

BEFORE THE  
TEXAS RACING COMMISSION  
AUSTIN, TEXAS

COMMISSION MEETING

APRIL 9, 2013

BE IT REMEMBERED that the above entitled matter came on for hearing on the 9th day of April, 2013, beginning at 10:31 A.M. at 2105 Kramer Lane, 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:     ROBERT SCHMIDT  
                          MIKE MARTIN  
                          GLORIA HICKS  
                          GARY P. ABER  
                          VICKI WEINBERG  
                          JOHN T. STEEN, III  
                          ANN O'CONNELL  
                          ALLAN POLUNSKY

1                   CHAIRMAN SCHMIDT: Good morning. It's  
2 10:31 and I'd like to call the April 9th, 2013 meeting  
3 of the Texas Racing Commission to order.

4                   Ms. Norwood, could you please call the  
5 roll?

6                   MS. NORWOOD: Commissioner Ederer?  
7 Commissioner Polunsky?

8                   MR. POLUNSKY: Here.

9                   MS. NORWOOD: Commissioner O'Connell?

10                  MS. O'CONNELL: Here.

11                  MS. NORWOOD: Commissioner Hicks?

12                  COMMISSIONER HICKS: Here.

13                  MS. NORWOOD: Commissioner Weinberg?

14                  COMMISSIONER WEINBERG: Here.

15                  MS. NORWOOD: Commissioner Martin?

16                  COMMISSIONER MARTIN: Here.

17                  MS. NORWOOD: Commissioner Steen?

18                  COMMISSIONER STEEN: Here.

19                  MS. NORWOOD: Commissioner Aber?

20                  COMMISSIONER ABER: Here.

21                  MS. NORWOOD: Chairman Schmidt?

22                  CHAIRMAN SCHMIDT: Here.

23                  We have a quorum?

24                  MS. NORWOOD: Yes, sir.

25                  CHAIRMAN SCHMIDT: Devon, has anyone

1 turned in a testimony card for public comment?

2 MS. BIJANSKY: No.

3 CHAIRMAN SCHMIDT: Okay. There will be  
4 no public comment today.

5 Let's move directly to general business,  
6 a report by the executive director and staff regarding  
7 administrative matters. First, budget and finance.  
8 Lane Goetsch?

9 MS. GOETSCH: Good morning,  
10 Commissioners. My name is Lane Goetsch. I'm the  
11 financing and accounting administrator for the Texas  
12 Racing Commission and I'm here to give you the budget  
13 and finance update.

14 On page four and five of your agenda  
15 packet, you will find the agency's fiscal year 2013  
16 operating budget reflecting revenue collections and  
17 expenditures as of March the 31st, 2013. As of that  
18 date, the agency had collected 6.4 million or 66  
19 percent of revenues and expended 3.12 million or 37  
20 percent. At this time the Racing Commission is in good  
21 operating condition.

22 If you have any questions, I will be  
23 happy to answer them.

24 CHAIRMAN SCHMIDT: Any questions?

25 Thank you very much, Lane.

1 Racetrack inspections. Mr. Jim  
2 Blodgett?

3 MR. BLODGETT: Good morning,  
4 Commissioners.

5 Commissioners, from the period of time of  
6 February 1st through April 1st, 2013, a total of seven  
7 racetrack inspections were completed by staff. As  
8 outlined in your packets, these inspections were  
9 conducted within the areas of veterinarian, safety and  
10 security, administration, wagering, and racing at the  
11 tracks of Gulf Greyhound Park, Sam Houston Race --  
12 excuse me, Sam Houston Race Park, Gillespie County  
13 Fair, and Saddle Brook Park. A breakdown of the  
14 inspection types included one scheduled, three  
15 no-notice, and three follow-up inspections.

16 As of the filing of this report, only one  
17 unsatisfactory inspection issue remains as a result of  
18 our inspection activities at Gillespie County Fair and  
19 staff is currently working with the management to  
20 quickly resolve the issue.

21 CHAIRMAN SCHMIDT: Jim, would you just  
22 clarify the wagering issue there?

23 MR. BLODGETT: The wagering issue -- the  
24 unresolved issue?

25 CHAIRMAN SCHMIDT: Yeah.

1                   MR. BLODGETT: It revolves around a kiosk  
2 that prints programs, Commissioner. In the rules, a  
3 kiosk program has specific things that it's supposed to  
4 print out as far as the Commission rules. It lacked  
5 part of the information that was required. It was a  
6 programming issue. The kiosk had to be reprogrammed  
7 and they're currently working on that reprogramming.

8                   CHAIRMAN SCHMIDT: A minor issue then.  
9 Thank you.

10                  MR. BLODGETT: Yes, sir.

11                  CHAIRMAN SCHMIDT: Any other questions?

12                  Thank you very much, Jim.

13                  Sammy Jackson, wagering statistics.

14 Welcome.

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

16 Good morning, Commissioners.

17                  Commissioners, on pages seven through  
18 nine of your agenda packet, you'll find the report on  
19 wagering statistics for the periods of January 1st  
20 through March 31st for both 2012 and 2013. The report  
21 reflects that 2013 total wagering activity has  
22 decreased at the horse racetracks by 1.29 percent and  
23 has decreased at the greyhound racetracks by 4.3  
24 percent.

25                  We are looking forward to the next

1 quarter coming up because that will have some of our  
2 major stakes races, including the Derby, the Preakness,  
3 and the Belmont, and hopefully we'll see a turnaround  
4 in these numbers with those races.

5 If you have any questions, I'll be happy  
6 to answer them.

7 CHAIRMAN SCHMIDT: Any questions of  
8 Mr. Jackson?

9 Thank you, Mr. Jackson.

10 MR. JACKSON: Thank you, sir.

11 CHAIRMAN SCHMIDT: Enforcement, Mike  
12 Gougler?

13 MR. GOUGLER: Good morning,  
14 Commissioners.

15 Under Tab III-4 you'll find the  
16 statistics for the enforcement report. Things are  
17 running fairly consistent with how they ran during the  
18 same time period last year. We have had good  
19 interaction with the Department of Public Safety  
20 assisting us in various investigations, some of which  
21 are still ongoing.

22 In addition, we've developed a good  
23 relationship with the security forces at the various  
24 tracks and we're looking forward to a real successful  
25 year. We've done some mending of the relationships and

1 the work coordination between our own vets and stewards  
2 and enforcement officer and we really have a cohesive  
3 team at this time. It's really running smooth. I'm  
4 really proud of our bureau.

5 CHAIRMAN SCHMIDT: Thank you, Mike.

6 Any questions of Mr. Gougler?

7 Thank you very much, sir.

8 MR. GOUGLER: Thank you.

9 CHAIRMAN SCHMIDT: Item 5, report of  
10 status of Texas legislative proposals. Mr. Trout, can  
11 you bring us up to date?

12 MR. TROUT: Yes, sir. Good morning,  
13 Commissioners.

14 Staff has delivered the Commission's  
15 legislative proposals to each member who is currently  
16 or was previously on the licensing and administrative  
17 procedures committee as well as to last session's  
18 sunset sponsors, Representative Anchia and Senator  
19 Hinojosa. Staff also delivered the proposals to  
20 Representative Hilderbran's office since he authored  
21 the Texas Derby bill that passed last session.

22 Representative Thompson agreed to take up  
23 two of the Commission's proposals, HB 1186 and HB  
24 1187. HB 1186 is the proposal to permit greater  
25 cooperation between the Commission and other regulatory

1 agencies, such as the veterinary licensing board. HB  
2 1187 is the proposal to provide greater penalty and  
3 suspension authority to the stewards, judges, and the  
4 Commission. These two bills have now passed the House  
5 and have been sent to the Senate for action. We do not  
6 yet know which Senator will sponsor the bill over  
7 there.

8 To date, staff has appeared before the  
9 Senate Finance Committee, the House Appropriations  
10 subcommittee, and Licensing and Administrative  
11 Procedures committee.

12 CHAIRMAN SCHMIDT: Any questions of  
13 Mr. Trout? Anyone?

14 Good work. Thank you very much, Chuck.

15 MR. TROUT: Yes, sir.

16 CHAIRMAN SCHMIDT: We're actually  
17 privileged today to have Dr. Robert Bobby Lewis speak  
18 with us. He's the chairman of the Racing Medication  
19 and Testing Consortium. Dr. Lewis, welcome.

20 He's a graduate of Louisiana State  
21 University. He began his career in Elgin and has been  
22 there ever since. He's a pioneer in the development of  
23 arthroscopic surgery for horses since the early 1980's,  
24 now almost 30 years.

25 Dr. Lewis has participated in many

1 professional organizations, including the Texas  
2 Veterinary Medicine Association, the American  
3 Veterinary Medical Association, the Texas Horse Racing  
4 Association, the American Association of Equine  
5 Practitioners. He's been a member of the American  
6 Association of Equine Practitioners since 1976. He  
7 served as president in 1998 and 1999.

8 He's been a member of numerous committees  
9 and we're very fortunate that now he serves as chairman  
10 of the Racing Medication and Testing Consortium and  
11 he's here to update us on threshold levels for  
12 therapeutic medications.

13 Thank you very much, sir. Welcome.

14 MR. LEWIS: Thank you very much,  
15 Chairman, Commissioners.

16 I don't have a lot to say other than to  
17 give you a little background on some of what's going on  
18 nationally on medication issues. I know, reading some  
19 of the changes that have taken place in Texas, that  
20 this agency has noticed that and is responding to what  
21 some other states are doing. But I thought it would be  
22 good to give you some background on where this has come  
23 from.

24 In your packet, you've got a list of 24  
25 approved, as RCI calls them, controlled therapeutic

1 medications on a schedule. And where this came from is  
2 RCI actually developed this list and this was done with  
3 input from veterinarians, the American Association of  
4 Equine Practitioners, and a lot of people in the horse  
5 industry in general.

6           These happen to be drugs or medications  
7 that have been gleaned from a list that we've worked on  
8 for a number of years that was largely a product of the  
9 American Association of Equine Practitioners. And the  
10 question we asked was what are the therapeutic drugs  
11 that are essential to practice on a racetrack to  
12 maintain the health and welfare of racehorses.

13           And we tackled a large project. RMTC  
14 did. And we conducted administration studies on many  
15 of these drugs. This was a very expensive and  
16 time-consuming endeavor, but it was done for a reason.  
17 And the reason was that there was a very obvious lack  
18 of scientific data in the literature to support  
19 common-sense testing and regulation of these products,  
20 I guess, is the best way to put it.

21           So we spent the money. This amounted to  
22 several millions of dollars. We spent probably a half  
23 a million dollars on corticosteroids alone. We  
24 maintained about a 25-head horse herd in Florida that  
25 was a treadmill exercise group of horses to try to

1 simulate a training or racing environment and we  
2 administered these various products and this is the end  
3 result of it. We believe these are very scientifically  
4 defensible studies. They've been peer-reviewed. Many  
5 of them have been submitted for publication.

6 RMTTC performed these administration  
7 trials and did all this work. And the way we function  
8 is we respond to what the industry asks us to do. And  
9 what the industry was asking us to do, and particularly  
10 horsemen, trainers, and owners, was give us some solid  
11 guidelines on the use of therapeutic products.

12 We've given this information to RCI and  
13 with some recommendations on their use. And RCI takes  
14 it from there and their model rules committee develops  
15 these model rules and that's what they're in the  
16 process of doing on these particular products.

17 They put out a press release on April the  
18 2nd where RCI has formally approved this schedule of  
19 drugs. These will be called the controlled drugs.  
20 There are many other prescription drugs, therapeutic  
21 drugs, that are used today; and it's not to say that  
22 they're improper or illegal to use in a racehorse; but  
23 what it is saying, that those drugs -- there will not  
24 be any detectable level in a post-race sample tolerated  
25 on those.

1           The difference on these 24 is we've  
2       established threshold levels. And threshold levels are  
3       simply levels at which levels detected in a post-race  
4       sample at this level or below don't constitute  
5       violations. They're deemed to not be pharmacologically  
6       significant and won't impact the performance of a  
7       horse. So that's, in simple terms, what we attempted  
8       to do.

9           There's also another classification of  
10      products, like vaccines, anthelmintics or dewormers,  
11      antibiotics, most of the commonly used antibiotics. We  
12      deem those as being of no consequence and we shouldn't  
13      even be testing for them. They're routine -- routinely  
14      used in veterinary medicine. They have -- I think the  
15      term they tried to use was they don't affect mammalian  
16      body systems. They affect bacteria, funguses, and  
17      those kind of things.

18           This is gaining quite a bit of momentum  
19      in the United States. Recently eight states in the  
20      mid-Atlantic and northeast all went together and agreed  
21      to adopt these across the board.

22           Part and parcel of this is laboratory  
23      accreditation. RMTTC has embarked on a process of  
24      accrediting testing laboratories in the United States  
25      with the goal of making sure labs are all capable of

1 detecting all these different products, not only the  
2 therapeutic products but the illegal ones as well. And  
3 it's an attempt to try to upgrade our lab capabilities  
4 in this country.

5           We wrote the code with input of a lot of  
6 chemists in the country today. They're largely based  
7 on international standards, WADA standards, the World  
8 Anti-Doping Association standards. We used that as a  
9 template and wrote the code ourselves. The basic  
10 requirement is these labs to be ISO 17025 accredited;  
11 and once that occurs, the next step is an actual RMTTC  
12 accreditation.

13           We have eight labs in the United States  
14 today that have currently applied for accreditation and  
15 we've granted an interim accreditation to one lab so  
16 far. That's the University of California Davis.

17           An integral part of this accreditation  
18 process is an external quality assurance program. And  
19 we're working with the Canadian pari-mutuel authorities  
20 to come up with those samples and assist us in that.  
21 And some of these samples have already been sent to  
22 some of these labs that have applied. So that process  
23 is ongoing.

24           The third arm of what RMTTC is doing, we  
25 have largely gotten administration drug trials behind

1 us and we've shifted our focus to what we call tactical  
2 research and we will now be focusing our efforts more  
3 on putting our ears to the ground and trying to root  
4 out the improper products that might make their way  
5 onto the racetrack. Dr. Schmidt, as a medical doctor,  
6 you know the pace at which new drugs come on the market  
7 every year and some of these are inevitably going to be  
8 tried in racing, and we know that, by a few people.

9           And so it's a challenge for the labs and  
10 the Commissions to stay on top of this and ahead of  
11 it. It takes good intelligence and it takes money to  
12 do the research to establish some testing capabilities  
13 to detect these products. And that's going to be our  
14 big focus going forward where our focus in the past has  
15 been trying to sort out all the issues with the  
16 therapeutic products.

17           We're doing a lot of cooperation  
18 internationally. We're getting a lot of assistance  
19 internationally and a lot of information  
20 internationally. We have two interim recommendations  
21 on this schedule of 24 drugs. And by interim, I mean  
22 we didn't have the data in the United States to support  
23 it, but we've signed confidentiality agreements and got  
24 the Australians to cooperate with us as well as the  
25 European testing community to cooperate with us and

1 they're starting to feed us some data so hopefully we  
2 don't have to spend the money to duplicate those  
3 efforts. We'll get good solid scientific data from  
4 them to get permanent recommendations on two of the 24  
5 drugs before we have interim ones.

6 Corticosteroids are the latest one.  
7 They've caused a lot of discussion in the United  
8 States. There's a lot of confusion -- some confusion  
9 over what it means. But in a nutshell, what's been  
10 recommended by RCI is that intra-articular  
11 corticosteroids have a restricted administration time  
12 of seven days from the time of a race.

13 There's three long-acting corticosteroids  
14 which are recognized as permitted for use in the joint  
15 and we've established some threshold levels for testing  
16 levels for those three drugs. One of these drugs will  
17 be very problematic because it takes a long time to  
18 clear from a horse's system. All three of those will  
19 be problematic if used intramuscularly. We've advised  
20 Commissions to inform their trainers and veterinarians  
21 to cease using them intramuscularly for that reason.  
22 These are Depo-Medrol, methylprednisolone acetate,  
23 triamcinolone, and betamethasone products.

24 Also we've recommended that there be a  
25 grace period allowed before violations are called until

1 January 1 of 2014 to allow time for, A, the  
2 intramuscular administrations to clear. For example,  
3 on Depo-Medrol, an Australian study with a  
4 200-milligram dose in the muscle, they still had horses  
5 testing positive at 99 days. So we have to allow that  
6 to clear.

7           The second thing is to allow Commissions  
8 time to implement rules and try to do this  
9 synergistically at the same time so you don't have  
10 cross-jurisdictional issues, horses traveling from one  
11 to the other with a different set of rules.

12           There will be a little bit of an effort  
13 made -- HBPA has requested and RCI will take it up at  
14 the end of April to take one more look at environmental  
15 contaminants. So that will be discussed later this  
16 month by RCI. We do have some background material on  
17 that to give them.

18           And one other effort that's going on as  
19 we speak is there's a pretty substantial work group  
20 looking at overhauling penalty guidelines in America  
21 today and the way we assess penalties and categorize  
22 these different products. So that's a work in  
23 progress, but I would suspect within the next several  
24 months we're going to see some significant  
25 recommendations on that.

1                   So with that, that's kind of an update on  
2 what's going on across the country and I'm here to  
3 answer any questions any of you have.

4                   COMMISSIONER ABER: Dr. Lewis, thank you  
5 for doing all that. I wanted to ask you about our  
6 particular lab. Is our lab getting on board with  
7 this?

8                   MR. LEWIS: To my knowledge, TVMDL has  
9 not applied for this. It's not one of the eight. The  
10 eight states in what I call the mid-Atlantic effort,  
11 one of the requirements -- and they all agreed to it --  
12 was all of them subject themselves to the accreditation  
13 process. So some of those have applied. I know New  
14 York and Pennsylvania has. Industrial Labs applied the  
15 other day. Davis. I can't name the other four. I'm  
16 not sure if -- I doubt that TVMDL has.

17                   But this is something in the future that  
18 labs are going to need to look at. I'm sure it will  
19 bring up the issue of some modernization, some upgrades  
20 for some of the labs in the country. And we all know  
21 what an issue that is and we're aware of it.

22                   And by the way, there is money available,  
23 both through us and through the Jockey Club, to assist  
24 in offsetting the cost of the accreditation process so  
25 the labs can justify the need. So the Jockey Club has

1 really stepped forward to try to make this as doable as  
2 it can be. It's a big issue with them. It's a big  
3 issue with all of us really.

4 CHAIRMAN SCHMIDT: Any other questions?

5 I just had a couple, sir.

6 MR. LEWIS: Sure.

7 CHAIRMAN SCHMIDT: If a lab is accredited  
8 by this accreditation process, in theory, then they  
9 should all produce the same results from a given  
10 sample. Is that correct?

11 MR. LEWIS: That's the goal.

12 CHAIRMAN SCHMIDT: Are there some drugs  
13 here that perhaps break down in the process of  
14 transit? So assuming we had -- assuming Texas were  
15 accredited -- were an accredited facility and we had a  
16 positive result and we sent a specimen off to State X  
17 and we had a negative, are there some substances that  
18 just by the delay in evaluating it -- I'm looking for  
19 explanations of why there might be variability in two  
20 samples that, in theory, you have two labs that are  
21 equally sensitive, equally skilled.

22 MR. LEWIS: That historically has been a  
23 problem with certain drugs. We know that. I can't  
24 speak to this particular list of drugs. I'm not a  
25 chemist. And I'm not well versed on the viability of

1 split samples or split sample degradation. Certainly  
2 that's been an issue with some products in the past  
3 because I can remember some pretty celebrated cases.  
4 It's a good question and I don't have a good answer for  
5 you on that on this particular list.

6 CHAIRMAN SCHMIDT: We're dealing with  
7 small numbers, right?

8 I guess, just looking through this, I did  
9 notice that the methylprednisolone is -- I guess the  
10 trial sample is based on -- is that a single joint  
11 injection?

12 MR. LEWIS: Yes, sir, 100 milligrams in  
13 one joint.

14 CHAIRMAN SCHMIDT: Do you expect some  
15 pushback on that? Because it's not uncommon to inject  
16 a horse in two joints. Would that affect it?

17 MR. LEWIS: Oh, no. And we don't -- to  
18 be honest with you, as you know science, we don't say  
19 what -- in other words, we can't say what the effect  
20 would be of putting 50 milligrams in each joint in two  
21 joints versus 100 milligrams in one joint. You and I  
22 being trained medical people would probably suspect  
23 there's no difference; but until that's done, you can't  
24 say for certain.

25 100 milligrams in a single joint is

1 probably a fairly large dose; but when you consider  
2 that many times horses have multiple joints injected,  
3 100 milligrams is not so large. I mentioned this as a  
4 problematic product because it hangs around a long  
5 time.

6           Incidentally, all these withdrawal times,  
7 we did a risk analysis on all this data and we used the  
8 same statistical evaluation that's used for testing for  
9 residues in milk. It's a 95-95 confidence interval.  
10 And we did that for the purpose of providing some very  
11 conservative recommendations. And our goal was if we  
12 told somebody that if you follow these guidelines on  
13 dose and route of administration and you follow these  
14 guidelines on withdrawal time, you'll never get a  
15 positive, inherently we know that you could probably  
16 administer that dose somewhat closer to a race and most  
17 of the time you'd be fine, but not always.

18           So methylprednisolone is that way. In  
19 our sample study that was done at UC Davis, none of  
20 those horses were positive at 21 days with a  
21 100-milligram dose. They were actually positive for a  
22 less period of time than that. But that's 20-some-odd  
23 horses. When you expand that to a large number of  
24 horses, the statisticians will tell you, the larger the  
25 pool of horses, the more risk you have of that outlier

1 being -- showing up and being positive. So we  
2 purposefully did this this way.

3 Just so you know, Depo-Medrol --  
4 corticosteroids are regulated in most of the rest of  
5 the world; and where they have been regulated, this  
6 product largely disappears. The State of Pennsylvania  
7 has probably had more experience in regulating  
8 corticosteroids than any state in the United States.  
9 Dr. Soma and them started that about three years ago.  
10 They had fits and starts and a lot of problems; but if  
11 you talk to the practitioners up there, they've largely  
12 abandoned that drug for that reason.

13 CHAIRMAN SCHMIDT: Any other questions?  
14 Anyone?

15 Speaking on behalf of the entire  
16 Commission, we really appreciate you taking your time  
17 from your practice and we really appreciate the work  
18 you do.

19 MR. LEWIS: Appreciate it. Thank you.

20 CHAIRMAN SCHMIDT: Proceedings on  
21 racetracks, a report by Saddle Brook Park on its  
22 operations. And Mr. Johnsen and Lynn Alexander are  
23 both here. Please step up. Welcome.

24 MR. ALEXANDER: Thank you.

25 CHAIRMAN SCHMIDT: Welcome back to

1 Texas.

2 MR. ALEXANDER: Thank you. It's good to  
3 be here. Really good to be here, Mr. Commissioner and  
4 Commissioners and Mr. Chairman.

5 I'm Lynn Alexander. This is Corey  
6 Johnsen. You have before you a presentation that I'd  
7 kind of like to briefly go over. I told Mr. Fenner  
8 that I had about a 45-minute presentation. He said he  
9 was pretty sure you guys would be excited to hear the  
10 first three minutes of it, so I will make it fast.

11 Anyway, Saddle Brook Park -- Saddle Brook  
12 Jockey Club is doing well. We got off to a rough start  
13 in December when we had a couple of weeks -- as we've  
14 said before, opening a new business just a couple of  
15 weeks before Christmas is not the smartest thing I've  
16 ever done.

17 But we did get it open. And I think the  
18 easiest way to show you what's going on, if you'll go  
19 to the second page and look at the graphs, the handle  
20 in December was \$144,000. In January it went to  
21 266,000; February, to 337; and March to 512. And with  
22 April -- with what's going on right now in April and  
23 all of the Derby preps, I think it's going to even  
24 continue to go up. And of course, May, with the Derby  
25 and the Preakness being run, then I know that May will

1 continue to go up as well.

2 The next page, you'll see the payouts  
3 have gone from 110, 206, 252, to 395. The next page  
4 will show what the Texas breeders association has  
5 received. You'll see that is going straight up as  
6 well.

7 The next page is the State tax and  
8 purses. And you'll see that we have put -- if you go  
9 back to look at page one on the purses, we have put  
10 \$88,733 in our total purses for the other tracks.

11 So I think we're doing exactly what we  
12 thought we could do. We're excited about it. We're  
13 still moving forward with our plans on the racetrack.  
14 Mr. Johnsen is here to kind of talk to you briefly  
15 about a couple of things that we've done there. And  
16 we've had inspections and our inspections went well.  
17 We had a grand opening just in the past couple of weeks  
18 and Lila Smith was there representing the Texas Racing  
19 Commission. It went very well.

20 We've had no problems whatsoever with  
21 anybody in the community as we thought that was  
22 possible, but the community has embraced us. And  
23 we're -- at this point we're very much looking forward  
24 to the future. We're excited about it. And I think  
25 this might be something that will be really good for

1 all of us.

2 If you've got any questions, feel free to  
3 ask. And Corey is going to tell you a little bit about  
4 what's going on with the track.

5 MR. JOHNSEN: I'll just add a little bit  
6 to what Lynn said about the simulcast operation. We've  
7 been refining our operation and are gaining more and  
8 more confidence in our ability to handle the crowds.  
9 We've actually produced a television spot and it's  
10 running on the air now. And we have some very exciting  
11 plans for the Triple Crown, especially the Kentucky  
12 Derby day.

13 So we're very optimistic about our  
14 numbers. And I've always been taught to take a real  
15 disciplined approach and take just real solid steps and  
16 that's what we've done so far and we hope to build on  
17 that.

18 Concerning the live race meet, one of the  
19 areas -- as I think we've talked about, we've done some  
20 estimates on our costs; and one of the areas that I  
21 wanted to firm up was the racetrack surface cost. And  
22 so we have contracted with two of the real experts in,  
23 frankly, the world and that's Dennis Moore and his  
24 brother Ron Moore.

25 And Dennis is the gentleman that did such

1 a great job with the Lone Star Park track renovation  
2 recently. And Dennis and Ron have built tracks all  
3 over the country and they currently handle the track at  
4 Hollywood Park, where it's one of the best surfaces in  
5 the country.

6 And so they came out. We looked at the  
7 site. We did soil samples. And we were able to  
8 determine that basically the soil that's there and the  
9 site will make a very easy racetrack surface  
10 construction project. So I feel really good about our  
11 costs. We will have to truck in some sand, but it's  
12 not as bad as it could have been. So that's one area.  
13 And we've also got some bids on rails and other  
14 things.

15 So we're moving ahead with that process;  
16 and because the site is so friendly to it, they feel  
17 like that it's about 90 days is what it will take to  
18 actually do the racetrack surface construction. That's  
19 how simple that part of the project is going to be.

20 So again, we're taking steps and learning  
21 more about what it's going to take to do live racing in  
22 2014 and I wanted to update you on that part of it and  
23 would be glad to answer any questions.

24 CHAIRMAN SCHMIDT: Thank you, gentlemen.

25 Are there any questions from any of the

1 Commissioners?

2 We really appreciate the update. Sitting  
3 here for five years, we don't often get good news. And  
4 we appreciate that very much. Thank you.

5 Moving to Item B, a request by Saddle  
6 Brook Park for approval of a change of ownership of not  
7 more than five percent that does not cause a change in  
8 control.

9 Jim, could you update us and outline the  
10 issues for us?

11 MR. BLODGETT: I'd be happy to,  
12 Commissioner.

13 On October the 31st, 2012, the Commission  
14 received a request from Saddle Brook Park, LLC, to  
15 approve the issuance of new stock and its transfer to  
16 Richard Lynn Alexander and Corey Johnsen. As a result  
17 of this change, Mr. Richard Alexander would hold a 30  
18 percent ownership interest in Saddle Brook Park, LLC,  
19 and its racing license and Mr. Johnsen would hold a two  
20 percent ownership interest.

21 Background information forms for these  
22 gentlemen were forwarded to the Texas Department of  
23 Public Safety; and on December 18th, 2012, DPS provided  
24 a written report on Mr. Johnsen; and on March 19th,  
25 2013, DPS provided a similar report on Mr. Alexander.

1                   The request to transfer is eligible for  
2                   the Commission's consideration at this Commission  
3                   meeting today.

4                   CHAIRMAN SCHMIDT: Any public comment?

5                   Any questions of Mr. Blodgett? Any  
6                   discussion by any of the Commissioners?

7                   If not, I'll certainly entertain a motion  
8                   to approve the transfer for change of ownership as  
9                   listed in the --

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

12                  CHAIRMAN SCHMIDT: Thank you.

13                  A motion made by Commissioner Hicks.

14                  COMMISSIONER WEINBERG: Second.

15                  CHAIRMAN SCHMIDT: Seconded by  
16                  Commissioner Weinberg.

17                  I'll bring it to a vote. All those in  
18                  favor signify by saying aye.

19                  COMMISSIONERS: Aye.

20                  CHAIRMAN SCHMIDT: Anyone opposed?

21                  Okay. The motion carries. Thank you.

22                  The next item is a request by Gulf Coast  
23                  Racing to amend its contract with United Tote Company.

24                  Mr. Fenner, would you please lay this out  
25                  for us?

1 MR. FENNER: Yes, sir.

2 Commissioners, in the confidential  
3 portion of your materials, you'll find a request by  
4 Gulf Coast Racing to amend its current contract with  
5 United Tote. Staff has reviewed that proposed  
6 amendment and it does comply with the act and the  
7 rules, so staff would recommend approval of that  
8 amendment to the contract.

9 CHAIRMAN SCHMIDT: Great.

10 There's no public comment.

11 Any discussion by the Commission at all  
12 regarding this?

13 I'd certainly entertain a motion to  
14 approve. Is there a motion?

15 COMMISSIONER MARTIN: Make a motion to  
16 approve.

17 CHAIRMAN SCHMIDT: A motion made by  
18 Dr. Martin. Second?

19 COMMISSIONER STEEN: Second.

20 CHAIRMAN SCHMIDT: By Commissioner  
21 Steen.

22 All those in favor signify by saying  
23 aye.

24 COMMISSIONERS: Aye.

25 CHAIRMAN SCHMIDT: Anyone opposed?

1           That also is approved unanimously.

2           Gulf Greyhound Park has a request to  
3 retroactively amend its 2013 live racing schedule.

4           Ms. Briggs, can you update us?

5           MS. BRIGGS: Certainly.

6           CHAIRMAN SCHMIDT: Thank you.

7           MS. BRIGGS: Sally Briggs, Gulf Greyhound  
8 Park. Thank you.

9           As you all will recall, awhile back we  
10 ended up having to cancel a performance because of a  
11 shortage of greyhounds. And in November of 2012 we  
12 added another kennel and gave them time to get their  
13 dogs in and running good and now we have enough active  
14 greyhounds that we're requesting to add back a  
15 performance. We would like to add back Tuesdays,  
16 Tuesday evenings, through December 31st, and we will  
17 run 13 races for each of those performances.

18           If you have any questions, I'll be glad  
19 to answer.

20           CHAIRMAN SCHMIDT: Great.

21           Do we have any questions of the proposal  
22 by the Commissioners?

23           There's no public comment.

24           MS. BRIGGS: Thank you.

25           CHAIRMAN SCHMIDT: Certainly I'll

1 entertain a motion to approve.

2 COMMISSIONER HICKS: I'll make the  
3 motion.

4 CHAIRMAN SCHMIDT: Commissioner Hicks.  
5 And second?

6 COMMISSIONER WEINBERG: Second.

7 CHAIRMAN SCHMIDT: Commissioner  
8 Weinberg.

9 All those in favor signify by saying  
10 aye.

11 COMMISSIONERS: Aye.

12 CHAIRMAN SCHMIDT: Anyone opposed?

13 That's approved as well.

14 Then we have two issues to deal with with  
15 Sam Houston Race Park. Item No. 1 is to amend its 2013  
16 live racing schedule.

17 Andrea Young, are you able to lay out the  
18 request for us?

19 MS. YOUNG: Sure.

20 Good morning, Commissioners. The request  
21 before you is to relocate a pair of Sunday race dates  
22 at Sam Houston to Mondays because our Mondays have been  
23 so successful and really to generate additional purse  
24 money and revenues for the track.

25 If you have any questions, I'm happy to

1 answer them.

2 CHAIRMAN SCHMIDT: Just one out of  
3 curiosity. Is there no competition on Monday or --  
4 you'd think Sunday would be better, wouldn't it,  
5 intuitively?

6 MS. YOUNG: Well, you know, Mondays is  
7 something that kind of came forth a few years ago,  
8 since we're in the spirit of giving lots of good news  
9 here this morning, that really took hold for us, a lot  
10 less competition in the marketplace. We've been in a  
11 position a couple of times this year to actually be the  
12 highest handling track in the country on Mondays. And  
13 on Sunday, with a lot of the bigger-name marquee tracks  
14 across the country, that's just not something we've  
15 been able to do.

16 CHAIRMAN SCHMIDT: Great. If you don't  
17 mind, if you'd just stay up there as we vote.

18 MS. YOUNG: Sure.

19 CHAIRMAN SCHMIDT: And then we won't make  
20 you go back and forth.

21 Any further public comment?

22 Any discussion by the Commission?

23 Okay. I'll certainly entertain a motion  
24 to approve Sam Houston Race Park's request to amend its  
25 2013 live racing schedule. Is there a motion?

1                   COMMISSIONER STEEN: I'll make the  
2 motion.

3                   CHAIRMAN SCHMIDT: Commissioner Steen.  
4 Second, Dr. Martin?

5                   COMMISSIONER MARTIN: Second.

6                   CHAIRMAN SCHMIDT: Great.

7                   Any further discussion?

8                   All those in favor signify by saying  
9 aye.

10                  COMMISSIONERS: Aye.

11                  CHAIRMAN SCHMIDT: The motion carries.

12                  And then moving to the next item, Andrea,  
13 now as CEO of Valley Race Park, would like to amend its  
14 2013 live racing schedule.

15                  And, Andrea, can you lay out that  
16 request, please?

17                  MS. YOUNG: Yes. As some of you  
18 Commissioners know that have been on the Commission for  
19 some time, several years ago we went to a limited  
20 racing schedule at Valley Race Park in order to deal  
21 with the shortage of greyhounds, something Sally talked  
22 about a few minutes ago, as well as redirect our purse  
23 money to Gulf Greyhound so they could keep and attract  
24 more greyhounds.

25                  So we ran -- this will actually be the

1 second time for us to run a condensed meet. We are  
2 requesting specifically to move these dates from July  
3 into November. This is very consistent with what we  
4 did in 2011. We'll run one performance on November the  
5 30th.

6 Part of the request also requires us to  
7 relocate our charity race dates, which we've also done  
8 here to a number of Saturdays over the remaining part  
9 of the calendar year.

10 This effort is -- you know, we were kind  
11 of satisfied with the way we did things in 2011; but  
12 this is really a result of the greyhound association,  
13 Nick James, and Gulf Greyhound coming to us and saying,  
14 "Hey, you know, we felt good about what happened, but  
15 here's what could be better."

16 In particular, the greyhounds felt like  
17 not enough Texas kennels had the opportunity to  
18 participate because of overlap with Gulf Greyhound, so  
19 this new format allows -- and also Gulf Greyhound  
20 didn't like how much purse money we had to take away  
21 from them. So this new format addresses both their  
22 concerns; and as I indicated in my letter and I think  
23 it's in the packet, we have their support.

24 CHAIRMAN SCHMIDT: We'd certainly like to  
25 help the greyhound people as much as we can.

1 Any public comment?  
2 Any further questions of Andrea Young?  
3 Okay. I'll certainly entertain a motion  
4 to approve Valley Race Park's request to amend its 2013  
5 live race schedule. A motion made by Commissioner  
6 Hicks?

7 COMMISSIONER HICKS: Yes.

8 CHAIRMAN SCHMIDT: Seconded?

9 COMMISSIONER WEINBERG: Second.

10 CHAIRMAN SCHMIDT: Seconded by  
11 Commissioner Weinberg.

12 Any further discussion?

13 All those in favor signify by saying  
14 aye.

15 COMMISSIONERS: Aye.

16 CHAIRMAN SCHMIDT: The motion carries.

17 Thank you very much.

18 MS. YOUNG: Uh-huh.

19 CHAIRMAN SCHMIDT: We'll actually defer a  
20 report by the committee on rules and we'll simply ask  
21 Commissioner O'Connell's input as we move along.

22 We have, first, a proposal to amend a  
23 rule, 311.5, and a proposal for a new rule regarding an  
24 equine dental provider.

25 Mark, can you enlighten us about these

1 two issues?

2 MR. FENNER: Yes, sir.

3 The Commission's rules currently address  
4 a license type called a tooth floater, which was people  
5 who perform basic dental procedures on horses. There  
6 has been a change in the Veterinary Licensing Act and a  
7 change in the rules enforcing that act over at the  
8 veterinary board in which the act now defines a license  
9 type called the equine dental provider and sets out  
10 specific criteria a person has to meet in order to be  
11 licensed as an equine dental provider.

12 So in order to bring our rules into  
13 conformity with what's happening with the veterinary  
14 act and with the veterinary board, what these two  
15 proposals do is they eliminate the license type of  
16 tooth floater and creates a new license type called the  
17 equine dental provider. And it also sets out a new  
18 rule, 311.112, which specifies that a person with the  
19 equine dental provider license from the Commission must  
20 also be licensed and in good standing with the vet  
21 board.

22 This was presented at the rules committee  
23 meeting and discussed.

24 CHAIRMAN SCHMIDT: Okay. And also, Mark,  
25 license fees?

1 MR. FENNER: I'm sorry?

2 CHAIRMAN SCHMIDT: Also a proposal to  
3 amend 311.5 on license fees?

4 MR. FENNER: Yes. That's really the  
5 title. That's a series of -- it's a table of titles  
6 and fees, and so we're striking the tooth floater and  
7 creating the equine dental provider.

8 CHAIRMAN SCHMIDT: I see. Okay.

9 Any public comment? None.

10 And, Commissioner O'Connell, any  
11 thoughts?

12 MS. O'CONNELL: Nothing additional. The  
13 fee remains the same. It's just changing the  
14 terminology for the dental provider, just bringing  
15 everything into conformity with the veterinary rules.

16 CHAIRMAN SCHMIDT: I just had one  
17 question, I guess, of my two veterinary colleagues. In  
18 an equine dental provider, obviously you sedate the  
19 horse when you do these procedures.

20 COMMISSIONER ABER: Well, no.

21 CHAIRMAN SCHMIDT: You don't?

22 COMMISSIONER ABER: They can't carry the  
23 drug.

24 CHAIRMAN SCHMIDT: They can't carry the  
25 drug. The vet can, and so --

1                   COMMISSIONER ABER: Yeah. They're under  
2 general supervision. But this is a law that changed  
3 through the Legislature, which, before, when the Racing  
4 Commission had tooth floater, that was really illegal  
5 because nobody could do it but a veterinarian. So now,  
6 through the law, an equine dental provider has to get  
7 their approval and they have to go through a licensure  
8 through the board. So the board licenses them and then  
9 they put them under general supervision to work at the  
10 track. But that doesn't give them the right to carry  
11 drugs.

12                   CHAIRMAN SCHMIDT: They can't sedate a  
13 horse.

14                   COMMISSIONER ABER: Right.

15                   CHAIRMAN SCHMIDT: I saw in the rule we  
16 have it so the veterinarian has to be physically  
17 present as well?

18                   COMMISSIONER ABER: Well, general  
19 supervision. If they don't use the drugs, they can do  
20 it.

21                   CHAIRMAN SCHMIDT: They can do that.

22                   COMMISSIONER ABER: General supervision  
23 just means that you can call from New York City to --  
24 which I don't particularly like, but that's the law.

25                   COMMISSIONER MARTIN: A vet tech can do

1 it under direct supervision of the veterinarian. The  
2 equine dental provider can do it under general  
3 supervision of the veterinarian.

4 CHAIRMAN SCHMIDT: I just remembered  
5 there was some issue about -- this is less legal  
6 drugs. It's more sedation. Sometimes --

7 COMMISSIONER ABER: Restricted drugs.

8 CHAIRMAN SCHMIDT: Thank you. Thank you  
9 for that.

10 Any further discussion?

11 I'd certainly entertain a motion to  
12 publish the rule proposals in B and C in the Texas  
13 Register for public comment. All we're doing is  
14 publishing these for public comment.

15 COMMISSIONER MARTIN: I'll make the  
16 motion.

17 CHAIRMAN SCHMIDT: A motion per  
18 Dr. Martin, seconded by Commissioner Aber.

19 All those in favor signify by saying  
20 aye.

21 COMMISSIONERS: Aye.

22 CHAIRMAN SCHMIDT: Anyone opposed?

23 That carries unanimously.

24 Now we have rule adoptions, 307.8 and  
25 309.53, as well as the following list, F through K.

1                   Mark, can you bring us up to date on this  
2 group?

3                   MR. FENNER: Yes, sir.

4                   The rule proposal for 307.8, the  
5 negotiated rulemaking and alternative dispute  
6 resolution, was published in the Texas Register and  
7 taken to the rules committee. We received no written  
8 comments or comments in response to its introduction at  
9 the rules committee.

10                  The rule on ownership and management  
11 review of active racetrack licenses, we did have a good  
12 discussion about that at the rules committee. One  
13 commenter suggested that there were certain provisions  
14 in there relating to the rescheduling of reviews in  
15 other than a five-year increment is not tracking the  
16 language of the statute.

17                  And so we have made a modification to the  
18 rule to strike two provisions that relate to adjustment  
19 of the scheduling of a review in other than a five-year  
20 increment. And you'll see those in your materials.  
21 You can see that they are highlighted and struck  
22 through showing where those changes are made.

23                  And by the way, we do have a letter in  
24 support from Mr. Moltz of these changes and it should  
25 be in your materials at your desks.

1                   The changes in -- or rule proposals in  
2                   Parts F through K all relate to the prohibition of live  
3                   lures in the training of greyhounds. These have been  
4                   discussed at many rules committee meetings. We  
5                   received no comments or written comments or discussion  
6                   at the rules committee in response to this. And they  
7                   are ready for adoption.

8                   CHAIRMAN SCHMIDT: Okay. Commissioner  
9                   O'Connell, do you have any comments?

10                  MS. O'CONNELL: No additional comments.

11                  CHAIRMAN SCHMIDT: No additional  
12                  comments? Great. Thank you.

13                  Any further questions by any members of  
14                  the Commission?

15                  Okay. I'll certainly entertain a motion  
16                  to adopt the rule proposals that have worked their way  
17                  really through the rules committee, public comment, now  
18                  presented today, D through K as published in the Texas  
19                  Register and with the modification discussed in E, a  
20                  motion to approve.

21                  COMMISSIONER MARTIN: I make a motion.

22                  CHAIRMAN SCHMIDT: A motion to approve by  
23                  Commissioner Martin.

24                  Is there a second to that motion?

25                  MR. POLUNSKY: Second.

1                   CHAIRMAN SCHMIDT: Commissioner Polunsky  
2     has seconded that motion.

3                   All those in favor signify by saying  
4     aye.

5                   COMMISSIONERS: Aye.

6                   CHAIRMAN SCHMIDT: Anyone opposed?

7                   Okay. All those rules are now carried  
8     and approved.

9                   There will not be an executive session.

10                  Unless there is a concern, the next  
11     meeting is as scheduled on June 11th. Is that  
12     convenient for everyone as far as they know?

13                  COMMISSIONER HICKS: I'll be in Ecuador.

14                  CHAIRMAN SCHMIDT: Good. You're doing  
15     better work. You're doing better work.

16                  It will be on the schedule the 11th of  
17     June.

18                  And it's now 11:17 and we're adjourned.

19     Thank you very much.

20                  (Proceedings concluded at 11:17 a.m.)

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1 STATE OF TEXAS )

2 COUNTY OF TRAVIS )

3

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

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

14 GIVEN UNDER MY OFFICIAL HAND OF OFFICE at Austin,  
15 Texas, this \_\_\_\_ day of April, 2013.

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1016 La Posada Drive, Suite 294

Austin, Texas 78752

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