing that in 2011. We are doing
7 that in 2010. Our current meet will start September
8 3rd, again, and go through October 23rd.

9 COMMISSIONER EDERER: Gillespie County?

10 MS. BRIGGS: We have met with the board
11 at Gillespie County. We've been trying to see if
12 there's some way -- looking at a budget, to see if
13 there's some way that we can come up to offer some more
14 races to maybe help out the McAllen and Laredo
15 licenses. So I'll be over there this weekend and we'll
16 be meeting again and looking at figures.

17 COMMISSIONER EDERER: But at this point
18 in time you don't have any proposal?

19 MS. BRIGGS: No, sir, not at this point.

20 COMMISSIONER EDERER: And you'll be
21 working with --

22 MS. BRIGGS: Yes.

23 COMMISSIONER EDERER: Okay. Very good.

24 Any other tracks? I'm sitting here
25 looking at you.

1 MR. LaMANTIA: That's okay. You can pass
2 me over. That's fine. I don't mind.

3 COMMISSIONER EDERER: Go ahead.

4 MR. LaMANTIA: For our two licenses,
5 everybody knows we've been looking at the 11 days and
6 the allocation and trying to figure out how we would be
7 able to run. As everybody is aware, we've been looking
8 at moving the Laredo license and we've had some issues
9 with the McAllen license having to do with
10 infrastructure, et cetera, water and sewer and getting
11 it to the McAllen location.

12 As has been pointed out, a lot of these
13 dates that have been allocated are stacked on top of
14 each other and it doesn't seem to benefit anybody,
15 whether it's the horsemen or the tracks. Since then,
16 obviously, we've learned that Manor Downs is closing;
17 and that puts a lot of pressure on the Quarter Horse
18 industry. It's a real problem. And especially with no
19 purse money being generated in those spring dates.

20 And we understand that those are critical
21 opportunities to the Quarter Horse industry. And we
22 just talked about Fredericksburg and maybe trying to
23 look at working something out.

24 But the big deal seemed to us to be the
25 purse money. And it doesn't matter how many dates we

1 have. If we don't have the purse money to make these
2 things work, well, then it just doesn't work. So we're
3 exploring ways where we can potentially get some
4 simulcast open early so that we can create some purse
5 money and do something creative and work with the other
6 tracks that haven't built their thing yet to try and
7 get some of this purse money in and do something with
8 some race dates like we just talked about.

9 We look at getting together next week
10 with the staff and the other nonactive tracks and
11 trying to come up with something that may be unique and
12 different to create some purse money through the
13 simulcasts that would help everybody.

14 COMMISSIONER EDERER: As far as any live
15 race dates, of course, there would be none.

16 MR. LaMANTIA: No.

17 COMMISSIONER EDERER: Thank you.

18 Saddle Brook? Pretty dramatic music you
19 had there.

20 MR. ALEXANDER: I apologize for that. I
21 should have turned that off.

22 COMMISSIONER EDERER: That's all right.

23 MR. ALEXANDER: I'm a little bit in a
24 quandary right now. As everyone knows, I'm under
25 contract to sell my license to Global Gaming and --

1 If I could get some support from the Commission and
2 from the horse people to postpone because there's no
3 way that we're going to be able to run any races in
4 2011 and there's no reason to say that we are.

5 COMMISSIONER EDERER: So as far as race
6 dates are concerned, there's no race dates coming out
7 of Saddle Brook. You don't have a track.

8 MR. ALEXANDER: That's correct.

9 COMMISSIONER EDERER: So whatever you do
10 would be -- if, in fact, you put together something,
11 simulcasts, possibly you could help as far as money is
12 concerned. Is that correct?

13 MR. ALEXANDER: That's possible.

14 COMMISSIONER EDERER: But as far as race
15 dates are concerned, there's going to be no live
16 racing.

17 MR. ALEXANDER: Not in 2011, no.

18 COMMISSIONER EDERER: All right. Thank
19 you.

20 The -- I keep wanting to say Alamo Jockey
21 Club. It's the Austin Jockey Club. Let me hear from
22 you, Bryan.

23 MR. BROWN: It's the Austin Jockey Club
24 with an Alamo guy looking after it.

25 The Austin Jockey Club will not be ready

1 in time to race in 2011. We will be making application
2 for 2012 dates. They are primarily July and August
3 dates and they are the same dates that we have outlined
4 in the application that has been sent to the Commission
5 for a transfer of ownership and change in location.
6 They would be mixed dates, predominantly Quarter Horse
7 racing in those mixed days, and I believe we have a
8 combination of two- and three-day weekend -- weekends
9 of racing.

10 COMMISSIONER EDERER: But as far as '11,
11 no. No racing.

12 MR. BROWN: No racing, correct.

13 COMMISSIONER EDERER: All right. So it
14 seems to me that what -- I have one other question. I
15 think it would be for you, Mr. LaMantia. You have
16 licenses. We've got one track out here. Have you
17 considered any type of use of that track, putting any
18 live race dates there? Or have any of you -- or am I
19 dreaming when I think it's possible to lease a track
20 and run some race dates? Is that --

21 MR. BROWN: We have had those
22 discussions. And I take it you'd be referring possibly
23 to Manor as the track that would be used for those live
24 dates? We have had --

25 COMMISSIONER EDERER: Or possibly if

1 you're dark. If you're dark and LaMantia wants to run,
2 could he do it at your track? Am I just way off base
3 here? I don't know.

4 MR. BROWN: No. That's very possible,
5 both at Manor, because Howard and I have had many
6 discussions on this, or at Retama or any other track.
7 I would think all we would be looking for is someone to
8 cover the cost of the meet. We wouldn't charge
9 anything per se for the facility. We just would want
10 to know that the costs that we would have to incur to
11 conduct the meet would be covered.

12 And that certainly is a possibility and
13 something that we've discussed. Mr. LaMantia and I
14 have discussed it as well. I've made the presentation
15 to the potential new ownership group of the Austin
16 Jockey Club license, which is the Longhorn Downs
17 entity, and that's being thought about by those
18 individuals as well.

19 COMMISSIONER EDERER: I know that there's
20 nothing, you know, as far as race dates or anything for
21 an application at this point in time, but is that a
22 possibility as we go forward?

23 MR. LaMANTIA: Yeah. I mean, it's a
24 little bit of what Sally talked about over at
25 Fredericksburg. There's a potential to discuss racing

1 some of those dates over there for McAllen and Laredo.

2 But I still think it's very critical from
3 the standpoint, even if you have those, we have to have
4 purse money; and so I think it's very important that we
5 discuss that next week when we're trying to create that
6 purse money so that if we're able to create the money,
7 then we can look at the potential of partnering in some
8 fashion with one of the tracks.

9 COMMISSIONER EDERER: Drew, how many race
10 dates are you asking for? You're asking two meets
11 and --

12 MR. SHUBECK: 60 Thoroughbred, 26 Quarter
13 Horse.

14 COMMISSIONER EDERER: All right. So what
15 we're looking at right now is we're looking at Lone
16 Star Park, sometime April through July, 60 Quarter
17 Horse races -- Thoroughbred. Excuse me.
18 Thoroughbreds. Is that correct?

19 MR. SHUBECK: That's correct.

20 COMMISSIONER EDERER: And also for Lone
21 Star we're looking at, beginning in September the 16th
22 through approximately November 12th, Quarter Horse.

23 MR. SHUBECK: That's correct.

24 COMMISSIONER EDERER: Also at Lone Star.

25 MR. SHUBECK: That's correct.

1 COMMISSIONER EDERER: As far as Sam
2 Houston is concerned, we're looking at one mixed meet,
3 28 days, June and July time frame.

4 MS. YOUNG: Correct.

5 COMMISSIONER EDERER: Retama, we're
6 looking at 24 days Thoroughbred and mixed, one meet,
7 August and September.

8 MR. BROWN: That's correct.

9 COMMISSIONER EDERER: Gillespie is still
10 unknown, but we will have some dates coming from
11 Gillespie.

12 MS. BRIGGS: Yes.

13 COMMISSIONER EDERER: All right. And
14 there is no other at this point in time. Is that
15 correct? And that's the racetracks' proposals and
16 that's -- of course, it's not in concrete yet.

17 MS. BRIGGS: We have dates already for
18 2011.

19 MS. KING: Gillespie already has their
20 date order. So they're keeping their same calendar.

21 MS. BRIGGS: Right.

22 MS. KING: But she's looking at
23 additional dates as a possibility.

24 MS. BRIGGS: We have our two weekends in
25 July and two weekends in August for 2011 already.

1 COMMISSIONER EDERER: I see. Okay. I'm
2 sorry. And you're looking for more.

3 MS. BRIGGS: Yes, sir.

4 COMMISSIONER EDERER: There's a real
5 possibility?

6 MS. BRIGGS: Yes, sir.

7 COMMISSIONER EDERER: Okay. Very good.

8 Is there anything further from the tracks
9 concerning race dates?

10 I think now I'll turn to the various
11 associations. How do you want to proceed? Have you
12 talked among yourselves? Or are we just going to go
13 ahead and start off? I think then probably the best
14 would be to start with the partnership.

15 MS. ROUNTREE: We've had a lot of days;
16 and despite some misunderstanding or rumors out there,
17 we've had a lot of meetings and they have not been
18 secret or anything else. We began last fall. And I
19 honestly don't remember if it was November or
20 December. Some people in our industry -- and we've all
21 been quite concerned about the decline in our handle
22 and the way things are going in Texas.

23 And so we had some suggestions that were
24 made to get together and just discuss the industry in
25 general. It was brainstorming. It was trying to come

1 up with creative ideas to improve the way things are
2 going in our state for our industry. And we had a lot
3 of creative ideas that came across the table.

4 It wasn't until a few months later that
5 race dates actually entered the subject. We didn't
6 start discussing race dates at the beginning. That
7 wasn't the purpose of the meetings.

8 Since that time we have had a lot of race
9 date discussions. There's been a lot of back and
10 forth. We represent -- the Texas Horsemen's
11 Partnership represents owners and trainers of
12 racehorses who are actively racing in Texas. And we
13 try to represent both ends of that spectrum.

14 We have large stables that travel across
15 the country. We have very small stables that may have
16 one or two horses that want to remain in Texas. And
17 it's become very, very difficult to represent all
18 aspects of our membership.

19 This calendar, with 60 days at Lone Star
20 Park, 26 days for Quarter Horses at Lone Star Park, and
21 the mixed meets at the other Class 1 tracks, was
22 presented to us quite a long time ago. We've been
23 doing research. We've been looking at numbers. We've
24 been talking to horsemen all these months.

25 And there has been no vote taken by any

1 board, whether the Quarter Horse board or the
2 Thoroughbred board of the Texas Horsemen's
3 Partnership. That would be the Texas Thoroughbred HBPA
4 and the Texas HBPA. Neither board has taken a vote on
5 race dates because we simply don't have a concrete race
6 date proposal to vote on.

7 We're still listening to our members.
8 We're still looking to the Commission for information
9 and facts. We still look to Rob and to Dave's
10 organizations to help us, because we all represent our
11 industry and we're all trying to do this together.

12 We do have some concerns about these
13 dates. We don't want Sam Houston not to run
14 Thoroughbred days. We don't want Retama Park not to
15 run Quarter Horse days. And if you throw in the
16 closing of Manor Downs, which eliminates the most
17 important Quarter Horse racing in our state in the
18 early spring, we've got a dilemma on our hands.

19 And right now I don't think there are any
20 clear answers. We still are working on it. There's
21 been no decisions made. There are important facts that
22 we all still have to consider. There's a lot of input
23 from our members, from people sitting out here, that we
24 haven't heard yet. Some we have, but most we haven't.

25 This isn't a decision that's going to be

1 made today, like Commissioner Ederer said. It is not a
2 decision that's been made by either one of our partners
3 in this organization. So there's still time for your
4 input. There's still time for information. And
5 hopefully, together, we can put it all together and
6 come up with something that everybody is not going to
7 be happy with. We can't ever please everybody. But we
8 have to do what's best for the majority of our members
9 and what's best for our industry for next year.

10 This isn't a 10-year plan. This is one
11 year. And I think we all need to remember that we're
12 talking about one year and we might have to make
13 compromises for that year.

14 MR. HAYS: The only thing I would say, I
15 appreciate -- Drew, I appreciate Lone Star wanting to
16 run Quarter Horse days and Andrea agreeing to run some
17 days. When we started out on this, you know, it looked
18 like we were going to have one meet, one Quarter Horse
19 and one Thoroughbred meet, and that just wouldn't work
20 for us.

21 And as I said in the Dallas meeting, it's
22 very devastating to the Quarter Horse industry not to
23 have race dates. And the proof of that was when Howard
24 closed and then we had a sale here, we lost about three
25 quarters of a million dollars in the Quarter Horse

1 industry in two days.

2 So it's not just devastating to the
3 racetracks not to have racing. It's very devastating
4 to the Quarter Horse industry. You know, I appreciate
5 the ones that have tried to work with the Quarter Horse
6 industry, but we need some cooperation somewhere on
7 these spring race days.

8 Dave, do you want to --

9 COMMISSIONER EDERER: While we're talking
10 about Quarter Horses, Rob, do you have any input here?

11 MR. WERSTLER: Not really, Mr. Chairman,
12 not that's already been stated. I do have some
13 questions. If you'd rather me ask them now or later
14 when we kind of get into the --

15 COMMISSIONER EDERER: Why don't you hold
16 your questions and let's go ahead and hear from the
17 Thoroughbreds.

18 MR. WERSTLER: All right.

19 MR. HOOPER: Mr. Chairman and Dr. Carter,
20 we certainly appreciate your taking the time from your
21 busy schedules to be here for this meeting. And I'd
22 like to recognize that one of our past presidents and a
23 present member of the board -- in fact, he's on the
24 executive committee -- is here in the first row, John
25 Adger.

1 Preparatory to this meeting I resubmitted
2 voluminous data that's now been titled "Comparative
3 Statistical Data for Texas, Louisiana, New Mexico and
4 Oklahoma for 2000 to 2009"; and it covered purses paid,
5 incentive awards paid, Thoroughbred foals registered,
6 the amount wagered, live racing days, and attendance.

7 I'm not going to get into the statistical
8 data that I put into the record at the meeting in
9 Dallas; but suffice it to say that with Texas, in
10 nearly all categories there are significant drops and
11 with Louisiana, New Mexico, and Oklahoma that there are
12 significant increases and those states have alternative
13 gaming.

14 But the most stunning statistic is the
15 \$23,712,875 paid in Louisiana Thoroughbred incentive
16 awards for the fiscal year 2008-2009. That total is
17 greater than the 19,332,000 paid in Thoroughbred
18 purses. So the breed program pays more money in
19 Louisiana than we paid in Thoroughbred purses last
20 year. It just, you know, hits you between the eyes as
21 to where we are.

22 Our number of mares bred have dropped
23 nearly in half. In Louisiana they've increased, almost
24 double. It's almost mare to mare.

25 Also in response to a request of

1 Dr. Schmidt, the vice-chair of the Commission and chair
2 of the July 6th horse race date committee meeting, the
3 staff of TTA researched accreditation records to assess
4 the loss of participants in the accredited Texas-bred
5 incentive program. And I submitted to the Commission,
6 here within the last week, statistical data on the
7 accredited Texas-bred program from 2000 to 2010.

8 There are 50 farm operations or
9 individuals whose foal registrations for the accredited
10 Texas-bred incentive program dropped from 1416 for the
11 five-year period from 1999 to 2003 to 971 for the
12 five-year period from 2004 to 2008. That's a reduction
13 of 445 or more than nine per operation or individual.

14 Interestingly enough, while some of those
15 have completely gone out of business, there are nine
16 that went to Louisiana; there are three that went to
17 either Arkansas, Oklahoma, or New Mexico, or both; and
18 there are nine out of business; and then there are
19 three others that went to other states. That's a total
20 of, I believe, 24.

21 When you couple the breeding statistical
22 data with the 20 percent decline in Texas handle from
23 2005 to '09, with further double-digit declines this
24 year, plus the 19.45 million decline in all-sources
25 handle at the recently ended Lone Star Park meet,

1 including 16 million on simulcast export handle, the
2 statistics scream: We have a problem. There are
3 serious red flags. We need to do something different.
4 The status quo is not the way to go. Maintaining the
5 status quo is a death spiral for Texas racing.

6 Lone Star Park's proposal to run 60 days
7 with the infusion of purse dollars from the Sam Houston
8 purse account is a bridge to get the industry through
9 the 2011 legislative session. If we're unsuccessful,
10 there will be no reason to discuss 2012 dates. Most,
11 if not all, Texas tracks will be -- will have closed.

12 If there is legislative success, the
13 draft bill calls for a return to the 2002 schedule of
14 dates that provided as many as 200 Thoroughbred racing
15 days. Draft legislation also provides for sufficient
16 revenue to the breed organizations to make ATB awards
17 better than our neighbor states in a mature market.

18 Having a major Thoroughbred meet at one
19 location in a southwest state is not unique. In
20 Arkansas, they have one track, Oaklawn Park. In
21 Oklahoma, they have one major track, Remington Park.
22 In Louisiana and New Mexico, they have a sufficient
23 supply of horses and purse money to have year-round
24 circuits.

25 If there is a consolidated Thoroughbred

1 meet at Lone Star approved for 2011, the Texas
2 Thoroughbred Association offers to work with Lone Star
3 Park's race office, staff, and the Texas Horsemen's
4 Partnership on developing race conditions that will
5 help Texas horsemen be competitive and have
6 opportunities to be successful, for instance, a couple
7 of starter allowance series for Texas-breds at sprint,
8 route distances, both on dirt tracks as well as on turf
9 courses, and look at adding an additional Texas-bred
10 race per day. And there will be other creative ideas
11 that I know will be coming forward.

12 In a perfect world, the ideal schedule
13 would be year-round racing at Texas' three Class 1
14 tracks. Unfortunately, there is not enough purse
15 dollars to sustain a circuit year-round. And that
16 is -- that's why additional racing opportunities for
17 Thoroughbreds have been proposed this time in a mixed
18 meet format.

19 In recent years Thoroughbreds have run in
20 a mixed meet format at Manor Downs; but with Manor
21 Downs closing, a significant void has been left for
22 Quarter Horsemen wanting to test their new
23 two-year-olds and there are presently no apparent
24 proposed Thoroughbred racing opportunities in the
25 spring of 2011 for Thoroughbreds.

1 Texas Thoroughbred horsemen need some
2 races to have their horses at their most competitive
3 level. If there is a consolidated meet at Lone Star
4 Park, they need their races in the spring.

5 Texas is not the only state facing a need
6 to consolidate. It's happening in Kentucky,
7 California, two of the major Thoroughbred racing
8 states, as the whole industry goes through a period of
9 consolidation. It's happening in most other states
10 except for Pennsylvania, West Virginia, Louisiana where
11 purses and breed programs are fueled by slots.

12 Two of the most astute racing writers in
13 the country, nationally respected, are Gary West of the
14 Fort Worth Star-Telegram and Bill Finley who writes for
15 the New York Times, for ESPN, and co-hosts a radio talk
16 show on racing on Sirius Satellite Radio.

17 In a June 30th posting by West on
18 Star-telegram.com, he had this to say. Now, this is
19 with three weeks left in the Lone Star meeting. "As
20 Texas purses have fallen, the quality of the racing has
21 declined; and as the quality declines, handle and
22 attendance continue to fall. It's a cycle that must be
23 broken if Texas horse racing is ever to prosper again.
24 Money bet elsewhere on Lone Star's races has declined,"
25 at that time, "28 and a half percent. That's important

1 because it suggests Lone Star's racing just isn't
2 competitive in the marketplace. When bettors have a
3 choice of racetracks, they're not choosing to play Lone
4 Star."

5 And the statistics in the packet, one of
6 the sections sent out by the Commission staff, a
7 summary of what Sam Houston experienced during the Lone
8 Star meet was a decline of about \$432,000 in wagering
9 on this year's Lone Star signal compared to last year.
10 By contrast, there was an increase of \$426,000 on the
11 Monmouth signal where they have that unique boutique
12 meet this year.

13 And just how much wagering dollars are
14 out there? Well, Finley addressed that in an op-ed
15 piece on July 10th that appeared in the Thoroughbred
16 Daily News. I'll read just two paragraphs from it.

17 "In January, 917 million was bet, but it
18 was a time of year when the amount of product was
19 relatively light. There were 346 racing cards in
20 January, which averages out to 2.65 million per card.
21 In June, the amount of product available increased to
22 600 cards, or a 73 percent increase over the number of
23 programs run in January. Yet handle increased only to
24 935 million, or 1.56 million per card. While the
25 amount of betting product increased dramatically, the

1 total wagered went up by less than two percent. More
2 isn't more. There's just so much money out there that
3 people are going to bet and today Texas is not getting
4 its fair share."

5 I would echo what Marsha had to say
6 relative to meetings. And it specifically states, from
7 Section 8.01, allocation of racing days for horses,
8 that "Each racetrack shall accord reasonable access to
9 races for all breeds of horses as determined by the
10 racetrack through negotiations with the representative
11 state breed registry with the final approval of the
12 commission."

13 And the Horsemen's Partnership, as the
14 representative of the horsemen's organization, has been
15 a party to race dates discussion ever since 1995. The
16 Texas Thoroughbred Association board will consider the
17 dates that are applied for by August 18th when it
18 convenes in its next meeting on August 27th.

19 I bring up one more thing while we're on
20 2011 and 2012 dates. We continue to get innumerable
21 questions, as I know Marsha does as well, what's the
22 status of the fall dates that Sam Houston has been
23 allocated. And from the breed organization standpoint,
24 I reiterate, we have a great racing day in Texas
25 Champions Day. There are eight stakes. There are 24

1 black type opportunities for owners and breeders to
2 earn for the horses that they've bred and that they're
3 racing. And we need a place to run Stars of Texas Day
4 in 2010.

5 Thank you, Mr. Chairman.

6 COMMISSIONER EDERER: Do you have any
7 proposals? I mean, the statistics are wonderful and
8 it's wonderful to hear them and we're all very
9 concerned about it. But do you have any proposals?
10 The Texas Thoroughbred Association, do you have any
11 type of -- you've heard the proposed race dates from
12 the tracks. And will that work? Won't it work? Why
13 won't it work? What do you propose? Or are you in a
14 position to say that at this point in time?

15 MR. HOOPER: Since the board hasn't
16 acted, it makes it a little difficult. There have been
17 informal discussions in some executive committee
18 meetings; and there certainly is a sense of a majority
19 of the board, including the executive committee, to
20 support a consolidated Thoroughbred program at Lone
21 Star Park in the 60-day format as has been stated.

22 But there is also concern that we need to
23 find some additional opportunities in addition to those
24 that have been suggested to be incorporated for
25 Thoroughbreds in various mixed meets and in addition to

1 the schedule that Mr. Brown has laid out relative to
2 Retama Park running 24 days.

3 We would like to have further discussions
4 relative to spring dates. We think that -- we're very
5 sympathetic to the needs of the Texas horsemen who have
6 supported this industry for a number of years and we
7 want to help them become as competitive as they
8 possibly can be at Lone Star Park.

9 But they need to get their horses raced
10 and they need to get them raced before the start of the
11 Lone Star meet, whether that's six or eight weeks of
12 mixed racing someplace, which would also help out the
13 Quarter Horses, and we are locked in with the Quarter
14 Horses, I can assure you.

15 COMMISSIONER EDERER: Well, you know, I
16 appreciate that and I understand the position that
17 you're in; and certainly I'm well aware of the fact
18 that if the horses aren't running, we've all got a
19 problem. The tracks are closed. We're closed. It's
20 all over. So the horses have to run. I agree a
21 hundred percent.

22 But by the 18th of August, there will be
23 some hard numbers coming out of the tracks, so at that
24 point in time -- and you have your meeting on the 28th,
25 I understand?

1 MR. HOOPER: 27th.

2 COMMISSIONER EDERER: 27th. And then our
3 next meeting is the 1st. Is that correct?

4 MS. KING: That's correct, September
5 1st.

6 COMMISSIONER EDERER: All right. So if
7 you can get us some -- you know, you'll have their
8 dates and you'll have time to work with their dates.
9 And we need some proposals. We need to be able to sit
10 down and talk about what can be done and what can't be
11 done. And if it cannot be done, then we'll ask the
12 tracks to tell us why it can't be done. If you can't
13 accept the tracks, then we need to know that.

14 But again, we all know the problem. We
15 all know the problem. The problem is here and alive.
16 And I disagree with what you have said when you say
17 that this is a bridge to get us through the legislature
18 and we don't need to worry so much about 2012. The way
19 it works is, if, in fact, the Legislature -- and who
20 knows what's going to happen there.

21 But if, in fact, the Legislature does
22 say, all right, we're going to go ahead and consider
23 the VLT's or we're going to approve them, it then has
24 to go to the counties to vote. The counties are going
25 to have to vote on whether or not they're going to

1 approve or not approve. That isn't going to happen
2 until probably November of '11.

3 And then who knows what's going to happen
4 at that point in time, will the counties, the various
5 counties, approve it or not approve it. We don't
6 know. That's the vote. There's going to be a heavy,
7 heavy voter turnout against the VLT's. And the
8 industry is going to have to work very hard to get the
9 vote approved.

10 But there's also the potential of
11 lawsuits being filed in the middle of all of this,
12 which is going to bang it again. And it could put us
13 in -- 2012 is very important. 2013 is very important,
14 because we cannot rely on the VLT's coming. We cannot
15 rely on all of this happening. Of course, we all know
16 what it's going to do to the industry if it does
17 happen. That's wonderful.

18 But like I said, the bridge needs to be a
19 longer bridge. I think the bridge is going to have to
20 carry us on a little further, not just into 2012. And
21 of course, the tracks have to be very sensitive to that
22 because they've got a huge investment here, as do the
23 horsemen and the livelihood.

24 So anyway, that's my only comment as to
25 what you said. That bridge, I disagree. We've got to

1 have a little longer bridge and we have to think about
2 that a little bit. And then I do request that you
3 fine-tune it a little after your meeting and work with
4 the Quarter Horsemen also, of course, and try to
5 fine-tune some of these dates because we're going to
6 have solid dates coming out of the tracks. So now we
7 need the objections and why.

8 Yes, sir, Mr. Carter.

9 COMMISSIONER CARTER: First of all, that
10 was a very good statement you made, that sometimes
11 there's a little bit more information and a lot of
12 statistics on it. But I got the impression that --
13 you're not speaking for the board, but I got the
14 impression that you're pretty much in favor of the
15 compressed race dates but you feel that particularly in
16 the spring there's some deficiencies. And I heard that
17 also said from the Quarter Horse people, some spring
18 deficiencies.

19 Now, could the date be altered in lieu of
20 some of the other summer dates to fill those spring
21 dates in perhaps a mixed meet that you all could
22 perhaps propose, work together with the Quarter Horse
23 and propose to the tracks in lieu of some of the
24 current dates to fill these voids? Would that work for
25 the horsemen?

1 MR. HOOPER: We'll be happy to sit down
2 with the TQHA and with THP representatives and the
3 tracks and try and work on something, Dr. Carter.

4 COMMISSIONER CARTER: Thank you.

5 COMMISSIONER EDERER: Let's hear from the
6 breeders.

7 MR. WILSON: Ed Wilson with the Arabian
8 Breeders Association.

9 Losing the Sam Houston meet really hits
10 us hard. We basically run with them from the beginning
11 of December through the end of March and then we run at
12 Retama in the fall with their Thoroughbreds part of the
13 meet and with the Lone Star with the Quarter Horse meet
14 to end it up. So we're losing well over 50 percent of
15 our races by eliminating the spring racing for us. So
16 we're going to have to try to figure out something,
17 what we can do with this, the dates that Sam Houston is
18 looking at for their Quarter Horse -- Thoroughbreds --
19 I mean, Quarter Horses for June and July.

20 What has happened to us over the last
21 three years, we have worked with Colorado and we've
22 been able to run our Arabians up there with them. Our
23 purses are much better there. We get more racing
24 opportunities at Arapaho Park than we are here. And so
25 it's going to be hard for -- or difficult for our

1 people to want to give up those better purses, more
2 racing opportunities per week, to stay here during the
3 summer and run at that meet.

4 So this has put quite a dilemma to us as
5 to exactly how this is going to affect us. We know
6 it's going to be quite a dramatic change, though.

7 COMMISSIONER EDERER: The Paint
8 industry?

9 MR. VILLARREAL: The Paints are in lock
10 step with the Quarter Horse and the dilemma that we
11 have right now. It's looking good with Sam Houston,
12 Retama, in October, taking us from June to November,
13 but we're lacking -- and the Quarter Horse people with
14 our two-year-olds and our Paint people with our
15 two-year-olds, we need something to do -- and
16 Thoroughbreds. Everybody that starts a two-year-old,
17 they need to get their horses running.

18 And it looks like the biggest problem
19 that we have on the Quarter Horse and Paint side is the
20 early -- the early months. And I guess now -- because
21 Sam Houston, on the sheet that we have, they had dates
22 for Thoroughbreds, but now that's going to get pushed
23 into June and July.

24 I think the one thing that we need to
25 look at -- and I was interested in what Mr. LaMantia

1 was saying and I don't know if they said it from Saddle
2 Brook -- is we do have Manor Downs over there. Manor
3 Downs does have the purse money, it's my
4 understanding. They just don't have the operating
5 costs. And maybe we can ask some questions about
6 that. I don't know if this is the point to do it.

7 But we do have some people that have
8 licenses and I know Mr. LaMantia is a very creative
9 person and I'm interested to hear what he has to say to
10 see what we can do to use Manor Downs and perhaps
11 Retama Park to extend -- or even Sam Houston Park to
12 extend their race dates back more, instead of having
13 the 28-day mixed meet, add some days to the beginning
14 of your meet with the help from either Sam Houston or
15 the other licenses or other ways to do it.

16 I mean, what do we need money-wise for
17 each additional day that we add? And I think that's
18 the one thing that the horsemen need to know to find
19 ways to make that work. And I mean, I think everybody
20 here in this room, you know, their biggest concern
21 right now is where are we going to run our horses
22 March, April, and May.

23 COMMISSIONER EDERER: I believe that
24 Mr. LaMantia has addressed that. You all will be
25 discussing that. You'll be coming forward hopefully

1 very soon with potentially -- either you can or you
2 can't. Either you're going to have some more dates or
3 you're not going to have some more dates. But I'm
4 hoping at least by the latest, at the next Commission
5 meeting, you'll be able to give us some feedback prior
6 to that meeting so that we can address it then.

7 MR. LaMANTIA: We're hoping to get
8 there. We're hoping to get together next week and
9 bring some of these ideas and details and how we can do
10 it and the best way to do it to try and answer some of
11 these questions and help some of these issues from the
12 standpoint of, you know, our two tracks and working
13 with Gillespie, et cetera, to bring in some more, you
14 know, simulcast money and potentially some racing
15 opportunities.

16 COMMISSIONER EDERER: And once you get
17 that, if there are some opportunities, then if you can
18 get that information to the horsemen so when they're
19 having their meetings and coming up with their
20 proposals -- because I'm hoping that you will come up
21 with some proposals as far as dates and times and what
22 you need.

23 Just to say we need more race days or we
24 want to run in the spring and the fall -- I mean, or
25 the spring or whatever, I don't think that's real

1 helpful. I think that we need to be more specific.
2 We're getting right down to it now and I think it's
3 very important.

4 And again, I can't stress enough that
5 it's going to take a big bridge. We're not just
6 looking at a bridge. We're looking at the future of
7 racing. We cannot rely on the VLT's coming. We've got
8 to try and see how we can keep it going.

9 Yes, ma'am.

10 MS. YOUNG: I'd like to say one thing in
11 kind of response to that. I mean, from our position --
12 and I can probably speak for a couple of others -- the
13 reason implementing a real change in operations for Sam
14 Houston Race Park in 2011 is so important, it's not
15 just to get us through 2011. It's to give us some
16 runway where we have three to five more years that we
17 think we can continue to operate in that type of
18 format. In our current format, the way we've been
19 running, that's not possible.

20 COMMISSIONER EDERER: Now we've come to
21 the place on the agenda where we're going to have
22 opportunity for industry comments. And there are a
23 number of people who have requested to speak. No
24 special order. It's just that they have been handed to
25 me.

1 Excuse me. I'm sorry. Were there any
2 questions that the -- let's say the associations have
3 for the tracks?

4 MR. WERSTLER: I don't know if this is
5 the appropriate time or not. I mean, we do -- your
6 last statement, we have met. We've met several times
7 this year. And we came with proposals. And basically
8 the racetracks -- what they're stating today is exactly
9 what they stated months ago. They haven't wavered off
10 of where they are today basically, I think, maybe -- on
11 the Quarter Horse anyway. I can't speak for the
12 Thoroughbred race dates.

13 But my questions, I mean, are basically
14 trying to get us to some type of an idea today where
15 we'll be race dates-wise. Is that the purpose of this
16 meeting? Is this more information gathering? Are we
17 going to try and put our heads together and come up
18 with a race dates scenario today?

19 COMMISSIONER EDERER: No. Because that
20 would be impossible. The Thoroughbred association
21 hasn't even met yet to discuss the race dates they
22 want, so that would be impossible to come up with race
23 dates today. That's not the purpose. The purpose is
24 now to start fine-tuning all the information that we
25 have.

1 MR. WERSTLER: Well, then I do have some
2 questions.

3 COMMISSIONER EDERER: Now is the time --
4 we do have a proposal -- we will have by the 18th the
5 proposals from the tracks, so we need some hard
6 proposals from the Quarter Horsemen.

7 MR. WERSTLER: Then I do have some
8 questions of Bryan. He's talking about a twenty -- a
9 26 -- no, a 24-day mixed meet, August through October
10 or into October. How many Quarter Horse races versus
11 Thoroughbred races?

12 MR. BROWN: Our just general idea and I
13 think the draft of our application would call for three
14 Quarter Horse and nine Thoroughbred, in addition to
15 that, the Arabian racing that would probably cease in
16 mid October when the Arabians go to Lone Star Park.

17 Those numbers certainly can be discussed
18 and tinkered with. They're not, by any means, set in
19 stone. In addition to that, we would need to get with
20 the Paint horse association and work out some
21 opportunities for the Paints.

22 MR. WERSTLER: So how many weeks of
23 Quarter Horse racing would that be? You say you're
24 ending September 10th?

25 MR. BROWN: September 10th we would have

1 to end -- we believe we'd have to end because the
2 supply of horses at the time wouldn't be enough to have
3 opportunities both at Retama and Lone Star. If there
4 are plenty of horses to run at both places and if
5 Mr. Shubeck was amenable to it, we would continue
6 running in a mixed format. But it would probably be on
7 the order of four or five weeks of mixed racing.

8 MR. WERSTLER: Four or five weeks of
9 mixed.

10 MR. BROWN: Of mixed racing, yes.

11 MR. WERSTLER: So that's basically -- and
12 you're talking three a day?

13 MR. BROWN: Yes.

14 MR. WERSTLER: Those are three-day
15 weeks? Three-day weeks?

16 MR. BROWN: It's a combination of two-
17 and three-day weeks.

18 MR. WERSTLER: So basically just a
19 handful of Quarter Horse races. It wouldn't be
20 anywhere near a meet. You couldn't call it a meet.

21 MR. BROWN: No.

22 MR. VILLARREAL: Along that line, how
23 would you accommodate a stakes race if you're going to
24 have just four weekends open and only three -- for
25 Quarter Horses or Paints?

1 MR. BROWN: In terms of a stakes race
2 with trials and a futurity, for example? Well, you
3 could -- if you had three weeks, you could have the
4 trials Week 1 and the finals Week 3, two weeks apart.

5 MR. VILLARREAL: So you'd only be able to
6 really have one -- let's talk futurities. One type of
7 futurity.

8 MR. BROWN: In all likelihood, yes,
9 unless we started earlier, yes.

10 MR. WERSTLER: You stated that -- and do
11 you have any idea what the purse structure would be at
12 this time?

13 MR. BROWN: I do not. We haven't done
14 projections.

15 MR. WERSTLER: You stated also that you,
16 due to financial concerns, can only run one meet.

17 MR. BROWN: Correct.

18 MR. WERSTLER: You can't run two.

19 Have you looked at -- I know you're
20 running, what, 16 days this fall?

21 MR. BROWN: Correct.

22 MR. WERSTLER: Have you looked at maybe
23 taking those dates, postponing that, and running those
24 in the spring, thereby giving you -- I don't know
25 what -- I'm not speaking for the Thoroughbreds, but

1 I've been in the Thoroughbred industry for a while and
2 I know what a 16-day meet is going to do at that purse
3 structure.

4 Pushing that to the spring, running in
5 the spring with a Thoroughbred and mixed Quarter Horse
6 meet, say, starting, you know, the second week of March
7 and running through April, maybe into May --

8 MR. BROWN: Since the Thoroughbreds have
9 already arrived over the past 13 days, I don't see that
10 as any possibility at all.

11 MR. WERSTLER: When is that meet? That
12 meet starts this month?

13 MR. BROWN: September 3rd.

14 MR. WERSTLER: Also, you had stated that
15 it's very important for you to push this meet as far
16 into 2011 as possible.

17 MR. BROWN: Correct.

18 MR. WERSTLER: Why is that?

19 MR. BROWN: When we go for our outside
20 funding, which we are in the process of getting right
21 now, we've got to show projections. We've got to show
22 that we can last with the amount of money that we're
23 after as long as possible.

24 If we show an additional loss, which we
25 would have to show and project, in the magnitude of

1 \$400,000 for a spring meet, it only takes us through
2 that many months shorter of a time period and we're
3 less likely to get the financing.

4 And by the way, anybody is more than
5 available -- that's available can sit down with our
6 funding source and ask questions themselves. We're not
7 making this up. This isn't easy stuff. If you go and
8 try to borrow money these days on a racetrack, good
9 luck. If you can do it better than me, please come on
10 board. It's not easy to do.

11 And we've had to do detailed projections
12 every six months. We keep updating them. The last
13 time we went for funding was in March. We've been
14 fortunate to make it as far as we have. We will be
15 making our half-a-million-dollar bond payment on
16 September 1st. And that's not been easy.

17 MR. WERSTLER: Just a couple more. One,
18 you had stated that -- I know we've been talking about
19 maybe since Howard shut down and he had offered the
20 horsemen leasing it and I guess that's off the table
21 now. And you've talked about maybe running your meet
22 there or something like that. And you made the
23 statement that as long as there was some type of
24 revenue to help you offset costs that you'd be
25 incurred. What did you -- what are you talking about?

1 MR. BROWN: Let's say we have a projected
2 loss of, you know, \$400,000. Let's say that number is
3 correct. We'd want to have that loss offset if we were
4 going to run, as would Howard if he were to run.

5 MR. WERSTLER: And how is that? How
6 would that be offset?

7 MR. BROWN: You know, that could be from
8 either purse funding or it could be funding from the
9 remainder of the licenses in the industry. And that's
10 one of the things that I think was referred to earlier
11 that we've been discussing with the other license
12 holders.

13 MR. WERSTLER: Just one statement, too.
14 Basically, I can tell you this. What you have proposed
15 for Quarter Horses next year, if you were trying to
16 come up with the worst-case scenario for Quarter
17 Horses, that would be it, to run in August at hardly
18 any races whatsoever, dovetailing into the Lone Star
19 Park meet. It's so costly for horsemen to come in for
20 just a handful of race dates, I imagine you'd only have
21 people hauling in probably. And then that close to
22 Drew's, it really is pretty much a nightmare scenario.

23 So I look forward to working with you
24 guys to try and come out with something and I think we
25 can do it if everybody is willing to give a little

1 bit.

2 That's all I have, Mr. Chairman.

3 MR. BROWN: The one thing I do want to
4 say, Rob, if we're looking at Retama assisting in the
5 spring, we will tone down the cost as much as we
6 possibly can to minimize whatever loss is projected.
7 We're doing some pretty creative things in this meet to
8 minimize the loss in our upcoming Thoroughbred meet. A
9 couple of them you'd probably laugh at, but we're doing
10 them because we need to do those sorts of things to
11 survive and we'd be happy to work our tails off to make
12 something work.

13 We just can't go to our funding
14 sources -- our funding source and tell them there's
15 another \$400,000 or thereabouts that they need to count
16 on that's coming up in the spring. We can't do that.

17 MR. VILLAREAL: Just for the benefit of
18 everybody in this room, when you're talking about
19 losses to the track for doing a meet, what kind of
20 losses are you talking about? Let's say -- I mean,
21 what are you comfortable with? A 24-day Quarter Horse
22 meet, how do you have your numbers as far as losses?

23 MR. BROWN: I think they're going to be
24 between -- like I say, a 21- and a 24-day meet running
25 three days a week, they're going to be right in that

1 magnitude. The bulk of the losses are opening and
2 shutting down.

3 MR. VILLARREAL: What was the amount of
4 that loss for a 21- to 24-day?

5 MR. BROWN: \$400,000.

6 COMMISSIONER EDERER: Yes, Dr. Carter.

7 MR. VILLARREAL: Let me just follow that
8 up. So if the track had \$400,000 more from whatever
9 source, the track should be able to run a 21- to 24-day
10 race meet, let's say, in the spring.

11 MR. BROWN: Correct. The farther out
12 that goes, if it's April and May and not March, the
13 less that loss. And that's because it would take fewer
14 revenues from our training center. It allows us to run
15 our training center a little bit longer. So when we
16 say spring, it's a little bit of a game of playing the
17 months and when it opens and when it closes to minimize
18 that loss. But let's just say in general you've got
19 pretty good numbers.

20 COMMISSIONER EDERER: Dr. Carter?

21 MR. VILLARREAL: I'm sorry. On that
22 400,000-dollar loss in that type of meet, are you able
23 to tell us what type of purse structure you would have
24 for a 21- to 24-day race meet with the 400,000-dollar
25 loss?

1 MR. BROWN: I cannot tell you that
2 because we'd have to have outside money. We'd have to
3 have Manor's purse money. We might have to have purse
4 money from other tracks. We have been sending all our
5 purse money to Sam Houston Race Park. That concluded
6 on August 1st. So right now our purse account balance
7 is pretty near zero and there's not going to be much
8 accrued by the spring. So it's hard to answer your
9 question without knowing what's available and what
10 people are willing to do in terms of transferring their
11 purse money to us.

12 MR. VILLARREAL: I'm going to stop.

13 COMMISSIONER EDERER: Dr. Carter?

14 COMMISSIONER CARTER: Mr. Werstler
15 mentioned that you had submitted some proposals to the
16 tracks. Do you have those in writing that you could
17 give to us?

18 MR. WERSTLER: I can. I don't have them
19 here, but I can -- sure enough.

20 COMMISSIONER EDERER: We've never seen
21 them.

22 MR. WERSTLER: You know, they were
23 preliminary. I think Marsha called one and maybe
24 Andrea called another one. We were just trying to --
25 as Andrea said earlier, we kind of saw this coming, so

1 we had been meeting and the Commission staff did not
2 attend those.

3 COMMISSIONER CARTER: So could I kind of
4 top off that discussion you had? So what I heard
5 there, sitting here listening, is perhaps the horsemen
6 could lease your facility and run a spring meet.

7 MR. BROWN: And I don't know if "lease"
8 will be the correct term. But in essence, use our
9 facilities. We'd make it available. We'd do
10 everything we could to be accommodating and minimize
11 the cost of it and would not charge per se for the
12 building. We wouldn't say you've got to pay an extra
13 \$5,000 a day as we would charge a group sales type of
14 event. Absolutely.

15 COMMISSIONER CARTER: Howard could
16 probably barter that deal for you.

17 Go ahead.

18 COMMISSIONER EDERER: Yes, sir.

19 MR. HOOPER: First of all, I want to
20 thank Greg and Sally for the indication there will be
21 some discussions about some added days possibly at
22 Gillespie.

23 But that also raises a question with
24 Bryan's proposal. On the one hand, he says in 2011
25 they'd like to open sometime in August. Obviously that

1 overlaps at least the last weekend at Gillespie, which
2 doesn't make a lot of sense, especially if he were to
3 run in a mixed format, for the simple reason that we're
4 running in a mixed format at Gillespie as well and
5 within a very short distance between the two tracks.

6 And the fact that you stated that the
7 later in the year that you could run, it would seem if
8 you could avoid that overlap and run from,
9 hypothetically, like you're starting this year Labor
10 Day and running towards Breeders' Cup day, that might
11 make a little more sense.

12 MR. BROWN: We would prefer what you just
13 outlined. We were trying to start earlier into August
14 to give the Quarter Horsemen some opportunities. But
15 Rob threw so much cold water on that, I don't know if
16 it's a great idea. But we were trying to give the
17 Quarter Horsemen opportunities. That's why we backed
18 up into August. We'd much -- we'd be better off.
19 Gillespie would be better off. The horse supply, as
20 you know, gets a lot better on the Thoroughbred side
21 Labor Day weekend.

22 COMMISSIONER EDERER: Let's go to the
23 comments from the industry. I have a number of people
24 who have submitted cards that want to speak. We'll
25 start with the first one, Morace Industries, I believe,

1 Johnny Morace, Johnny B.

2 MR. MORACE: Really what I want to say is
3 what everybody else has said here today. I mean --

4 MR. JACKSON: Sir, you need to come up
5 and speak into the microphone so the court reporter can
6 hear.

7 MR. MORACE: Okay. What I want to say is
8 pretty much what everybody else has said, you know,
9 from the board here. Without spring racing with our
10 Quarter Horses, we're dead in the water. Every one of
11 us know that in this room.

12 You know, we're losing, what -- just
13 Manor alone, we're losing three futurities. Now we're
14 talking about losing futurities here at Sam Houston.
15 You know, Retama is going to run -- they're proposing,
16 what, a three-weekend meet? What, we're going to get
17 one futurity out of that? Lone Star getting their
18 days, regular days.

19 I mean, what are we going to do? How are
20 we supposed to survive this? I mean, I know the
21 tracks -- they're talking about their survival. But
22 without us, there is no survival for the tracks. How
23 are you going to keep your simulcasts alive if you
24 can't run live racing? I think that's a law. If you
25 don't have live races, you can't have simulcasts, you

1 know.

2 But I mean, the statistics that have been
3 put out here today, just in the number of mares leaving
4 the state, you know, is astronomical. That should
5 scare everybody in this room, you know. But we have
6 sat here and let ourselves get in this situation. And
7 I blame all of us. All of us are responsible. Every
8 one of us had a little part of it.

9 But without spring racing here, you know,
10 we're -- Quarter Horses, Thoroughbred, Paints,
11 everybody is done. We're done. You think it's been
12 flocking to Oklahoma, Louisiana, New Mexico? Let this
13 happen and I guarantee you, you won't have to worry
14 about 2012. You know, there will be -- there will be
15 no 2012.

16 You know, we've had -- we've been
17 blessed. We had a good meet here. But when -- like
18 Rob was talking about while ago, when we start -- we
19 run -- my wife and I, we have a stable of about 26
20 horses on the backside right now. And they're all our
21 own horses. They're not outside horses. When we move,
22 the cost of us to move, when I move back to our place
23 in Stockdale on Monday, it's going to be \$2600 just to
24 haul the horses, you know, not counting bedding stalls
25 to go to Stockdale for two weeks and then move to Lone

1 Star. Then we have to bed stalls at Lone Star. You
2 know, the cost for that alone.

3 And, hell, I mean, all of us know the
4 problems. But without spring racing, we have to come
5 to some conclusion on spring days. I mean, without
6 that, like I say, 2012, we're done.

7 That's all I've got to say.

8 COMMISSIONER EDERER: Get with Rob, any
9 suggestions that you have, because he's going to be
10 putting some -- bringing some proposals to us. So get
11 with Rob. Make sure the industry is there.

12 MR. MORACE: All right. Thank you.

13 MR. BROWN: Commissioner Ederer, could I
14 ask a question?

15 COMMISSIONER EDERER: Yes.

16 MR. BROWN: Sam Houston Race Park has
17 offered to race in the spring. And if that is the
18 issue, it's certainly not being accepted by anyone. It
19 wasn't the last time we were here for the meeting a few
20 weeks ago. They made the offer. And if spring racing
21 has to happen, particularly for the Quarter Horsemen,
22 why is that not being talked about? Why is that not a
23 solution to the problem? I realize it creates an issue
24 in the summer, but why is that not a solution to the
25 spring problem, please?

1 COMMISSIONER EDERER: It could be. Let's
2 see the proposal. Put the proposal to the tracks and
3 let's see what they can do with it. It's now, you
4 know, kind of time to fish or cut bait. I'm not a very
5 good fisherman.

6 All right. Next, Charles Wright.
7 Charles Wright?

8 MR. WRIGHT: Yes, sir. Hello. I'm
9 Charles Wright. I'm an owner, trainer, and breeder --

10 COMMISSIONER EDERER: Go ahead and have a
11 seat, please, sir.

12 MR. WRIGHT: -- based in Argyle, Texas,
13 which is north of Dallas. I submitted a proposal,
14 which I will refer everybody to, in your book -- I
15 think it's I.D. Number -- it starts I.D. No. 1. It
16 looks like this -- to the Commissioners. I copied
17 these, not particular --

18 MR. VILLARREAL: I.D.1 is what he said.
19 I.D.1. And it's going to look like this in your book.

20 MR. WRIGHT: Gentlemen, it's not
21 particularly clear what the proposal is, but this is --

22 MR. JACKSON: Excuse me. I'd like to
23 make a comment to everyone. This meeting is being
24 transcribed. If you wish to speak, you're going to
25 have to be recognized by the podium to do so so it can

1 be transcribed into the court reporter's log.

2 I would appreciate it that anyone who
3 gets up to speak, unless you're recognized by the
4 chairman, that you wait to do so, until that is done.
5 Otherwise the court reporter will not be able to have
6 an accurate transcript for those who wish to read and
7 carry on about this meeting in the future. Thank you.

8 COMMISSIONER EDERER: Thank you.

9 Go ahead, Mr. Wright.

10 MR. WRIGHT: Again, my name is Charles
11 Wright. I represent myself, a few clients. We have
12 interests. We breed Thoroughbred and Quarter Horses in
13 Texas. We race Thoroughbreds and Quarter Horses in
14 Texas. We hope to sell Thoroughbreds and Quarter
15 Horses in Texas. I'm also a licensed trainer. I train
16 my own horses.

17 I looked at the proposals that came up
18 and I just want to review what my understanding of your
19 proposals were, was that Lone Star -- and I want to
20 commend Lone Star. They are doing a wonderful job of
21 running racing. On a Saturday afternoon, if you go
22 over to Lone Star Park when they're running a
23 Thoroughbred meet, you can't find a parking place.
24 They're running shuttle buses from the grass fields on
25 the outskirts to get people into the track. You have

1 families. You have kids. People are having fun.
2 Mr. Shubeck is doing a wonderful job of raising the
3 image of racing in the Dallas and Fort Worth area. And
4 I want to thank you for that.

5 I understand what you want to do is run
6 your traditional schedule. The suggestion was the
7 purses could be supplemented by some of the funds from
8 the other tracks. That's wavered a little bit. Lone
9 Star would run their existing Quarter Horse meet and
10 the other two Class 1 tracks would run meets, but in
11 some way the formats would change.

12 I want to point out -- and Mr. Hooper
13 said this so very, very clearly. I just want to give
14 him credit. And I'm going to quote you. And this is
15 from an article that I believe was in the Thoroughbred
16 Times originally, but it was also in the archive.

17 "I can't tell you how critical it is to
18 have these race dates." And he's talking about what
19 happened after Ike closed. "'If not in Houston, they
20 must be somewhere else in Texas,' Hooper said. 'If we
21 lose race dates, more owners and breeders will quit
22 this business, so we can't afford to lose these
23 days'."

24 I'm going to add quit this business or
25 continue to move their business to other states. And I

1 want to comment how important it is that the owners get
2 considered in this. The amount of people in Texas that
3 spend money on horses is phenomenal. It doesn't all go
4 into racing. I predict racing is only a small part of
5 where horse money is spent.

6 If you go up around my way, every Friday
7 and Saturday, they're having team ropings. They're
8 having team pennings. You've got barrel racings going
9 on. You have horse shows. You have equestrian
10 events. You have 4-H. The horse industry is important
11 in Texas and people spend money because they enjoy
12 having horses. We'd like to get a return. We all hope
13 we get a return. But we need to have the opportunity
14 to participate in the events.

15 The restricted schedule certainly cuts
16 that down for the racehorses. We've heard a tremendous
17 amount of problems about that. But I look --

18 COMMISSIONER EDERER: Excuse me. Can
19 everyone hear him? I didn't think so. You might move
20 that a little closer to you. Are we sure it's on?

21 MR. WRIGHT: Is it on?

22 COMMISSIONER EDERER: Okay. Good.
23 That's great. No, no. I think it's important what
24 you're saying and I want to be sure everyone hears it.

25 MR. WRIGHT: What I did when I looked at

1 this proposal is I have an experience -- I'm a chemist
2 by training and do a lot of data analysis, business
3 analysis. And I looked at the proposal and I said this
4 is just accelerating the death spiral of racing in
5 Texas. The purse money would not be regenerated if it
6 was expended in the proposed way.

7 Why do I say that? Well, I'm going to
8 review that a little bit. First off, mixed meets'
9 export signals don't seem to sell. Manor has never
10 been able to sell their export signal. Gillespie, you
11 don't sell an export signal. But I do want to commend
12 you on one thing. I did another little study just for
13 my own personal edification yesterday and what I was
14 trying to do was see if there's a correlation between
15 purses paid on daily racing and on the amount of horses
16 per race.

17 I looked at Delaware Park and they're
18 running this Saturday, the 14th, for about \$235,000.
19 They have an average of 7.2 horses per race. And
20 that's with Philadelphia Park being dark right now and
21 they have the Philadelphia Park horses down at
22 Delaware. I looked over at Louisiana Downs. I added
23 up the numbers. They have \$105,000 they're paying out
24 on Saturday and they have about eight horses per race.

25 Gillespie is running 12 races on Saturday

1 and you're running an average of over nine horses a
2 race. I just want to commend you because obviously you
3 have found that there's more to horse racing than just
4 purses. You're providing an experience for people that
5 attracts crowds, attracts owners, attracts trainers. I
6 think that's a very key point in this discussion to
7 remember. However, sometimes it's tough to sell that
8 on an export signal.

9 Also, from the Texas-bred point of view,
10 as Mr. Hooper pointed out, the Star of Texas Day is a
11 very important day for Texas breeders because of the
12 black type opportunities. That's lost. The stallion
13 series is a big selling point for people who are
14 standing stallions in Texas. It's unclear to me how
15 that can continue to exist with a reduced race dates
16 schedule.

17 Also, the loss of the restricted Texas
18 racing days going from the present 130 days of racing
19 down to a proposal of 60 or 70 days of racing means
20 there's going to be a drastic reduction in the amount
21 of opportunities for Texas-breds.

22 And to some degree, there's a contract
23 that was established between the owners and the
24 breeders. When we submitted our money to enroll in the
25 stallion series, when we enrolled in the Texas-bred,

1 when I accredited my mares to be Texas-bred mares, you
2 know, I was holding up one end of the commitment that
3 we had, which was we were going to try and provide
4 horses. The other end of the commitment was there was
5 supposed to be opportunities. That's a loss.

6 The next is a little chart I did which
7 just compared the impact at Sam Houston on purse
8 generation in 2009 and it looks like for the whole
9 year. And using Mr. Jackson's very excellent summary
10 on how purses were calculated, I was able to kind of
11 estimate that Sam Houston generated the equivalent of
12 about 6.6 million in purse dollars in 2009. I broke it
13 out by the live handle and then the factor -- I used
14 Mr. Jackson's factors.

15 And, Sammy, this is pretty accurate?

16 MR. JACKSON: Yes, sir.

17 MR. WRIGHT: Okay. One of the things
18 that it does kind of point out here is that the export
19 number, even though that can be a large number, that's
20 not necessarily a large purse contribution. The
21 horsemen only receive, on an average, one and a quarter
22 percent of the purses that come from there. I hope the
23 tracks make more than that because it's obviously been
24 a big talking point.

25 Next I looked at 2009 versus 2010 in the

1 Quarter Horse meet -- or in the Thoroughbred meet in
2 the first quarter. The data broke out real clear from
3 January 1st through the end of the Thoroughbred meet.
4 And I looked at the total handle, since that's been
5 such a topic of discussion, any additional handle that
6 was generated.

7 And in 2010, the handle that was
8 generated over that period was 87 million dollars and
9 change versus 27 million dollars and change, or a
10 difference of just about 60 million dollars in total
11 handle.

12 That's the value, the gross value, of the
13 wagering of live racing. And what that does is that
14 kind of starts to promote one of my hypotheses, which
15 is that live racing is the value proposition that we're
16 selling; and in order to continue, we have to maximize
17 how we handle live racing.

18 Further, the next analysis shows the --
19 and this analysis is the simulcast handle broken down
20 on a per-day average, but it's calculated based on
21 weekly numbers. And there are better numbers that
22 Mr. Jackson put out today.

23 But what it shows, when Lone Star was
24 dark, their average daily handle from their simulcasts
25 was \$294,000 a day. Their average daily handle spread

1 out over a week for simulcasts when they were live was
2 351,000. That, again, demonstrates the conclusion that
3 I want to promote, is that live handle generates the
4 revenue for future purses or helps drive it.

5 So it's important for us, rather than
6 just throwing all our purse money into the existing
7 days, that we use that money to generate additional
8 days of racing, which, in turn, generates additional
9 purse money for the future.

10 I haven't seen anybody propose that by
11 raising the average daily purses at Lone Star from the
12 \$150,000 to the \$230,000, there's going to be many --
13 any meaningful change in the amount of purses that have
14 been generated to cover the future years. And if that
15 purse money is extended, it's not extended to think
16 about the out years because, like you so rightly
17 pointed out, there's no assurance of how the
18 Legislature is going to act or not act.

19 You know, we need to think about how are
20 we going to reinvest our capital resources, which is
21 our purses, in order to generate future revenue for
22 everybody else, which is additional purses.

23 Based on all that analysis, I cranked
24 some numbers. I tried to make some very high level
25 estimates of what it might cost to put on a race meet

1 based on some annual reports and things like that. I'm
2 not sure I broke out the fixed costs versus variable
3 costs very good.

4 But what I did is I came up with a
5 schedule which I think would be a good working point to
6 start with on meeting the needs of the Quarter Horse,
7 the Paint people, on meeting the needs of the
8 Thoroughbred people, meeting the needs of the tracks as
9 well.

10 Basically what that suggests is in the
11 first part of the year, Sam Houston would run a meet
12 and I had it starting in the beginning of January right
13 after the first of the year. By my calculations, if
14 they were to run about 35 days of Thoroughbred racing,
15 just as a rough order of estimate as opposed to what
16 you're running right now, which is 49, it looks to me
17 like your cost structures could be much more
18 containable. It may also allow for the purses to be a
19 little bit higher for the Thoroughbreds. It may allow
20 for you to help supplement some of the other purses.
21 But there's certainly a high per-day cost.

22 One of the things that amazed me when I
23 came to Texas was everybody started complaining about
24 the cost of manure disposal. Where I came from in the
25 northeast, that's a revenue stream. Delaware Park

1 funds their whole benevolence program on the backside
2 through the sale of manure. So it's just different
3 strokes in different parts of the world.

4 What I would suggest is rather than
5 having a startup and a shutdown cost, you just roll it
6 right over into the Quarter Horses on March 1st when it
7 became a viable option and then we would de-emphasize
8 the Thoroughbred. So in effect, what you would have
9 with a mixed meet would be an emphasis on the
10 Thoroughbreds and the Thoroughbred purses in the
11 beginning part of the winter.

12 As we got into the spring, where the
13 Quarter Horses wanted to run -- you know, I look at
14 these things. People paid in futurity money. They
15 want to know where they're going to run their horses.
16 I mean, there's a real problem out there. And so I
17 would suggest that, you know, the horses roll over.

18 Now, on the Lone Star days, I had
19 originally suggested that Lone Star might want to
20 consider three days a week versus four days a week. I
21 had done some back-of-the-envelope calculations which
22 had suggested by eliminating Sunday racing and
23 spreading those days out over Friday, Saturday, in
24 particular, but on Thursday, and running 20 three-day
25 weeks rather than 15 four-day weeks, there's some

1 numbers which say you can increase handle by six to
2 eight percent.

3 Mr. Shubeck has responded to that
4 privately to me and has said that he doesn't feel that
5 he can fit his meet into that schedule. Costs are an
6 issue. Maintenance of the turf course could be another
7 issue. And his fear about running horses when it gets
8 too hot in the middle of the summer in Dallas is
9 another issue and that's obviously a concern as well.
10 But that's what I had at the time I submitted this.

11 And then what I did is I put Retama -- I
12 gave you your 16 days as you had this year, but I ran
13 you through Breeders' Cup. I can't understand why, if
14 I'm running a simulcast facility, I wouldn't be doing
15 everything in my power to get people in my facility for
16 the big races. Breeders' Cup is one of the biggest
17 betting days of the year.

18 If you go back and you look at the
19 history of Lone Star Park and you look at the simulcast
20 handle on Breeders' Cup, I mean, there's one day, one
21 year, all of a sudden, you know, it explodes. That's
22 why I put you there. What that also does is that backs
23 your Quarter Horse meet up right before that; so in
24 effect, the Quarter Horses could roll right into Lone
25 Star Park. I think it's pretty consistent with what

1 you had proposed.

2 So this is a proposal. This is the
3 rationale behind it. I think it meets a lot of the
4 talking points that have been presented in the meeting
5 so far. I think the rationale of the purses is
6 something that could be supported here.

7 Mr. Shubeck, I'm sorry if this doesn't
8 really support a massive infusion of money to Lone Star
9 Park, but it's a --

10 COMMISSIONER EDERER: Mr. Wright, this is
11 exactly what we were hoping for. You've presented a
12 proposal and you've articulated it very well. It has
13 been transcribed. The tracks will have the benefit, as
14 well as the associations, when they're putting down the
15 dates. You've got some suggestions here and I think
16 it's something for them to consider and this is exactly
17 the purpose of these hearings. And we appreciate your
18 time and energy going into the product.

19 MR. WRIGHT: Thank you.

20 COMMISSIONER EDERER: Thank you, sir.

21 Yes.

22 MR. VILLARREAL: The copies that we have,
23 and everybody in there, Mr. Wright's is highlighted in
24 colors. If we can, just for the record, get the
25 specific dates starting and ending for each track so we

1 can have that on the record and so that we can know
2 what those dates are because I don't think it's in the
3 packet as far as those specific.

4 MR. WRIGHT: No, the proposal actually
5 was only the calendar because I found, myself, it was
6 much easier for me to --

7 MR. VILLARREAL: His is highlighted.

8 COMMISSIONER EDERER: From the beginning
9 to the end of the meets, first would be Sam Houston
10 starting the 7th of January and that would be through
11 March 26th. Then Lone Star beginning April 7th and
12 they would run through August 20th. Sunland -- excuse
13 me. Listen to me. Retama would then pick up September
14 16th and they would run through November 5th.

15 MR. WRIGHT: And those were proposed as
16 Thoroughbred dates. And what I propose is that the
17 Quarter Horse dates go on the end of the Sam Houston
18 meet, actually picking up and starting to roll over
19 because it's a mixed meet proposal, on March 1st.

20 COMMISSIONER EDERER: Well, as proposed
21 so far or as set out -- nothing has been proposed
22 actually -- that we've discussed, from the tracks,
23 they're talking about a total of 138 days and yours is
24 only 111 days. So it seems to me that --

25 MR. WRIGHT: But that's sustainable as

1 far as purse generation. And that's, I think, a key
2 point.

3 COMMISSIONER EDERER: Thank you very
4 much.

5 MR. WRIGHT: Yes, sir.

6 COMMISSIONER EDERER: Billy Dunn?

7 MR. DUNN: Good morning.

8 COMMISSIONER EDERER: Good morning.

9 MR. DUNN: I'm Billy Myers Dunn. I have
10 a facility, oh, probably about a minute and a half from
11 here. We board and train horses. I've been in the
12 Thoroughbred racing business in this -- not only in
13 this state, but since 1987, I started running horses in
14 Louisiana and then came to Texas.

15 I wanted to take a few minutes' time
16 because I wanted to ask you guys a question and I
17 wanted to find out how much do you interact with
18 members of the Legislature and those that are in charge
19 of making sure that we have a race program in Texas at
20 all. Is that something that's done on a routine
21 basis?

22 COMMISSIONER EDERER: I'll have Charla
23 Ann respond to that.

24 MR. DUNN: Sure.

25 COMMISSIONER EDERER: There's a lot of

1 limitations that are put on us here.

2 MS. KING: The Commission and the agency
3 staff in particular interact on a regular basis with
4 the Legislature in terms of our budget and serving as a
5 resource to the committees that oversee us and the
6 Texas Racing Act.

7 We are a regulatory agency. We are not
8 authorized to advocate in any way for the industry.
9 Actually no State agency, except for a couple of
10 full-time Commissioners, are ever allowed to use State
11 resources to lobby the Legislature. So we report to
12 the Legislature. When asked, we provide information
13 and answer their questions.

14 MR. DUNN: All right. Well, that answers
15 my question because I was really amazed, at the time
16 that I spent up at the capitol trying to talk to people
17 up there, about their absolute lack of what the horse
18 business and the horse industry and the racing industry
19 in particular contributes to our state. It was just
20 a -- it was almost like talking to a black cloud
21 because they just didn't follow up.

22 And I didn't know or I didn't understand
23 whether or not you had that interaction or advocated in
24 any way for the racing industry in Texas. And now I
25 know the reason why we're talking to a brick wall is we

1 don't have a full advocacy program up there.

2 I also wanted at this point in time to
3 thank Mr. Hooper for the statistics that he came up
4 with, even though he didn't have his concrete solutions
5 for the problems as he was asked for by you,
6 Mr. Chairman, after his presentation.

7 I certainly hope that we paid attention
8 to what some of those numbers and some of those
9 statistics were that Mr. Hooper brought out because
10 they are very, very important.

11 Now, to get to the heart of my discussion
12 here, my partner and I sat across the desk from Andrea
13 Young face to face not too long after the devastation
14 of Ike took place here at Sam Houston and at my place,
15 which is about, as I said, less than a half a mile from
16 here. And we had suggestions and we talked to her and
17 we asked her about what we can do about it because we
18 could see that, hey, we were dead. We were going to
19 have no Thoroughbred meet.

20 And one of the situations that came to
21 hand was is that if -- this is the way that I
22 understood it. Of course, that was, you know, a couple
23 of years back. If we would take two what I call
24 back-to-back Quarter Horse meets while we were doing --
25 undergoing repairs and trying to get this racetrack

1 back into operation as well as other things, that as a
2 trade-off for that, we were going to be able to have,
3 in 2010, a Quarter Horse meet and a Thoroughbred meet
4 as more normal schedules were prior to Ike. And in
5 addition to that, we would be able to pick up the
6 months of -- for Thoroughbreds now, the months of
7 November and December for this year.

8 Now, if anybody can correct me on that,
9 I'd like to be corrected. If not, I want to continue
10 with my premise. Because what it looks to me like
11 we're doing now is we are going back on a promise to
12 the Thoroughbred horsemen in this state by not
13 following up on the fact that we took the, quote,
14 unquote, back-to-back Quarter meets. And as I counted
15 horses out there this past -- this past week, there
16 were less -- probably around 600 horses here for that
17 Quarter meet or at least the last few days of that
18 Quarter meet. And I know I can be corrected on those
19 numbers.

20 But the point is I feel like I've been
21 stabbed because here we are here today discussing dates
22 for 2011 and '12 and we are giving up two months of
23 Thoroughbred dates that we were told we would be able
24 to have if we would pick up the two Quarter meets
25 because of the devastation that was caused by Ike.

1 Now, let me -- I would like to ask a
2 general question. I know it's a bad one and I'm not
3 going to turn around and ask. But -- and please don't
4 answer this question. It's rhetorical. Isn't there
5 anybody here today that trains two-year-olds? Am I the
6 only guy that trains two-year-olds? You know where I
7 train them? Evangeline Downs and Delta.

8 We asked Ms. Young, when we had our
9 face-to-face across-the-desk meeting, can't you open up
10 the track during those months at least for us who are
11 training two-year-olds and need to run two-year-olds
12 later on in the year at Dallas and other places so that
13 we would have a training facility to do that? We were
14 given a flat no, boom, hands down, won't happen.

15 Today and tomorrow -- Sunday, I've got
16 two horses at Evangeline Downs, two-year-olds, running
17 in their maiden meet. It's not right. It's just not
18 right.

19 Now, this is also a question. And maybe
20 the Commissioner can answer this or maybe you'll
21 delegate it to someone who can. But way back when we
22 were fighting for a long, long time to get pari-mutuel
23 racing in this state, weren't we promised that the law
24 governing the simulcasting out of the Texas facilities
25 would be contingent upon them running a live meet?

1 Then how are we going to just get rid
2 of -- and this -- I'm not sure if I'm right about this;
3 but if I am, how are we going to get rid of the 2011
4 meet and leave simulcast opening at Sam Houston? What
5 in that law allows us to do that? Because I'm going to
6 say that if we -- if we're going to run simulcasting
7 here at Sam Houston, we better find a way to help the
8 horsemen run their horses here in this state. If we
9 close that --

10 COMMISSIONER EDERER: I'm not going to
11 speak for Sam Houston; but I will say that they've
12 asked for 28 race days for next year; so you're
13 operating under a wrong premise, I think. They're not
14 shutting the track down. It's not going dark. I don't
15 believe any of the tracks are going dark. The three
16 main tracks all will be running.

17 As far as stabbing you in the back, I
18 don't know how to answer that question. And as far as
19 the simulcast and race dates are concerned, I believe
20 that you are correct.

21 Can you answer that?

22 MS. KING: The language in the statute
23 indicates allocation of race dates. You have to be
24 allocated live race dates in order to simulcast.

25 MR. DUNN: Okay. What's the difference

1 between that and what I said?

2 COMMISSIONER EDERER: Nothing. I think
3 you said it correctly. And there will be live race
4 dates in 2011 that will be requested by Sam Houston.

5 MR. DUNN: And by the way, our purse
6 money, our -- all of our money is being transferred to
7 Lone Star to run a 60-day date. I live here. I'm like
8 the fellow that got up here and said every time I move
9 these horses, I've got to rebed this stall. I've got
10 to take care of it. I've got to have a trailer. I've
11 got to buy three or four tires for my trailer and my
12 truck to get from here to there. Gasoline and diesel
13 is four bucks a gallon. I've got to be traipsing back
14 and forth on I-10 and on I-45 from here to Dallas or
15 from here to Evangeline, which I prefer to do because
16 of the difference in the purse structure.

17 And I sit here and I read cost analyses
18 and spreadsheets and stuff. And you don't have to be a
19 genius to know that the tracks cannot sustain their
20 schedules with the handle being what it is. But
21 there's also -- as one of the other gentlemen pointed
22 out, putting fannies in the bleachers is what brings
23 the handle up, you know. We're not really good at
24 putting fannies in the bleachers. Or something went
25 wrong somewhere down that line. We've all made

1 mistakes, including management of the tracks.

2 Let me tell you. I don't know if the
3 Quarter Horse people realize this. But do you know how
4 many races there are on closing day at Sam Houston?
5 Does anybody know? Seven races on closing day at Sam
6 Houston for the Quarter Horses.

7 COMMISSIONER EDERER: First off,
8 everyone -- whoever is speaking can speak. The court
9 reporter can only take down one person that is
10 speaking.

11 As far as the tracks are concerned, I
12 understand what you're saying and everyone agrees there
13 are mistakes on everybody's part, the horsemen as well
14 as the tracks. That's what we're trying to fix now.
15 It's gone beyond. I think it's been very well said
16 earlier by one of the earlier speakers that, you know,
17 we've all made mistakes. Now we've got to try to fix
18 it. And that's what we're doing now. Pointing fingers
19 isn't helping. Now we need solutions. And that's what
20 we've got to work for.

21 MR. DUNN: Okay. And I agree with that.

22 COMMISSIONER EDERER: If you have any
23 solutions, sir, please tell us those.

24 MR. DUNN: I have just one solution. And
25 I think I -- and I'll just tell you what it is. Okay?

1 We can no longer treat racing and gaming as separate
2 entities. The State of Kentucky, the number one
3 preeminent state in horse racing, has been following
4 the same fuzzy thinking as we've been following here.
5 And they -- and this is a quote from the president of
6 Churchill Downs. Do not assume that horse racing at
7 Churchill Downs in the future is a given. Okay?
8 Kentucky Derby, Triple Crown, adios, because they've
9 been following the same kind of thinking that we've
10 been.

11 We cannot assume that if we do not get
12 gaming of some form to support this effort that all of
13 us in this room and the farms out there are trying to
14 support, it will be the same thing. It's adios
15 racetracks.

16 And Mr. Hooper said we're building a
17 bridge to 2012 and you made the comment that we need a
18 little bit longer bridge. We all know that. We've
19 been fighting this battle since at least 1921. Okay?
20 We know that. But if we don't come up with some kind
21 of a situation where there is a State fund generated to
22 help these racetracks, because it belongs to the
23 people -- it's jobs. It's businesses. It's the
24 farmers. It's the feed store. It's the guy selling
25 the tires. It's the guy that sells the trucks and the

1 trailers. And the State gets more money out of this
2 than any of us do. And take a look at New Jersey.
3 Take a look at New Jersey and their State-funded
4 million-dollar-a-day purses in New Jersey.

5 I'll just leave it at that.

6 COMMISSIONER EDERER: No, no, no. We
7 have one comment. Sammy does.

8 MR. DUNN: Sure.

9 MR. JACKSON: It's very interesting to
10 hear you say that. And I appreciate your comments. As
11 one of them who represents the Commission down at the
12 Legislature from time to time, I'd like to give you
13 some feedback that's been given to me.

14 MR. DUNN: Very good.

15 MR. JACKSON: Part of my duties with the
16 Racing Commission is to administer the accredited
17 Texas-bred program funds in the state. I am
18 responsible for collecting every one of those dollars
19 that comes in from the racetracks and redistribute
20 those to the breed registries for them to pay out. It
21 represents over half of the Racing Commission's
22 budget. We consider those pass-through funds.

23 Because it does come through us, it has
24 to have appropriations from the State Legislature for
25 us to administer them back to the breed registries. So

1 there's a lot of back and forth between us. We do
2 that, as well as back and forth between the racetracks,
3 trying to collect that money daily. We really make
4 sure that those funds are protected and taken care of
5 because they represent a lot of the components of the
6 stuff that you talked about today.

7 MR. DUNN: Exactly.

8 MR. JACKSON: Because it is part of our
9 budget and I'm down there testifying on that, I think
10 you all need to hear this. And it's not going to be
11 pretty, but I think you need to hear it just the same.

12 I testified in front of the State House
13 for appropriations as well as the Senate Finance
14 Committee and I am usually the one who has to explain
15 the breeder program coming through us. They don't
16 understand it. They don't really care, to be quite
17 honest.

18 I had the Representative from this area,
19 Representative Buttons, tell me point-blank -- pulled
20 me aside at the committee meeting and said, "I'm not
21 sure why we're even listening to this. It's a dying
22 industry. Why should we even continue to give you all
23 funding for this?"

24 This is typical. That's not atypical.
25 This is the typical response that we get down at the

1 Legislature.

2 And you hit upon something when you asked
3 us. We are not allowed to lobby for you all. I
4 personally, and Charla Ann King, got raked across the
5 coals by Senate members when we were just trying to
6 explain the breeder program and how come an accredited
7 Texas-bred horse could not participate in Louisiana or
8 Oklahoma or New Mexico in their accredited program
9 funds. They considered that to be lobbying or
10 representing the industry in a nonregulatory role.

11 So I appreciate your comments. I get
12 your frustration. As a person who's been a
13 Thoroughbred horse owner and ran them in other states,
14 it is very frustrating to sit down there and try to
15 explain to the people who are our elected
16 representatives who make decisions on the laws and they
17 have no understanding of this industry. And it's even
18 more frustrating for someone who has knowledge about it
19 who is trying to explain it to have their hands tied
20 and who cannot.

21 MR. DUNN: I appreciate that
22 explanation. I really do. And I appreciate your
23 efforts. I really do. I appreciate the efforts of
24 anybody that tries to do what you're doing in terms of
25 changing the perception of what this industry is.

1 Perhaps the answer is for us to get us an
2 enlightened Governor such as the new Governor of New
3 Jersey who dedicated 50 million dollars of State funds
4 to save jobs and save businesses to keep the tracks
5 open with million-dollar-a-night purses and an
6 enlightened Legislature.

7 And I'll just leave it at that. And
8 thank you very, very much for your time and your help.

9 COMMISSIONER EDERER: Thank you, sir.

10 Calvin Klein?

11 MR. KLEIN: My name is Calvin Klein and I
12 live in the Klein community about 13 miles from this
13 racetrack. And I started running horses in 1960 at
14 Ruidoso where the purses were 325 and it was 772 miles
15 from home to go there. So you know I have to love to
16 run horses.

17 Well, as time goes on, in our own
18 community and our own racetrack, what I call Houston,
19 our racetrack, it seems like our days are being
20 diminished and cut back. And it really hurts. Just
21 like trying to send all the Thoroughbred days to Lone
22 Star. Well, to some people, that probably is a
23 benefit; but to a lot of people in Harris County and
24 Montgomery County and the horse breeders in this part
25 of the country, it hurts.

1 And the Commission, I don't know who they
2 are responsible to, whether it's the horse people or
3 the racetracks or the gamblers. But they are
4 responsible to somebody. So as a horse owner, I would
5 like to know, like the days you all give to the
6 racetracks, if they ask for them, are they committed to
7 run those days or can they just throw them off in the
8 trash pile?

9 I feel like the gentleman that just got
10 through talking, that we need more live races. I'm not
11 complaining about the purse structure, but we need a
12 place to run. And as a breeder and a runner, I hope
13 the Commission takes this to heart and keeps our race
14 days at Houston just like they were before and not
15 shift them around.

16 Thank you all.

17 COMMISSIONER EDERER: Mr. Scales?

18 MR. SCALES: I was going to say good
19 morning, but it's afternoon. Good afternoon. My name
20 is Theophilus Scales, Jr. I run my horses under Junior
21 Gators Racing Stables. And I'm often on Pedigree Query
22 as J.R. Gators. And I just have to take this time to
23 come and say to the tracks and to the breed
24 associations something that I think has gotten deeply
25 lost.

1 Not that I have any problem with persons
2 or person who is the multimillionaire that's in this
3 game. I'm a guy with a job and a dream. I wore my
4 work uniform. I took the day off of work today because
5 I wanted to emphasize that I'm just like a lot of
6 people that run in this state. I don't have a
7 discretionary fund. When they eat, they're eating out
8 of Theo's paycheck.

9 It's imperative that the message be
10 crystal clear. I don't have Oklahoma-breds,
11 Louisiana-breds, New Mexico-breds. I have
12 Texas-breds. And I have Texas-breds because I want to
13 run in Texas. That's where I want to run.

14 Now, it sounds like that there's a
15 limited excitement to have me given an opportunity to
16 run in Texas. The misconception of what has happened
17 or where we are as being represented by the breed
18 associations is very clear. Some of us don't have what
19 I feel to be adequate representation for the membership
20 because there's not an understanding, a clear
21 understanding, that we're not interested in running a
22 circuit that involves Sunland Park, Remington Park, and
23 Lone Star Park.

24 I live in Austin. I'm two and a half
25 hours away from everywhere I want to go. This is

1 Texas. We're talking about the funds. We're talking
2 about the lack of interest in Texas racing? There's no
3 lack of interest. We need to wake up in Texas and get
4 the big picture.

5 We -- a state this size, we have no
6 alternative forms of gaming. Everybody is hot about
7 the VLT. First of all, my own personal opinion, I
8 don't think it has a shot of passing. Why is it that
9 we do not have alternative gaming and ADW's? Why do we
10 not have that? All that needs to be changed is a line
11 in the Racing Act.

12 We act in Texas as though everybody still
13 cashes their paychecks on Friday at the bank and then
14 goes to the post office and mails their payments with
15 money orders on Sunday. Everybody uses advanced -- I
16 mean, everybody is into the automatic bill pay and
17 direct deposit. We need to wake up and come into this
18 century. I can sit at my house in Cedar Creek, Texas,
19 and bet all day long on races in Louisiana, but I can't
20 bet a dime at Sam Houston. I don't get it.

21 The racing dates, Mr. Hooper spoke in
22 behalf of the Texas association. There was no conflict
23 because they're okay with it. Well, Dave, tell the TTA
24 I'm not okay with it. I have my money -- my money, my
25 hourly wage that I work very hard for, I have mine so

1 that I can run here, baby, not nowhere else, right
2 here. Do you understand what we're saying?

3 And we can't make it with two races a
4 month. We need sincere true opportunities to run our
5 horses. I bought into the Texas stallion fund. I
6 bought into it. I have horses that are registered for
7 it. There's not going to be -- where's the races?
8 Where do -- what do we do? We committed our money, our
9 time, our energy, our effort. And if I understood
10 correctly, the young lady here from Sam Houston don't
11 want to run your 2010 days.

12 Did I misunderstand you?

13 MS. YOUNG: Yes, you did.

14 MR. SCALES: Okay. What is --

15 MS. YOUNG: We want to run live racing in
16 Houston. Okay? But we can't keep going at the rate we
17 are. This is not a choice between what we want. This
18 is a choice about between what we can do.

19 MR. SCALES: Okay. And I'm great with
20 that. But I just want to ask this again. Did you say
21 you're going to -- you're going to commit to running
22 the dates allocated for this facility for 2010? Is
23 that what you're saying?

24 MS. YOUNG: No, I did not say that.

25 MR. SCALES: That's what I understood.

1 So then that tells me that there's a good chance that
2 there will be -- or I won't even say a good chance.
3 There's a possibility that you're not committed to
4 running your 2010 dates.

5 Let's not -- let's understand and just be
6 real, real clear about what we're up against. And I
7 want to say one more thing and then I've got a couple
8 of questions for these guys.

9 When we talk about the problems, I am so
10 sick and tired of hearing about the quality of our
11 horses. We don't breed a bunch of garbage horses. And
12 that's disrespectful to me, the person who has spent
13 his time and his money to take the best mare he could
14 get and breed them with the best stallion that he could
15 get. I don't think that you should call my work
16 garbage because that's not what it's about. We're not
17 raising just a bunch of cheap claimers.

18 I had four mares the first of January of
19 this year. I have zero mares now. Three of the mares
20 are in Louisiana. You know why? Because I can't
21 afford -- with the leadership that we have representing
22 the Texas Thoroughbred owner and breeder, I can't
23 afford to keep spending my money that way.

24 I have said it numerous times in
25 writing. I will say it again. Any and every

1 individual that's supposed to represent me that
2 supported the reduction, the loss of these racing
3 opportunities, should be fired, f-i-r-e-d, fired.

4 Now --

5 COMMISSIONER EDERER: You have had your
6 say. Now, you said you had a couple of questions?

7 MR. SCALES: I do.

8 COMMISSIONER EDERER: All right. That's
9 fine. You've made your point, I think, loud and
10 clear.

11 MR. SCALES: Well, you know, there was
12 problems with some people hearing and so I wanted to be
13 clear.

14 COMMISSIONER EDERER: They need to have a
15 little time, too. But you've articulated very well.
16 You truly have. But if you have some questions --
17 because there are a lot of people that need to say
18 something.

19 MR. SCALES: Okay. I'll make this
20 quick.

21 Mr. Hooper, you made the comment about
22 losing racing opportunities and you used the State of
23 California as an example, that the tracks are cutting
24 back. Is that correct?

25 MR. HOOPER: Yes.

1 MR. SCALES: Okay. Are you aware then,
2 sir, that Mr. Stronach has asked for 120 days at each
3 of his tracks? Are you aware of that?

4 MR. HOOPER: Yes, I'm aware of it. But
5 that hasn't come up for consideration yet.

6 MR. SCALES: Okay. But see, that's where
7 we get the problem, though, Dave, when we're not
8 clear. You made the statement that people would assume
9 for California; but, no, there's another aspect, and
10 that is that this owner wants an increasing number of
11 days in California. So it's deception. And that's
12 what I wanted to get -- that's all I wanted to say as
13 far as that goes with you.

14 MR. HOOPER: Wait a minute.

15 MR. SCALES: Okay.

16 MR. HOOPER: What's deception?

17 MR. SCALES: To say about California's
18 tracks wanting to cut races. That's what you said.

19 MR. HOOPER: Stronach came out with his
20 proposal in response to a request from the California
21 Horse Racing Board. It has not been considered by the
22 California Horse Racing Board yet. The fact is that
23 Hollywood Park has cut back days because they had to
24 cancel because of lack of entries and other tracks in
25 California have faced the same situation. There is a

1 loss of days.

2 MR. SCALES: Okay. But it still stands
3 that the man wants more racing days in California.
4 That was my point, friend.

5 MR. SHUBECK: But I believe that's over
6 47 weeks. It's 140 days over 47 weeks, so that's three
7 days a week.

8 MR. SCALES: Okay. Three days a week --
9 okay. I guess I'm out of time because you keep looking
10 at me.

11 COMMISSIONER EDERER: But you've made
12 some very good points and we appreciate it. But we all
13 would love to have more racing days. We'd all love to
14 be able to afford to run them every day if we could.
15 But that's why we're here trying to work through it.
16 That's why we're here.

17 MR. SCALES: Can I say this last thing,
18 Commissioner? The problem is that I agree with you
19 that we all want to run. We all have -- we all have
20 these desires. But we've had inept leadership level by
21 level year after year.

22 COMMISSIONER EDERER: Thank you.

23 MR. HOOPER: Could I make one comment
24 relative to the quality of Texas-breds? Mr. Scales
25 alluded that he doesn't appreciate having Texas-breds

1 denigrated. I don't know who's denigrating
2 Texas-breds. I can assure you of this. Texas-breds
3 have earned more money racing out of state in eight of
4 the last 10 years than they have in state. In
5 addition, we will have more Texas-bred stakes winners
6 than they -- nationally, than they'll have in Louisiana
7 from Louisiana-breds or New Mexico-breds or
8 Oklahoma-breds this year, which has also been true in
9 past years.

10 COMMISSIONER EDERER: Thank you.

11 J.E. Carlson?

12 MS. CARLSON: I'm a little afraid of this
13 thing. Can you hear me? No? Can you hear me now?

14 COMMISSIONER EDERER: Yes.

15 MS. CARLSON: Okay. Usually people don't
16 have any problem hearing me; but if I back away from
17 this thing, stop me and make me get back where
18 everybody can hear.

19 My name is Joan Carlson. I'm here
20 because after reading a lot of the materials that have
21 been transcribed at other meetings and reported on
22 websites, et cetera, et cetera, I feel that I
23 represent, not necessarily willingly, a group that
24 really isn't speaking to you all and has not previously
25 submitted a proposal.

1 And I am what I call the client owner.
2 I'm the person who gets into the horse racing business
3 for whatever reasons because -- mainly because I just
4 love the horses. I love the whole idea of it. And I
5 think maybe I can breed a winner, claim a winner,
6 whatever.

7 All the people in this room,
8 Commission -- excuse me, the Commission, the track
9 owners and management, the breed organizations, and the
10 trainers and farm owners and hay haulers and farriers
11 and grooms and everybody else who supports this
12 industry, I depend on all of you. I don't do anything
13 really myself, although I may be more hands-on than
14 some owners.

15 But I have to rent a truck to haul my
16 horse somewhere because I don't have a truck or a
17 trailer. I have to pay somebody to board my horse
18 because I don't own a horse lot, pasture, or farm. I
19 am, in fact, on a very, very small scale, the economic
20 profit that this industry is hoping to generate because
21 I'm not -- when I pay somebody, I have no illusion that
22 I'm paying cost. I'm paying cost plus something for
23 their trouble.

24 I'm one of the people that's been leaving
25 this state in droves, maybe not physically, but simply

1 by selling off my stock and buying stock elsewhere.
2 This morning I had a cell phone call from a number I
3 didn't recognize. It was West Point Thoroughbreds, who
4 said they had records that I had contacted them in the
5 past and wanted to see if I was interested in
6 Thoroughbred horse ownership through one of their
7 programs.

8 I haven't contacted West Point
9 Thoroughbreds since at least 2005. So I think, if
10 nothing else, the uncertainty that is going on in these
11 discussions about racing dates is causing all of our
12 competitors outside this state -- forget the
13 neighboring tracks and trainers. I'm talking Kentucky,
14 partnership interests, et cetera -- to see an
15 opportunity to poach. I can't imagine why else I was
16 called. They're going through their records and
17 looking for people from Texas who have dealt with them,
18 contacted them in the past, to see if they want to bail
19 out but stay in the business some other way.

20 Now, that's just an information point and
21 it may be unique to me and it may have been a fluke.
22 But I tend to doubt it. It sounded to me like a
23 marketing campaign was under way.

24 I look at the submission that was
25 submitted by -- I think it was Ms. Young. Is this

1 yours? It shows the states -- it says "Texas and
2 Neighboring States 2008" and it has a map.

3 MS. YOUNG: All the tracks worked on
4 that.

5 MS. CARLSON: All of the tracks. So all
6 of the tracks contributed to this. And it shows the
7 difference in racing dates and how all of our neighbors
8 have increased theirs and we, of course, have had to
9 decrease ours. I get that. And I heard the necessity,
10 the economic criteria that are driving that necessity.

11 But when we talk about reducing dates or
12 even maintaining what we have and reconfiguring where
13 they're held, what I hear us talking about here today
14 is a strategic retreat. That's what it would be called
15 in military terms and I think you can use that term in
16 business.

17 I don't think moving your prime dates to
18 Lone Star, no matter how wonderful that facility is, is
19 the way to do a strategic retreat. It puts all your
20 assets, your accumulated purse monies, your horses,
21 your trainers, your owners, your fans, your simulcast
22 signal, within easy reach of your stiffest
23 competition.

24 It seems to me -- and I will submit a
25 proposal because this really didn't occur to me until I

1 sat here today listening -- that whatever dates we end
2 up with, more of them need to be located far away from
3 our borders. Make the people that would poach our
4 purses drive into our state, not just across the state
5 line.

6 Get in the center of our state's
7 population centers. Get somewhere between Dallas, Fort
8 Worth, the metroplex, Pflugerville, and all of that
9 area north. Get in the center of the population of our
10 state and hold a meet there so that you draw on our
11 population because that's one of our big strengths if
12 you look at this other. There is 24.8 million people
13 here and it's ridiculous how few people surround us.
14 So why would we locate to the edge?

15 So that's my verbal proposal. I will
16 submit it in writing so you can consider it.

17 And I thank you for your time. Good
18 day.

19 COMMISSIONER EDERER: We look forward to
20 the proposal. Remember that time is of the essence.
21 We have to get it in quick because our normal -- when
22 race dates are allocated, it is in September of every
23 year. And so get that -- get the information to the
24 tracks and get it to the horsemen so we will be able to
25 have the benefit of your thoughts.

1 MS. CARLSON: Thank you. Appreciate
2 that.

3 COMMISSIONER EDERER: Thank you.

4 David Reynold? David Reynold?

5 Steven Nielsen?

6 MR. NIELSEN: Thank you. Thank you very
7 much for the opportunity to share my feelings.

8 I'm a father of five and the grandfather
9 of 12. One of my five children is a Houston police
10 officer. I've spent some time -- a lot of time talking
11 with him regarding illegal VLT's located in and around
12 and throughout Houston. We've all seen them,
13 clandestine operations throughout the city, revenue
14 going down the drain that could be utilized in the
15 horse racing industry.

16 I've watched with sadness Sam Houston,
17 the greatest racetrack in the state, renowned around
18 the country as one of the best made, safest for horses,
19 lose revenue. I have seen Andrea Young do her very
20 best, amazing concerts and things that she tries to do
21 to supplement in light of Ike and the devastation we
22 had there. We survived.

23 But I agree somewhat with the last
24 speaker. This looks like a strategic retreat when we
25 should be going forward. What we're looking at in the

1 State of Texas is, where we used to be number one in
2 horses, we're somewhere behind New York.

3 It is sad when you look at the jobs. And
4 Billy Dunn outlined the fact that when you look at the
5 roots of the horse racing -- the horse industry, you're
6 looking at young kids. You're looking at teenagers.
7 You're looking at tons of workers, farm workers, feed
8 store operations, trailers and tractors and welding
9 shops. There's thousands of jobs that are being
10 affected here.

11 It's a sad thing that I also learned at
12 this meeting that you guys are not necessarily an
13 advocacy for us or for VLT's or for anything. But we
14 appreciate what you do.

15 COMMISSIONER EDERER: We are for the
16 industry as a whole.

17 MR. NIELSEN: We hope so. Because what I
18 feel -- you know, the pen is mightier than the sword.
19 And I feel as far as VLT's are concerned, they're
20 here. They're already here. It's just that they're
21 not controlled. And you have a situation with our
22 Houston police officers that they're dangerous, they're
23 in dangerous places.

24 I went to drop off my dry cleaning the
25 other day at a strip center and it was evening and I

1 was like "Why are all these cars here?" It was a VLT
2 operation. And they have their ways of collecting the
3 money. They have the funny little things that they
4 do. My son and other Houston police officers know
5 about them.

6 They need to be at our racetracks. They
7 need to be controlled. And the revenue needs to be
8 coming in to where it can bless the horse industry.
9 And then we'll have the purses and then we'll have the
10 revenue for these young kids that muck out horse stalls
11 and for the others all the way up to the top, the black
12 collar guy that shows up to bet a million dollars or
13 whatever.

14 The thing is that we need to get horses
15 and Houston and Texas back on top in the horse
16 industry. We need to increase our horse-related jobs.
17 And one of the key tools are the VLT's. And if you
18 can't be an advocate, I feel like that we all need to
19 know exactly who to write, where we should write, all
20 of the legislators' names, addresses, and we need to
21 write.

22 There's no sense sticking our head in the
23 sand. Why Louisiana has the horses, why Oklahoma has
24 the horses, they have the purses. The end.

25 COMMISSIONER EDERER: I'm sure you could

1 contact anyone at the tracks, any of the track owners,
2 or any of the associations. They can tell you who to
3 contact. There are lobbyists. There are State
4 Representatives. There is a very large organization
5 out there that are trying to function and get this
6 done. So I'm sure that if you contact any of these
7 folks, they can give you those answers as to who to
8 contact.

9 MR. NIELSEN: I think we all need those
10 answers. They need to be printed, passed around,
11 published, and then we need to write.

12 I thank you all very much for the
13 opportunity for the public forum and I appreciate it.

14 COMMISSIONER EDERER: Thank you, sir.

15 We have Joe Kerby and Sharon Kerby. I
16 don't know if that's one and the same or --

17 MS. KERBY: No, we're two different
18 people.

19 COMMISSIONER EDERER: I understand that.
20 I didn't know if you all wanted to come up together or
21 just how you wanted to handle that.

22 MS. KERBY: We definitely have separate
23 presentations.

24 COMMISSIONER EDERER: As far as the
25 further presentations, we've all heard -- we're

1 beginning to repeat ourselves. But it's important.
2 And say what you want to say. I understand that. And
3 I'm not trying to cut you off. But --

4 MS. KERBY: Well, I had presented a
5 letter to the Commission and it is rather lengthy.

6 COMMISSIONER EDERER: Yes, you have.

7 MS. KERBY: But I do kind of -- I can try
8 a little more condensed version. It gives the same
9 basic information, but some of the quotes are not quite
10 so drug out. And if you would prefer, I could go that
11 route.

12 COMMISSIONER EDERER: Speak up. Get up
13 to the microphone.

14 MS. KERBY: Do you want the long version
15 or the short version?

16 COMMISSIONER EDERER: Whatever you prefer
17 is fine. It's just like I said. Just --

18 MS. KERBY: Yeah. I understand.

19 COMMISSIONER EDERER: We don't want to
20 keep repeating ourselves because we all, I think, feel
21 the same way as far as what the industry needs.

22 MS. KERBY: I'll try to hit on most of
23 the stuff that's not been presented.

24 COMMISSIONER EDERER: Go right ahead.
25 Appreciate that.

1 MS. KERBY: Basically I'm just going to
2 take this pretty much out of the letter that I had
3 submitted. And the first issue I -- well, to introduce
4 myself, I'm Sharon Kerby and my husband and I have a
5 breeding farm in Salado, a Thoroughbred breeding farm.
6 And we've had the farm since '97. And we've done
7 pretty good.

8 Until now I've -- maybe I'll just read
9 from this part right here. Until now, I have watched
10 from the sidelines as changes have occurred in our
11 industry over the years. I have not been particularly
12 vocal, even when those changes have negatively affected
13 me, my family, and our business. Some changes
14 currently being proposed are detrimental to the racing
15 industry as a whole and to our livelihood in specific.
16 Given the importance of the matter, I cannot in good
17 conscience allow these changes to occur without having
18 lifted my voice.

19 Texas tracks are allegedly experiencing a
20 loss in profit due to competition from tracks in
21 surrounding states where other forms of gaming exist,
22 particularly slots or VLT's. The tracks' recent
23 proposal outlines a plan to improve the competition and
24 quality of Texas racing by running less race dates with
25 greater purses.

1 It is obvious that Texas racing is being
2 misrepresented, manipulated, and ultimately sacrificed
3 in a ploy to achieve the legislation required to allow
4 additional gaming. Inactive track licenses have been
5 held onto, some for 20 years, in apparent anticipation
6 of the passage of additional gaming legislation.

7 I, along with the bulk of horsemen, am
8 not opposed to additional forms of gaming, including
9 slots or VLT's. I am opposed to a consolidation of
10 allocated racing dates and opposed to a drastic
11 reduction in the number of racing opportunities for
12 those horses in the State of Texas. A drastic
13 reduction in Texas horse racing dates is the launching
14 pad for a real and serious crisis that would devastate
15 a host of individuals and industries and would
16 negatively impact Texas horse racing as a whole.

17 I have researched my sources for the
18 information --

19 COMMISSIONER EDERER: Excuse me.

20 Ms. Kerby?

21 MS. KERBY: Yes, ma'am -- yes, sir.

22 COMMISSIONER EDERER: Your letter is very
23 lengthy.

24 MS. KERBY: I know.

25 COMMISSIONER EDERER: And you're reading

1 it verbatim.

2 MS. KERBY: I know.

3 COMMISSIONER EDERER: If you could
4 summarize it --

5 MS. KERBY: All right. Well, we'll just
6 skip -- okay. I'll just kind of highlight it.

7 COMMISSIONER EDERER: We'd appreciate
8 that.

9 MS. KERBY: Okay. And to address the
10 decline in racing, my majority -- my biggest point is
11 that the declines in racing are directly proportional
12 with the cut in race dates. And I've included this
13 table here that shows -- there's a 10-year total, a
14 five-year total, and a 10-year change and a five-year
15 change.

16 COMMISSIONER EDERER: Cuts in race days?
17 Is that what you're saying?

18 MS. KERBY: Yes. Because I know -- well,
19 it's been reported incorrectly. But basically a 32
20 percent reduction in race days over 10 years resulted
21 in 34 percent less attendance, 34 percent less wagered
22 at the tracks, 34 percent less purse money generated,
23 and 32 percent less horse purses paid. So I mean,
24 they're directly proportional.

25 If you look at the five-year changes,

1 you've got a 21 percent reduction in racing days,
2 resulting in 16 percent less attendance, 22 percent
3 less wagered at the tracks, 22 less generated for
4 purses, and 23 percent purses paid. I mean, they're
5 just right in line.

6 So I'm looking -- if you took a 48
7 percent reduction in race dates, the 11-year decline
8 would be between 61, 65 percent. So there would be no
9 2012. And the only one of these items that we directly
10 can control ultimately is the number of live racing
11 dates.

12 You can raise purses. You can do
13 whatever you want to do. And we can address that on
14 down in here, too. But statistically, it does not --
15 you're not going to generate enough handle by
16 consolidating your races to ever get them back. You
17 know, if you increase it by 10 percent, you'd be very,
18 very -- I don't even think you could. But if you did
19 it by 10 percent and it gave you 10 percent more race
20 days the next year, whoopy-do, we've got 66. Then we'd
21 have, what, 70 something? You know, I mean, it's
22 just -- it will never get there.

23 And by the way, in this time of these
24 changes, in this 10-year period, and specifically in
25 the last five-year period between 2005 and 2009, were

1 when Lone Star was running for purses over \$200,000 a
2 day. I think in 2009 they ran for 198,000. But
3 basically those -- I'm pretty sure between 2000 -- I
4 think it's actually before 2000. But they were running
5 for \$200,000 a day and it's still declining.

6 And then our -- does anybody have a
7 question about that?

8 COMMISSIONER EDERER: No, ma'am.

9 MS. KERBY: A decline in breeding. We've
10 had -- I mean, it just goes hand in hand. The number
11 of foals produced, the number of mares bred have
12 dropped a little bit more proportionally than the
13 wagering and attendance and what have you.

14 But there have been other changes to our
15 program, I think, that have been -- and this has not
16 been addressed. We've had changes in the breed-back
17 rule that took mares away from Texas and Texas farms
18 and Texas stallions. And it's interesting to me
19 that -- and I put this in this letter. The number of
20 Thoroughbred mares in Texas dropped eight percent in
21 the six-year period between '96 and 2002. In the
22 six-year period between 2002, which was the first year
23 for the breed-back rule change, and 2008, the number of
24 mares dropped 42 percent, which is drastic.

25 And also the changes in the distribution

1 of Texas-bred awards has not been helpful for breeders
2 because we now have a bonus award for owners, which
3 now, as of 2008, anyone who runs first, second, third
4 in an open race at the state's tracks gets 25 percent
5 off the top of ATB awards. So the breeders and the
6 stallion owners still get their 40/20 split, but they
7 get it only out of 75 percent of the pool. So that's
8 not been an incentive to breed as well.

9 But basically you come on down and we can
10 just go --

11 COMMISSIONER EDERER: This is very well
12 put together. Now, this has been distributed to the
13 associations as well as to the tracks. Is that
14 correct?

15 MS. KERBY: No.

16 MR. JACKSON: She provided us with
17 several copies of it and we have three additional here,
18 so we need even more provided for all of the
19 participants.

20 COMMISSIONER EDERER: Well, we can get
21 more to the folks to take a look at this because it's
22 very well thought out and there's an awful lot to go
23 through here.

24 MS. KERBY: Well, I can just kind of
25 touch on it because I -- as far as a reduction in

1 breeding, because that's been -- you know, everybody
2 will or -- we're not breeding. Our breeding industry
3 is declining, too. But it's not all just because of
4 slots. It's because of changes in the breed-back
5 rules, changes in the ATB awards. People have been --

6 MR. JACKSON: I have a question.

7 MS. KERBY: Go ahead.

8 MR. JACKSON: The breed-back rule
9 continues to come up in conversation with race date
10 discussions. However, the breed-back rule was a
11 legislative change, wasn't it?

12 MS. KERBY: It was. Yes, it was.

13 MR. JACKSON: And who initiated that
14 legislative change?

15 MS. KERBY: That's actually before I got
16 really too involved in this. I'm not certain of how
17 all that came about, to be honest.

18 MR. JACKSON: But we are all clear it was
19 a legislative change.

20 MS. KERBY: It was. I was just showing
21 that that was another factor that has contributed to
22 the decline.

23 MR. JACKSON: I understand. I think it's
24 a good thing to put out there that here has been a
25 legislative change that's been taken care of. Whether

1 it's a good one or a bad, I'm not judging.

2 MS. KERBY: Right. My point is that the
3 whole decline in the breeding industry is not just to
4 be blamed on the fact that we don't have slots.

5 And we've had -- and I've got public
6 commentary from associations and horsemen's groups that
7 have not been helpful either. We have heard it. I
8 mean, it's not helpful. And -- but they've taken away
9 so many incentives to breed horses in Texas. And one
10 that -- the 48 percent reduction in race dates takes
11 away a huge incentive. I mean, the number one
12 incentive we have is a racing circuit, racing
13 opportunity. If we don't -- and then -- well, I'll
14 leave that there.

15 But then we've got, you know, the tracks
16 claiming their profits and losses. That's all kind of
17 a mysterious issue there. I don't know how --

18 COMMISSIONER EDERER: I'm sure that's
19 mysterious to them as well.

20 MS. KERBY: I don't understand how we
21 lose less money simulcasting than we do with live
22 dates. It's like can you do anything where you don't
23 lose money? Why do you exist if you cannot do anything
24 where you're not -- if you're always negative, how can
25 you exist? I don't get it.

1 MR. BROWN: I think that's a question for
2 all of us in this room, not just the tracks.

3 MS. KERBY: I really just don't get it.

4 COMMISSIONER EDERER: This is very well
5 put together and we appreciate that.

6 MS. KERBY: Well, I'll just -- the point
7 is really, to attribute to the decline in handle and
8 whatever, it's always been blamed on we don't have
9 slots, we don't have this, or whatever. But these
10 things have contributed to the decline of the
11 industry. They definitely have. The breeding changes
12 that were not good, the tracks -- I don't know about
13 that. Hurricane Ike had a huge, absolutely devastating
14 effect. The loss of the -- the signal blackout in
15 2008, the overpayments by the tracks, the economy, the
16 whole issue. I mean, these all -- they all
17 contributed.

18 COMMISSIONER EDERER: There's a lot of
19 problems. That's, of course, what we're trying to do
20 here today.

21 MS. KERBY: I'm kind of losing my track
22 because the reason I addressed each of these issues is
23 because there is a moral of the story in here somewhere
24 on each of these that say that we do not need to lose
25 racing dates. Everything -- you go right back down

1 to -- I mean, well, I guess everybody has -- well, they
2 don't all have copies of all of this. But there are
3 quote after quote after quote from people in the know
4 to say -- you know, even people that -- from track
5 owners or whatever, you know, we lost dates and we lost
6 business. I mean, it's just -- we need the dates.

7 COMMISSIONER EDERER: I understand.

8 MS. KERBY: The tracks, I don't know --
9 the tracks should need the dates, too.

10 But anyway, well, I guess I shouldn't
11 have written such a lengthy letter.

12 COMMISSIONER EDERER: No, no. I think
13 that what you've done is very well and now they can
14 take it and the people that need to can review this.
15 And it's very well done and we appreciate your
16 comments.

17 MS. KERBY: I have one question, if I
18 may, because this is -- it goes back to my point that
19 there's stuff being said that casts a negative light
20 and some of it is doubtful. And -- but then
21 Mr. Shubeck, at the end of the 2010 meet, said, you
22 know, "The biggest drop, in our off-track numbers, is
23 consistent with other tracks in the state, indicating
24 that the quality of Texas racing has declined to the
25 point where it's becoming irrelevant on the national

1 level. Racing fans in other states are telling us that
2 they're not interested in wagering on our races. It's
3 a strong message that we need to improve the quality of
4 racing at Lone Star Park."

5 I don't understand that comment because
6 this was at the end of 2010. At the same time, the
7 only track in horses -- I mean, the only track in Texas
8 that even had a signal to export during that same time
9 was Houston and who, due to the impact of Hurricane
10 Ike, saw a hike of 1,221.4 percent.

11 So I don't understand how that statement
12 could be that, you know, Lone Star dropping 26 percent
13 was consistent with other tracks in the state, when,
14 even though it was a totally crazy figure, Sam Houston
15 is 1221 percent. I don't get that.

16 COMMISSIONER EDERER: You should have
17 been a lawyer. You're very good at asking a question
18 and describing the answer. That's very good.
19 Explaining your situation when you do --

20 Well, do you have any comment for that?
21 Any response? The question was why did you --

22 MR. SHUBECK: I've been scolded by
23 several horsemen that I really respect for making those
24 comments. And I probably want to apologize for that.

25 But what I was trying -- the analogy I

1 was trying to make and the comment I made directly to
2 Gary West in an extended interview was that the public
3 does vote with their dollars and you cannot -- you
4 cannot dispute that the number is down. It's down more
5 than the national average. When you look why you're
6 down more than the national average, you look at
7 individual sites that are wagering on your races.

8 We go to just about everybody. I would
9 say except for maybe a few of the ADW's and a few of
10 the offshore people that we don't send our signal to,
11 we get our signal out to just about all the brick and
12 mortar out there in North America. We do have our
13 races shown on HRTV. And to be down that much when you
14 had overall pretty good weather for day in, day out for
15 our meet, you've got to look at the product.

16 We did suffer in field size almost
17 throughout the whole meet. We started out the first
18 couple of weeks fairly strong. And it really didn't
19 come back. The last couple of weeks of the meet were
20 very good field size, but there was a big lag in the
21 middle. There was a big strong work tab every morning,
22 so we had the horses and they were training, but they
23 were just not hitting the entry box.

24 So I mean, if you've got a slight decline
25 in field size and you have an overall quality problem

1 and you have your handle down about 25 percent, that's
2 it.

3 MS. KERBY: May I ask one more question?

4 MR. SHUBECK: Sure.

5 MS. KERBY: Because this has to do with
6 the decline and one of the reasons for the
7 consolidation of race dates is because of the big
8 decline in simulcast handle and whatever.

9 But I'm wondering if -- because I
10 looked -- actually this morning I looked at the
11 week-by-week totals on simulcast handle at Lone Star in
12 '08 versus '09, the same week side by side, and the
13 amount of dollars bet each week. And I couldn't help
14 but -- I just noticed it. It was like -- I think it
15 was in April of '08. The weekly amount wagered just
16 went boom, dropped. That had to have been when the
17 signal blackout occurred.

18 But the thing is, it never really picked
19 back up. There was one month, the first month of '09,
20 that the simulcast handle was up. Other than that,
21 ever since that April of '08 drop, it never recovered.
22 So my question is: Why is that? And I wondered, is
23 the Lone Star signal still being sent to the same
24 outlets and as many outlets as it was prior to the
25 blackout?

1 MR. SHUBECK: I think I answered that
2 before. The answer to that is yes, it's going to the
3 same outlets. But if you look at each individual
4 outlet, it's frightening. Some outlets are down in the
5 40 percent range. The truth of the matter is that
6 brick and mortar ITW places are suffering on a national
7 level.

8 Before I came here, I ran a western
9 Pennsylvania racetrack and we had OTB's and we had
10 account wagering out there. The only part of our
11 business that was up normally was the ADW portion of
12 the business. Unfortunately, the OTB's were down and
13 the on-track was down.

14 So, you know, when you're within a range,
15 I'd say if we were down eight to 12 percent last meet,
16 I would have never made a comment like that about
17 quality. But when you're down double that, you know,
18 something else has to be a contributing factor. And I
19 think it would be naive not to contribute quality and
20 field size to it.

21 MS. KERBY: We can go back to the quality
22 issue. That's Mr. Hooper's and Mr. Shubeck's idea.

23 COMMISSIONER EDERER: Thank you very
24 much, Mrs. Kerby. We appreciate it. We have your --

25 MS. KERBY: I would like to give you

1 this, if you'd like.

2 COMMISSIONER EDERER: Of course.

3 MS. KERBY: This is actually the -- it's
4 a study by Dr. Richard Thalheimer that I referred to in
5 the letter. And he's like an equine economics expert,
6 recognized around the world. That is actually a study
7 that was done on different factors that influence
8 handle.

9 COMMISSIONER EDERER: Good. We'll get
10 this to the tracks.

11 MS. KERBY: I beg your pardon?

12 COMMISSIONER EDERER: We'll get this to
13 the tracks.

14 MS. KERBY: It's very interesting. And
15 he suggested that even if you double the purses, you
16 only raise the handle by six percent. So I don't --
17 that goes back to we'd rather have more race days.

18 So I think I've worn myself out.

19 COMMISSIONER EDERER: Thank you.

20 Joe Kerby, do you have anything to
21 contribute to your wife's comments?

22 MR. KERBY: No. We just travel
23 together. Other than that, she don't condone me very
24 much. So I take a little different tack on things.

25 Basically, the presentation I did at the

1 other meeting --

2 COMMISSIONER EDERER: Yes. I'm familiar
3 with it. I think most folks are. I know that the
4 tracks are and the associations are.

5 MR. KERBY: Okay. Well, there was a
6 couple of things I said there that were a little bit
7 off. And basically my whole submission today is to
8 correct a couple of items, which I've written up so we
9 don't really need to go over them.

10 But the one thing that I would like to
11 really point out is in the -- I picked up the wrong
12 one. There's a deal from the Pollock report, an
13 interview with Corey Johnsen. Corey was talking about
14 the contribution of instant racing machines in Kentucky
15 and the necessity of having year-round racing in
16 Kentucky to not only support the industry, the racing
17 industry, but to also support the breeding industry
18 which he is now a part of, too.

19 And in the statement that he made, which
20 I thought was pretty clear, was that even if his little
21 track had to give up part of their revenue from the
22 instant racing machines to the other tracks to make the
23 circuit healthy, then it was in the best interest of
24 all for that to occur. So redistribution as we've been
25 talking about to maintain all the circuit was the most

1 paramount matter in his discussion.

2 COMMISSIONER EDERER: I think that's more
3 or less what we're talking about here today. I mean,
4 the proposal from the tracks is they're all trying to
5 work together and share the wealth, so to speak, or the
6 little bit of money there is to share, to try to --

7 MR. KERBY: No, it's the circuit.

8 The other part of the deal, the group of
9 disenfranchised people that we represent and stuff
10 basically are -- what we are seeing right now in
11 talking to the legislators -- and we've talked to
12 several in the last 10 days and had representatives
13 talk to several in the last 10 days.

14 When you start talking about VLT's and
15 the horses, it gets real scary that there is not --
16 one, they don't have the information to make a
17 decision. Two, their initial response is 45 percent of
18 them are against additional -- or slot machines,
19 casinos, that kind of information. These are the
20 smaller guys, not the -- not the chair people that are
21 getting all the money.

22 We also have found that there is
23 basically a pretty good understanding of what account
24 deposit wagering is, which is real shocking, because we
25 had been kind of led to believe that most of them

1 didn't know what that was. And so on our little -- so
2 far, our little survey, 75 percent of them were aware
3 of account deposit wagering and would support it and
4 less than 50 percent would support casinos or slots.

5 We need to expand to more than just slots
6 or nothing proposals to the Legislature if we're going
7 to get something done here.

8 And that's all I have to say.

9 COMMISSIONER EDERER: As we've said, we
10 can't help there.

11 MR. KERBY: I understand that. We're
12 helping. We'll do it.

13 COMMISSIONER EDERER: What we are
14 helping, I hope, is when we have this type of a forum
15 so that you can talk to the people who do help. And
16 they're hearing you loud and clear. Thank you.

17 MR. KERBY: You're welcome.

18 COMMISSIONER EDERER: Steven Nielsen?
19 Steven Nielsen?

20 Bobby Moore?

21 MR. MOORE: Bobby Moore. I train about
22 30 head, so I'm right kind of in the middle of the
23 road. I don't have one. I don't have 200.

24 My question is on our race dates. You
25 know, we've got all the horsemen associations on

1 board. We need to get the racetracks on board.

2 Everybody is broke. The whole economy is broke.

3 That's been proven. Okay?

4 But it looks to me like, when you all
5 volunteer your dates, they're all after the session.
6 Somebody has got to get on board and get started before
7 the session.

8 Now, Drew, you have the same dates every
9 year. I can't say anything. You're right there.
10 Houston has got on board with Retama's dates the last
11 two years. Thank you.

12 Bryan, we've got to get on board, you
13 know. You say you've got a 400,000-dollar startup and
14 finish fee. What's the difference in finishing the
15 Thoroughbred meet in October, having your training
16 center -- how many barns are full at that training
17 center? Are we full?

18 MR. BROWN: No, we're not.

19 MR. MOORE: Okay. Do you not think --
20 you're still going to have people employed from ending
21 the Thoroughbred meet through that training center. Am
22 I correct?

23 MR. BROWN: Substantially different than
24 we do today and certainly substantially different than
25 we do during the live meet.

1 MR. MOORE: Would there be that much of a
2 difference? Do you not think that Quarter Horse,
3 Thoroughbred, Arabians, Paints, more people would come
4 and train there, maybe fill up a few more barns through
5 the training center, start a spring meet, whatever
6 time -- I don't know the numbers on, you know, how much
7 handle we get out of the spring, you know, where you
8 can sell your signal. That's you guys' job. I don't
9 know where we sell our signal in the spring, in the
10 summer, in the fall, and so forth. But it looks to me
11 like we could just keep right on going, run some kind
12 of spring meet, come to Houston, go to Lone Star.

13 I think the tracks that have been granted
14 days that don't even have tracks -- I don't know what
15 we do with those tracks to where they get on board.
16 But, you know, we've got a lot of days here, about five
17 tracks that have days. You know, they don't even have
18 racetracks. So, you know, they need to get on board
19 somewhere, if that's renting Manor, adding some money
20 to Retama, adding some money to Houston.

21 But somewhere we've got to make a plan to
22 where you guys are on board, we're on board. Everybody
23 is going to suffer. Hopefully something will be
24 accomplished after the next session, or if we can come
25 up with new ideas. I don't know. But we can't just

1 wait until August and say, okay, session is over, now
2 we're going to see what's going to happen.

3 Let's get on board in the beginning and
4 everybody get together and work together. That's what
5 it's all about is working together and trying to keep
6 the industry alive so we can all pay our bills. I
7 understand you all are broke. I'm broke. Everybody is
8 broke. But we've got to think of some kind of days
9 that we can all live with and what would help the
10 industry.

11 Is there an optimum time of selling our
12 signal quarterly? Is it better in the spring, better
13 in the summer, better in the fall? Who has the best
14 signals? I mean, what -- Drew, do you have the best
15 signal selling in the fall?

16 MR. SHUBECK: No, sir. I think the
17 best -- now, you're talking Thoroughbred or Quarter
18 Horses?

19 MR. MOORE: Well, I'm sure Thoroughbreds
20 are better. But, you know, is there an optimum time to
21 be selling our signal?

22 MR. SHUBECK: I'd say in the winter and
23 the spring.

24 MR. MOORE: The winter and the spring?
25 So if you all sell your signal better in the winter and

1 the spring, why aren't we running in the spring? If
2 it's a mixed meet -- I don't know what all we need to
3 do. But we need to get together and figure out some
4 dates.

5 It looks to me like you guys have the
6 best opportunity to do it, you know. Get us a mixed
7 meet. I don't know if that's what all the horsemen
8 want. I'm just speaking for myself. But we could just
9 carry right on through. You'd have more people, I
10 think, there training their babies, paying you stall
11 rent, paying for works, run right into a meet, you
12 know. That's kind of my thought on it.

13 MR. BROWN: I think we've addressed how
14 we can be helpful in the spring if that's something
15 people want to talk about. I still -- for the life of
16 me, I don't understand how not one person has come up
17 and acknowledged the suggestion by Sam Houston that
18 they can run in the spring or the summer. Not one
19 person. But yet you keep talking about how you have to
20 have racing in the spring and no one is taking an offer
21 that's been made.

22 MR. MOORE: Then who's going to take the
23 summer days?

24 MR. BROWN: Well, then we've got to
25 discuss that. But nobody is taking the suggestion, yet

1 everyone is saying we have to race in the spring.

2 You've got an opportunity.

3 MR. MOORE: And then you're going to run
4 all those days in the summer?

5 MR. BROWN: I did not say that.

6 MR. MOORE: Well, I mean, that's my
7 point. You know, to me, it's pretty easy, you know, if
8 they're willing to have a reasonable meet because, to
9 me, three Quarter Horse races a day is not a reasonable
10 meet, you know. And if you can take over those spring
11 days, Sam Houston keeps -- just like the old schedule
12 used to be. That's what you're basically doing the
13 last weekend of June. It's the old schedule. And you
14 start the spring just like we used to do, but we've
15 passed that buck on to Houston the last couple of
16 years. Let's go back to the old schedule. Let's run
17 races.

18 MR. BROWN: Hopefully I've been clear in
19 how we can do that. And we've stated it and it's on
20 the record. It will be in the transcript. And that's
21 how we can help.

22 MR. MOORE: Okay.

23 COMMISSIONER EDERER: And I'm sure that
24 the associations have noted that and in their proposals
25 they're going to start addressing it.

1 MR. MOORE: Okay.

2 COMMISSIONER EDERER: Thank you very
3 much. Appreciate it.

4 Now, no one else is signed up to speak.
5 Are there any other comments? Yes, sir. And again, we
6 don't need to just rehash everything we've gone over,
7 but anything new that you have to say. You need to
8 fill out a card also, please, sir. You can go ahead
9 and talk. You just need to fill it out.

10 MR. LUNDGREN: I've been married 41 years
11 and I've learned to be brief in my comments in that
12 time.

13 COMMISSIONER EDERER: That's good. But
14 we still need you to fill out a card. You can go ahead
15 and make your comments and then fill out the card.

16 MR. LUNDGREN: My name is Hal Lundgren.
17 The last year I've been a racing writer for the Houston
18 Chronicle. I've spoken to several of you over the
19 phone. Marsha, Dave, always Andrea, Bryan, I
20 appreciate your courtesy over the phone.

21 We're looking at, in 2011, an uncertain
22 Federal Tax Code and the possibility of a double dip
23 recession and I keep reading about all the fearful cash
24 on the sidelines, private investment, et cetera. Can
25 you give us, in as much detail as your owners would

1 permit, the outlook for going out for new cash sources,
2 private investment sources, with the promise of --
3 well, not the promise of, but the hope of slots coming
4 to tracks and using as leverage these enormous income
5 jumps that have come to tracks that have installed
6 slots? Can you give us some detail on that?

7 MR. BROWN: I don't know that that's
8 appropriate at this meeting.

9 COMMISSIONER EDERER: I was just going to
10 say. I don't really believe that that's appropriate
11 for this forum, but I'm sure that you can address them
12 individually.

13 MR. LUNDGREN: I will do that.

14 COMMISSIONER EDERER: They'll have
15 something to say to you. I don't know what it will
16 be.

17 MR. LUNDGREN: Thank you. I'll fill out
18 my form.

19 COMMISSIONER EDERER: There you go.

20 Thank you.

21 Yes, sir?

22 MR. PARSONS: For the last two years --

23 (Discussion off the record)

24 COMMISSIONER EDERER: All right, sir.

25 MR. PARSONS: My name is Waverly

1 Parsons.

2 COMMISSIONER EDERER: Parsons?

3 MR. PARSONS: Waverly Parsons.

4 COMMISSIONER EDERER: Yes, sir.

5 MR. PARSONS: I'm a Texas boy, but this
6 is my fourth season to be the chaplain at the Fair
7 Grounds Racetrack in New Orleans. The last two
8 summers, including this one, I've had the honor of
9 being here as the chaplain at Sam Houston. It's scary
10 what I see happening in the State of Texas.

11 Folks, let me draw you a mental picture.
12 You remember whenever the farmers were up in arms and
13 they drove their tractors into Washington, D.C.? Drive
14 your horse trailers and pickups into Austin. Get your
15 feed stores to drive their Purina trucks into Austin.
16 When this comes to pass, kill the traffic in Austin,
17 Texas. Draw the public's attention to what's going
18 on. Let them get on your side.

19 That's just a comment, a thought that I
20 had earlier, and I don't know where it come from. I
21 didn't come to speak.

22 COMMISSIONER EDERER: We appreciate your
23 comments.

24 MR. PARSONS: But I appreciate your all's
25 efforts, your all's efforts, and your all's efforts. I

1 see benefits that the Louisiana horsemen have because
2 of slot money that doesn't have anything to do with
3 purses. I'm talking about doctors on tracks twice a
4 week, prescription coverage, eyeglass coverage, all
5 types of benefits. Fight for slot machines. I know
6 that's kind of peculiar for a chaplain to be telling
7 you to do. But fight for slots.

8 Thank you.

9 COMMISSIONER EDERER: Thank you, sir.

10 Now, anything further from the tracks?

11 MR. SHUBECK: No, sir.

12 COMMISSIONER EDERER: Anything further
13 from the associations?

14 And I understand there's nothing further
15 from the group here.

16 A few dates, just in summary. August
17 18th there will be a submission from the tracks of
18 their dates. We will then have hard dates. I
19 respectfully request that the association and the
20 horsemen look at those dates, compare them, come up
21 with some proposals, get together, if you can, with the
22 horsemen, because come the 14th of September, the
23 Commission will then be deciding what those dates are
24 and it will be a hard and fast rule at that point in
25 time. So, you know, the fuse is real short here.

1 September 1st there will be a horse date
2 calendar committee meeting in Austin at the DPS as
3 usual. I'm sure that's at 10 o'clock or 10:30.

4 MS. KING: 10:30.

5 COMMISSIONER EDERER: 10:30 as usual.

6 Are we getting paid extra for all these
7 meetings? No. We don't get paid anything.

8 Anything further from anyone?

9 We're adjourned.

10 (Proceedings concluded at 1:41 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 23rd day of August, 2010.

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22 _____
SHERRI SANTMAN FISHER, Texas CSR 2336

Expiration Date: 12-31-11

23 Sunbelt Reporting & Litigation Services

Firm Registration No. 87

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