

BEFORE THE
TEXAS RACING COMMISSION
AUSTIN, TEXAS

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COMMISSION MEETING
NOVEMBER 16, 2010

BE IT REMEMBERED that the above entitled matter came on for hearing on the 16th day of November, 2010, beginning at 10:33 A.M. at 6100 Guadalupe, Building E, Austin, Travis County, Texas, and the following proceedings were reported by SHERRI SANTMAN FISHER, Certified Shorthand Reporter for the State of Texas.

APPEARANCES

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Commissioners:

- ROLANDO PABLOS
- ROBERT SCHMIDT
- RONALD F. EDERER
- MIKE MARTIN
- GLORIA HICKS
- SCOTT HAYWOOD
- VICKI WEINBERG
- C. TOM CLOWE, JR.
- ANN O'CONNELL

1 CHAIRMAN PABLOS: All right. Good
2 morning. The time is 10:33. I'd like to call to order
3 today's meeting of the Texas Racing Commission.

4 Carolyn, will you please call the roll?

5 MS. WEISS: Commissioner Tom Clowe?

6 MR. CLOWE: Present.

7 MS. WEISS: Commissioner Ron Ederer?

8 COMMISSIONER EDERER: Present.

9 MS. WEISS: Commissioner Scott Haywood?

10 COMMISSIONER HAYWOOD: Present.

11 MS. WEISS: Commissioner Gloria Hicks?

12 COMMISSIONER HICKS: Present.

13 MS. WEISS: Commissioner Mike Martin?

14 COMMISSIONER MARTIN: Present.

15 MS. WEISS: Commissioner Ann O'Connell?

16 MS. O'CONNELL: Present.

17 MS. WEISS: Commissioner Vicki Weinberg?

18 COMMISSIONER WEINBERG: Present.

19 MS. WEISS: Vice-Chairman Robert

20 Schmidt? Chairman Rolando Pablos?

21 CHAIRMAN PABLOS: Present.

22 Do we have a quorum?

23 MS. WEISS: Yes, we do.

24 CHAIRMAN PABLOS: Would someone please

25 adjust the volume on the PA system?

1 Okay. Thank you. Good morning.
2 Dr. Schmidt is on his way. He's five minutes out, so
3 we won't wait for him.

4 But at this time I'd like to recognize
5 our new Commissioner, Dr. Mike Martin. I'd like to
6 welcome you, Dr. Martin. Thank you for agreeing to
7 serve. The tradition here is that you're given an
8 opportunity to say a few words. So at this time I'd
9 like to recognize you and give you the floor.

10 COMMISSIONER MARTIN: Okay. Well, I
11 welcome the chance to sit on this Commission and
12 hopefully we can get some things accomplished. And I'm
13 thrilled to be working with the people that are up here
14 already and get some direction from them. But I'm
15 really looking forward to it.

16 CHAIRMAN PABLOS: Thank you, Doctor.

17 Also I'd like to recognize all the hard
18 work, long time, energy, and effort that Dr. Kent
19 Carter put into this Commission. And we will be
20 recognizing his efforts at our next meeting and I wish
21 him the best and thank him for all his good work.

22 So now we welcome you and look forward to
23 working with you, Doctor. Thank you very much.

24 I'd like to also recognize for the record
25 that Dr. Schmidt has arrived and so everyone is here.

1 One item -- housekeeping item. I
2 received a letter from Global Gaming asking for me to
3 pull the Item No. IV-C and I will accept that request
4 and so at this time I will be pulling that item.

5 With respect to that issue, I want to
6 thank both Global Gaming and MEC and the Chickasaw
7 Nation for their interest in coming to Texas and
8 investing in this state. We look forward to hearing
9 from you soon.

10 At this time we'd like to go into
11 executive session. So I will announce that we're
12 entering executive session to seek the advice of our
13 attorneys regarding pending and contemplated
14 litigation, to seek the advice of our attorneys as
15 privileged communications under the Texas Disciplinary
16 Rules of Professional Conduct regarding the Open
17 Meetings Act and the Administrative Procedures Act, and
18 to review management, concession, and tote contracts,
19 along with the selection of our interim director.

20 At this time we'll go into executive
21 session. We won't take long, so please bear with us.
22 Thank you.

23 (Recess for executive session from 10:34
24 a.m. to 12:21 p.m.)

25 CHAIRMAN PABLOS: Okay. We're coming out

1 of executive session. The time is 12:21. Thank you
2 for your patience.

3 During executive session we discussed the
4 process for appointing a committee of Commissioners to
5 identify an interim executive director and we also
6 discussed the tote contract for Lone Star Park.

7 So at this time what I'd like to do is
8 I'd like to appoint a committee to make a
9 recommendation on the interim executive director to be
10 brought to the full Commission during a meeting yet to
11 be announced, preferably right around the end of
12 November, beginning of December. We haven't arrived at
13 a time. Mark will make that posting available.

14 So at this time I'd like to appoint
15 Vice-Chair Schmidt to chair that committee,
16 Commissioner Haywood to participate with him, and
17 Commissioner O'Connell to help.

18 Do you all accept that appointment,
19 Commissioners?

20 MS. O'CONNELL: Yes.

21 COMMISSIONER HAYWOOD: Yes.

22 VICE-CHAIRMAN SCHMIDT: Yes.

23 CHAIRMAN PABLOS: Okay. Thank you. So
24 if you would, please, come back to the board during our
25 next meeting with a recommendation, I'd appreciate it.

1 Now we'll take up our agenda items. The
2 first item, public comment. Do we have anybody signed
3 up to speak under the public comment?

4 MS. MOODY: No.

5 CHAIRMAN PABLOS: Okay. Then we'll go
6 into our general business, our budget and finance
7 update. Shelley, would you please come up?

8 And I thank you for your patience. We'll
9 try to plow through these as fast as we can. That way
10 we can shorten the meeting as much as possible.

11 MS. HARRIS-CURTSINGER: Good afternoon,
12 Commissioners. Under Tab III.A.1 you will find an
13 update on the agency's FY 2011 budget status as of
14 October 31st, 2010, with 16.67 percent of expenditures
15 being reported.

16 In addition to the budget update, I would
17 also like to provide an update on the preparation for
18 the upcoming legislative session.

19 The agency attended its first hearing on
20 September 23rd before the joint budget panel. This
21 hearing was with the staff members of the Governor's
22 office, the Legislative Budget Board. Senate and House
23 members were allowed to ask questions. Charla Ann,
24 Sammy, and I made presentations to the panel and then
25 responded to their questions.

1 Questions posed to us were focused on
2 areas such as the exceptional items requested in the
3 agency's 2012-2013 LAR, the agency's five percent cuts
4 for 2010 and '11, and 10 percent cuts for '12 and '13.
5 Also they asked questions regarding the licensing
6 process as well as our performance measures. Staff is
7 continuing to answer questions posed by the Legislative
8 Budget Board regarding the LAR for 2012 and '13.

9 I'd also like to just bring your
10 attention to an announcement that came out just
11 yesterday and that it appears that we will be getting a
12 letter requesting an additional two to three percent
13 reduction for this biennium, which means we may have to
14 take an additional two to three percent cut off of our
15 budget from the 2010-2011 biennium for the rest of this
16 fiscal year. So we're supposed to be getting that
17 letter more than likely by the end of this month.

18 And that concludes my presentation. I'll
19 be happy to answer any questions.

20 CHAIRMAN PABLOS: Thank you.

21 Commissioners, any questions?

22 Thank you, Shelley. Appreciate that.

23 No. III-B, report on racetrack
24 inspections. Carol, please?

25 MS. OLEWIN: Good afternoon,

1 Commissioners. This is a report on racetrack
2 inspection activities.

3 The first set is for Gulf Greyhound. We
4 had the judges, veterinarian, pari-mutuel, and
5 veterinarian inspection also. There were three
6 deficiencies on the judges inspection. Lights were out
7 on track poles. Maintenance was needed on the 550- and
8 660-yard starting boxes. And the catch fence needed to
9 be secured. All these deficiencies have been
10 corrected.

11 The next set of inspections were for Lone
12 Star Park. They had veterinarian, administrative,
13 pari-mutuel, safety and security, stewards, and another
14 safety and security. And there were no unsatisfactory
15 items.

16 The next set is for Retama Park, a
17 veterinarian, stewards, and safety and security with no
18 unsatisfactory items.

19 Sam Houston had a pari-mutuel inspection
20 with no unsatisfactory items.

21 And Valley Race Park had an
22 administrative and pari-mutuel inspection and there was
23 one deficiency on the pari-mutuel inspection in which
24 the visitors log for the tote room was missing. That
25 was also corrected.

1 And as a note, Commissioners, I'd like to
2 make a comment regarding the decrease in the number of
3 deficiencies that we're seeing on the inspections and
4 we feel that this is as a result of the increase in the
5 number of inspections that we're doing and that this is
6 actually a good sign in light of the aging of the
7 racetracks and their reduced budgets.

8 If there's any questions, I'd be glad to
9 answer them.

10 CHAIRMAN PABLOS: Commissioners, any
11 questions?

12 Is everyone able to hear back there? I
13 know they lowered the volume. Is everybody okay?
14 Greg, you can't hear?

15 MR. LaMANTIA: But I'm deaf anyway.

16 CHAIRMAN PABLOS: Sometimes you are,
17 Greg. Sorry. I had to throw that in there. You threw
18 that at me.

19 Okay. Any questions, Commissioners?

20 Thank you very much. Appreciate it.

21 Item III-C, report on wagering
22 statistics. Sammy Jackson?

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

24 Under pages III.C.1 through III.C.3 of the agenda
25 packet, you will find the Texas pari-mutuel wagering

1 statistics comparison report for the period of January
2 1st, 2010, through October 31st, 2010.

3 The report indicates that wagering at
4 Texas racetracks has declined by approximately 10
5 percent in comparison to the same period of time during
6 2009. Additionally, the report indicates that wagering
7 on Texas races from pari-mutuel wagering outlets from
8 across North America has declined by approximately 5.3
9 percent in comparison to the same period of time during
10 2009.

11 Declines in wagering are caused by
12 several variables, including, but not limited to, lower
13 attendance, lower per capita wagering per attendee,
14 less racing opportunities to wager on, and transfer of
15 wagering from one product to another.

16 Specific wagering information by
17 racetrack and by type of wager is included within the
18 body of the report. Staff is continuing to review the
19 wagering information and work towards a more
20 comprehensive report.

21 On another note, we would like to inform
22 you all that we will begin working on the annual report
23 next month and in there is a lot more detailed
24 information showing the allocation of the wagering
25 statistics and we'll have that ready for late January

1 that we have to submit to the Governor's office.

2 And with that, if there's any questions,
3 I'd be more than happy to answer them.

4 CHAIRMAN PABLOS: Thank you, Sammy.

5 Commissioners, any questions of Sammy?

6 Sammy, that's important information, so
7 thank you for doing that.

8 MR. JACKSON: Thank you.

9 CHAIRMAN PABLOS: We need to keep a close
10 eye on that. Thank you.

11 Item III-D, enforcement report. Chuck
12 Trout, please?

13 MR. TROUT: Good afternoon,
14 Commissioners. Through nine and a half months of this
15 year, there have been 305 greyhound performances at
16 greyhound park -- at Gulf Greyhound Park, and a total
17 of 218 live race days at the five horse racetracks.
18 The last live horse race meet for this calendar year,
19 Lone Star Park's Quarter Horse meet, ended this past
20 Saturday. Live horse racing will return on January
21 21st with the start of Sam Houston Race Park's winter
22 Thoroughbred meet.

23 Now for an overview of the activity of
24 the tracks. From January 1 to present, licensing
25 technicians have issued 2,720 new licenses and

1 processed 5,591 renewals. The pari-mutuel auditors
2 reviewed 1,824 simulcast contracts and audited 2,142
3 horse races and 3,656 greyhound races. Additionally,
4 the auditors audited over 612,000 simulcast races that
5 the eight tracks have offered to date.

6 Our investigators have conducted 24 gate,
7 barn, and kennel searches that have resulted in 35
8 administrative investigations. Over the 218 live race
9 days, our veterinarians inspected 18,236 horses and
10 supervised the collection of 4,488 horse samples for
11 drug testing. At Gulf Greyhound Park, to date, there
12 have been 28,926 greyhounds inspected prerace and, from
13 those, 5,787 greyhound samples were collected.

14 The judges and stewards have issued 452
15 rulings; and of those, 329 resulted in fines totaling
16 almost \$90,000. In addition to the fines, 150 rulings
17 included a license suspension and 17 horses were
18 disqualified and their portion of purses
19 redistributed. To date, just under 11 percent of the
20 rulings -- that's 49 -- have been for medication
21 violations. Out of the 4,488 horse samples, 59 have
22 resulted in a medication positive. And out of the
23 5,787 greyhound samples taken, five have resulted in a
24 positive test.

25 That concludes my report. Any

1 questions?

2 CHAIRMAN PABLOS: Thank you.

3 Commissioners, any questions?

4 Thank you very much. Appreciate it.

5 Thank you.

6 The next item, III-E, update on
7 application to change ownership and location of
8 Longhorn Downs/Austin Jockey Club. Is there anyone
9 signed up to speak on this?

10 MS. MOODY: No, sir.

11 CHAIRMAN PABLOS: Mark Fenner, please?

12 MR. FENNER: Commissioners, I just wanted
13 to report today that on October 15th we sent a request
14 to the applicant to purchase the Longhorn Downs license
15 for some additional information.

16 We had some questions about litigation.
17 We asked that the forecasts be certified by a certified
18 public accountant. We asked for some information about
19 the mutuel manager and then updates on the demographic
20 data and how they were going to support the breeding
21 industry in Texas.

22 We got a timely response back from that
23 group on October 28th, and so we are now reviewing it
24 to see that the application is complete.

25 CHAIRMAN PABLOS: Thank you.

1 Commissioners, any questions?

2 Thank you, Mark.

3 Item III-F, update on request to change
4 ownership of Sam Houston Race Park, Valley Race Park,
5 and Laredo Race Park. Mark, please?

6 MR. FENNER: On the -- this is the
7 request by Sam Houston to sell an interest to Penn
8 National Gaming. Penn National has provided several
9 DPS background disclosure forms and the fingerprint
10 cards that go with them. We have provided those to the
11 Department of Public Safety. We've also internally
12 discussed the type of forms that need to be completed
13 in order to process a three-racetrack transfer and have
14 communicated what we're asking for from -- we've
15 communicated that to Penn National Gaming.

16 CHAIRMAN PABLOS: I have Andrea Young
17 signed up to speak. Andrea, would you come up,
18 please?

19 MS. YOUNG: Good morning,
20 Commissioners -- or good afternoon, I guess,
21 Commissioners. I'll keep my comments brief. I know
22 everyone is hungry.

23 I just wanted to -- I signed up today to
24 just present to you guys that we're very excited about
25 the partnership that we've entered into with Penn

1 Gaming. The contemplated agreement is for them to
2 acquire a 50 percent interest in all three racetracks.

3 A little bit about Penn. They're the
4 largest owner of racetracks in the country. I think
5 they have upwards of 16,000 employees and over two
6 billion dollars in annual sales. Again, we're
7 extremely excited about this. We feel like it's the
8 right type of partner for us in Texas and a real
9 complement, a real positive addition to Texas racing.

10 We'll work real hard as soon as they do
11 receive approval to, you know, improve the state of
12 racing throughout Texas and we're going to work
13 diligently with the staff to get everything completed
14 and in as quickly as possible.

15 CHAIRMAN PABLOS: Thank you.

16 Any questions of Andrea, Commissioners?

17 MS. YOUNG: Thank you.

18 CHAIRMAN PABLOS: Thank you.

19 Mark, I have a question.

20 MR. FENNER: Yes, sir.

21 CHAIRMAN PABLOS: With respect to the
22 process, you said that you've received the background
23 investigation information and submitted that to DPS?

24 MR. FENNER: Yes, sir.

25 CHAIRMAN PABLOS: Okay. Are you waiting

1 on anything else from the applicant?

2 MR. FENNER: The application forms.

3 We've told them what forms to complete. So now they
4 need to complete those and get those turned in. We did
5 meet with them. They assured us that they had plenty
6 of people to put on that project.

7 CHAIRMAN PABLOS: Okay. And when you say
8 the application forms, are we just talking about
9 filling out forms or is there background information
10 and business plans and all that required? Or how does
11 that work?

12 MR. FENNER: There will have to be
13 pari-mutuel projections, the normal types of things
14 we've done for all of these transfers of ownership,
15 including Corpus Christi, the Lone Star Park one. And
16 with three tracks involved, it is quite a project.

17 CHAIRMAN PABLOS: Okay. We've put
18 together a checklist of items that the Commission
19 considers --

20 MR. FENNER: Yes.

21 CHAIRMAN PABLOS: -- in these kind of
22 situations. Will you please make that available to
23 them so that they can see how they're going to be
24 graded? That way, up front they know what they need to
25 submit.

1 MR. FENNER: Sure.

2 CHAIRMAN PABLOS: Any questions,
3 Commissioners, on this?

4 Okay. Thank you, Mark. Appreciate it.

5 Item III-G, report by safety and
6 medication committee. Dr. Quirk, please?

7 MR. QUIRK: Good morning, Mr. Chairman,
8 Commissioners. And welcome, Dr. Martin. I know you
9 recognize that you have big shoes to fill here, but I'm
10 sure you'll do it quite satisfactorily.

11 On the 25th of October we held a meeting
12 at the Texas A&M School of Veterinary Medicine,
13 specifically the small animal clinic, to discuss a
14 program that I think is near and dear to Commissioner
15 Hicks' heart about the greyhound safety initiative, to
16 establish a relationship with the vet school there to
17 deal more effectively with injuries to greyhounds that
18 might otherwise have proved to be catastrophic.

19 The meeting was very well attended. It
20 was -- Ms. Briggs from Gulf Greyhound was in
21 attendance. Ms. Whiteley from the TGA was there. The
22 dean of the vet school was there, the head of the small
23 animal clinic, a number of orthopedic surgeons.
24 They're very excited about moving this forward and
25 really, I think, came up with some interesting ideas as

1 to how best to fund it. So it looks like that is
2 gaining traction and we're very optimistic that that
3 will come to pass.

4 In addition to that, on the greyhound
5 side, I think Commissioner Hicks was in attendance at a
6 meeting in Florida recently where track safety issues
7 were reviewed and discussed. And it appears that there
8 may be some chance to ultimately objectively assess the
9 safety of the surface. They were linking some fairly
10 objective metrics to safety issues and certain
11 racetracks that were pretty impressive and we would
12 hope that ultimately we can get that here in Texas.

13 Beyond that, I think we -- kudos to Cathy
14 Cantrell also for her hard work in developing the
15 trainers practical that we sort of had a test run on
16 during the week that I think was very meaningful. I
17 think we'll be -- it will be helpful to the greyhound
18 industry as well.

19 On the horse side, we had a safety and
20 medication meeting with industry stakeholders again at
21 Texas A&M, this time at TVMDL. We want to thank TVMDL
22 for hosting that meeting. They actually provided a
23 tour for our guests that day. In attendance at that
24 meeting, we had quite a robust turnout, I'd say, of
25 backside practitioners. The dean of the vet school was

1 in attendance.

2 An executive professor at the vet school,
3 head of the equine initiative, Dr. Jim Heird, spoke to
4 the group on -- the topic, frankly, was putting the
5 horse first, which I think was especially appropriate
6 given the discussions we were having that day.

7 We discussed with the industry
8 stakeholders the prospect of lowering the bute
9 threshold from five micrograms to two. The feeling is
10 that perhaps at this current level that there's still
11 some analgesic effect of bute in the horse at the time
12 of the prerace inspection so that if we lower it, that
13 would obviate that concern and that we would get a
14 better representation of how the horse is, given that
15 this is five or six hours before they race.

16 So the industry push-back on that was, I
17 think, fairly minimal, which was good. There is
18 concern about the overages in testing. About 89
19 percent of our horses currently test below two, and
20 there is obviously 11 percent that would test over that
21 would have to be addressed. And I think Charla Ann
22 proposed a launch period to look into those type things
23 that I think would address that concern.

24 We also visited basically, well, beyond
25 bute, about our present policy regarding furosemide or

1 Lasix. There's concern -- this was brought to us
2 specifically from the TQHA in the person of Rob
3 Werstler. Their concern is that their Texas Quarter
4 Horses are somehow disadvantaged by our current policy
5 on bleeders because our neighboring states have
6 different policies that are somewhat more lenient.

7 I think the important thing to come out
8 of that discussion was, again, made by Ms. King, that
9 what we don't want to be guilty of is prohibiting a
10 safe horse from competing if the horse is, in fact,
11 safe to compete. The distinction to be made there is
12 what's safe and what isn't. But I think we can make
13 some progress and have something for you to look at at
14 your next meeting on this issue.

15 Any questions?

16 CHAIRMAN PABLOS: Any questions,
17 Commissioners?

18 Doctor, thank you very much. Appreciate
19 it.

20 Item III-H, report by rules committee.
21 I'd like to recognize Commissioner O'Connell for the
22 report.

23 MS. O'CONNELL: Thank you, Chairman. The
24 rules committee met in Austin here at DPS on November
25 2nd. Attending was the Commission staff and

1 representatives from Texas racetrack associations,
2 breed registries, and other interested parties.

3 We began our discussion with three
4 possible amendments to Rule 307.62, which is a rule in
5 Chapter 307. It is relating to disciplinary hearings,
6 specifically changes in the rules of evidence, the
7 standard of proof, and continuances in disciplinary
8 hearings.

9 These changes were previously discussed
10 on June 8th and August 31st; and when we discussed them
11 on November 2nd, there were no additional comments or
12 suggested changes. So these amendments are on today's
13 agenda for consideration to be published in the Texas
14 Register so that there can be a -- the public can have
15 the opportunity for formal public input.

16 We then proceeded to discuss proposed
17 changes to Chapter 321, the chapter on pari-mutuel
18 wagering. And because of the technical nature of this
19 chapter, a lot of the rule review has been done in the
20 pari-mutuel advisory committee, which is a subcommittee
21 of the rules committee.

22 The racetrack associations, tote vendors,
23 breed organizations, and the comptroller's office as
24 well as the Texas Horsemen's Partnership, Horsemen's
25 Partnership, and racing staff have participated in

1 these meetings around the state and the goal has been
2 to update the rules to reflect advances in tote system
3 technology. This was a recommendation that Gaming
4 Laboratory International made to the Commission a year
5 ago when its report was presented to the Commission.

6 To help the committee, we contracted with
7 BMM Compliance to assist the committee in the review.
8 BMM Compliance is a global professional services and
9 product testing firm. It works with a lot of different
10 jurisdictions that do racing. And as a result of that,
11 we have 13 proposals on the agenda today for the
12 Commission's consideration to be published in the Texas
13 Register for public comment.

14 These 13 proposals today do not --
15 they're not all of the proposals that are going to come
16 out of the committee. They are the proposals that
17 relate to Subchapters A, C, D, and E. Subchapter B is
18 still a work in progress. It is the subchapter that
19 covers tote requirements and the operating
20 environment.

21 Carol Olewin presented a report on the
22 progress of the changes to this subchapter and Richard
23 Williamson from BMM gave a very detailed presentation
24 about his findings and suggestions for changes in these
25 rules.

1 The changes that are being considered are
2 pretty significant and they are significant enough that
3 the committee feels that they should be discussed on a
4 national level with RCI; so committee representatives,
5 including Carol Olewin, are moving forward with
6 discussing those on the national level.

7 Since the rules committee met on November
8 2nd, Sammy Jackson and Carol Olewin have presented the
9 proposed changes to the RCI wagering and security
10 committee in a conference call, and the information was
11 well received.

12 There are some concerns by our committee
13 as well as other jurisdictions about possible costs of
14 implementing these rules; but if enough jurisdictions
15 are willing to buy into this system, then that can
16 result in some economies of scale and cost savings for
17 Texas.

18 Ms. Olewin will be presenting -- making
19 another presentation to the RCI model rules committee
20 at the December racing symposium in Tucson and we
21 anticipate having a rules committee meeting in February
22 where all of this additional information from around
23 the country will be presented so that we can make any
24 changes to these rules that are necessary before
25 presenting them to the full Commission.

1 After discussing Chapter 321, we moved on
2 to some presentations by Dr. Quirk, who gave a
3 presentation on the potential reduction to the maximum
4 permissible phenylbutazone concentration levels in
5 racehorses from five milligrams to two milligrams.

6 The stakeholders were in agreement with
7 the change to the level. They were concerned about a
8 time line of implementation of the rule or the
9 potential rule change. Dr. Quirk also discussed
10 potential changes to the bleeders and furosemide
11 program, which he's just explained to you in his
12 report.

13 When the public was given a chance to
14 address the committee, representatives from Lone Star
15 Park asked about a rule proposal they had which was
16 discussed at the August 31st rules committee meeting
17 dealing with Rule 313.110, which is coupled entries;
18 and that will be on the next agenda for the next rules
19 committee meeting.

20 The Texas Greyhound Association also
21 asked for proposals that they had submitted to be on
22 the next rules committee agenda. They have a proposal
23 that would change Rule 309.355, grading system, and
24 311.103, kennel owners. So we anticipate that being on
25 our next agenda.

1 That concludes the report.

2 CHAIRMAN PABLOS: Thank you,

3 Commissioner. Great work.

4 Commissioners, any questions?

5 Thank you again.

6 Item III-I, report on Sunset Commission
7 review. Charla Ann, please?

8 MS. KING: Thank you, Mr. Chairman. Can
9 you hear me?

10 Commissioners, on November 9th several
11 agency staff members attended an exit conference with
12 the Sunset Commission staff. We're expecting
13 publication of the final sunset report this Thursday,
14 November 18th, so it will be out momentarily.

15 In the legislative proposal section of
16 your agenda packet, we included a summary of each of
17 the sunset recommendations made to the last
18 Legislature, along with our agency's response. We
19 expect the recommendations in the upcoming sunset
20 report to be substantially similar to those made during
21 the last session.

22 We do anticipate the new report to
23 reflect a few changes resulting from the process last
24 session because the bill made it a certain distance
25 through the process and so we anticipate the report

1 will reflect that to some degree.

2 When we receive a final report, the
3 agency has to draft immediately a response. The
4 turnaround time will be quite limited. We expect that,
5 as was the case last time, that the Commission will
6 support the report since it is so similar. When we
7 have the final report, we will send it to all of you as
8 the Commission.

9 We will begin processing our written
10 comments and we will do -- we will work with the Chair
11 and the Vice-Chair on that response. If you have a
12 particular piece of feedback once you see the report,
13 please let us know right away so that we can integrate
14 that perspective into the response, the official
15 response to the Sunset Commission.

16 Once staff has put together the
17 Commission's response, all the Commissioners will
18 receive a copy. The response document will form the
19 basis for the testimony before the Sunset Commission
20 during the hearing on December 15th and 16th. And at
21 your place today I provided a meeting schedule for the
22 Sunset Commission so you can see who will be meeting on
23 December 15th and 16th, the same day that we will be at
24 the meeting. And it's an extensive, interesting, and
25 heavy load for the sunset staff. So it will be, we

1 anticipate, a lengthy hearing and it kind of depends on
2 timing and so on. So we'll keep you posted if we get
3 more information from the sunset staff.

4 We have sunset staff here today. Steven
5 Ogle is now the project manager, the lead on our
6 review. And he also told me this morning that Ken
7 Levine was appointed director of the Sunset Commission
8 on a permanent basis, so he went from the interim
9 status to the permanent status this morning. And so
10 that's good news for sunset and we wish Mr. Levine the
11 best in his leadership role.

12 And that's all that I have on the Sunset
13 Commission review process, Mr. Chairman.

14 CHAIRMAN PABLOS: Thank you, Charla Ann.

15 Any questions, Commissioners?

16 Thank you.

17 We'll take up Item III-J now, legislative
18 proposals by the Texas Racing Commission to the 82nd
19 Texas Legislature, regular session, 2011. Charla Ann,
20 please?

21 MS. KING: Most of the legislative
22 proposals in your packet are items that the Commission
23 approved previously, but we wanted to present them to
24 you again before we get going with the legislative
25 session.

1 Our approach will be, again, to attempt
2 these -- we will attempt to add these proposals to the
3 sunset bill. If sunset decides not to add them, staff
4 can pursue each proposal separately in the appropriate
5 committee with the assistance of the chairman of the
6 appropriate committee.

7 Proposal 1 provides the executive
8 director with review authority of stewards' and judges'
9 decisions and also authorizes enhanced penalties at the
10 discretion of the executive director. Those are long
11 overdue in terms of need for adjustment. They haven't
12 been changed in years.

13 Proposal 2 modifies the definition of
14 performance to provide the Commission with some greater
15 flexibility in the definition of greyhound performance,
16 an ability for the Commission to respond to what the
17 greyhound industry needs.

18 Proposal 3, discussion on this item may
19 still be necessary. This is related to our finances.
20 There was some movement on this issue, particularly on
21 the Senate side last time toward the end of the
22 session. We would like to look at this issue a little
23 further.

24 The four proposal -- the four
25 alternatives that you see there are all good ideas, but

1 the Legislature started going a particular direction
2 and so we need to check back in with the chairman of
3 Senate Finance and his staff and see what direction
4 they're headed again. And so there's a good
5 possibility that the discussion of the finance changes
6 could come back to the Commission in February. So stay
7 tuned on that one.

8 Then Proposal 4, this proposal is new and
9 consists of items discovered through the audit review
10 process. Each item represents a technical correction,
11 mostly conforming changes. Sammy Jackson is prepared
12 to address any questions you may have about these
13 technical corrections.

14 That's all I have for you, Mr. Chairman.

15 CHAIRMAN PABLOS: I understand we have to
16 take action on this item. What is staff's
17 recommendation on these items?

18 MS. KING: We're looking for support.
19 That will be fine.

20 CHAIRMAN PABLOS: All right. Is there
21 anyone signed up to speak for this item in particular?

22 Okay. So at this time I'd like to
23 entertain a motion, Commissioners.

24 MR. CLOWE: So move.

25 CHAIRMAN PABLOS: So move for approval,

1 Commissioner Clowe?

2 MR. CLOWE: Yes.

3 VICE-CHAIRMAN SCHMIDT: Second.

4 CHAIRMAN PABLOS: Seconded by Schmidt.

5 Any discussion?

6 All those in favor please signify by
7 saying aye.

8 COMMISSIONERS: Aye.

9 CHAIRMAN PABLOS: Any opposed?

10 That motion carries.

11 Item III-K and L we'll take up together.

12 Commissioner Schmidt, would you like to start us out on
13 this item?

14 VICE-CHAIRMAN SCHMIDT: Report on the
15 study committee?

16 CHAIRMAN PABLOS: Report on the study
17 committee.

18 VICE-CHAIRMAN SCHMIDT: Sure. Per the
19 Governor's mandate, the first meeting of the study
20 committee on the current state of horse and greyhound
21 racing was held at the Reagan Building on the 6th of
22 October. I chaired that with -- cochaired with Gloria
23 Hicks, Commissioner Hicks, and also in attendance were
24 Dr. Carter and Commissioner O'Connell.

25 It was a very informative, open session.

1 Excellent presentations were entertained from the
2 Gillespie County Fair Association, an excellent
3 presentation also from Dave Hooper about reinstating
4 another fair circuit. Drew Shubeck gave us a superb
5 presentation on advance deposit wagering. And we also
6 heard from Dan Fick about racetrack working conditions
7 and also a racetrack chaplaincy.

8 A lot of give and take, a lot of open
9 ideas. And I think we hopefully will have these ideas
10 coalesce at our next meeting rescheduled in December.

11 CHAIRMAN PABLOS: Wonderful.

12 Anyone else who would like to comment on
13 that, Commissioners who participated?

14 As part of this industry advisory group,
15 I'd like to designate additional members. And I've got
16 Jan Haynes, Marsha Rountree, and Rob Werstler as
17 members of the industry advisory group. I'd like to
18 designate you. If there are any objections, please let
19 me know now, but I'd like for you to participate and
20 the Commission looks forward to your involvement.

21 Any other comments, Charla Ann?

22 MS. KING: Mr. Chairman, Bryan Brown is
23 prepared to give a report on behalf of the industry
24 advisory group.

25 CHAIRMAN PABLOS: Thank you.

1 We will also take up instant wagering,
2 instant racing, which is prevalent in Arkansas. And
3 that is a machine that allows you to bet on previously
4 run races. I won't get into a lot of detail. We'll
5 certainly be discussing it at the meeting. But it's a
6 very interesting idea that was born about 10 years ago
7 and has brought about much success in the State of
8 Arkansas and added tremendously to the purses in the
9 state.

10 And then finally we'll talk about
11 exchange wagering, which is kind of like a big huge
12 commodity market of racing wagering. So that will be
13 very, very interesting. That's a little bit new,
14 certainly new to our country. It's been experimented
15 with with some success in Europe. And it's a very,
16 very fancy form of wagering. I'll leave it at that. I
17 don't want to spoil the surprise with all the details.

18 At any rate, I'd be happy to answer any
19 questions that you have. We're looking forward to
20 meeting again in December and then issuing a report in
21 January, working with the Commission to do that.

22 CHAIRMAN PABLOS: Commissioners, any
23 questions?

24 Thank you, Bryan.

25 MR. BROWN: Thank you.

1 CHAIRMAN PABLOS: Thank you very much.

2 Item III-M, memorandum of understanding
3 with the Texas Veterinary Medical Diagnostic Laboratory
4 for the fiscal year 2011. Mark Fenner, please?

5 MR. FENNER: Commissioners, we enter into
6 a memorandum of understanding with TVMDL every year to
7 provide for the payment of the drug testing costs, the
8 drug testing of the race animals. We don't -- the
9 Commission does not actually pay for it. What we do is
10 enter into an agreement for the amounts that are going
11 to be charged to the racetracks, and the racetracks pay
12 that out of their outstanding tickets.

13 TVMDL has reviewed the number of tests
14 that are projected to be conducted in the next year
15 based on the race date allocations and they feel that
16 they can stay with the current pricing structure. And
17 so you'll see that the MOU before you is the same as it
18 was before. The projected number of tests has declined
19 because of the declining number of race dates.

20 Otherwise, it was the same.

21 There is also a provision in there about
22 if the Commission were to require TVMDL to be
23 accredited by a different accreditation body that we
24 could reevaluate the MOU at that time and perhaps allow
25 them to recover those costs. But that's not -- that's

1 not right here before us today.

2 Dr. Tam Garland, who's the head of
3 toxicology and drug testing for TVMDL, is available if
4 you have any questions of him.

5 CHAIRMAN PABLOS: Okay. Is there anyone
6 signed up to speak on this item?

7 Commissioners, do you have any questions
8 of Mark on this item? Would you like to hear from the
9 representative? Anyone?

10 Okay. Hearing none, I'm assuming there's
11 a staff recommendation to approve.

12 MS. KING: Staff recommends approval.

13 CHAIRMAN PABLOS: At this time I'd like
14 to entertain a motion.

15 VICE-CHAIRMAN SCHMIDT: So move.

16 CHAIRMAN PABLOS: Moved for approval by
17 Schmidt. Is that correct?

18 VICE-CHAIRMAN SCHMIDT: Yes, move for
19 approval.

20 CHAIRMAN PABLOS: Is there a second?

21 COMMISSIONER WEINBERG: Second.

22 CHAIRMAN PABLOS: Seconded by Weinberg.

23 Any discussion on this item,
24 Commissioners?

25 All those in favor please signify by

1 saying aye.

2 COMMISSIONERS: Aye.

3 CHAIRMAN PABLOS: Any opposed?

4 That motion carries.

5 We'll step into Item IV-A, request by
6 Retama Park for approval of three changes of ownership
7 of less than five percent from GTECH. I'd like to
8 recognize Mike Gougler, please.

9 MR. GOUGLER: Good afternoon,
10 Commissioners. In reference to the ownership changes
11 for Retama Park, Limited, on August 23rd of this year
12 the Commission received a written request from GTECH
13 Corporation to transfer 308 ownership interests in
14 Retama Partners, Limited, as follows: Linda McCombs,
15 102 interests; Connie McNab, 103 interests; and Marsha
16 Shields, 103 interests.

17 Background information on the applicants
18 was submitted to DPS. On September the 30th we
19 received the written report back from DPS showing no
20 disqualifying information and staff recommends that the
21 ownership transfer be approved.

22 CHAIRMAN PABLOS: Very well.

23 Commissioners, any technical or
24 clarifying questions of Mike?

25 Do we have anyone signed up to speak

1 other than Bryan Brown?

2 Okay. Thank you.

3 Bryan?

4 MR. BROWN: Just if the Commissioners
5 have any questions.

6 CHAIRMAN PABLOS: Does anyone have any
7 questions of Bryan on this item?

8 We have a recommendation for approval.

9 COMMISSIONER EDERER: Move for approval.

10 CHAIRMAN PABLOS: I have a motion for
11 approval by Ederer. Is there a second?

12 MR. CLOWE: Second.

13 CHAIRMAN PABLOS: Seconded -- was that
14 Clowe?

15 MR. CLOWE: Yes.

16 CHAIRMAN PABLOS: Seconded by Clowe.

17 Any discussion?

18 I'd like to thank DPS for working on
19 this. I know we keep you busy and you guys do a
20 terrific job, Commissioner Clowe, and so just a special
21 thank you from me.

22 Hearing no other comments, I'd like to
23 take this up for a vote. All those in favor please
24 signify by saying aye.

25 COMMISSIONERS: Aye.

1 CHAIRMAN PABLOS: Any opposed?

2 That motion carries.

3 Item IV-B, request by Lone Star Park for
4 approval of the amended tote agreement with AmTote
5 International, Inc. I'd like to recognize Carol
6 Olewin, please.

7 MS. OLEWIN: Commissioners, this is an
8 amendment to the tote contract between Lone Star Park
9 and AmTote International. The amendment would continue
10 services that were outlined in the contract approved by
11 the Commission on April 20th of 2010 with minor changes
12 to sections regarding fees and equipment.

13 The division of wagering and racing
14 reviews completed a review of the contract approved in
15 April and this attached amendment. The division staff
16 finds all documents to be in compliance with the Texas
17 Racing Act and the Texas Rules of Racing and recommends
18 its approval.

19 Are there any questions?

20 CHAIRMAN PABLOS: Are there any
21 questions, Commissioners?

22 Thank you.

23 Drew Shubeck, would you like to speak?

24 Yes?

25 MR. SHUBECK: I'm just available to

1 answer questions. I realize it's a confidential
2 contract. If the board has any questions, I'll answer
3 them.

4 CHAIRMAN PABLOS: Thank you.
5 Any questions of Drew, Commissioners?

6 Okay. Thank you, Drew.

7 MR. SHUBECK: Thank you.

8 CHAIRMAN PABLOS: We have a
9 recommendation by staff to approve. I'd like to
10 entertain a motion for approval.

11 VICE-CHAIRMAN SCHMIDT: I make a motion
12 to approve.

13 CHAIRMAN PABLOS: A motion by Schmidt.
14 Is there a second?

15 COMMISSIONER EDERER: Second.

16 CHAIRMAN PABLOS: Seconded by Ederer.

17 Any further discussion on this item?

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

20 COMMISSIONERS: Aye.

21 CHAIRMAN PABLOS: Any opposed?

22 That motion carries.

23 Item IV-D, allocation by the Texas
24 Greyhound Association of interstate cross-species purse
25 money tabled at the September 14th meeting. I'd like

1 to recognize Sammy Jackson, please.

2 MR. JACKSON: Thank you, Mr. Chairman.
3 Commissioners, in accordance with 6.091(d)(2) of the
4 Texas Racing Act, horse racetracks in Texas that offer
5 interstate greyhound signals must remit 5.5 percent of
6 the handle to the Texas Greyhound Association to
7 enhance live racing opportunities at the Texas
8 greyhound racetracks.

9 Commission Rule 303.102 stipulates that
10 the Texas Greyhound Association shall pay to each
11 greyhound racetrack the purse money it collects
12 pursuant to 6.091(d)(2) of the Texas Racing Act in
13 accordance with an allocation approved by the
14 Commission.

15 The rule further stipulates that the TGA
16 shall prepare a proposed allocation for consideration
17 by the Commission and, in preparing the proposed
18 allocation, the TGA shall consider the following: One,
19 the average price per point paid for purses at each
20 greyhound racetrack during the preceding year; two, the
21 purse payout at each greyhound racetrack during the
22 preceding year; and three, the impact cross-species
23 simulcasting has made on greyhound purse revenues at
24 each greyhound racetrack during the preceding year.

25 Commissioners, as you may recall, this

1 item was tabled at our last Commission meeting at the
2 request of the Texas Greyhound Association. Since that
3 last meeting, the Texas Greyhound Association has
4 submitted a revised proposed allocation for your
5 consideration included on pages IV.D.1 and IV.D.2 of
6 your agenda packet.

7 Diane Whiteley, executive director of the
8 TGA, is here today to explain the revised proposed
9 allocation submitted for your consideration and
10 approval. Afterwards, if you have any questions, I'll
11 be more than happy to answer and give staff's opinion
12 and recommendation.

13 CHAIRMAN PABLOS: Thank you, Sammy.

14 Are there any technical or clarifying
15 questions of Sammy?

16 I have Diane Whiteley signed up to
17 speak. Diane, please?

18 MS. WHITELEY: Good afternoon,
19 Commissioners. We had some changes this upcoming year
20 from our prior year. Our allocation for the prior
21 year, everything was allocated to Gulf Greyhound Park.
22 And that was done as part of a plan to consolidate
23 purses so that we could increase Texas breedings; and
24 that plan succeeded, we're very happy to say.

25 For 2011 dates, however, Valley Race Park

1 has requested a five-day festival of racing; and based
2 on my conversations with Valley, they would like to
3 make every attempt to make that a very successful
4 meet. As such, they would need to be allocated their
5 fair share of cross-species that we handle through the
6 TGA office.

7 So we have changed our allocation that
8 was formerly submitted to take into account what Valley
9 Race Park's share would be, starting in January, so
10 that it would have adequate purses to run its June
11 through July 4th meet. So we have made that allocation
12 based consistent with prior years on our cross-species,
13 which is based on the percentage of horse handle that
14 is bet at each greyhound track over total horse
15 handle. So it balances itself very well that way.

16 So our allocation is taking into effect
17 Valley Race Park running five days. Now, if for some
18 reason they cannot run those days, if we have lack of
19 inventory of greyhounds, if we are unable to get enough
20 greyhounds to run the meet, we will come back to you
21 and ask you for a change in the allocation. But for
22 right now this would be our change -- this would be our
23 allocation from January 1 through July 4th of next
24 year.

25 Gulf Coast Racing, or Corpus Christi, is

1 not running live; but it's going to hold its five-day
2 meet at Gulf Greyhound Park; so we have taken their
3 allocation based on the same ratio as we did on Valley,
4 but we are adding that to Gulf Greyhound Park purses
5 since it will be the same greyhounds competing for
6 that.

7 Any questions?

8 CHAIRMAN PABLOS: Commissioners, any
9 questions?

10 Thank you very much.

11 MS. WHITELEY: I did want to make a
12 comment on -- because I was just looking it up before I
13 came up here -- on Gulf Coast Racing and Valley Race
14 Park. They have been contributing purse money to Gulf
15 Greyhound Park all this year. And both of them have
16 contributed through two thousand and -- through to date
17 in 2010, about 180 to 200 thousand each in purse
18 money. And that's significant. And that's really kept
19 us afloat this year and we appreciate their
20 cooperation.

21 Thank you.

22 CHAIRMAN PABLOS: Thank you.

23 Sally, do you have anything to add?

24 MS. BRIGGS: No, sir.

25 CHAIRMAN PABLOS: Okay. Sammy?

1 MR. JACKSON: Mr. Chairman, the staff has
2 reviewed their submission and finds it to be in
3 compliance with the rules and would recommend
4 approval.

5 CHAIRMAN PABLOS: Okay. Thank you.

6 Any questions of Sammy, Commissioners?

7 Okay. Then I'd like to entertain a
8 motion for approval. Do I have a motion?

9 COMMISSIONER HICKS: I'll make the
10 motion.

11 COMMISSIONER WEINBERG: I'll second it.

12 CHAIRMAN PABLOS: A motion by Hicks,
13 seconded by Weinberg.

14 Is there any further discussion?

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

17 COMMISSIONERS: Aye.

18 CHAIRMAN PABLOS: Any opposed?

19 That motion carries.

20 We'll move on to Item E, allocation of
21 live race dates to Manor Downs under Commission Rule
22 303.41 for the period beginning January 1, 2011, and
23 ending August 31, 2012. This was tabled during our
24 September meeting. I'd like to recognize Howard
25 Phillips.

1 MR. PHILLIPS: Good afternoon,
2 Commissioners. At our last meeting I had requested
3 these race dates for this allocation and I think it was
4 tabled to the November meeting. We have requested a
5 postponement to the February or March meeting for one
6 main reason.

7 We have begun a private equity offering.
8 We are attempting to raise an eight-figure number, of
9 which several million dollars will be used for the
10 purpose of upgrading the patron side of the facility.
11 Obviously, with the raising of this money and the
12 patron side upgraded, we would be ready then and
13 anxious to begin simulcasting and have live race dates
14 for 2012.

15 That offering is due to be completed by
16 February 28th, so at this time I'd like to postpone
17 that request. At that time, I think by the February or
18 March meeting, I can tell you we have success and we've
19 raised the money and we're ready to go forward.

20 CHAIRMAN PABLOS: Okay. Don't go
21 anywhere.

22 I'd like to hear from Mark. Mark, do you
23 have anything to add?

24 MR. FENNER: No, sir. Staff supports the
25 request to table this until the next regularly

1 scheduled Commission meeting.

2 CHAIRMAN PABLOS: Very well. Thank you.

3 Commissioners, any questions of

4 Mr. Phillips?

5 What's your pleasure? We have a request

6 to table, Commissioners. Is there a motion to table

7 or --

8 COMMISSIONER EDERER: So move.

9 CHAIRMAN PABLOS: Okay. We have a motion

10 to table by Ederer. Not very enthusiastic, but we have

11 a motion.

12 Is there anyone with more enthusiasm on a

13 second?

14 COMMISSIONER HAYWOOD: I'll second it.

15 CHAIRMAN PABLOS: Seconded by Haywood.

16 Any further discussion?

17 All those in favor please signify by

18 saying aye.

19 COMMISSIONERS: Aye.

20 CHAIRMAN PABLOS: Any opposed?

21 That motion carries.

22 We'll look forward to hearing from you

23 next meeting, Mr. Phillips.

24 MR. PHILLIPS: Thank you.

25 CHAIRMAN PABLOS: Item F, allocation of

1 the Texas-bred incentive program funds for 2011.

2 Sammy, please?

3 MR. JACKSON: Mr. Chairman, thank you
4 again. The Texas Racing Act requires the Commission to
5 collect specific funds dedicated to the Texas-bred
6 incentive program from the racetracks conducting
7 pari-mutuel wagering. At this point in time, those
8 monies that we collect make up approximately 50 percent
9 of the Racing Commission's budget.

10 For horses, the Texas Racing Act further
11 requires the Commission to remit these funds to the
12 appropriate State horse breed registries subject to
13 rules promulgated by the Commission. Commission Rule
14 321.505, Allocation of Purses and Funds for Texas-Bred
15 Incentive Programs, was promulgated for this purpose.

16 Subchapter (b) of Commission Rule 321.505
17 specifically addresses the Texas-bred incentive program
18 funds and stipulates the following: One, the
19 Commission shall determine the percentages by which
20 Texas-bred incentive program funds generated from
21 simulcasting are divided among the various breeds of
22 horses.

23 Two, in determining the percentages by
24 which the Texas-bred incentive program funds generated
25 from simulcasting are divided, the Commission may

1 consider seven specific -- excuse me, consider seven
2 specific criteria.

3 Before determining the percentages, the
4 Commission shall provide an opportunity for the
5 official horse breed registries to present information
6 in writing regarding the criteria.

7 And No. 4, it says in lieu of this
8 process, a signed agreement between the official horse
9 breed registries may be submitted to the Commission for
10 consideration and approval. The signed agreement must
11 delineate the percentages by which the Texas-bred
12 incentive program funds generated from simulcasting are
13 divided amongst the various breeds of horses and must
14 be signed by all parties.

15 The Commission has received a request
16 submitted on behalf of the official horse breed
17 registries seeking consideration and approval by the
18 Commission of a signed agreement on the allocation of
19 these funds for 2011. It is included on pages IV.F.1
20 and IV.F.2 of your agenda packet.

21 Dave Hooper, executive director of the
22 Texas Thoroughbred Association, is here today to
23 explain the signed agreement submitted on behalf of the
24 breed registries and I will be happy to answer any
25 questions you may have after his presentation.

1 CHAIRMAN PABLOS: Mr. Hooper, please?

2 MR. HOOPER: Mr. Chairman, members of the
3 Commission, I'm David Hooper, executive director of the
4 Texas Thoroughbred Association. And, Dr. Martin, we
5 welcome you. And I can tell you that you certainly
6 came with some high recommendations from our president,
7 Dr. Jacquelyn Rich, who's also in the audience today.

8 This item was actually on a previous
9 agenda; and at the request of Rob Werstler of the Texas
10 Quarter Horse Association, it was tabled. It was
11 tabled mainly because of the uncertainty about the
12 allocation of 2011 racing dates which were under
13 discussion as well as the uncertainty of the future of
14 Manor Downs.

15 However, in an effort to move forward on
16 the allocation of Texas-bred incentive program funds
17 for 2011, the industry has come together with the
18 respective breed organizations and agreed to extend the
19 agreement that was in place for this past year through
20 2011 and it's reflected in the material that is before
21 you today.

22 All -- speaking on behalf of the four
23 breed registries on this subject, we're all in
24 agreement as indicated with the signatures at the
25 bottom of the agreement.

1 I'll be happy to answer any questions.

2 CHAIRMAN PABLOS: Commissioners, any
3 questions of Mr. Hooper?

4 Thank you, Mr. Hooper.

5 Rob, do you have anything to add?

6 MR. WERSTLER: No, sir. We're in
7 agreement.

8 CHAIRMAN PABLOS: Ed Wilson, are you here
9 today?

10 MR. WILSON: Yes.

11 CHAIRMAN PABLOS: Do you have anything to
12 add?

13 Karen Utecht, are you here?

14 MR. WERSTLER: She is not. She's ill.

15 CHAIRMAN PABLOS: Very well.

16 Okay, Sammy. I'll put this back to you.

17 What is the staff's recommendation, please?

18 MR. JACKSON: Staff has reviewed the
19 agreement, Mr. Chairman. It does comply with the rules
20 and we would recommend approval.

21 CHAIRMAN PABLOS: Okay. So at this time
22 I'd like to entertain a motion to approve the
23 allocation of the Texas-bred incentive program funds
24 for 2011 as described in the breed associations'
25 proposed agreement.

1 Is there a motion for this,
2 Commissioners?

3 VICE-CHAIRMAN SCHMIDT: I move to
4 approve.

5 CHAIRMAN PABLOS: Moved by Vice-Chair
6 Schmidt. Is there a second?

7 COMMISSIONER EDERER: Second.

8 CHAIRMAN PABLOS: Seconded by Ederer.
9 Any further discussion?

10 All those in favor please signify by
11 saying aye.

12 COMMISSIONERS: Aye.

13 CHAIRMAN PABLOS: Any opposed?

14 That motion carries.

15 We'll move into Item G, staff progress
16 reports on inactive racetrack license holders. Cathy
17 Cantrell, please?

18 MS. CANTRELL: Good afternoon. For the
19 record, my name is Cathy Cantrell. I'm an occupational
20 licensing administrator for the Texas Racing
21 Commission.

22 The Texas Racing Commission staff is in
23 the beginning phase of the racetrack application review
24 process. Staff has reviewed the inactive applications
25 and KTAGS transfer ownership and location request. At

1 this time I would like to provide you an overview of
2 the racetrack progress and construction report for the
3 inactive tracks.

4 As most of you may or may not know, the
5 original application for some of the inactive tracks
6 were submitted years ago. Since then, staff has
7 developed a more detailed application. Therefore, in
8 order to complete the racetrack application progress
9 and construction report, staff will request additional
10 information and/or updated information from the
11 inactive applicants.

12 Valle de los Tesoros racetrack. Thank
13 you. The applicant completed the old application.
14 Therefore, staff will be requesting additional
15 information and/or current information in order to
16 complete the racetrack progress and construction
17 report.

18 In the original application, the
19 applicant did provide a clear outline of each phase of
20 the construction, which includes projections in numbers
21 of weeks. The applicant has estimated the complete
22 project to take 28 weeks. Based on the race dates
23 granted and the estimate time of the project schedule
24 submitted by the applicant in the original application,
25 it would require the applicant to start the project

1 during or before November of 2010 and progressing to
2 the hiring of staff during or on June 2011 in order to
3 be ready for live racing on August the 19th, 2011.

4 Lubbock Downs, Saddle Brook Park, also
5 known as Yellow Rose Entertainment. The applicant
6 completed the old application. Therefore, staff will
7 be requesting additional information and/or current
8 information in order to complete the racetrack progress
9 and construction report.

10 Staff is unable to complete a draft
11 analysis of the construction report. The applicant did
12 not provide a time line for each phase of construction
13 which includes projections in number of weeks with the
14 original application.

15 Laredo Downs, also known as LRP Group.
16 The applicant completed the old application.
17 Therefore, staff will be requesting additional
18 information and/or current information in order to
19 complete the racetrack progress and construction
20 report.

21 The applicant provided a clear time line
22 for each phase of the construction which includes
23 projections in number of weeks. The applicant has
24 estimated the completed project to take 28 weeks.
25 Based on race dates granted and the estimated time of

1 the project schedule submitted by the applicant in the
2 original application, it would have required the
3 applicant to start the project during or before
4 September of 2010 and progressing to hiring staff
5 during or before June 2011 in order to be ready for
6 live racing on August the 19th of 2011.

7 Laredo Downs, also known as Austin Jockey
8 Club. The applicant completed the old application.
9 Therefore, staff will be requesting additional
10 information and/or current information in order to
11 complete the racetrack progress and construction
12 report.

13 The applicant provided a clear time line
14 for each phase of construction which includes
15 projections in number of weeks. The applicant has
16 estimated the complete project to take 28 weeks. Based
17 on race dates granted and the estimated time of the
18 project schedule submitted by the applicant in the
19 original application, it would have required the
20 applicant to start the project during or before
21 September of 2010 and progressing to hiring of staff
22 during or before June of 2011 in order to be ready for
23 live racing on July the 29th of 2011.

24 Laredo Race Park, LLC. The applicant
25 completed the old application. Therefore, staff will

1 be requesting additional information and/or current
2 information in order to complete the racetrack progress
3 and construction report.

4 The applicant did not provide a time line
5 for each phase of construction numbered in weeks for
6 preparing the racetrack. The applicant did provide
7 specific months that were outlined to begin
8 construction in 2004 and 2005. Therefore, staff
9 provided an estimated time line based on numbers of
10 months they submitted.

11 Based on the race dates granted, the
12 estimated time submitted would have required the
13 applicant to start the project during or before June
14 2010. The applicant has estimated the complete project
15 to take a total of 51 weeks. The applicant's first
16 live race date is scheduled for August the 5th, 2011.

17 This concludes my overview. I'll be
18 happy to answer any questions you may have.

19 CHAIRMAN PABLOS: Thank you.

20 Commissioners, any questions?

21 Commissioner Clowe?

22 MR. CLOWE: This item is titled "Progress
23 Report". I heard -- I heard a bunch of administrative
24 talk, but I didn't hear a progress report. Where are
25 we?

1 MS. CANTRELL: Mark, would you like to --

2 CHAIRMAN PABLOS: Well, let's do this
3 before we do that. Let's hear from the licensees
4 themselves and then we can have some questions. Would
5 that be --

6 MR. CLOWE: Great.

7 CHAIRMAN PABLOS: Is that acceptable to
8 you, Commissioner?

9 MR. CLOWE: Thank you, sir.

10 CHAIRMAN PABLOS: Okay. Wonderful.
11 Let's start with Mr. Brown. And that is Item H-1.

12 MR. BROWN: Good afternoon,
13 Commissioners. Bryan Brown with the Austin Jockey
14 Club.

15 We have had some good discussions with a
16 residential development, the major one near us, near
17 the site in Creedmoor. We've talked about some of the
18 concerns the residents have. We're fortunate in that
19 the secretary of the homeowners association of the
20 subdivision lived within a stone's throw of Del Mar
21 racetrack so is very familiar with racetracks, what
22 they mean, what the positives and some of the negatives
23 could be.

24 Their main concerns at this point are
25 traffic flow, which we certainly expected, and flies,

1 which we don't expect because we have certain
2 experience that flies don't come anywhere near
3 racetracks and never will. And fortunately, we do have
4 experience at Retama, where that's never been an issue
5 with the homeowners near us. The homeowners that we
6 have are right across the street, much closer than what
7 it looks like we'll have in Creedmoor.

8 So those discussions have been good.
9 We'll continue to work with staff as they process our
10 application. And we'll move forward once the
11 application gets to you.

12 So I'll be happy to answer any
13 questions.

14 CHAIRMAN PABLOS: Commissioner Clowe, on
15 this particular item, do you have any questions of
16 the --

17 MR. CLOWE: Give us now the dates that
18 you reported on this so we can see if we're on track.

19 MR. BROWN: I think I was off the hook.
20 There was no dates required.

21 MS. CANTRELL: The date is July the 29th
22 of 2011.

23 MR. CLOWE: And are we on track then
24 presently to meet that deadline?

25 MS. CANTRELL: By the applicant's

1 projections, they projected 28 weeks. If that's the
2 case, they should have started September of 2010 in
3 order to meet --

4 MR. CLOWE: And you have not.

5 MR. BROWN: No, we have not.

6 MR. CLOWE: What is your current estimate
7 to begin?

8 MR. BROWN: That's going to be very
9 dependent upon the approval process of the transfer of
10 ownership and location through the Commission. So it
11 will be difficult to gauge at this point.

12 MR. CLOWE: But you're not on track.

13 MR. BROWN: We're definitely not on track
14 with that.

15 MR. CLOWE: With the 28-week period.

16 MR. BROWN: Right.

17 MR. CLOWE: And what is the penalty if
18 there's no compliance? What's the result of
19 noncompliance?

20 CHAIRMAN PABLOS: Charla Ann?

21 MS. KING: We're in the process of
22 determining that. And in fact, for all of these, if we
23 determine that they're behind schedule, we will be
24 establishing a penalty schedule that lets people know
25 how much it will be.

1 Now, we've got, you know, ample penalty
2 authority in the statute that can be administered at
3 the agency level; but we want to make sure that we have
4 worked this with the Commission, have the support of
5 the Commission to go forward, before we administer any
6 penalties.

7 So this is the starting point for
8 identifying how far behind schedule people are,
9 determining a fair penalty, and giving them fair
10 opportunity to get caught up before we would administer
11 that penalty. I think it's \$10,000 per violation per
12 day maximum. So there's quite a bit of range in
13 there.

14 MR. CLOWE: And, Mr. Chairman, that's my
15 concern. I don't think it's fair to surprise these
16 applicants, these operating people, and it's not fair
17 to surprise your Commissioners when we get to the end
18 of this and there is a penalty issued. Let's give
19 these operators ample notice: You're not meeting your
20 schedule. You're looking at these penalties. And
21 let's keep this Commission informed so when it comes
22 down to it, nobody is surprised.

23 MS. KING: Absolutely. That is our
24 intention by raising it today so we could get your
25 feedback before we even got started.

1 CHAIRMAN PABLOS: And, Commissioner
2 Clowe, staff, Charla Ann, has been working really hard
3 at establishing that platform and today is the first
4 day where we have this in front of us and this is the
5 beginning of the tracking.

6 MR. CLOWE: Good.

7 CHAIRMAN PABLOS: Any other questions of
8 Mr. Brown?

9 COMMISSIONER EDERER: Yes. What's the
10 status of the lawsuit? I see that the judge has ruled
11 or the judge has not ruled? The jury has ruled?

12 MR. BROWN: The jury returned its
13 verdict. The judge has not issued an order. So it's
14 very difficult to even comment until the judge issues
15 an order. And it could range from a variety of
16 things.

17 CHAIRMAN PABLOS: Will you let us know as
18 soon as you have something?

19 MR. BROWN: Absolutely.

20 CHAIRMAN PABLOS: Any other questions?

21 MR. BROWN: Thank you.

22 CHAIRMAN PABLOS: Thank you very much.
23 We'll move to Item 2, a report by Saddle
24 Brook Park.

25 MR. ALEXANDER: Commissioners, I don't

1 have really anything new to report to you other than
2 the weather is a little nicer here than it was the last
3 time I was here, not quite so hot. But as you know, I
4 have a binding contract with Global Gaming to purchase
5 my license; and until you approve that, I'm kind of on
6 hold. So I don't really have anything to report to
7 you.

8 CHAIRMAN PABLOS: Any questions,
9 Commissioners?

10 MR. CLOWE: What is the anticipation of
11 the contract being executed?

12 MR. ALEXANDER: The contract is
13 executed.

14 MR. CLOWE: Sir?

15 MR. ALEXANDER: The contract has been
16 executed. I have a binding contract with them.

17 MR. CLOWE: I mean the closing.

18 MR. ALEXANDER: The closing is planned
19 after -- if they get the Lone Star license transferred
20 to them, then we will proceed with the Commission with
21 whatever they need to close on my license.

22 MR. CLOWE: So your contract is
23 contingent on another acquisition. Is that correct?
24 Is that what you're telling us?

25 MR. ALEXANDER: No, I didn't say that.

1 But it was their choice to wait until they got the
2 other transaction finished before they started on mine
3 with the Commission because they didn't want to mingle
4 the two.

5 MR. CLOWE: And how do you --

6 MR. ALEXANDER: That's my understanding.

7 MR. CLOWE: How do you see that in regard
8 to the deadlines that exist that are conditional on the
9 granting of your race days?

10 MR. ALEXANDER: Well, I'm not sure about
11 that. Mark might be able to help a little bit. But I
12 think that they've been required to furnish you with
13 quite a bit of information, have they not, on --

14 MR. FENNER: I don't have anything.

15 MR. ALEXANDER: You don't have anything?
16 Well, I think -- did you tell them that they couldn't
17 use anything that I had submitted and that would have
18 to all be redone, Mark?

19 MR. FENNER: Commissioners,
20 representatives of Global Gaming came over and asked to
21 see what was available on file and I gave them
22 everything that I wasn't prohibited by law to give them
23 that was on file with Saddle Brook. And beyond that, I
24 have nothing. I don't have a contract. I don't have a
25 request. I don't have an application.

1 MR. ALEXANDER: Well, I think I've said
2 before that, you know, just as soon as they will
3 transfer that license that I would issue a letter to
4 the Commission requesting a transfer of the Lone Star
5 Park license to Global Gaming. And that's what I'm
6 waiting on. It's been a long time, I know, for
7 everybody.

8 CHAIRMAN PABLOS: Okay. All right. We
9 know where you are.

10 Any other questions, Commissioners?

11 Thank you very much.

12 MR. ALEXANDER: You bet. Thank you.

13 CHAIRMAN PABLOS: Let's move on to Items
14 3 and 4, a progress report by Valle de los Tesoros and
15 Laredo Downs. Greg or Steve LaMantia?

16 MR. LaMANTIA: Thank you. Good
17 afternoon. And I'll start by saying we're not on track
18 from our original application. And then you brought up
19 the issue of penalty. We've already paid a penalty to
20 the tune of three or four hundred thousand dollars. I
21 don't remember what the --

22 MR. FENNER: That was a security bond.
23 That was for the last race dates you missed.

24 MR. LaMANTIA: Well, it seems like I'm --
25 there's only three that have done this, that have

1 actually paid something to the Commission for not
2 performing. We're one of the -- we're two of the three
3 that have done that. Having said that --

4 CHAIRMAN PABLOS: Point taken.

5 MR. LaMANTIA: Having said that, we're
6 very close. I think we lack two things for the
7 application for the move -- for the requested move to
8 Tarrant County, Fort Worth, for Laredo, which we should
9 be getting in very shortly.

10 Secondly, we've been working with the
11 staff on the McAllen idea that we came up with at
12 either the last meeting or the meeting before; and
13 we've located three properties where we could start
14 simulcasting and adding to the purse money for the
15 horse industry.

16 Sally is going to come down the week
17 after Thanksgiving. We're going to go through all
18 three of them to look at them, make sure they have the
19 adequate room, facilities, everything else, so we can
20 go forward. Then there will be, I guess, a formal
21 application or process; and we're working through that
22 with the staff. As recently as last week, I think, we
23 were together.

24 MS. KING: After the rules committee.

25 MR. LaMANTIA: So we're working forward

1 on trying to get something done, although it won't be
2 at our current 200-acre facility that we own, but it
3 will be in McAllen, and it will generate purse money to
4 help the industry, somewhat like we did in Corpus
5 Christi, which you heard Diane say earlier we were able
6 to do 180 to 200 thousand dollars worth of new money
7 for the greyhound industry.

8 So that's where we are on those two items
9 and I'll answer any questions that anybody has. But
10 we're not on track from our original application.

11 MR. CLOWE: For your live race dates in
12 2011.

13 MR. LaMANTIA: That is correct. Yeah,
14 that's correct.

15 MR. CLOWE: Do you have any idea when you
16 will be ready?

17 MR. LaMANTIA: I think it depends on --
18 number one, obviously we wouldn't want to do anything
19 in Laredo with a pending transfer application.
20 Obviously we'd want to get that transfer application if
21 it's approved, then go to Tarrant County, Fort Worth,
22 come up with a new set of time lines, so to speak, to
23 get that done.

24 MR. CLOWE: And what's the status of that
25 application?

1 MR. LaMANTIA: We lack one or two things
2 to put in our binder to give to the staff.

3 MR. CLOWE: It has not been submitted.

4 MR. LaMANTIA: It has not been
5 submitted. We thought we had it ready. We were going
6 to actually submit it and then bring the other two
7 items; but we went back and forth and we decided let's
8 wait, let's put the other two items in. I think that's
9 accurate.

10 And then in McAllen, obviously we have
11 the same issue with the utilities, trying to get the
12 utilities there from the City of McAllen, and that's
13 where we came up with the idea of the simulcast
14 facility at a different location to try and help the
15 industry in the meantime.

16 MR. CLOWE: Thank you.

17 CHAIRMAN PABLOS: Any questions,
18 Commissioners?

19 MR. LaMANTIA: Thank you.

20 CHAIRMAN PABLOS: Thank you very much.
21 Appreciate it.

22 Next is Item 5, a progress report by
23 Laredo Race Park. Andrea Young, please?

24 MS. YOUNG: I'll start much like Greg
25 did. We, too, are not on track to meet the live race

1 deadlines we have put forth. We are still diligently
2 working on a couple of options, working on parallel
3 paths, both at our current site that is licensed as
4 well as an alternative site. We're working on setting
5 up some additional meetings.

6 The big thing that, you know, kind of at
7 least we're trying to work through and figure out how
8 to best deal with right now is the pending transaction
9 with Penn. That -- obviously we're actually in the
10 process of trying to get them down there during the
11 month of December to meet with the folks we've been
12 meeting and contemplate the proposals that we've been
13 talking about.

14 CHAIRMAN PABLOS: Any questions,
15 Commissioners?

16 Thank you very much.

17 MS. YOUNG: Thank you.

18 COMMISSIONER EDERER: Penn will be very
19 much a part of whatever happens in Laredo.

20 MS. YOUNG: Absolutely. They have to be,
21 given the agreements we've signed.

22 COMMISSIONER EDERER: Thank you.

23 CHAIRMAN PABLOS: Thank you.

24 The next item, Item V-A, proposal to
25 amend Rule 307.62, Disciplinary Hearings. Mark Fenner,

1 please? We're almost there.

2 MR. FENNER: Commissioners, we have, as
3 part of the rule review of Chapter 307, determined that
4 there are some possibilities for improvement in the
5 stewards hearings. This is Rule 307.62, Disciplinary
6 Hearings. We would like to amend the rule to provide
7 for a standard of evidence that the stewards would use
8 when considering whether there has been a rule
9 violation. And this is based on the -- in fact, all
10 these changes are based on the RCI model rules.

11 This would allow the stewards and racing
12 judges to admit hearsay evidence if it's of the type
13 that's commonly relied upon by reasonably prudent
14 people; but it also provides that the hearsay evidence,
15 unless it's admitted under one of the exceptions to the
16 hearsay rule, can't be the basis of a decision alone.

17 The second provision that we would like
18 to add to this rule is a burden of proof, to establish
19 the burden of proof that the Commission would have to
20 meet in order to find a rule violation. And that rule
21 would be by a preponderance of the evidence under the
22 standard civil case standard of proof.

23 And then finally, to explicitly provide
24 and address for continuances, provide that continuances
25 can be granted for good cause shown by any party and

1 that the stewards or racing judges could order a
2 continuance on their own motion.

3 We've given multiple opportunities for
4 feedback to the industry. We've received nothing but
5 positive feedback. We'd like to recommend that this be
6 published for public comment in the Texas Register.

7 CHAIRMAN PABLOS: Commissioners, any
8 technical or clarifying questions of Mark?

9 Is there anyone signed up to speak on
10 this? Not on this item?

11 Okay. Commissioners, what's your
12 pleasure? We have a recommendation for publishing. Do
13 I have a motion?

14 COMMISSIONER EDERER: So moved.

15 CHAIRMAN PABLOS: Moved by Ederer.

16 VICE-CHAIRMAN SCHMIDT: Second.

17 CHAIRMAN PABLOS: Seconded by Schmidt.

18 Is there any discussion on this item?

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

21 COMMISSIONERS: Aye.

22 CHAIRMAN PABLOS: Any opposed?

23 That motion carries.

24 Now B, rule proposals under Chapter 321,
25 Pari-Mutuel Wagering. Lila Smith, please?

1 MS. SMITH: Good afternoon,
2 Commissioners. My name is Lila Smith and I'm the
3 pari-mutuel audit administrator for the agency. One of
4 my duties is to chair and facilitate the pari-mutuel
5 advisory committee.

6 The pari-mutuel advisory committee was
7 formed in 1995 to assist the Commission on a review of
8 Commission rules regarding pari-mutuel pool
9 distributions, pari-mutuel department operations, and
10 totalisator operations.

11 The committee includes the mutuel
12 managers, the simulcast coordinators from each
13 racetrack, a representative from each of the three
14 totalisator companies that operate in Texas, a
15 representative from many of the recognized industry
16 organizations in Texas, a representative from the
17 comptroller of public accounts, and the Commission --
18 and Commission senior team members of the division of
19 wagering and racing review.

20 The committee reports to the rules
21 committee and recommends revisions to the rules
22 primarily located in Chapter 321.

23 This year Chapter 321 was scheduled for
24 review. For the purpose of reviewing Chapter 321, the
25 pari-mutuel advisory committee met four times. On

1 November 2nd the pari-mutuel advisory committee
2 presented to the rules committee the resulting efforts
3 of the review of Chapter 321, and before you today are
4 those rules that were referred out of the rules
5 committee.

6 The following is a brief -- excuse me.
7 The following is a brief description of each of the
8 rules and who initiated the change.

9 Section 321.12, Time Synchronization.
10 This change is being proposed by staff. Synchronizing
11 the time of the totalisator system, the video output,
12 and the security system will facilitate forensic
13 investigations.

14 Section 321.15, License to Provide
15 Totalisator Services. This change is being proposed by
16 staff. This rule is being revised to conform to the
17 new totalisator vendor license category.

18 Section 321.23, Wagering Information and
19 Results. There are two changes in this section and
20 they're both being proposed by staff. The first change
21 clarifies and further defines the language for the
22 location that an association should use to post the
23 required information to the public. The second change
24 in the section will add the expiration dates to a
25 voucher to conform to the statutory change effective

1 September 1st, 2008.

2 Section 321.46, Payment on No Ticket.

3 This is being proposed by staff also. Current rules do
4 not address methods and procedures to protect the
5 patron when there is a ticket jam or a paper outage on
6 a self-service terminal.

7 Section 321.211, Carryover Pools. This
8 change is being proposed by staff. When the
9 pari-mutuel carryover pool is not able to be paid out
10 at the end of the meet, the money in the jackpot is
11 required to be escrowed, but there is no language
12 requiring the type of account the money should be
13 escrowed in. The proposed change requires the jackpot
14 to be deposited in an interest-bearing account.

15 Section 321.312, Pick (N). This proposal
16 was initiated by association and industry
17 organizations. There are two proposed changes to this
18 rule. The first one gives the mutuel manager guidance
19 when a race scheduled on the turf is removed to the
20 dirt for the running of the race. The second adds the
21 same language in the section of 321.211 that we're
22 adding requiring carryover pools not paid out at the
23 end of the meet to be deposited in an interest-bearing
24 account.

25 Section 321.313, Select Three, Four, or

1 Five. This is becoming Section 321.313, Select Four or
2 Five. And this is being proposed by association and
3 industry organizations. The purpose to make these
4 changes -- the purpose -- the proposals made in this
5 section are three. First, it eliminates the select
6 three from the section. The second, it adds the same
7 language as in Section 321.211 requiring carryover
8 pools not paid out at the end of the meet to be
9 deposited in an interest-bearing account. The third
10 gives the mutuel manager guidance when a race scheduled
11 on the turf is removed from the dirt for the running of
12 the race.

13 Section 321.319 is the Select Three
14 Pool. This is being proposed by associations and
15 industry organizations. This change provides a
16 consolation payout when there is a late scratch after
17 the first leg has run in the select three pool. As you
18 can see in the folder before you, there was two small
19 errors in this and it's on page 22 of 35 and it's in
20 line five and 19. Line five should read "interests
21 scratched from the third leg" and line 19 should read
22 "interests scratched from the second leg," not the
23 third leg.

24 Section 321.320, Super Hi-Five. This is
25 being proposed by the association and industry

1 organizations. This proposed new wagering pool is
2 similar to a trifecta and superfecta. This pool
3 requires a patron to select the five animals that will
4 finish first, second, third, fourth, and fifth in one
5 race.

6 Section 321.321, the Fortune Pick (N), is
7 being proposed by association and industry
8 organizations. This wager is very similar to the pick
9 (n) with one significant change. In the fortune pick
10 (n), there can only be one unique wager winner of the
11 major jackpot. If there are multiple winners, they
12 share in the minor jackpot and the major jackpot is
13 carried over to the next performance.

14 Section 321.417, Emergency Procedures.
15 This change is being proposed by the associations. The
16 change gives additional time to the association to
17 resolve any video and audio issues.

18 Section 321.503. This change is being
19 proposed by the Texas Horsemen's Partnership and
20 staff. The change gives the association and the
21 horsemen's organization the flexibility to increase the
22 amount of purse money allocated to the purse account
23 from the selling of the association's live signal.

24 Section 321.605, E-Wagering Plan. This
25 change is being proposed by staff. This update allows

1 the Commission to review an association plan for
2 suspending an E-wagering account.

3 That is an overview of the rules. Are
4 there any questions?

5 CHAIRMAN PABLOS: Commissioners, any
6 questions?

7 Commissioner O'Connell, do you have any
8 comments on this based on your chairing the rules
9 committee?

10 MS. O'CONNELL: I'd just like to extend
11 great thanks to Lila Smith and Carol Olewin and Sammy
12 Jackson for their leadership at the pari-mutuel
13 advisory committee and thank all of the participants on
14 the committee. This was a long, hard road and there's
15 a lot -- the committee has a lot to show for its
16 efforts. Thank you.

17 CHAIRMAN PABLOS: Thank you.

18 I have -- Lila, thank you very much.

19 I have Melinda Tyler signed up to speak.

20 Would you like to come up, please?

21 MS. TYLER: Good afternoon,
22 Commissioners. I, as well as Lila said, wanted to
23 thank everyone with the Commission for their
24 leadership. Lone Star proposed the 321.320, the super
25 hi-five, and the fortune pick (n), so we're very

1 excited to have that new wagering pool for our spring
2 meet to start. We were very diligent in the meetings
3 that we've had that started in March. And again, I
4 just wanted to thank the Commission for their
5 assistance.

6 CHAIRMAN PABLOS: Thank you very much.

7 MS. TYLER: Thank you.

8 CHAIRMAN PABLOS: Any questions,
9 Commissioners?

10 All right. So at this time I'd like to
11 entertain a motion to publish the proposed amendments
12 described in IV-B-1 through 13 in the Texas Register
13 for public comment.

14 Do I have a motion?

15 VICE-CHAIRMAN SCHMIDT: Move to publish.

16 CHAIRMAN PABLOS: A motion by Schmidt to
17 publish. Is there a second?

18 COMMISSIONER HAYWOOD: Second.

19 CHAIRMAN PABLOS: Who's that? Haywood?
20 Seconded by Haywood.

21 Do I have any further comments on this?

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

24 COMMISSIONERS: Aye.

25 CHAIRMAN PABLOS: Any opposed?

1 That motion carries.

2 Commissioners, as a point of personal
3 privilege, I'd like to take up an item that is not on
4 the agenda and that has to do with our executive
5 director.

6 As all of you know, Charla Ann has
7 announced her retirement after five years of being at
8 the Commission.

9 Carolyn, will you join me up here,
10 please?

11 Charla Ann, we're sad to see you go. We
12 thank you for all your hard work. We've got something
13 special that we'd like to present to you. So if you
14 could please come up here, I'll meet you over there.

15 Ladies and gentlemen, I have a
16 certificate of appreciation for Charla Ann that speaks
17 to her 30 years of experience at various Commissions,
18 the Texas Racing Commission being obviously the most
19 prominent Commission, the Texas Workforce Commission,
20 the State Bar of Texas, and the Sunset Advisory
21 Commission. It's dated November 2010.

22 And so, Charla Ann, on behalf of the
23 Commission, all the Commissioners, and staff, I'd like
24 to present this to you in thanks for all your good
25 work. And so here you go. Thank you very much.

1 Appreciate it.

2 Don't go anywhere. We have one more
3 item, a small token of appreciation. And by the way,
4 your staff has done an excellent job in putting this
5 together for you. This is an official flag from the
6 State of Texas that was flown at the capitol and with a
7 certificate dated November 13th, 2010. And so in
8 addition to the plaque, we'd like to present this to
9 you. So thank you very much.

10 MS. KING: Thank you.

11 I'll make this quick because I basically
12 just want to say thank you. 30 years is a long time to
13 be a public servant and in State government. It went
14 pretty fast. I'm very appreciative of all the
15 opportunities that I've been provided through the
16 years.

17 I want to thank this Commission and the
18 previous Commissioners sitting who hired me --
19 recruited me and hired me to this position. I want to
20 thank the staff very, very much. They're a great
21 staff. And if I named one, I'd have to name them all,
22 so I'm not going to do that. But they've been
23 absolutely terrific.

24 I've learned so much about leading an
25 organization, making change. I've learned a lot about

1 racing. And I thank the industry for that. They've
2 been very helpful that way. They've taught me a lot.

3 I've really appreciated the Commission's
4 encouragement and support to participate at the
5 national level. That was key. The Commissioners were
6 right. It would make a big difference in my
7 performance. And I really appreciated that.

8 Then I would just like to say that I
9 thank my family. My husband, a combat veteran from the
10 Vietnam era, is ready for me to retire and I'm looking
11 forward to spending time with him. I hit the brother
12 lottery. My brothers have all been very supportive.
13 And my mom and dad are still walking with me in spirit
14 and are very happy for this day.

15 So thank you very much to all of you for
16 your support and your guidance and the pleasure of
17 working with you. Thank you.

18 CHAIRMAN PABLOS: Thank you, Charla Ann.

19 Commissioners, I'd like to open up this
20 time. If you have any words for Charla Ann, I'd
21 welcome them at this time.

22 COMMISSIONER EDERER: We might get a
23 picture.

24 CHAIRMAN PABLOS: Dr. Schmidt?

25 VICE-CHAIRMAN SCHMIDT: Charla Ann, I

1 also wanted to just thank you for the service that
2 you've given to the Commission. And I guess one point
3 that you mentioned that really just struck me is I
4 actually traveled to the RCI meeting in Lexington two
5 years ago and I never really appreciated how much
6 respect you had generated for yourself and for the
7 State of Texas. I was a new Commissioner. I
8 introduced myself to several people. And they always
9 began by saying, "Oh, you have such a fine person in
10 Charla Ann." And you're a real asset to our state and
11 I'm very, very appreciative of your service.

12 COMMISSIONER EDERER: Well said.

13 CHAIRMAN PABLOS: Any other comments,
14 Commissioners?

15 COMMISSIONER EDERER: She's been here a
16 long time, longer than anybody, I guess, on the
17 Commission. She's terrific.

18 CHAIRMAN PABLOS: Thank you, Charla Ann,
19 very much. And we look forward to these next couple of
20 weeks and winding things down. And thanks to staff for
21 being supportive. We're going to be looking to you for
22 support during this transition period. And we
23 certainly know you'll be missed, Charla Ann. Thank you
24 very much.

25 At this time is there any old or new

1 business, Commissioners?

2 Hearing none, I'd like to adjourn this
3 meeting of the Texas Racing Commission. Thank you.

4 (Proceedings concluded at 1:51 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 24th day of November, 2010.

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