

Texas Racing Commission Funding Proposal
9/5/2017

In an effort to preserve racing in the State of Texas, while operating at a competitive disadvantage with our surrounding states, all affected parties agree to the following points:

1. It is in the industry's best interests to keep all existing licenses in place and contributing to the racing economy. Furthermore, the license holders encourage the Texas Racing Commission to strongly consider the fees contributed by the inactive tracks as good faith efforts during the annual renewal of those licenses.
2. Effective immediately, the Texas Racing Commission MUST, within the parameters of the Texas Racing Act, improve the efficiency of the regulatory model in which they operate in order to cut the cost of regulation to correspond with the decline of activity in the Texas Racing Industry. Specifically, the Texas Racing Industry is half the size it was in 2004 and the TRC acknowledges the financial circumstances of the Industry as a whole are tenuous. Therefore the agency shall make all efforts necessary to find ways to curtail the expenses of the agency over the next two (2) years. Those cost savings shall be equitably passed along to the license holders as they are realized, within a reasonable timeframe to allow for rule changes. The industry would like the TRC to commit to a third party review with industry input to be funded through additional fees if necessary and mutually agreed to (for further discussion). After September 1, the Chairman will meet with industry to draft timelines and milestones for this process.

Given that the parties are agreeing to a process, and in an effort to ensure the orderly operation of the agency while pursuing the above-referenced goals and commitments, the license holders agree to support the following rule proposal to change the fee structure of all racetrack licenses for FY 2018 as follows:

<u>TRACK</u>	<u>2018 Fees</u>	<u>Base # Days</u>	<u>Add'l Days*</u>	<u>Total Payment</u>
Lone Star Park	\$700,000.00	20	35	\$920,955.00
Retama Park	\$700,000.00	20	12	\$775,756.00
Sam Houston RP	\$700,000.00	20	28	\$876,764.00
Gillespie County Fair	\$35,000.00	8	0	\$35,000.00
Gulf Greyhound Park	\$200,000.00	36	0	\$200,000.00
Gulf Coast Racing	\$200,000.00	0	0	\$200,000.00
Valley Race Park	\$200,000.00	0	0	\$200,000.00
Laredo Downs	\$125,000.00	0	0	\$125,000.00
Manor Downs	\$125,000.00	0	0	\$125,000.00
<u>Valle De Los Tesoros</u>	<u>\$125,000.00</u>	<u>0</u>	<u>0</u>	<u>\$125,000.00</u>
Track Total	\$3,110,000.00	68	75	\$3,583,475.00

Notes:

-The italicized (additional race dates) is optional and shall be negotiated between the Class I license holder and the officially recognized horsemen's organization.

*-*Horse race dates above 68 total statewide (20 per track) billed at \$6,313.*

In the event additional funds are necessary by the Texas Racing Commission in FY 2018, the TRC will consider rule changes related to occupational license fees at its next meeting. The license holders recognize this revenue is variable in nature.

There are numerous other points that can be made to persuade various parties to support this agreement. Not the least of which are:

1. It sets forth a mechanism to make meaningful reductions to the cost of regulation for everyone's benefit.
2. It saves important horse purse money. The purse money generated by three (3) of the five (5) litigating licenses will be preserved, thereby causing no further erosion of horse purses. That has historically been ~ \$1 million annually.
3. The increases in fees levied upon the Class I licenses are no more or less than will be levied upon them

when the five (5) litigating licenses surrender their licenses.

4. It stops the costly time and expenses for plaintiffs and TRC created by lawsuit
5. It brings certainty and stability to the industry and allows the parties to continue orderly business operations.
6. It prevents the further evaporation of licenses for the foreseeable future.

All license holders will begin paying monthly in good faith by 9/22, and thereafter the first of each month, based on above fee schedule with the understanding of consideration by full Commission at its next meeting on 9/20.

This proposal is subject to the approval by the full Texas Racing Commission. It is the understanding of all parties that the full Commission at its next meeting on 9/20 will consider this proposal.



Gillespie County Fair Association

Lone Star Park



Sam Houston Race Park



Retama Park



Gulf Greyhound Park

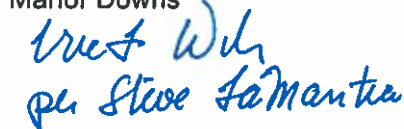


Manor Downs



per Steve Samantia

Laredo Downs



per Steve Samantia

Valle de los Tesoros



Valley Race Park



Gulf Coast Racing