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BASED ON CALENDAR YEAR 2004 AND IS NOT AUDITED.

## TEXAS RACING COMMISSION

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Austin, Texas 78754-4552

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**TEXAS RACING COMMISSION**

P. O. BOX 12080  
AUSTIN, TEXAS 78711-2080  
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January 31, 2005

The Honorable Rick Perry  
Governor of the State of Texas  
State Capitol, Room 200  
Austin, Texas 78701

Dear Governor Perry:

On behalf of the Commissioners and staff, I am pleased to submit the 2004 Annual Report of the Texas Racing Commission in accordance with Section 3.10 of the Texas Racing Act, Article 179e, Vernon's Texas Civil Statutes.

This report covers the activities of the Commission, providing statistics, comparisons, and information relating to all aspects of the Texas greyhound and horse racing programs and breeding programs. Of special significance is the section highlighting Lone Star Park at Grand Prairie's hosting the prestigious Breeders' Cup races in October.

The Commission is grateful for the tremendous assistance and cooperation of the Department of Public Safety and the Office of the Comptroller of Public Accounts in regulating the pari-mutuel industry.

The Commissioners and staff are proud to serve you and the citizens of this great state and we remain dedicated and determined to providing effective, efficient regulation of this vital industry.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Dyke Rogers".

R. Dyke Rogers  
Chair

RDR:mjc





**TEXAS RACING COMMISSION**

P. O. BOX 12080  
AUSTIN, TEXAS 78711-2080  
(512) 833-6699  
FAX (512) 833-6907

January 31, 2005

The Honorable Rick Perry  
Governor of the State of Texas  
State Capitol, Room 200  
Austin, Texas 78701

Dear Governor Perry:

As the chief administrative officer for the Texas Racing Commission, I am pleased to present to you the agency's 2004 Annual Report. The results of our regulatory efforts, along with statistics of interest, are highlighted in this report. The year's activity and statistics are sharp contrasts.

Texas horse racing truly reached its pinnacle with Lone Star Park at Grand Prairie hosting the prestigious Breeders' Cup races in October. As you witnessed, the event brought tremendous international exposure to the state, generating an estimated \$50 million dollars for Texas in direct and indirect economic benefit.

However, the total amount wagered at our Texas racetracks remained static. The expansion of gaming opportunities in other states, including most of our neighboring states, places Texas racetracks at a competitive disadvantage, for patrons and for high-quality race animals. Further, the continued proliferation of illegal telephone and internet gaming siphons money from both Texas' racetracks and the State of Texas. These rogue companies are not good corporate citizens of Texas. They do not employ Texans; they do not pay real estate taxes; they do not pay pari-mutuel taxes to the State of Texas; they do not contribute to horse or greyhound purses.

Although the Commission is concerned that these competitive elements are preventing this industry from reaching its potential, we recognize that you and the Legislature set Texas' overall gambling policy. As Executive Secretary of the Commission, I assure you that this agency will continue to diligently regulate the pari-mutuel industry in a manner that maintains the trust and respect of the citizens of our great state.

Very Truly Yours,

A handwritten signature in cursive script that reads "Paula C. Flowerday".

Paula C. Flowerday  
Executive Secretary



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**TEXAS DEPARTMENT OF PUBLIC SAFETY**

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ASST. DIRECTOR



COMMISSION  
COLLEEN McHUGH  
CHAIRMAN

ERNEST ANGELO, JR.  
CARLOS H. CASCOS  
COMMISSIONERS

January 13, 2005

Mr. R. Dyke Rogers, Commission Chair  
Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, Texas 78754-4594

Re: ARTICLE 179e, SECTION 3.10  
VERNON'S TEXAS CIVIL STATUTES

Dear Mr. Rogers,

Pursuant to the requirements outlined in Article 179e, Section 3.10 of Vernon's Texas Civil Statutes, the Texas Department of Public Safety provides the following information relating to organized crime and illegal gambling in Texas for the year 2004.

CRIMINAL ACTIVITY AND CRIME TRENDS

During the year of 2004, homeland security issues continued to dominate much of the state's law enforcement attention. Within Texas, federal, state, and local resources continue to be focused upon homeland security issues as the country's war against terrorism continued to escalate. At a level rarely experienced, governmental agencies are coordinating investigative efforts to effectively identify and investigate those individuals and groups who are engaging in acts of terrorism. Due to substantial monetary profits, many traditional organized crime groups are becoming increasingly involved in activities that tend to facilitate terrorism through funding and support mechanisms such as human smuggling, identity theft, narcotics trafficking, and intelligence gathering. Incidents of cyber terrorism continue to challenge investigators and remain as a growing concern in this war as well. The reportable crime index for the first six months of 2004 reflected an index change of +.05%.

ILLEGAL GAMBLING

During 2004, Texas hosted the prestigious Breeders' Cup World Thoroughbred Championship races at the Lone Star Park in Grand Prairie, Texas. Federal, state, and local law enforcement worked collectively to ensure the safety and integrity of the event and participants. Combined efforts between law enforcement, the Texas Racing Commission, and the Texas Racing Industry resulted in a "showcase" event for Texas.



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Although many jurisdictions continue to investigate the operation of illegal 8 Liner businesses within the state, many such businesses continue to thrive due to the lack of enforcement and prosecution in many areas. Unregulated Indian Gaming, a target of enforcement action by the Texas Attorney General's office in previous years has had minimal impact on gambling activities and trends in 2004; however, representatives from this industry continue to seek avenues in which to operate the casinos legally within Texas. As the Texas Legislature prepares to convene in January of 2005, it is uncertain what changes may be made to the Texas gambling statutes at this time. Law enforcement remains concerned and continues to actively investigate organizations promoting illegal internet wagering into Texas. As reported previously, the successful investigation of these type cases continues to be hampered by jurisdictional issues. Illegal horse racing at non-pari mutual facilities in rural areas of Texas continues to be successfully identified and investigated.

Sincerely,

A handwritten signature in dark ink, appearing to read "W.G. Hawkins". The signature is written in a cursive, flowing style.

Gene Hawkins  
Commander  
Texas Department of Public Safety  
Special Crimes Service



## **The Commission**

The Texas Racing Commission was created by the Texas Legislature in 1986 to be the state agency responsible for overseeing and regulating pari-mutuel horse and greyhound racing in Texas. The Commission functions pursuant to authority granted in the Texas Racing Act, Vernon's Texas Civil Statutes, Art. 179e.

### **Mission**

The Commission will vigorously enforce the Texas Racing Act and its rules to ensure a consistent and accurate revenue stream to the state and racing participants, safe racing facilities, fair and honest racing activities, and accountable use of economic incentives funded through pari-mutuel racing. The Commission will conduct its regulatory activities courteously and efficiently and will facilitate communication and cooperation among and between the public and the various interests within the racing industry.

### **Philosophy**

The Texas Racing Commission accepts and affirms its responsibility to perform its duties in strict compliance with applicable state laws and with the highest integrity. We will conduct our regulatory activities consistently, courteously, and efficiently while remaining sufficiently flexible to adjust to the distinctive and changing needs of and influences on the racing industry.

### **The Commissioners**

The Commission consists of nine members: seven are appointed by the Governor with the advice and consent of the Senate, and two are ex officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The seven non-salaried commissioners serve overlapping six-year terms.

Of the seven appointed Racing Commissioners, five members must be representatives of the general public and have general knowledge of

business or agribusiness. Of these five general business appointees, one appointee may be a veterinarian.

One member must have special knowledge or experience related to greyhound racing and one must have special knowledge or experience related to horse racing. The Governor designates a Commissioner to serve as the Chair of the Commission. The nine members elect a Vice-Chair for a term of two years.



Governor Rick Perry named **Dyke Rogers** Chair of the Commission on May 26, 2003. The President of Frontier Fuel Company has served on the Commission since November of 1999. In addition to Frontier Fuel, Mr. Rogers is engaged in numerous business ventures, including real estate and investments. His term expires in February of 2005.

**Jesse Adams** was appointed to the Commission on May 16, 2003. Mr. Adams is President of Adams & Polunsky, a real estate and tax-consulting firm in San Antonio. He serves on the boards of the Texas Association of Property Tax Professionals, the National Association of Home Builders and the San Antonio Board of Realtors. His term expires in February of 2009.

**Treva Boyd** was appointed to the Commission on November 17, 1999. She serves as the Commissioner with special knowledge or experience related to greyhound racing. Ms. Boyd owns and operates American RV and Supply Company in San Angelo. She previously served as Labor Relations Manager for GTE of the Southwest. Ms. Boyd's term expires in February of 2005.

**G. Kent Carter, DVM**, was named to the Commission on February 19, 2004. Dr. Carter is a Professor in the Department of Large Animal Clinical Sciences at Texas A & M

University. During 2004, Dr. Carter was elected to serve a three-year term on the Board of Directors of the American Association of Equine Practitioners. His term expires in February of 2009.

**Comer Cottrell** was named to the Commission on March 8, 2002. He resides in Plano and owns and operates FCC Investment Corporation. His previous state service includes serving as Chair of the Texas Cosmetology Commission and as Vice-Chair of the Texas Youth Commission. His term expires in February of 2007.

**Mike Rutherford** was named to the Commission on May 3, 2001. Mr. Rutherford owns and serves as President of Rutherford Oil Corporation, an independent oil and gas producing company based in Houston. His term expires in February of 2007. Mr. Rutherford was re-elected by his fellow Commissioners as Vice-Chair on February 5, 2004.

**Charles L. "Sonny" Sowell** was named to the Commission on August 26, 2003. He is a licensed attorney and serves as Vice President of the McNair Group. He is also vice chair of the Harris County Sports and Convention Corporation, president of the Houston Athletic Committee and director of the Houston chapter of the National Football Foundation and College Hall of Fame. His term expires in February of 2009.



## Ex Officio Members

**Colleen McHugh**, Chair of the Public Safety Commission, has served as an ex officio member of the Racing Commission since October of 1998. She is a managing partner of the Corpus Christi office of Bracewell & Patterson, Attorneys at Law.

**Carole Keeton Strayhorn**, Comptroller of Public Accounts, has served as an ex officio member of the Racing Commission since her election in January of 1999. Jimmy Archer, the Comptroller's Chief of Criminal Investigations, regularly serves as Ms. Strayhorn's designee at Commission meetings.

## Significant Commission Actions

The 78<sup>th</sup> Legislature increased the number of "general business" appointees to the Commission from four to five. The legislation also states that one of those appointees may be a veterinarian and that having a veterinary medical license qualifies as general knowledge of business or agri-business. This new Commissioner position was created on September 1, 2003, with an initial term to expire on February 1, 2009. Governor Perry appointed G. Kent Carter, DVM to fill this position on February 19, 2004.

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Racing Act §6.094 authorizes the Commission to adopt rules to facilitate the conduct of the Breeders' Cup races, including the adoption of rules or waiver of existing rules in order to assure the integrity of the races, licensing for all participants, special stabling and training requirements for foreign horses, and commingling of pari-mutuel pools. At the February Commission meeting, Lone Star Park at Grand Prairie (LSP), host of the 21<sup>st</sup> Breeders' Cup World Thoroughbred Championships on October 30, 2004, requested and received a waiver of §§313.110, 321.207, and 313.103(h), which relate to coupling entries and identification requirements.

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At the April meeting, the Commission voted unanimously to continue through 2004 the allocation of the escrowed purse account as was approved for 2003.

---

Staff presented the Strategic Plan for 2005 through 2009 for the Commission's consideration at the June meeting. Following discussion, the Commission approved the Strategic Plan as submitted.



A special Head to Head wager was approved for the Breeders' Cup races at LSP at the June meeting. As authorized by §321.318, Commission staff worked with LSP and the Breeders' Cup staff to formulate the special rule creating a win pool wager that matches two selected wagering interests within a race.

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Staff presented the agency's Legislative Appropriation Request for FY 2006-2007 for Commission approval at the August meeting. To comply with the Legislative Budget Board's directive, the agency's requested baseline budget could not exceed 95% of the sum of its estimated expenditures in FY 2004 and its budgeted appropriation in FY 2005. Additional appropriations were requested in the form of ten exceptional items. The Commission unanimously approved the submission of the request as presented.

Also at this meeting, the Commission approved another special wager for LSP, the International All-Star Jockey Championship, for Thursday, October 28. With riders coming from around the world to participate in the Breeders' Cup races, LSP modified a similar wager, the All-Star Jockey Championship, that had been approved and offered during their Spring Meet for the past seven years.

The Commission also approved the Breeders' Cup Reimbursement Form at the August meeting. This form provides a mechanism for the Commission to review the expenses submitted for reimbursement to ensure they are legitimate Breeders' Cup expenses as authorized by §6.094 of the Racing Act.

At the August meeting, Joe V. LaMantia, Jr. requested the Commission open an application period for a Class 2 racetrack license in Hidalgo County. Staff reminded the Commission that two applications were pending consideration for Webb County and that a technical issue involving the certification of their local option referendum had surfaced. Additionally, it appeared that Hidalgo County could also have a technical problem involving their certification.

Because an Attorney General's opinion was being contemplated about the referendum issues, Staff suggested any application period not be open before April of 2005. The Commission voted 6-2 to open an application as requested for Hidalgo County beginning for a sixty-day period on April 1, 2005.

The 2004 horse race dates calendar was a significant departure from prior calendars because of the need to accommodate LSP's hosting the Breeders' Cup Championship races. The Commission returned to a more traditional racing calendar with their granting of the 2005 race dates at the August meeting. The Commission also approved the 2005 greyhound performances at the August meeting. (See Appendix Page xvi for a complete listing of these dates by racetrack.)



At the September meeting, the Commission voted unanimously to maintain in 2005 the existing allocation and breed split of the purse revenue and Texas Bred Incentive Program revenue generated by simulcasting in 2006.

Staff presented a synopsis of changes to the equine medication policy and penalty guidelines. These guidelines provide a framework for the stewards and racing judges to impose consistent and fair penalties for rule infractions. The Executive Secretary is authorized to implement these guidelines and asked for endorsement of the modifications, which included: definitions of mitigating circumstances and aggravating circumstances; clarifications to the recommended penalties to give more flexibility to determine the penalty for a particular violation; and additional language to reinforce the Commission's overall enforcement goals. The Commissioners endorsed the changes for immediate implementation.

LSP requested approval of an amendment to their totalisator contract that would permit installation of a simplified wagering machine. The Commission voted to table the issue due to several concerns, including the Department of Public Safety's request to have more time to evaluate the machines.



At the October 21st meeting, the Commission approved the tote contract amendment submitted by LSP that allowed the installation and operation of the simplified wagering machines. Staff confirmed that the wagers made on the simplified wagering machines, Horse Wizards, are pari-mutuel wagers placed on simulcast horse races and that with certain limitations the machines complied with Commission rules. The Commission conditioned the approval and limited the operation of the machines to a two-week period ending October 31.



The Commission considered Austin Jockey Club's (AJC) request to change its location to a site east of Pflugerville, in northeast Travis County, at its November meeting. Texas Racing Act, §6.14(d), authorizes the Commission to change a racetrack's location if the Commission finds that the conduct of race meetings at the new location will be in the public interest.

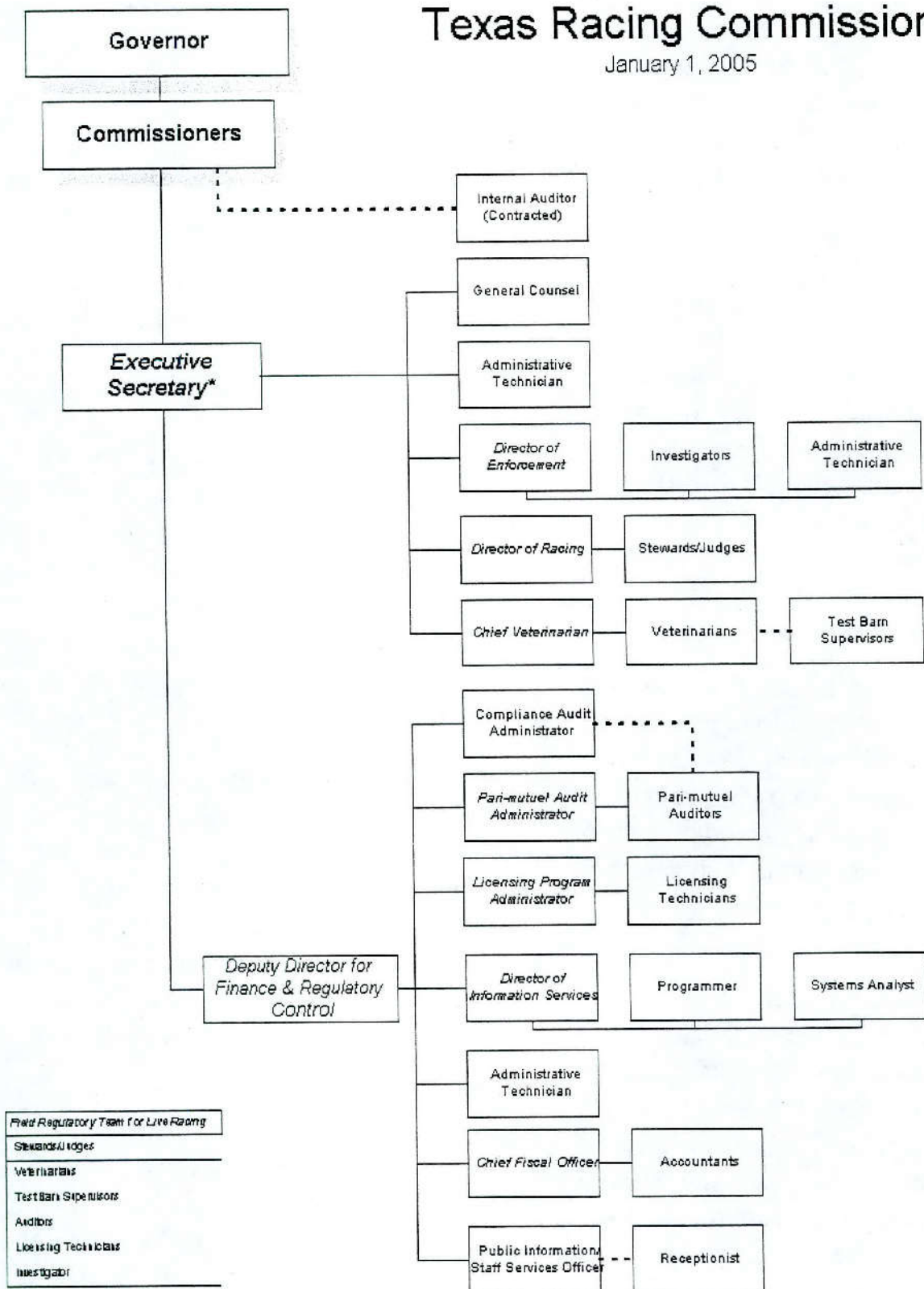
The site that was approved in 1999 for AJC, just off Riverside Drive east of downtown Austin, was the subject of zoning controversies and was eventually zoned in a manner inconsistent with a pari-mutuel racetrack.

Following a full day of testimony, the Commissioners voted 6-2 to defer consideration of the requested change in location until August, 2005, to give AJC time to address local issues, particularly issues of ingress and egress, or to present an alternative site.



# Texas Racing Commission

January 1, 2005



\*Chief Audit Executive

A position in italics is a supervisory position.



## Commission Staff – Organization

### EXECUTIVE

The Executive Division includes the Executive Secretary, General Counsel, Enforcement Department, Racing, Veterinary, and support staff.

#### Executive Secretary

As head of the agency, the Executive Secretary supervises the agency's activities as a whole. The Executive Secretary is responsible for establishing operating policies and procedures for the agency and ensuring the agency's regulatory responsibilities are carried out. The Executive Secretary represents the agency before the Legislature and other governmental agencies.

With the assistance of the General Counsel and support staff, the Executive Secretary coordinates evaluation of racetrack license applications, issues recommended race date allocations, and assesses administrative penalties against racetrack licensees.

#### General Counsel

The General Counsel advises the Commissioners and staff on all legal issues affecting the agency. Coordinating all aspects of Commission meetings and rulemaking proceedings, the General Counsel also represents the agency before the State Office of Administrative Hearings when prosecuting appeals from decisions made by the Stewards/Judges and disciplinary

cases initiated by the Executive Secretary.

#### Enforcement

The Director of Enforcement reports directly to the Executive Secretary and oversees the investigators and their activities.

The investigators, who are all licensed peace officers, coordinate the enforcement of the Commission's Rules and the Texas Racing Act. Investigations are conducted on animal drug positives, criminal histories returned on license applicants, illegal wagering, use and possession of contraband, drug abuse and narcotics trafficking, and other illicit activities that could affect the integrity of pari-mutuel racing.

Drug testing of licensees suspected of using illegal drugs while performing their duties has become an important aspect of regulating the industry. If a licensee tests positive for an illegal controlled substance or alcohol, the licensee faces a suspension and is required to seek professional help.

#### Racing

The Director of Racing supervises personnel directly responsible for regulating the conduct of live racing. The department includes Stewards at horse tracks and Judges at greyhound tracks. The Judges and Stewards monitor the conduct of live races



and enforce the Racing Act and the Commission's Rules of Racing.

The Stewards and Judges have broad authority to resolve matters arising during a race meeting. They may issue fines up to \$5,000 and/or suspend licensees for up to one year.

### **Veterinary Department**

The Chief Veterinarian oversees this department, supervising the veterinarians and test barn supervisors working at the racetracks. This department is responsible for inspecting all race animals before they race to ensure they are sound to compete, inspecting the stable and kennel areas for animal health and safety issues, and implementing the Commission's race animal drug testing program.

The Chief Veterinarian also serves as a liaison between the Commission and veterinary-related organizations and agencies, such as the Animal Health Commission, the American Association of Equine Practitioners, and the Texas Veterinary Medical Association.

## **FINANCE AND REGULATORY CONTROL**

### **Deputy Director**

The Deputy Director assists the Executive Secretary and oversees this Division, which is responsible for all of the Commission's regulatory functions that are not restricted to live

racing and the agency's support functions.

### **Pari-Mutuel and Auditing**

This department regulates all activities related to wagering.

The department protects the interest of the wagering public and assures the proper collection and distribution of funds in accordance with the Racing Act. To achieve this, tests of the pari-mutuel totalisator computer programs are performed to assure compliance with the Rules of Racing.

On site pari-mutuel auditors perform daily audits and verifications of handle, earned purse, paid purse, outs balances, depository reports, and requests for simulcast approval. The audit staff also performs routine procedural audits, conducts random inspections of pari-mutuel wagering facilities, and responds to public complaints relating to wagering.

### **Occupational Licensing**

Responsible for issuing occupational licenses and registrations to all persons involved in pari-mutuel greyhound and horse racing, this department works closely with the Enforcement Department and the Stewards/Judges.

Licensing staff at each racetrack helps maintain the integrity of the industry by ensuring that all participants are licensed and in good standing.



Generally, any person who works on the grounds of a pari-mutuel racetrack or who seeks to make a living through pari-mutuel racing in Texas must be licensed by the Commission. To ensure all participants in racing are properly licensed, the Commission has over fifty categories, including stable and kennel area occupations, such as jockeys, owners, kennel owners, trainers, and grooms, as well as all employees of the racetrack, such as management personnel, food service workers, and mutuel tellers.

### **Finance and Accounting**

This department is responsible for the budget, accounting, purchasing, personnel, travel coordination, and other administrative functions of the Commission, including responding to all public information requests. The department also assists in preparing

the biennial Legislative Appropriation Request, the operating budget, the annual financial report, and reports on performance measures.

### **Information Technology**

This department procures and supports all hardware and software necessary for the day-to-day activities of the Commission.

The IT department is also responsible for developing and maintaining the agency's network, database, and web site.

The Commission's custom programs and database operate 24x7, providing staff, licensees, the Department of Public Safety, the A&M Drug Testing Laboratory, and the general public with up to date information regarding all aspects of the Commission's regulatory programs.

## **Agency Highlights**

### **Administrative/Staffing**

During FY 2004, the agency met or exceeded four of its five key outcome targets: reduce the percentage of animals injured during racing; increase the tote tests pass rate; and reduce the rate of rulings by maintaining a high percentage of investigations resulting in disciplinary action and by having a high percentage of licensees with no recent violations. The target time for the licensing process was not met: the variance was 1 minute and 45 seconds over the targeted 7 minutes to issue a new occupational license.

The agency complied with mandated Senate Bill 1 caps on Full-time Equivalent Employees and on Out of State Travel Expenditures for the fiscal year.

The Executive Division coordinated six regular Commission meetings and one special Commission meeting.



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In January 2004, the Commission received two applications for a Class 2 racetrack license in Webb County (Laredo). Due to a technical issue involving the certification of the local option referendum results, in August the Commission requested an opinion from the Attorney General. A date has not been set for the hearing before the State Office of Administrative Hearings.

The General Counsel coordinated rule reviews for Chapters 313 and 315 as required by Government Code, §2001.035. These chapters govern the specific requirements for the officials and the conduct of horse races and greyhound races. Most of the amendments proposed as a result of these chapter reviews were stylistic. The changes included clarifications, standards for the exercise of discretion, and the elimination of outdated rules. The Commission voted to propose these changes at its November 22, 2004 meeting and will consider final adoption at its first meeting in 2005.

Other rule changes adopted during 2004 included amendments to §319.111, which revised the furosemide program. The Commission streamlined the process to admit a horse to the program by allowing a trainer to state at the time of entry that the horse will compete with furosemide.

An amendment to §309.297 provided language clarifying that the purse accounts held by the Texas Horsemen's Partnership are trust accounts held for the benefit of horsemen.

The Texas Racing Act §6.094, National Event Incentives, authorizes an association conducting Breeders' Cup races to apply for a reimbursement of certain costs for capital improvements and extraordinary expenses reasonably incurred for the operation of the Breeders' Cup races. A new rule, §309.105, sets out the process for the reimbursement to the association of up to \$2 million.

Amendments to §309.8 increased the simulcast fee for greyhound, Class 1 and Class 2 racetracks. Amendments to §311.5 raised occupational license fees to cover the costs of agency participation in Texas OnLine.

Another amendment to §309.8 involved the running of the Breeders' Cup races in Texas. An association that conducts the Breeders' Cup races will pay a \$10,000 fee that covers additional travel, personnel, and drug testing costs incurred by the Commission in conjunction with regulating the Breeders' Cup races.



Addressing the declining number of greyhounds eligible to participate in pari-mutuel racing, the amendment to §309.355 as proposed by Gulf Greyhound Park makes it easier for a greyhound to re-qualify and return to the active list during a race meeting.

## **Employee Development**

All accredited racing stewards and judges are required to participate in a continuous education program to maintain their accreditation. They must attend at least two days or 16 hours of training given by an accredited stewards/judges school at least every two years.

During 2004, the stewards attended a two-day seminar at Sam Houston Race Park sponsored by the University of Arizona. The topics included a review of racing law, medication guidelines, laboratory testing procedures, and race film analysis.

Endorsed by the University of Arizona and presented by the Texas Greyhound Association, the judges attended a two-day seminar at Gulf Greyhound Park. The seminar focused on track surface maintenance and the injuries to greyhounds that may be a result of poor track conditions.

Other employees such as Commission veterinarians, attorneys, the procurement officer and the Director of Information Technology complied with their respective state licensing/governing agencies' requirements regarding the requisite continuing education.

All employees attended ethics, safety, and harassment training at the annual employee meeting.

During 2004, Commission employees again participated in the Survey of Organizational Excellence. This Survey, designed and conducted by the University of Texas, asks employees for feedback that helps identify organizational strengths and weaknesses. Reports show comparisons to the previous iteration as well as to other state agencies' results.

Over 78% of the employees responded to the 2004 Survey, as compared to 52% in 2002, with the 2004 scores increasing in 17 of 20 categories over 2002. In 19 of the 20 categories, the Survey suggests Commission employees perceive the issue more positively than negatively. Highest scoring categories included:



Job Satisfaction, Quality, Physical Environment, Strategic Orientation, and Information Availability. The one negative category was Fair Pay.

Overall, employees seem happy with their work and are generally satisfied with the agency's operations. Seventy-five percent have been employed with the Commission for three or more years, and according to the 2004 Survey, 82% expect to be with the Commission in two years.

## **Technology**

The Information Technology Department (IT) coordinated an extensive update to the agency's Rulings system with assistance from the General Counsel, Occupational Licensing, Racing, and Enforcement Departments. This integral part of the agency's database serves as the tracking mechanism for all disciplinary actions taken for infractions of the Commission's Rules of Racing. Accurate, up-to-date information sharing with national and international racing jurisdictions ensures the overall integrity of racing participants. The enhanced system was moved into production in early 2004 following extensive testing.

During 2003, the Texas OnLine licensing program was made applicable to the Texas Racing Commission. IT and Occupational Licensing staff worked closely with the Department of Information Resources (DIR) to determine which license types would be most appropriate for issuance over the Internet. The Commission had concerns regarding the impact of the necessary fee increase on licensees who, due to limited income and Internet access, would be unlikely to use the program. The Texas OnLine Authority agreed with the Commission's concerns and exempted 17 of the Commission's 54 license types from being mandatory participants in the online licensing program.

On August 14, 2004, the Commission's Texas OnLine program went live for renewals and the first renewal application was received over the Internet on August 17. Almost nine percent of the total number of renewals processed from the implementation date, August 14 through December 31, came through the Internet portal. Applicants will be able to apply for original occupational licenses through the Internet starting in February 2005.

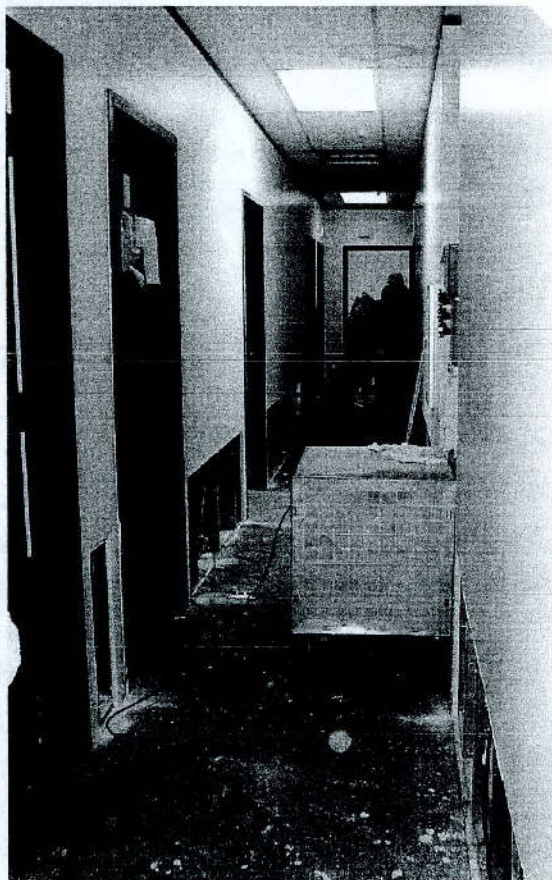
The agency's Disaster Recovery Plan was put into action on Friday morning August 20<sup>th</sup> when employees reporting for work after a night of strong thunderstorms discovered standing water in most of the building. Construction workers for the neighboring tenant were excavating part of the parking lot and redirected the normal drainage flow directly into the Commission's offices. The computer area was the hardest hit, with 3-5 inches of standing water.



IT staff responded to the disaster by quickly removing the central computer equipment and within eight hours had the 24x7 network back in operation and available for all processing.

While dealing with drying out the area, a master plan was developed to minimize the disruptions. Cross Park Investors, the owner of the space, assisted by quickly authorizing and accepting responsibility for the recovery efforts. The construction effort took three weeks and included evening and weekend work as walls were torn out and rebuilt and carpet was replaced. IT staff was kept busy during this time relocating personal computers and ordering and reinstalling computer equipment.

Remarkably, the total loss to Commission's equipment and goods was only \$10,603.35. Additionally, the Commission estimated it lost productive work time valued at \$9,217.40. Though still under review by the insurance company, the Commission expects full reimbursement.



Extensive construction work took three weeks to complete. Photo by TxRC

Following the recovery from the flood, work began on converting to a web-based version of the agency's databases. This extensive conversion effort requires updating of over 400 programs. The new system will be moved into production in early 2005.

## Regulation

Investigators opened 1,220 new cases and intelligence reports for violations of the Racing Act or Rules. Investigators conducted 91 random trainer inspections. During 2004, over 2,300 criminal history reports were reviewed as they included serious criminal activity that could affect the eligibility of a licensee. From these reports, investigators referred 35 cases to the stewards/judges for license denial, created 622 reports on former, expired licensees, and created 175 reports on active licensees that had criminal cases



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pending. Additionally, investigators updated 1,475 existing criminal history reports in the occupational licensing database.

The investigators conducted 110 human drug tests. Sixty-five of these 110 human drug tests tested positive and those cases were referred to the stewards/judges. There were 42 follow-up tests conducted on licensees who completed rehabilitation and sought reinstatement of their occupational license.

In 2004, pari-mutuel auditors reviewed wagering data on 14,966 live races and 752,022 simulcast races to ensure proper collection and distribution of funds. A record 2,104 import and export simulcast requests were reviewed for compliance with the Rules and the Interstate Horse Racing Act.

Two new types of wagering devices were installed at Lone Star Park during 2004. The E-series Fast Bet terminals were introduced to the wagering public in August. These terminals incorporate card account wagering, Equibase program information (name of horse, jockey, and trainer, weight the horse is carrying, current odds, results and payoffs of prior races) and race viewing on a single touch screen terminal.

Following Commission approval in October, the Horse Wizard simplified wagering machines were installed at LSP for a two-week period that included the running of Breeders' Cup races. Best described as a very simplified wagering terminal, it was designed to give a person a few choices, instead of a multitude of choices. While it has some of the cosmetic features of a slot machine, the terminals are pari-mutuel wagering terminals as a person is wagering on the outcome of a live horse race.

The Commission addressed a long-standing cash flow issue in 2003 by adopting several rules that adjusted the date that mutuel tickets expire and when the uncashed winning tickets ("outs") are collected. Under the Texas Racing Act, the Comptroller is authorized to sweep the unappropriated balance remaining from the Commission's dedicated operating account at the end of each fiscal year. Because traditionally the Commission has received almost one-half of its revenues from the outs in March, at the end of each fiscal year the Commission's dedicated account had a relatively high balance. If the account were routinely swept, the Commission would be faced with a cash flow difficulty.



The Commission successfully transitioned to the new expiration date for mutuel tickets, July 31, 2004, and due date for outs revenue, September 29, 2004. To minimize patron confusion, the Commission required the racetracks to provide program information and signage around their facilities to better educate the fans about this important change.

Licensing staff issued 15,125 occupational licenses, of which 7,036 were new and 8,089 were renewals. There were 4,018 owners, 841 owner/trainers, 330 trainers, and 208 jockeys licensed during the year.

Licensing activity surrounding Breeders' Cup increased almost 440% at Lone Star Park. Normal staffing was increased from two to three licensing technicians for the entire month of October. During the week of Breeders' Cup, four additional staff members assisted in licensing.



Before reporting for his three Breeders' Cup rides, Kent Desormeaux completes renewing his Jockey license with the Commission. Photo by TxRC

Lone Star Park's track security provided fingerprinting services during this time which further expedited the licensing process.

Stewards and Judges issued a total of 713 disciplinary rulings, with 474 resulting in fines and 229 resulting in suspensions. Five appeals, less than 0.7% of the total rulings, were filed during 2004.

Eight preliminary reports were issued by the Executive Secretary, all for violations of the Commission's rules regulating simulcasting. Three associations and two pari-mutuel personnel paid fines totaling \$2,702. One tote company refunded over \$1,150 to patrons and presented revised emergency procedures to the Commission in lieu of a fine.



## **Animal Examinations / Drug Testing**

Injured or unsound animals are not permitted to race and are re-examined before being allowed to return to competition. During 2004, Commission veterinarians performed 93,093 greyhound and 30,076 horse pre-race soundness examinations and evaluations.

The Commission veterinarians also supervised the collection of 18,440 greyhound specimens and 6,927 horse specimens, which were submitted to the drug testing laboratory at Texas A&M Veterinary Medical Diagnostic Laboratory. The laboratory conducted tests for substances that could produce an unfair advantage for an animal in a race through stimulation and/or the masking of pain and for substances that interfere with the detection of illegal drugs.

Pursuant to authority granted by Commission rule, the Executive Secretary has promulgated a classification for prohibited drugs, chemicals, and other substances as a means of assessing penalties. The classification system for greyhounds separates drugs into six categories based on their effect on the greyhound, with Class 1 being the most potent scheduled stimulants and depressants that have no generally accepted medical use in the greyhound.

During 2004, the total number of greyhound starters and number of samples tested showed a decrease from 2003. A highly contagious respiratory disease caused several races and whole performances to be cancelled at Valley Race Park and Corpus Christi Greyhound Race Track. The number of positive samples showed a decrease in 2004. The number of positive samples in 2004 was 21 out of 18,440 submitted samples or 0.11%. A comparison with 2003 is 47 positive samples in 18,790 submitted samples or 0.25%.

No Class 1 or Class 2 drugs were detected in greyhounds during 2004. Three submitted samples contained two Class 3 drugs in each sample. These samples were submitted in the same week and the animals were under the care of the same trainer. These samples were collected shortly after the respiratory disease outbreak had ended and were for drugs used for the treatment of coughing. The remaining 18 positives detected were for Class 6 drugs.

The decrease in the number of horse starters and samples was caused by fewer race days in 2004. A slight increase in the rate of positives occurred with 93 positive samples out of the total of 6,927 samples or 1.34%, as compared to the 2003 numbers of 93 positives in 7,429 samples or 1.25%. No Class 1 drug violations were reported in 2004. Phenylbutazone, a nonsteroidal, anti-



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inflammatory drug that is permitted at a certain level, constituted 67% of the positives detected in the horse samples.

GREYHOUND	2003	2004	HORSE	2003	2004
# of Starters	100,286	93,093	# of Starters	32,163	30,076
# of Samples	18,790	18,440	# of Samples	7,429	6,927
Guaifenesin	2	0	Acepromazine	2	0
Norpseudoephedrine	0	3	Albuterol	0	1
Polyethyleneglycol	3	1	Caffeine	1	1
Procaine	41	17	Clenbuterol	5	5
Pseudoephedrine	0	3	Cromoglycate	1	0
Trimethoprim	1	0	Desmethylpyrilamine	0	2
<b>TOTAL</b>	<b>47</b>	<b>24</b>	Dexamethasone	0	3
			Dimethylsulfoxide	1	1
			Flunixin	8	4
			Furosemide overage	10	0
			Furosemide not found	4	1
			in Furosemide Program Horses		
			Haloperidol	0	1
			Hydroxylidocaine	4	1
			Lidocaine	1	0
			Methylphenidate	1	0
			Monoethylglycinexylidid	1	0
			Phenylbutazone	36	65
			Polyethyleneglycol	7	2
			Rantidine (Zantac)	2	0
			Sulfadiazine	5	2
			Sulfadimethoxine	1	0
			Sulfamethoxazole	2	0
			Trimethoprim	1	2
			<b>TOTAL</b>	<b>93</b>	<b>94</b>

## Customer Service

As mandated in Government Code, Chapter 2114, the Commission conducted its second customer service survey during 2004, with a calculated response rate of 19.4%. The survey was designed to measure the statutorily required customer service quality elements in a cost effective, statistically sound manner.

The questions were designed to measure what the agency's customers think about the Commission's facilities, staff, communications, Internet site, complaint-handling processes, service timeliness, and printed information. Customers were asked to respond to thirteen statements, rating their level of agreement with each statement from strongly disagrees to strongly agree. Point values from five for strongly agree, four for agree, three for neutral, two for disagree, and one for strongly disagree were assigned to the responses.

The results of the survey are very positive, with score increases in each of the seven customer service areas. As a whole, Commission employees have a good working relationship with other state agencies, other racing commissions,



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industry organizations, and occupational licensees. Over 89% of the respondents stated they had a positive experience dealing with agency staff. Following is a summary showing the results of the 2004 scores as compared to 2002.

Customer Service Areas	2002 Score	2004 Score	% Change
Facilities	4.38	4.56	4.1%
Staff	4.42	4.62	4.5%
Communications	4.37	4.44	1.6%
Internet site	4.05	4.15	2.5%
Complaint-handling	3.69	3.90	5.7%
Service Timeliness	4.38	4.45	1.6%
Printed Information	4.35	4.44	2.1%
<b>OVERALL SATISFACTION</b>	<b>4.38</b>	<b>4.56</b>	<b>4.1%</b>

### Breeders' Cup

Every department was involved in planning for the Breeders' Cup. Staff worked closely with both Lone Star Park at Grand Prairie (LSP) and the Breeders' Cup officials to ensure the integrity of the international event.

Additional personnel were assigned to assist in all areas of regulation: licensing, security, drug testing, auditing, and racing. Security was of primary concern, and local peace officers and the Department of Public Safety assisted the Commission and LSP to ensure the area was covered from a law enforcement standpoint without appearing overly intrusive.

LSP brought in over 600 mutuel tellers from around the nation to work the week of Breeders' Cup. These tellers, all licensed in their respective jurisdiction, submitted their applications for processing to the Commission a month in advance of the event. This allowed for their racing jurisdiction's photo identification badge to be used along with a specially designed Breeders' Cup credential badge. This made for a very smooth and quick check-in process for this group of temporary workers.

Owners and trainers were also notified of their options in getting licensed in advance. Staff worked closely with DPS regarding forms of acceptable identification for licensing.



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In the racing area, four stewards worked the prestigious races instead of the normal three. The additional steward stayed in the paddock to oversee the operation of the horses entering the paddock and heading out to the track.

The Breeders' Cup provided a veterinary panel that worked with the Commission veterinarians all week. The group examined the horses at least twice a day beginning the Monday before the races to ensure that all were fit to run. Because the huge crowds might restrict movement, four veterinarians worked on race day instead of the normal two.

The Texas A&M University Veterinary Medical Diagnostic Laboratory performed an enhanced drug testing protocol at the request of Breeders' Cup. The lab also had additional personnel available to begin screening the samples the day after the races to expedite the process. Winning purses are not paid until drug testing is complete.

The pari-mutuel and audit team made certain the wagering formats were accurate and that all simulcast contracts were properly executed. Two special wagers, the International Jockey Championship wager and the head-to-head wager, were seamlessly conducted.

Through the cooperative efforts of all government agencies and the private businesses involved, Breeders' Cup 2004 was one of the most successful in the event's history, paving the way for the races' return to Texas in the coming years.



## Inspection Program

Due to the complexity of racing operations, no one person can effectively monitor and assess a racetrack. All departments share the inspection responsibility to ensure compliance with the Racing Act and the Rules of Racing. Regular inspections ensure compliance before the beginning of each live race meet, as racetracks make renovations and personnel changes.

Through this program, areas of non-compliance are identified and staff follows up to ensure appropriate remedial action has occurred. The Executive Secretary reports on inspections at each Commission meeting.

The Commission has an established procedure for overseeing the

construction or renovation of racetrack facilities that includes documentation and approval before the project begins, structured progress reports, and periodic inspections.

During 2004, Commission staff conducted 47 new inspections and 21 follow-up inspections at the racetracks.

Thirty of the new inspections indicated 100% compliance, with no remedial action required. Thirty-one items required remedial attention on the remaining 17 inspections. As of the end of the year, 30 of these 31 remedial items were corrected and verified by a follow-up inspection.

### Year 2004 Inspections

Type of Inspection	New	Follow-Up
Enforcement: Safety & Security	8	4
Executive: Administrative Operations	8	2
Pari-mutuel & Audit: Pari-mutuel & Simulcasting Operations	11	6
Judges & Stewards: Track Conditions & Racing Equipment	10	3
Veterinarians: Conditions for Race Animals	10	6
<b>TOTALS</b>	<b>47</b>	<b>21</b>



## **Texas-bred Incentive Program**

The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhounds and horses to encourage agriculture and the horse and greyhound breeding industries.

### **Greyhound Program**

Funding for the Texas-bred Greyhound Incentive Program is derived from:

- 50% of the total breakage from live, simulcast same-species, and simulcast cross-species handle; and
- 1% of multiple two and multiple three wagers from simulcast same-species and simulcast cross-species handle.

The 50% of breakage and the 1% of multiple two and three wagers is paid to the Texas Greyhound Association (TGA). That money is dedicated 50% to stakes races and 50% to the owners of Texas-bred greyhounds racing at Texas tracks. Once a month these funds are distributed by dividing the monthly total available for awards by the number of winning Texas-bred greyhounds for that month.

Two percent of the total money received by the TGA must be set aside for grants for rehabilitating or

locating homes for greyhounds. The procedure and criteria for applying for a grant were finalized by the TGA and approved by the Commission in 1999.

During 2004, \$4,000 was distributed to four qualified Texas non-profit adoption groups.

Any money earned from simulcast wagering on inter-state greyhound races at a horse track is also paid to the TGA for use at Texas greyhound racetracks.

This source of purse money remained static as compared to 2003, with \$1,643,418 going to purses at Corpus Christi Greyhound Race Track, Gulf Greyhound Park, and Valley Race Park during 2004.

### **Horse Program**

The Texas Racing Act authorizes an incentive award for each owner, breeder, and stallion owner of an accredited Texas-bred horse that finishes first, second, or third in any race other than a Texas-bred stakes race. The awards are funded from:

- breakage from all pari-mutuel pools; and
- 1% of all multiple two and multiple three wagers from live, simulcast same-species, and simulcast cross-species handle.



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A Texas-bred stakes race supplement is funded from 9.8% of the breakage from all pari-mutuel pools. This money is retained by the racetracks for distribution through the horsemen's bookkeeper. Horses finishing in an accredited Texas-bred stakes race receive an incentive award as a purse supplement according to the payout conditions of the race.

The remaining money is distributed on a 40%/40%/20% split, respectively, among the owners, breeders, and stallion owners of the accredited Texas-bred horse.

The Texas Racing Act names the official breed registries that are responsible for determining the qualifications for Texas-bred

accreditation, maintaining the eligibility lists, and distributing the monetary awards: the Texas Thoroughbred Association; the Texas Quarter Horse Association; the Texas Appaloosa Horse Club; the Texas Arabian Breeders Association; and the Texas Paint Horse Breeders Association.

In November 1998, the Texas Appaloosa Horse Club requested withdrawal from the program due to lack of participation. The Commission forwarded the request to the Legislature for their consideration. No funds were distributed to the Texas Appaloosa Horse Club during 2004.

(See Appendix Page xv for a directory of all official Texas breed registries.)

<b>Year 2004 Distributions</b>	<b>2003</b>	<b>2004</b>	<b>% Change</b>
Texas Thoroughbred Association	\$3,243,775	\$3,395,873	4.69%*
Texas Quarter Horse Association	\$1,479,083	\$1,432,649	(3.14%)
Texas Greyhound Association	\$768,386	\$703,638	(8.43%)
Texas-bred Stakes Race Supplements	\$208,952	\$197,971	(5.26%)
Texas Arabian Breeders Association	\$55,239	\$54,047	(2.16%)
Texas Paint Horse Breeders Association	\$14,400	\$14,131	(1.87%)
Texas Appaloosa Horse Club	\$0	\$0	N/A
<b>TOTAL</b>	<b>\$5,769,835</b>	<b>\$5,798,309</b>	<b>0.49%</b>

\*Change attributed to heavy volume of wagering on live racing at Lone Star Park on Breeders' Cup Day.



## Equine Research Program

The Texas Racing Act mandates that a portion of wagers made at horse racetracks fund equine research for racehorses. The Texas Equine Research Account Advisory Committee serves as an adjunct to the Texas Agricultural Experiment Station to review research proposals and recommend grant awards.

The Committee meets twice a year at Texas A&M University in College Station.

Research projects that address the needs and priorities of the Texas horse racing industry in the fields of Agricultural Economics, Animal Science, and Large Animal Medicine are submitted to the Committee for grant consideration.

The total amount of funds paid into the Equine Research Account in 2004 was \$84,944.05. The following equine research instrumentation and equipment were funded through this program.

### Equine Research Instrumentation & Equipment Funded in 2004

MJ-Research PCR Dyad & Bio-Rad Smartspec Plus Spectrophotometer Bhanu Chowdhary, Texas A & M University, Department of Veterinary Integrative Biosciences	\$18,500
METRIX Oval Head Morphology Option & HDATA-ASCII Data Storage System Heidi Brady, Texas Tech University, Department of Animal & Food Sciences, and Dan Hardy, Texas Tech University Health Sciences Center	\$7,300
Stainless Steel Equine Metabolism Crates Jeff Pendergraft, Sul Ross State University, Department of Animal Science	\$16,275
GS800 Calibrated Imaging Densitometer Gary Potter, Texas A & M University, Department of Animal Science	\$11,600
NanoDrop® 1000 Spectrophotometer Nancy Ing, Texas A & M University, Department of Animal Science, Tom Welsh, Texas A & M University, Department of Animal Science, and David Forrest, Texas A & M University, Department of Animal Science	\$8,063
<b>Total amount expended on Equine Research Instrumentation &amp; Equipment in 2004</b>	<b>\$62,188</b>



## Industry Highlights

*To present a more complete picture of the Texas racing industry, the Commission includes the following information, submitted by Texas racing industry organizations.*

### **Texas Arabian Breeders Association**

The Texas Arabian Breeders Association held its Annual Arabian Race Horse Auction at Retama Park.

The annual meeting and awards banquet was held at Sam Houston Race Park.

### **Texas Greyhound Association**

The mission of the Texas Greyhound Association (TGA) is the promotion of breeding, training, racing and humane care of greyhounds in the state of Texas. In 2004, the TGA again fulfilled its mission.

The TGA held its annual Spring Puppy Meet in March at its headquarters and training center in Lorena. The event attracted 165 young greyhounds from across Texas and Oklahoma. A successful stud and puppy auction, as well as sponsorship from the three greyhound racetracks, contributed \$30,000 in purse awards.

In partnership with Gulf Greyhound Park and the American Greyhound Track Owners' Association, TGA held its annual Greyhound Safety

and Racing Surface Seminar in September at Gulf Greyhound Park. The event was a tremendous success with participants from all over the United States. The seminar was accepted by the Race Track Industry Program of the University of Arizona as part of its continuing education which encouraged several members of racing commissions across the country to participate, as well as Texas Racing Commission judges.

New speakers, from track superintendents to veterinarians, were added to the agenda which promoted discussion regarding the relationship between greyhound safety, optimum track surface and maintenance.

A Texas sire, Gable Dodge, owned by Harlyn and Janna Goebel, became the #1 ranked sire in the nation, proving that Texas leads the nation in quality greyhounds.

Texas-bred Stakes Awards of \$100,000 were distributed among the three greyhound tracks, representing the finest racing greyhounds in the state.



## **Texas Quarter Horse Association**

2004 was an exciting year for Texas Quarter Horse racing. Sam Houston Race Park (SHRP) hosted a very successful, 95 day Quarter Horse meeting.

Two-year-old Accredited Texas-bred sensation Azoom won 11 of 14 races and three graded futurities, including the \$1 million Grade I Texas Classic Futurity. Azoom is a product of the Texas Quarter Horse Association's (TQHA) Yearling Sale, held annually at SHRP.

Due to a record number of consignments, the Yearling Sale was expanded to a two-day event for the first time since its inception, seven years ago. A record 373 yearlings passed through the sales ring for total sales of \$3.2 million, topping the record of \$2.4 million set at last year's sale. A colt by Texas Accredited Stallion Mr Jess Perry sold for a record \$140,000.

Accredited Texas-bred broodmare Fitting Celebration was named the AQHA's Champion Broodmare of the Year.

Accredited Texas-bred Run And Pray was named AQHA Champion Distance Horse of the Year.

On Saturday, November 6, SHRP hosted the MBNA America® Challenge, the Quarter Horse Racing

World Championships. The handle of \$1,135,862 was the highest Quarter Horse handle in Sam Houston's history.

TQHA hosted the 4th annual "Youth Racing Experience" at SHRP.

TQHA's youth members are treated to a "behind the scene" look at horse racing. The Groom Elite Program was also a part of the curriculum.

In 2004, the TQHA awarded over \$30,000 in youth scholarships and \$10,000 toward other programs, including Special Olympics, Texas 4-H clubs and high school rodeos.

## **Texas Paint Horse Association**

A new stakes race for 3-year-old Paints, the TPHBA Derby, held its inaugural race at SHRP on August 28.

The largest Paint purse ever paid in the United States, the \$191,300 Graham Futurity purse, was paid at SHRP on October 23.

## **Texas Thoroughbred Association**

The Texas Thoroughbred Association (TTA) conducted several successful industry functions including the annual awards banquet, an educational seminar at the Fasig-Tipton Texas Summer Yearling Sale,



six regional meetings to gather input from members and an annual conference with educational seminars.

TTA presented lucrative state-bred stakes days at all three Class 1 tracks – Texas Champions Day at Sam Houston Race Park, Texas Horse Racing Hall of Fame Night at Retama Park and Stars of Texas Day at Sam Houston Race Park.

TTA received the Industry Service Award from the Texas Horse Racing Hall of Fame in honor of the association's 50th anniversary.

The Texas Thoroughbred, TTA's magazine, earned the highest possible award from American Horse Publications when it was named as the General Excellence winner in its class. The magazine earned seven other awards.

The Texas Thoroughbred published a comprehensive, 100-page two-part article by accomplished author Bill Mooney that chronicled the rich history of Texas racing in the 1930s.

Texas-bred Yessirgeneralsir won the Grade 3 \$300,000 Lone Star Park Handicap and was named Horse of the Meet for Lone Star's spring/summer meet.

All three of the Fasig-Tipton Texas sales – the summer yearling, mixed and 2-year-old – recorded

meaningful gains in almost every significant category.

TTA inaugurated a new educational grant program to award scholarships to college students whose parents are TTA members.

## **Texas Horsemen's Partnership**

The Texas Horsemen's Partnership, LLP (THP) is the recognized representative of horse owners and trainers.

At the first board meetings of the respective boards of the THP, Jim Helzer was elected for a third term as President of the Texas Horsemen's Benevolent and Protective Association (THBPA) and Chairman of the THP Management Committee. Larry Christopher, past Chair of the Texas Racing Commission, was elected President of the Texas Thoroughbred HBPA, Inc. (TTHBPA).

John Roark, a TTHBPA Director, serves as the President of the National HBPA, of which THP is an affiliate. During 2004, Mr. Roark diligently served the horsemen in the national arena and continued his hard work on issues such as illegal simulcasting, creating a national simulcast hub to benefit the horsemen, uniform medication rules and improving the overall general communication within the industry.



The first edition of "The Texas Horsemen's News" debuted in January of 2004. The newspaper joins THP's informative interactive website and monthly E-newsletter, all made available to its members.

THP also provides to its members a free subscription to The Horsemen's Journal, a Centralized Horsemen's Bookkeeping system, chaplaincy services, complimentary Fire, Disaster and Vanning insurance coverage and group rates on equine liability insurance.

For the year 2004, the Texas Horsemen's Assistance Fund, Inc. provided benevolence in the form of medical, vision and dental benefits to over 450 people at approximately \$195,750.32 in monetary benefits. An approximate \$228,502.78 was provided through the Chaplaincy, Educational and Special Programs, for an annual estimated total of \$424,253.10 in overall benevolence.

The THP continues to provide on-track doctor services, flu shots, free dinner and movie nights, shuttle services to off track venues,

participation in the nationally affiliated Groom Elite program and partners that provide discounted services to THP members.

In the latter part of December, THP was once again instrumental in getting the Cross Species Global Agreement contract revised and both horse and greyhound participants' acknowledgments.

Also, the Horsemen's Bookkeeper division implemented a new facet to their online accounts that allowed members to view their horsemen's bookkeeper accounts for multiple states at the same time.

Early in 2004 THP announced its affiliation with CANTER of Texas, an organization to save ex-thoroughbred race horses, and by the end of the year CANTER of Texas changed its name to LOPE (LoneStar Outreach to Place Ex-Racers) to include all racing breeds within the State of Texas and provide new homes and extended lives for former racing equine.



# 2004 Purse Statistics

Source of Funds	Quarter Horse	Thoroughbred	Arabian	Paint	TOTAL HORSE
Earned Purse	\$6,535,912	\$25,532,285	\$300,300	\$162,100	\$32,530,597
Texas Bred Stakes	\$39,200	\$249,000	\$2,700	\$0	\$290,900
Stakes	\$3,119,502	\$14,523,440	\$56,950	\$166,133	\$17,866,025*
Sponsors	\$1,279,650	\$672,378	\$15,000	\$55,000	\$2,022,028*
ATB Sponsored Purse	\$0	\$278,183	\$0	\$0	\$278,183
TOTAL PURSES PAID	\$10,974,264	\$41,255,286	\$374,950	\$383,233	\$52,987,733*
Average Daily Purses Paid at All Meets	\$90,696	\$188,380	\$3,378	\$3,391	\$168,751

NOTE: Texas Appaloosa Horse Club no longer participates in the Texas-bred Program.

Source of Funds	TOTAL GREYHOUND	Source of Funds	2003 HORSE & GREYHOUND	2004 HORSE & GREYHOUND	% Change
Earned Purse	\$3,634,235	Earned Purse	\$39,301,696	\$36,164,832	(7.98%)
Texas Bred Stakes	\$70,000	Texas Bred Stakes	\$236,148	\$360,900	52.83%
Stakes	\$33,400	Stakes	\$4,881,762	\$17,899,425	266.66%*
Sponsors	\$131,343	Sponsors	\$1,125,568	\$2,153,371	91.31%*
TGA's Cross Species Purse Supplements	\$1,311,673	TGA's Cross Species Purse Supplements	\$1,325,074	\$1,311,673	(1.01%)
TOTAL PURSES PAID	\$5,180,651	ATB Sponsored Purse	\$244,300	\$278,183	13.87%
Avg. Purses Paid per Performance	\$4,991	TOTAL PURSES PAID	\$47,114,548	\$58,168,384	23.46%*

\*Change attributed to Lone Star Park hosting the Breeders' Cup and Sam Houston Race Park hosting the MBNA America® Challenge Championships in 2004.



# Summary of All Texas Greyhound Racetracks

from 1/1/2004 through 12/31/2004

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Sum of 1 through 4 Total	Sum of 1 & 2 Live On-Track & Export Total	Sum of 3 & 4 Combined Simulcast Import Total	Sum of 1 & 7 Combined On-Track Total
# of Race Days	670	n/a	1,973	1,693	4,336	670	3,666	4,336
# of Performances	1,038	n/a	15,489	10,725	27,252	1,038	26,214	27,252
Attendance	507,359	n/a	49,708	26,465	583,532	507,359	76,173	583,532
Net Handle	\$34,611,579	\$46,131,373	\$37,278,921	\$30,820,210	\$148,842,083	\$80,742,952	\$68,099,131	\$102,710,710
Horse Purse	\$0	\$0	\$0	\$187,782	\$187,782	\$0	\$187,782	\$187,782
Greyhound Purse	1,697,026	184,527	1,614,729	44	3,496,326	1,881,553	1,614,773	3,311,799
TTA Purse	0	0	0	205,785	205,785	0	205,785	205,785
TQHA Purse	0	0	0	205,785	205,785	0	205,785	205,785
TGA Purse	0	0	0	0	0	0	0	0
Escrowed Horse Purse	0	0	0	1,225,119	1,225,119	0	1,225,119	1,225,119
TX Horsemen's Partnership	0	0	0	0	0	0	0	0
THP Escrow Horse Purse	0	0	0	380,904	380,904	0	380,904	380,904
Texas Bred	0	0	343,290	244,237	587,527	0	587,527	587,527
State Tax	0	0	372,789	384,905	757,694	0	757,694	757,694
Hub Fee	0	0	0	412,022	412,022	0	412,022	412,022
Simulcast Fee	0	0	1,025,655	1,111,484	2,137,138	0	2,137,138	2,137,138
Racetracks	<u>6,087,027</u>	<u>1,268,480</u>	<u>5,309,854</u>	<u>2,169,931</u>	<u>14,835,291</u>	<u>7,355,507</u>	<u>7,479,785</u>	<u>13,566,812</u>
Total Commissions	\$7,784,053	\$1,453,007	\$8,666,317	\$6,527,998	\$24,431,374	\$9,237,059	\$15,194,315	\$22,978,367
Breakage	\$106,945	\$0	\$71,082	\$113,557	\$291,584	\$106,945	\$184,639	\$291,584

## Net LOSS of wagering dollars in Texas as a result of simulcasting at greyhound racetracks:

\$28,772,667 Total Export-Interstate Handle - Out of state locations wagering on Texas greyhound racetracks  
60,648,893 Total Import-Interstate Handle - Texas greyhound racetracks wagering on out of state racetracks  
 -\$31,876,226 Net LOSS of wagering dollars in Texas as a result of simulcasting at greyhound racetracks



# Summary of All Texas Horse Racetracks

from 1/1/2004 through 12/31/2004

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Sum of 1 through 4 Total	Sum of 1 & 2 Live On-Track & Export Total	Sum of 3 & 4 Combined Simulcast Import Total	Sum of 1 & 7 Combined On-Track Total
# of Race Days	314	n/a	2,486	2,846	5,646	314	5,332	5,646
# of Performances	314	n/a	25,831	14,497	40,642	314	40,328	40,642
Attendance	1,496,369	n/a	685,866	17,953	2,200,188	1,496,369	703,819	2,200,188
Net Handle	\$83,062,587	\$444,170,849	\$335,380,165	\$43,143,887	\$905,757,488	\$527,233,436	\$378,524,052	\$461,586,639
Horse Purse	\$6,222,138	\$7,096,751	\$24,015,146	\$609,769	\$37,943,804	\$13,318,889	\$24,624,915	\$30,847,053
Greyhound Purse	0	0	0	729,258	729,258	0	729,258	729,258
TTA Purse	0	0	0	0	0	0	0	0
TQHA Purse	0	0	0	0	0	0	0	0
TGA Purse	0	0	0	1,643,418	1,643,418	0	1,643,418	1,643,418
Escrowed Horse Purse	0	0	0	0	0	0	0	0
TX Horsemen's Partnership	0	0	0	0	0	0	0	0
THP Escrow Horse Purse	0	0	0	0	0	0	0	0
Texas Bred	491,336	0	2,385,471	379,980	3,256,786	491,336	2,765,450	3,256,786
State Tax	37	0	3,353,802	538,866	3,892,705	37	3,892,668	3,892,705
Hub Fee	0	0	0	448,085	448,085	0	448,085	448,085
Simulcast Fee	135	0	11,209,841	1,173,669	12,383,645	135	12,383,510	12,383,645
Racetracks	10,726,930	11,979,114	28,172,910	4,391,186	55,270,140	22,706,044	32,564,096	43,291,026
Total Commissions	\$17,440,576	\$19,075,865	\$69,137,169	\$9,914,232	\$115,567,841	\$36,516,441	\$79,051,400	\$96,491,976
Breakage	\$528,417	\$0	\$1,386,681	\$105,019	\$2,020,117	\$528,417	\$1,491,700	\$2,020,117

## Net GAIN of wagering dollars in Texas as a result of simulcasting at horse racetracks:

\$423,762,850	Total Export-Interstate Handle - Out of state locations wagering on Texas horse racetracks
<u>348,841,424</u>	Total Import-Interstate Handle - Texas Horse racetracks wagering on out of state racetracks
\$74,921,426	Net GAIN of wagering dollars in Texas as a result of simulcasting at horse racetracks



# Summary of All Texas Racetracks

from 1/1/2004 through 12/31/2004

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	Live On-Track	Live Export	Simulcast Same-Species	Simulcast Cross-Species	Sum of 1 through 4 Total	Sum of 1 & 2 Live On-Track & Export Total	Sum of 3 & 4 Combined Simulcast Import Total	Sum of 1 & 7 Combined On-Track Total
# of Race Days	984	n/a	4,459	4,539	9,982	984	8,998	9,982
# of Performances	1,352	n/a	41,320	25,222	67,894	1,352	66,542	67,894
Attendance	2,003,728	n/a	735,574	44,418	2,783,720	2,003,728	779,992	2,783,720
Net Handle	\$117,674,166	\$490,302,222	\$372,659,086	\$73,964,097	\$1,054,599,571	\$607,976,388	\$446,623,183	\$564,297,349
	0	0	0	0				
Horse Purse	\$6,222,138	\$7,096,751	\$24,015,146	\$797,551	\$38,131,586	\$13,318,889	\$24,812,697	\$31,034,835
Greyhound Purse	1,697,026	184,527	1,614,729	729,302	4,225,583	1,881,553	2,344,031	4,041,056
TTA Purse	0	0	0	205,785	205,785	0	205,785	205,785
TQHA Purse	0	0	0	205,785	205,785	0	205,785	205,785
TGA Purse	0	0	0	1,643,418	1,643,418	0	1,643,418	1,643,418
Escrowed Horse Purse	0	0	0	1,225,119	1,225,119	0	1,225,119	1,225,119
TX Horsemen's Partnership	0	0	0	0	0	0	0	0
THP Escrow Horse Purse	0	0	0	380,904	380,904	0	380,904	380,904
Texas Bred	491,336	0	2,728,761	624,217	3,844,313	491,336	3,352,978	3,844,313
State Tax	37	0	3,726,591	923,771	4,650,399	37	4,650,362	4,650,399
Hub Fee	0	0	0	860,107	860,107	0	860,107	860,107
Simulcast Fee	135	0	12,235,495	2,285,153	14,520,784	135	14,520,648	14,520,784
Racetracks	<u>16,813,957</u>	<u>13,247,594</u>	<u>33,482,764</u>	<u>6,561,117</u>	<u>70,105,432</u>	<u>30,061,551</u>	<u>40,043,881</u>	<u>56,857,838</u>
Total Commissions	\$25,224,629	\$20,528,872	\$77,803,486	\$16,442,229	\$139,999,216	\$45,753,500	\$94,245,715	\$119,470,344
Breakage	\$635,361	\$0	\$1,457,763	\$218,576	\$2,311,700	\$635,361	\$1,676,339	\$2,311,700

Net GAIN of wagering dollars in Texas as a result of simulcasting at Texas racetracks:

\$452,535,517	Total Export-Interstate Handle - Out of state locations wagering on Texas racetracks
<u>409,490,317</u>	Total Import-Interstate Handle - Texas racetracks wagering on out of state racetracks
\$43,045,200	Net GAIN of wagering dollars in Texas as a result of simulcasting

2004 ANNUAL REPORT

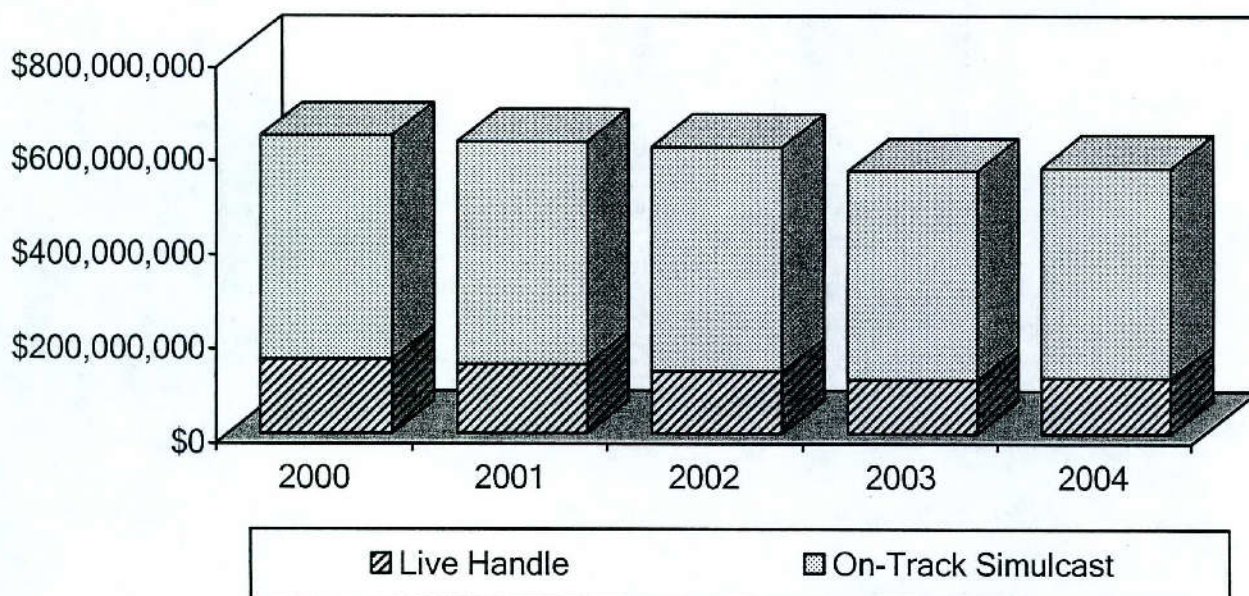


# Five Year Overview of Pari-mutuel Racing

## Greyhound & Horse Tracks Combined

	2000	2001	2002	2003	2004
# of Tracks	8	8	8	8	8
HANDLE ON-TRACK:					
Live	\$157,839,705	\$146,527,915	\$131,282,149	\$114,414,754	\$117,674,166
Simulcast	<u>\$475,868,631</u>	<u>\$473,486,206</u>	<u>\$477,657,907</u>	<u>\$443,112,863</u>	<u>\$446,623,183</u>
TOTAL	\$633,708,336	\$620,014,121	\$608,940,056	\$557,527,617	\$564,297,349
LIVE DATES	1,285	1,354	1,365	1,395	1,352
# OF SIMULCAST SIGNALS TAKEN	44,980	54,821	58,800	64,036	66,542
PURSES PAID	\$51,768,317	\$50,806,825	\$52,307,192	\$47,114,548	\$58,168,384
STATE TAX	\$4,933,323	\$4,936,353	\$4,982,805	\$4,615,249	\$4,650,399
TX BRED \$	\$6,640,235	\$6,467,625	\$6,421,789	\$5,769,835	\$5,798,309
ATTENDANCE	3,307,714	3,191,420	3,052,598	2,862,501	2,783,720

## On-Track Handle Greyhound & Horse Combined



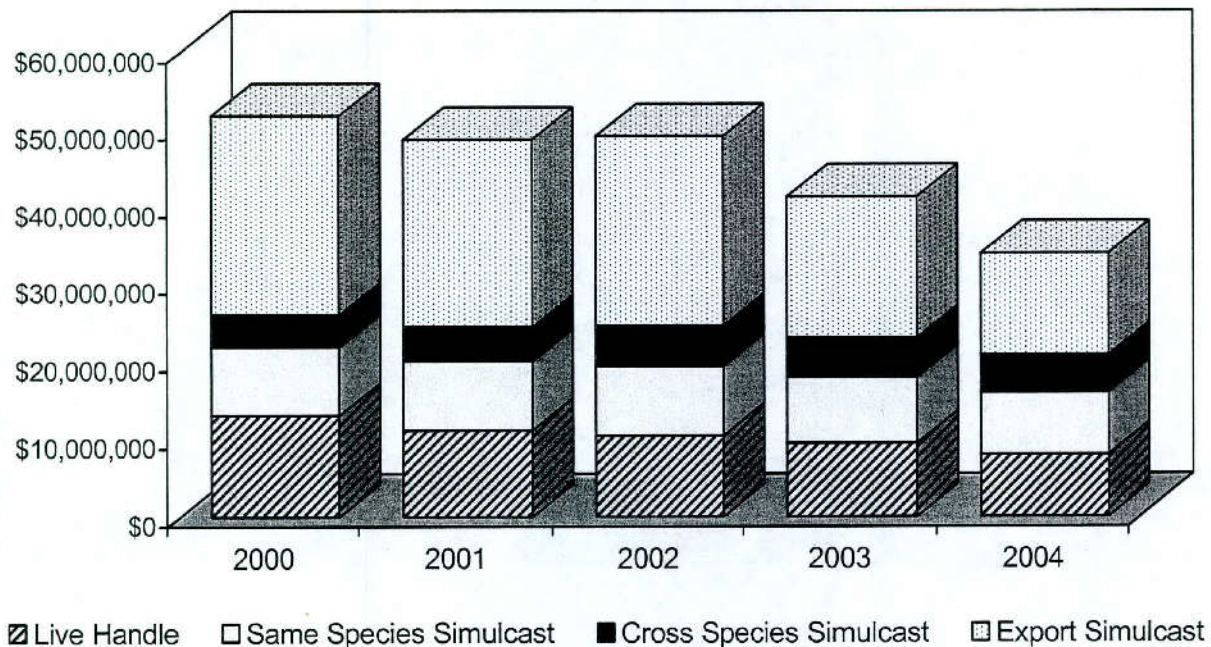


## Greyhound Racetrack

**Corpus Christi Greyhound Race Track**

	2003	2004	% Change
Live On-Track Handle	\$9,392,704	\$7,968,969	(15.16%)
Import Same Species Simulcast	\$8,571,584	\$8,010,803	(6.54%)
Import Cross Species Simulcast	\$5,063,691	\$4,810,506	(5.00%)
Total On-Track Handle	\$23,027,979	\$20,790,278	(9.72%)
Total Export Handle	\$18,330,272	\$13,236,193	(27.79%)
Total Wagered on CCGRT	\$27,722,976	\$21,205,162	(23.51%)
Average Value per Point	\$29.25	\$29.01	(0.80%)
Average Purses Paid/Performance	\$3,306	\$2,977	(9.95%)
Total Purses Paid	\$1,385,362	\$1,181,879	(14.69%)
Total Live Performances	419	397	(5.25%)
Total # of Simulcast Signals Taken	5,917	6,111	3.28%
Total Attendance	152,686	157,817	3.36%

2000-2004  
Corpus Christi Greyhound Race Track





**Data on this page provided by Corpus Christi Greyhound Race Track  
For Calendar Year 1/1/2004– 12/31/2004 – Unaudited**

Average # of Employees/Positions on Payroll	127
Total Salaries and Wages Paid	\$1,516,865
Total State Pari-mutuel Tax Paid	\$140,810
Total Other State Taxes Paid	\$33,776
Total Property Taxes Paid	\$138,842
Total Purchased Goods and Services	\$4,069,339
Total Charitable Contributions	\$4,814

**2004 Highlights**

- Corpus Christi Greyhound Race Track (CCGRT) donated several 'night at the races' packages to numerous charities for their auctions: Most Feared Baseball Team, KEDT Auction, Camden Miramar at Texas A & M University Corpus Christi, Pee Wee Giant T-Ball Team, Gregory-Portland High School, Corpus Christi Area Council for the Deaf, Odem A & H Booster Club, Texas A & M Athletics, Boys and Girls Club of South Texas, and Deaf and Hard of Hearing Center.
- Each weekend CCGRT allows Harley Davidson to utilize the track's large parking area to conduct a state-required safety program for new motorcycle riders. The track donated the use of their parking lot to the Nueces County Health Department for their flu shot drive and to the Texas Commission on Environmental Quality for use as a staging area for air quality testing.
- The track continued its work with the Special Olympics by preparing 30 Easter baskets for the Special Olympics Bunny Operation.
- CCGRT made donations to charities, including Pee Wee's Pet Adoption, HOT Greyhounds, Greyhound Pets of America, Reguladors, Paw's Animal Shelter, Odem A & H Booster Club, MDA Lock Up, and the Salvation Army's sponsorship for the Bed and Bred Club.
- The CCGRT adoption program is entering its 14<sup>th</sup> year. The track also supports the Heart of Texas greyhound adoption group.
- Charity night donations totaled over \$4,000, benefiting the Texas A&M School of Veterinary Medicine, Texas Special Olympics, the Women's Shelter of Corpus Christi, the Ronald McDonald House, and the people working in the kennel area.

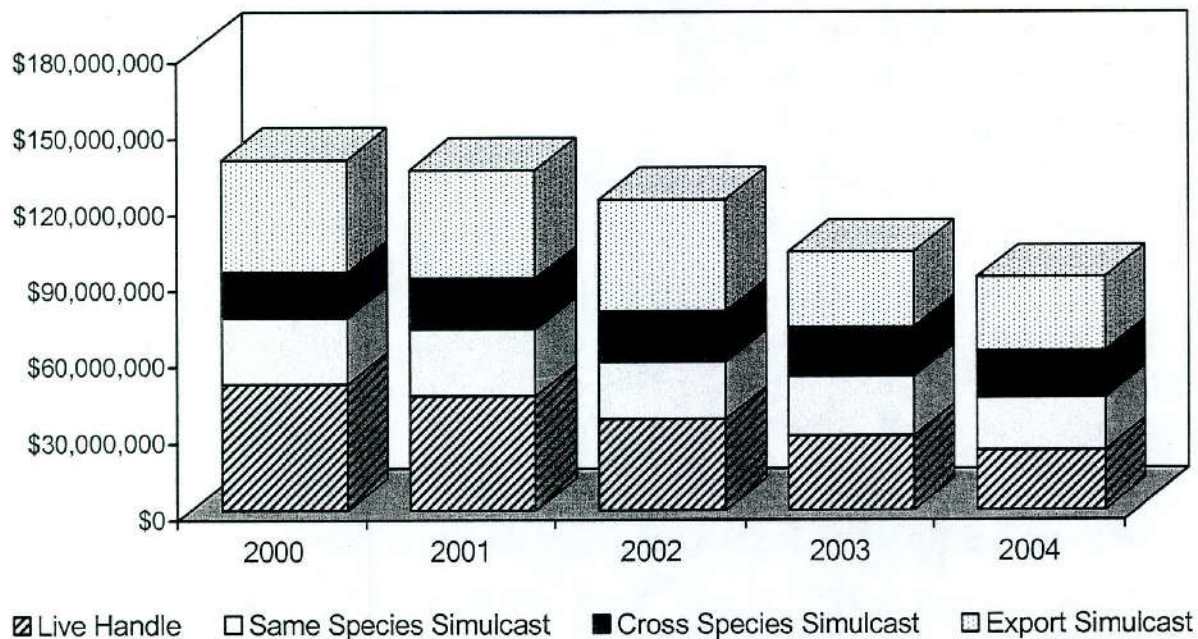


## Greyhound Racetrack

**Gulf Greyhound Park**

	2003	2004	% Change
Live On-Track Handle	\$29,034,978	\$23,480,839	(19.13%)
Import Same Species Simulcast	\$23,522,788	\$20,628,371	(12.30%)
Import Cross Species Simulcast	\$19,347,730	\$18,393,941	(4.93%)
Total On-Track Handle	\$71,905,496	\$62,503,151	(13.08%)
Total Export Handle	\$29,863,543	\$29,351,789	(1.71%)
Total Wagered on Gulf Greyhound	\$58,898,521	\$52,832,628	(10.30%)
Average Value per Point	\$64.80	\$61.18	(5.59%)
Average Purses Paid/Performance	\$8,089	\$7,646	(5.48%)
Total Purses Paid	\$3,672,375	\$3,410,010	(7.14%)
Total Live Performances	454	446	(1.76%)
Total # of Simulcast Signals Taken	9,048	9,602	6.12%
Total Attendance	369,647	311,529	(15.72%)

2000-2004  
Gulf Greyhound Park





**Data on this page provided by Gulf Greyhound Park**  
**For Calendar Year 1/1/2004 – 12/31/2004**

Average # of Employees/Positions on Payroll	350
Total Salaries and Wages Paid	\$4,842,007
Total State Pari-mutuel Tax Paid	\$408,974
Total Other State Taxes Paid	\$164,852
Total Property Taxes Paid	\$448,814
Total Purchased Goods and Services	\$16,378,302
Total Charitable Contributions	\$21,000

### **2004 Highlights**

- Be Discrete out of Beckner-Odonnell Kennel, and Shadow of a Doubt out of LQK Kennel, both track icons and 1<sup>st</sup> and 2<sup>nd</sup> All-Americans respectively, continued to romp the field during early 2004. In May the \$40,000 Texas Round-up went to Shadow of a Doubt.
- Pluto Tyme won 27 races by October 2.
- Secret Swagger, Libby Racing Kennel, won 16 races during the season, including the \$20,000 Texas Fall Spring Classic in October. Secret Swagger also won 14 seconds and 10 thirds in 2004 and is a nominee for the All-American team and Rural Rube Award.
- The 5<sup>th</sup> Annual High School and College Coaches Clinic was held in January with over 350 in attendance.
- The Galveston Propeller Club again held its annual Crawfish Boil at the track raising scholarship funds for Texas A&M University in Galveston.
- Gulf hosted the Galveston County Leukemia & Lymphoma Society Light the Night Walk with approximately 300 participants walking the parking lot.
- Charity days benefited the Texas A&M and University of Texas Scholarship funds, the Texas Greyhound Association, Greater Texas City-La Marque Chamber of Commerce and Bay Area SPCA.
- In July, the Doggie Palooza and Cross Canadian Ragweed concert was held in the parking lot co-sponsored by Miller Lite.
- The Sports Car Club of America National Tour Event was held with 300 in attendance.
- Gulf Greyhound Park was one of eight sites in the United States to host the Mazda Rev-It-Up event.

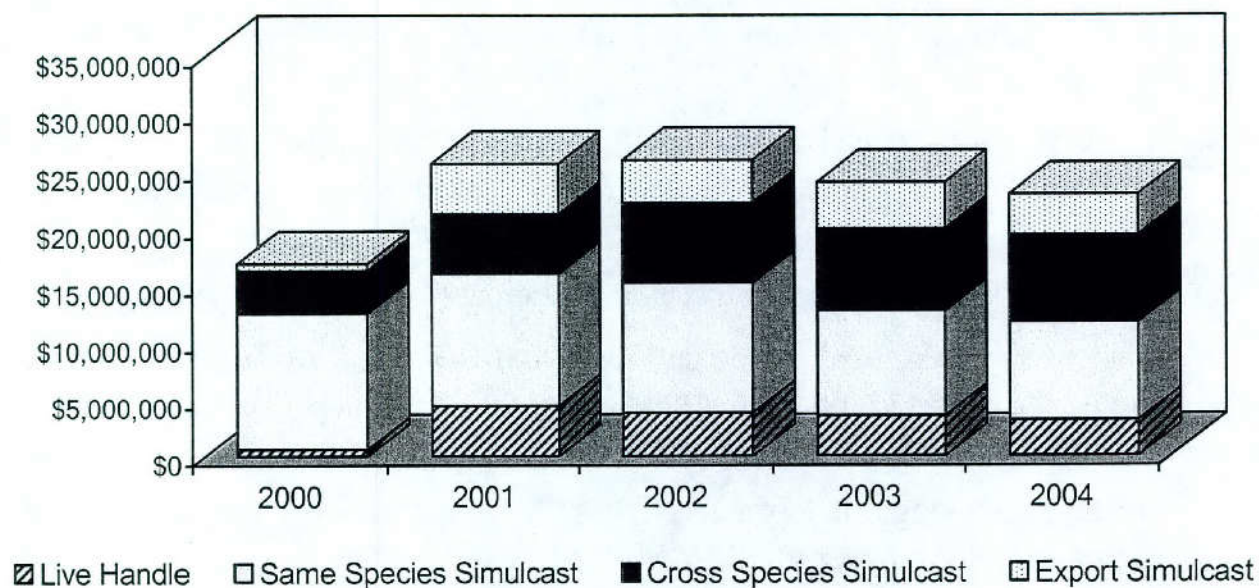


## Greyhound Racetrack

**Valley Race Park**

	2003	2004	% Change
Live On-Track Handle	\$3,529,642	\$3,161,771	(10.42%)
Import Same Species Simulcast	\$9,232,241	\$8,639,747	(6.42%)
Import Cross Species Simulcast	\$7,199,632	\$7,615,763	5.78%
Total On-Track Handle	\$19,961,515	\$19,417,281	(2.73%)
Total Export Handle	\$4,055,951	\$3,543,391	(12.64%)
Total Wagered on Valley Race Park	\$7,585,593	\$6,705,162	(11.61%)
Average Value per Point	\$35.63	\$37.78	5.70%
Average Purses Paid/Performance	\$3,629	\$3,019	(16.80%)
Total Purses Paid	\$671,288	\$588,762	(12.29%)
Total Live Performances	185	195	5.41%
Total # of Simulcast Signals Taken	10,214	10,501	2.81%
Total Attendance	122,227	114,186	(6.58%)

2000-2004  
Valley Race Park





# 2004 ANNUAL REPORT

**Data on this page provided by Valley Race Park**

**For Calendar Year 1/1/2004 – 12/31/2004 – Unaudited**

Average # of Employees/Positions on Payroll	113
Total Salaries and Wages Paid	\$1,752,000
Total State Pari-mutuel Tax Paid	\$182,000
Total Other State Taxes Paid	\$110,000
Total Property Taxes Paid	\$64,000
Total Purchased Goods and Services	\$2,618,000
Total Charitable Contributions	\$8,000

## 2004 Highlights

- Jalapeno 100 - the 14th Annual Bicycle Tour benefiting Harlingen Youth Athletics was staged at Valley Race Park (VRP). The event attracted 300 participants from across Texas and the nation.
- The "Spotlight Series", a feature race run each Sunday during the month of February, rose in recognition with the Texas Greyhound Association. Five qualifying rounds culminated in a \$3,000 added purse consolation. The \$10,000 Texas Showdown Final was won by Demon Fire, owned by George Kirk Harlan.
- April 23<sup>rd</sup> saw VRP stage its 3<sup>rd</sup> annual "Bark at the Park" which attracted between 70 and 80 dogs in all events, from races to fashion show to an obstacle race. There was plenty to entertain the dogs and their owners and friends with the proceeds from the event going to the South Texas Animal Sanctuary and the Harlingen Humane Society.
- The interest in 2004's Triple Crown Series saw VRP achieve some exceptional attendance and handle figures for each of the Triple Crown days. Either in attendance or handle, records were set on each of the three days.
- On October 23<sup>rd</sup>, for the second year running, the Race Park started running the qualifying round for the Daily Racing Form and NTRA National Handicapping Championship, for which over 40 entries were received from all over the United States.
- 2004 was brought to a close by another spectacular New Year's Eve celebration held at the Race Park. A 12-race performance featured an exceptional buffet in Brindles Restaurant and live music from two bands. The new year was ushered in with a 12-minute firework show.



# 2004 ANNUAL REPORT

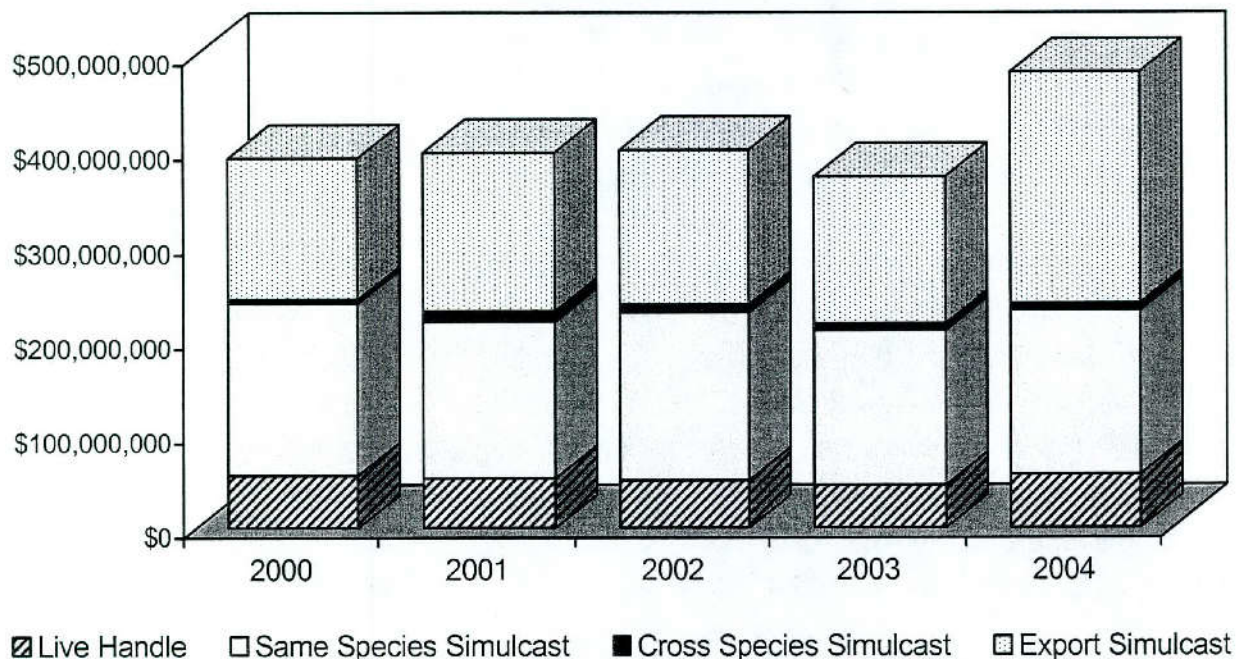
## Class 1 Horse Racetrack

### Lone Star Park at Grand Prairie

	2003	2004	% Change
Live On-Track Handle	\$45,073,091	\$56,686,488	25.77%*
Import Same Species Simulcast	\$164,462,338	\$174,117,075	5.87%
Import Cross Species Simulcast	\$7,411,489	\$7,581,971	2.30%
Total On-Track Handle	\$216,946,918	\$238,385,534	9.88%
Total Export Handle	\$155,147,525	\$243,992,825	57.27%*
Total Wagered on Lone Star	\$200,196,913	\$300,679,313	50.17%*
Average Purses Paid/Quarter Horse	\$121,530	\$0	N/A
# of Quarter Horse Race Dates	33	\$0	N/A
Average Purses Paid/Thoroughbred	\$216,610	\$362,286	67.25%*
# of Thoroughbred Race Dates	70	82	17.14%
Total Purses Paid	\$19,425,510	\$29,885,935	53.85%*
Total Live Performances	103	82	(20.39%)
Total # of Simulcast Signals Taken	7,474	7,807	4.46%
Total Attendance	1,102,600	1,067,342	(3.20%)

\*Increases attributed to Lone Star Park's hosting Breeders' Cup in 2004.

### 2000-2004 Lone Star Park at Grand Prairie





**Data on this page provided by Lone Star Park at Grand Prairie  
For Calendar Year 1/1/2004 – 12/31/2004 – Unaudited**

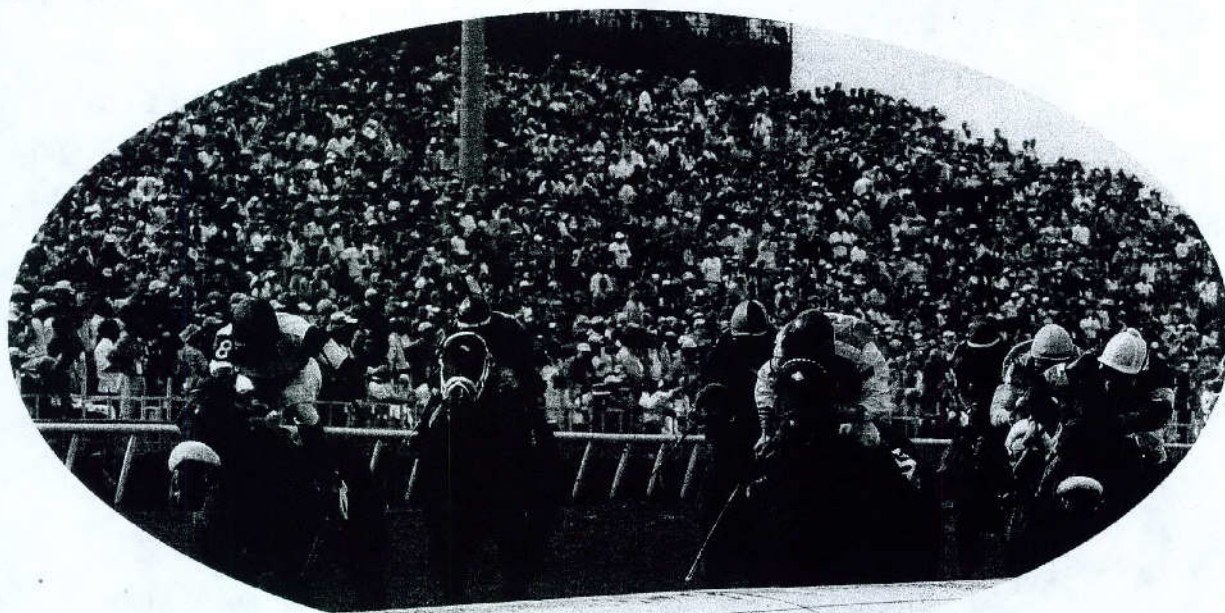
Average # of Employees/Positions on Payroll	Seasonal: 500 to 1,250
Total Salaries and Wages Paid (includes benefits)	\$17,572,974
Total State Pari-mutuel Tax Paid	\$1,835,887
Total Other State Taxes Paid	\$2,590,048
Total Property Taxes Paid	\$385,229
Total Purchased Goods and Services	\$17,582,053
Total Charitable Contributions	\$136,051

### 2004 Highlights

Lone Star Park at Grand Prairie (LSP) concluded its 63-date Spring Thoroughbred meet with gains in average daily attendance and on-track handle despite enduring the second-wettest June in Dallas-Fort Worth history (12 inches). More than 548,000 customers passed through the turnstiles for a daily average of 8,700. On-track wagering totaled \$78.4 million, and the 13-week meeting saw average daily on-track betting increase 3.9% to \$1.24 million, compared to \$1.20 million in 2003.

Highlights included a strong opening weekend; record-setting wagering on the Triple Crown races; post-race concerts by Willie Nelson, the Beach Boys and Cross Canadian Ragweed; and post-race fireworks on July 3-4.

In less than eight years since opening its doors to an area void of pari-mutuel wagering for more than a half-century, LSP established itself as one of the world's



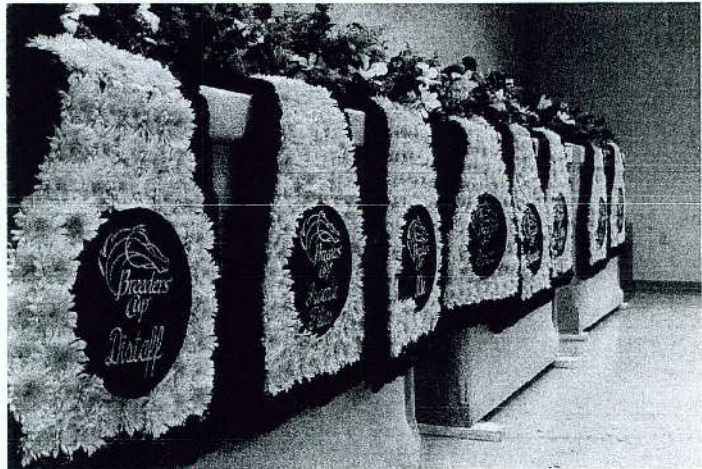
A packed house enjoys a picture perfect afternoon at Lone Star Park at Grand Prairie for the 21<sup>st</sup> running of the Breeders' Cup World Thoroughbred Championship Races.



top racing venues. LSP staged one of the most successful Breeders' Cup World Thoroughbred Championships in history on October 30 as a facility record 53,717 fans attended Thoroughbred horse racing's biggest and most important event. It was the fastest sellout in Breeders' Cup history and the 51,034 reserved seats were a record for the 21-year-old event.

Highlights were frequent on the picture-perfect afternoon as 101 horses from around the world gathered for eight championship contests worth \$14 million in purse money.

Four major Breeders' Cup wagering records were established on Breeders' Cup Day: \$120,863,117 for all sources on the 12-race program; \$109,838,668 for all sources on the eight Breeders' Cup races; \$107,536,392 for total simulcast handle; and \$16,401,762 for international simulcast handle. The on-track handle of \$13,326,726 ranked eighth all-time.



Breeders' Cup blankets of flowers await the eight champions. Photo by Lone Star Park



On the day before Halloween, a colt named Ghostzapper with Javier Castellano on board left an impression that will haunt competitors for years, defeating a very deep and accomplished field for the \$4 million Breeders' Cup Classic by three lengths in stakes-record time (1:59) for the 1 ¼ mile race. The 4-year-old's victory in North America's richest race clinched his Eclipse Award as the 2004 Horse of the Year. Eclipse Awards are presented by the National Thoroughbred Racing Association, the National Turf Writers Association, and the Daily Racing Form.

Javier Castellano salutes the crowd after his record setting ride aboard Ghostzapper. Photo by Lone Star Park



## 2004 ANNUAL REPORT

The Breeders' Cup results are obvious records for LSP, but most of those totals exceeded track standards set one day earlier. LSP staged a stakes tripleheader on October 29 led by the Grade III, \$250,000 Walmac Lone Star Derby. A crowd of 25,015 attended and wagered a record \$4 million on-track, surpassing this year's Kentucky Derby Day mark of \$3.4 million. Another \$4.3 million was bet off-site for a record all sources total of \$8.3 million, besting the 5½-year standard of \$7.2 million established on Kentucky Derby Day of 1999.



Dallas native Jerry Bailey celebrates his All-Star Jockey Championship. Photo by Lone Star Park

Breeders' Cup week began Oct. 28 with 15,128 fans that saw Dallas native Jerry Bailey edge England's Kieren Fallon in the International Jockey Championship. Nearly \$2 million was bet on-track that day and just under \$2.4 million was wagered at simulcast outlets.

On Breeders' Cup week alone, attendance surpassed 99,000 and more than \$17.2 million was wagered on-track. During the special 19-date Fall Breeders' Cup Meeting for Thoroughbreds, more than 186,200 patrons passed through the admission gates – a daily average of 9,800 that matched the facility record set during the 1998 Spring Thoroughbred season.

Over \$9 million in capital improvements were made to the facility to accommodate the event: additional grandstands; paddock and winner's circle improvements; additional barns and dormitories; and infrastructure to accommodate temporary seating.

On the year, LSP paid out a record \$30.4 million in 800 Thoroughbred races in 2004.



A view from the backside area of some of the newly constructed trackside seating. Photo by TxRC



# 2004 ANNUAL REPORT

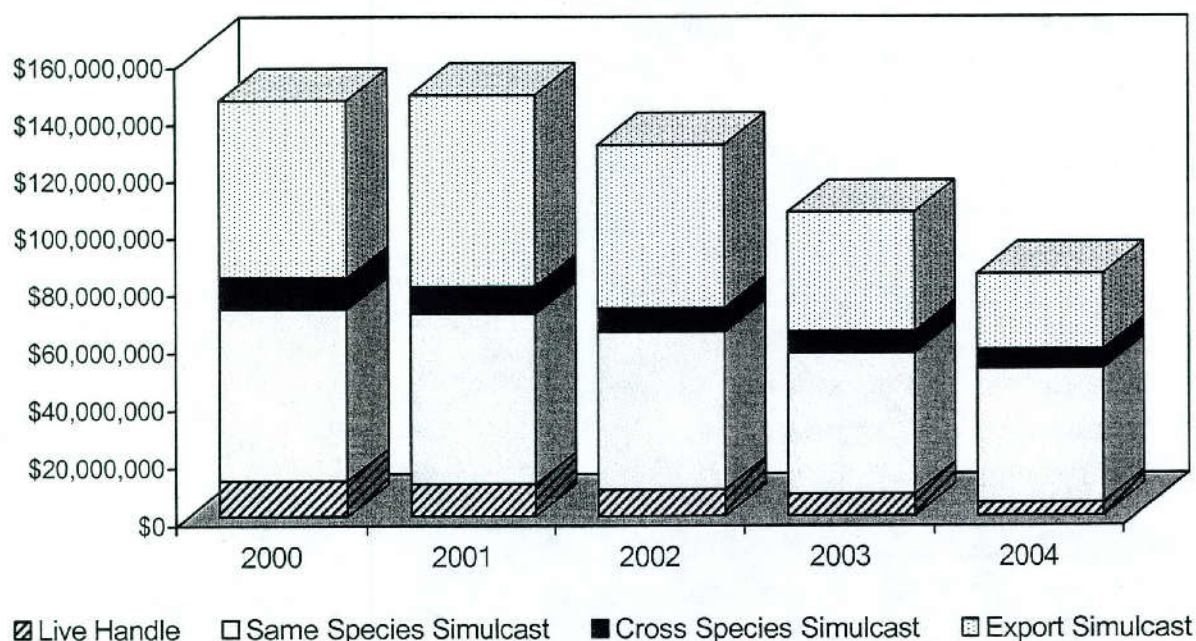
## Class 1 Horse Racetrack

### Retama Park

	2003	2004	% Change
Live On-Track Handle	\$7,596,059	\$4,545,218	(40.16%)*
Import Same Species Simulcast	\$49,068,434	\$46,726,587	(4.77%)
Import Cross Species Simulcast	\$7,333,913	\$6,439,901	(12.19%)
Total On-Track Handle	\$63,998,406	\$57,711,706	(9.82%)*
Total Export Handle	\$41,881,843	\$26,443,049	(36.86%)*
Total Wagered on Retama	\$49,477,902	\$30,988,267	(37.37%)*
Average Purses Paid/Quarter Horse	\$63,670	\$0	N/A*
# of Quarter Horse/Mixed Race Dates	24	\$0	N/A*
Average Purses Paid/Thoroughbred	\$97,071	\$90,081	(7.20%)
# of Thoroughbred Race Dates	48	39	(18.75%)
Total Purses Paid	\$6,414,659	\$3,709,450	(42.17%)*
Total Live Performances	72	39	(45.83%)*
Total # of Simulcast Signals Taken	8,957	9,077	1.34%
Total Attendance	394,189	343,201	(12.93%)*

\*Changes attributed to reduction in race dates to accommodate Lone Star Park's hosting the Breeders' Cup.

2000-2004  
Retama Park





**Data on this page provided by Retama Park****For Calendar Year 1/1/2004 – 12/31/2004 – Unaudited**

Average # of Employees/Positions on Payroll	262
Total Salaries and Wages Paid	\$4.8 million
Total State Pari-mutuel Tax Paid	\$548,000
Total Other State Taxes Paid	\$287,000
Total Property Taxes Paid	N/A
Total Purchased Goods and Services	\$6.3 million
Total Charitable Contributions	\$16,500 Cash \$100,000 Goods & Services

**2004 Highlights**

- 2004 was a banner year for the Selma-based Class 1 racing facility. A dramatic increase in live racing business was illustrated by a 40% increase in attendance and a 15% increase in live handle during the Thoroughbred Meet.
- Retama Park found its niche within the San Antonio market seven years ago with its original marketing idea of "Fifty Cent Fridays". South Texas fans responded enthusiastically as an average of over 7,900 fans attended each Fifty Cent Night in 2004. The biggest night was July 23 when 11,967 fans passed through the turnstiles.
- Corporate involvement showed continued growth as M2 Technology, a San Antonio based company purchased naming rights to the \$100,000 La Senorita, a nationally recognized thoroughbred stakes race. Ketel One renewed its sponsorship of the \$100,000 El Joven for the second year.
- The Texas Horse Racing Hall of Fame took its induction ceremonies on the road in 2004. Owner-breeders Nelson Bunker Hunt and William S. Farish, publisher Ben Hudson, and the late Anne Burnett Tandy were inducted during festivities at Sam Houston Race Park and Lone Star Park. Retama Park will be home to the Texas Horse Racing Museum once fund-raising and construction plans are complete.
- Retama Park continued its tradition of community involvement and support by donating over \$100,000 in silent auction items to over 200 area organizations as well as two successful blood drives for the South Texas Blood & Tissue Center.
- Retama Park in conjunction with the Racetrack Chaplaincy hosted dinners at Easter and Christmas for almost 150 backstretch personnel. All children attending were given Easter baskets and Santa made an appearance with a bag full of toys. In September the Racetrack Chaplaincy hosted an evening with Pat Day to benefit the ministry. Day was the featured speaker at a dinner in the Retama Park Turf & Field Club and that evening signed hundreds of autographs for fans before riding in two of Retama Park's races.



# 2004 ANNUAL REPORT

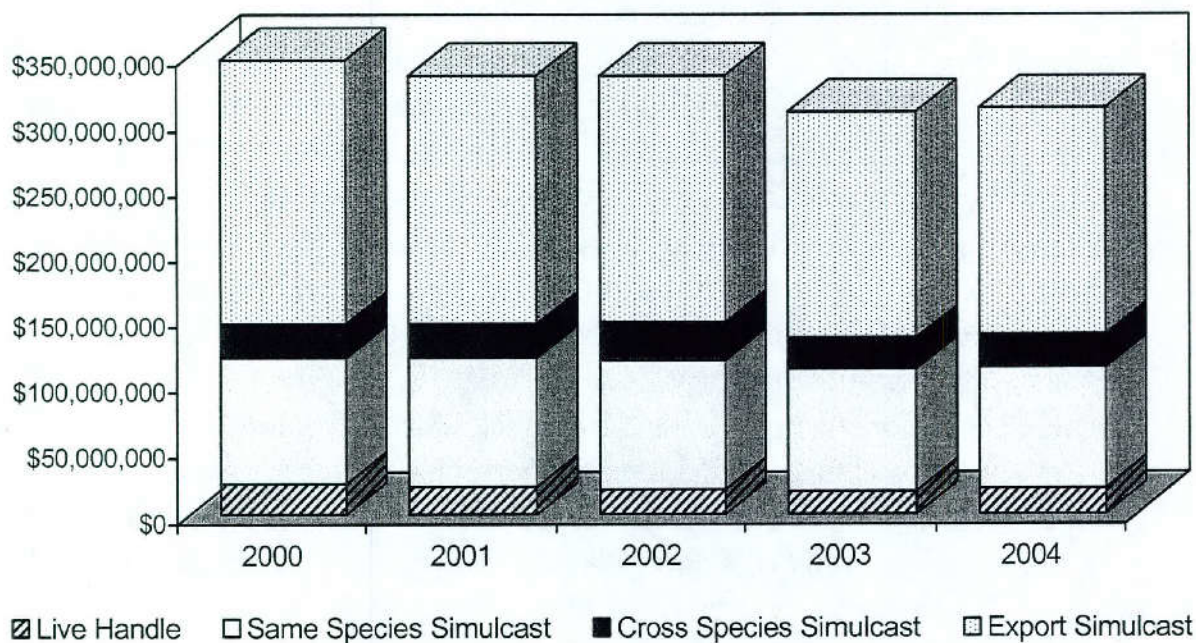
## Class 1 Horse Racetrack

### Sam Houston Race Park

	2003	2004	% Change
Live On-Track Handle	\$17,386,322	\$19,431,475	11.76%*
Import Same Species Simulcast	\$93,085,547	\$92,379,464	(0.76%)
Import Cross Species Simulcast	\$23,691,643	\$25,161,848	6.21%
Total On-Track Handle	\$134,163,512	\$136,972,787	2.09%
Total Export Handle	\$173,426,436	\$173,734,975	0.18%*
Total Wagered on Sam Houston	\$190,809,758	\$193,166,450	1.23%*
Average Purses Paid/Quarter Horse	\$77,209	\$94,130	21.92%
# of Quarter Horse Race Dates	43	95	120.93%*
Average Purses Paid/Thoroughbred	\$110,385	\$106,165	(3.82%)
# of Thoroughbred Race Dates	83	72	(13.25%)
Total Purses Paid	\$12,811,543	\$17,129,437	33.70%*
Total Live Performances	127	167	31.50%*
Total # of Simulcast Signals Taken	13,863	13,581	(2.03%)
Total Attendance	647,945	719,070	10.98

\*Changes due to addition of live Quarter Horse race dates to accommodate Lone Star Park's hosting the Breeders' Cup.

2000-2004  
Sam Houston Race Track





**Data on this page provided by Sam Houston Race Park**  
**For Calendar Year 1/1/2004 – 12/31/2004 – Unaudited**

Average # of Employees/Positions on Payroll	517
Total Salaries and Wages Paid	\$10,461,000
Total State Pari-mutuel Tax Paid	\$1,238,000
Total Other State Taxes Paid	\$442,000
Total Property Taxes Paid	\$992,000
Total Purchased Goods and Services	\$12,645,000
Total Charitable Contributions	\$62,000

### **2004 Highlights**

- Sam Houston Race Park (SHRP) hosted the MBNA America® Challenge Championship on April 1, setting a record Quarter Horse Handle on track of \$335,796 and host of \$980,066.
- Texas' first \$1 million Quarter Horse race, the TQHA Futurity, was run at SHRP.
- SHRP hosted the 12<sup>th</sup> Running of the MBNA America® Challenge Championships on November 6, 2004. The Challenge Championships offered more than \$1 million in purses for six stakes races and attracted nationally prominent horses, owners, and trainers to Sam Houston.
- A new live Quarter Horse handle record was set on November 6 as a total of \$1,135,862 was wagered on the ten live races. The previous record of \$1,138,394 was set on September 1, 2000. SHRP also surpassed its previous all-source handle record of \$1,631,254 set on September 1, 2000. The combined live and guest handle for Saturday, November 6 was \$1,845,224. An all-time attendance record was set on July 4, 2004, when SHRP hosted 25,142 fans for the special live racing program followed by a spectacular fireworks show.
- SHRP hosted the Houston Northwest Chamber Epicurean Night to raise funds for the Barbara Bush Library and Northwest Assistance Ministries. SHRP also supported activities and fund raising efforts for the Northwest, Cy-Fair, Greenspoint, Galleria, Humble, and Atascosita Chambers of Commerce. SHRP supported the Light The Night Walk, benefiting the Leukemia Society, and sponsored two golf tournaments and auctions to raise funds for the Don MacBeth Memorial Jockey Fund and Houston Equine Research Organization.
- In addition to donating 2% of one day's live on-track handle to the track Chaplaincy program, twice each year SHRP organizes a fundraiser event to help fund the Chaplaincy's many programs, including Sunday worship service for horsemen and patrons, counseling services, and providing clothing, blankets, and food for backside workers in need. In September, Hall of Fame rider Pat Day rode in the featured race, "A Match Made in Heaven".

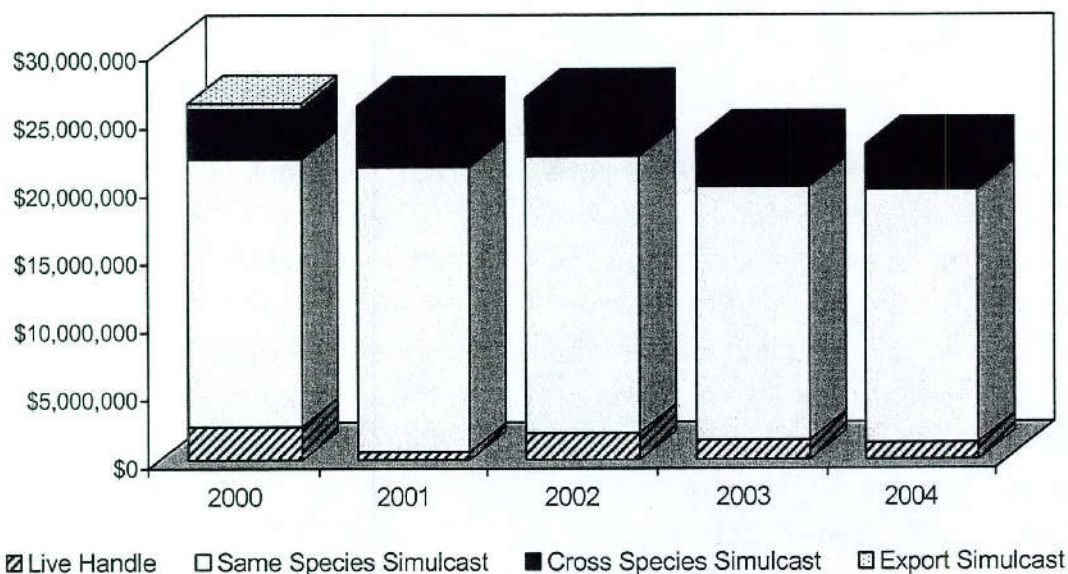


## Class 2 Horse Racetrack

**Manor Downs**

	2003	2004	% Change
Live On-Track Handle	\$1,427,258	\$1,249,872	(12.43%)
Import Same Species Simulcast	\$18,705,203	\$18,661,077	(0.24%)
Import Cross Species Simulcast	\$3,469,777	\$3,224,919	(7.06%)
Total On-Track Handle	\$23,604,241	\$23,135,868	(1.98%)
Total Export Handle	N/A	N/A	N/A
Total Wagered on Manor	\$1,427,258	\$1,249,872	(12.43%)
Average Purses Paid/Quarter Horse	\$108,311	\$82,353	(23.97%)
# of Quarter Horse Race Dates	10	0	N/A
Average Purses Paid/Thoroughbred	\$69,350	\$14,350	(79.31%)
# of Thoroughbred Race Dates	4	0	N/A
Average Purses Paid/Mixed	\$116,731	\$99,692	(14.60%)
# of Mixed Race Dates	8	18	125.00%
Total Purses Paid	\$2,294,360	\$1,794,460	(21.79%)
Total Live Performances	22	18	(18.18%)
Total # Simulcast Signals Taken	5,529	5,687	2.86%
Total Attendance	62,363	56,791	(8.93%)

2000-2004  
Manor Downs





2004 ANNUAL REPORT

**Data on this page provided by Manor Downs**

**For Calendar Year 1/1/2004 – 12/31/2004 – Unaudited**

Average # of Employees/Positions on Payroll	45
Total Salaries and Wages Paid	\$1,016,630
Total State Pari-mutuel Tax Paid	\$226,866
Total Other State Taxes Paid	\$90,473
Total Property Taxes Paid	\$116,964
Total Purchased Goods and Services	\$2,420,772
Total Charitable Contributions	\$6,899

**2004 Highlights**

Manor Downs did not respond to this portion of the information request.

According to Commission records, Manor Downs reported two charity days. Texas A&M Equine Research was the designated charity on April 10 and received \$3,371. The second charity race day, April 25, earned over \$3,527 for the Race Track Chaplaincy.



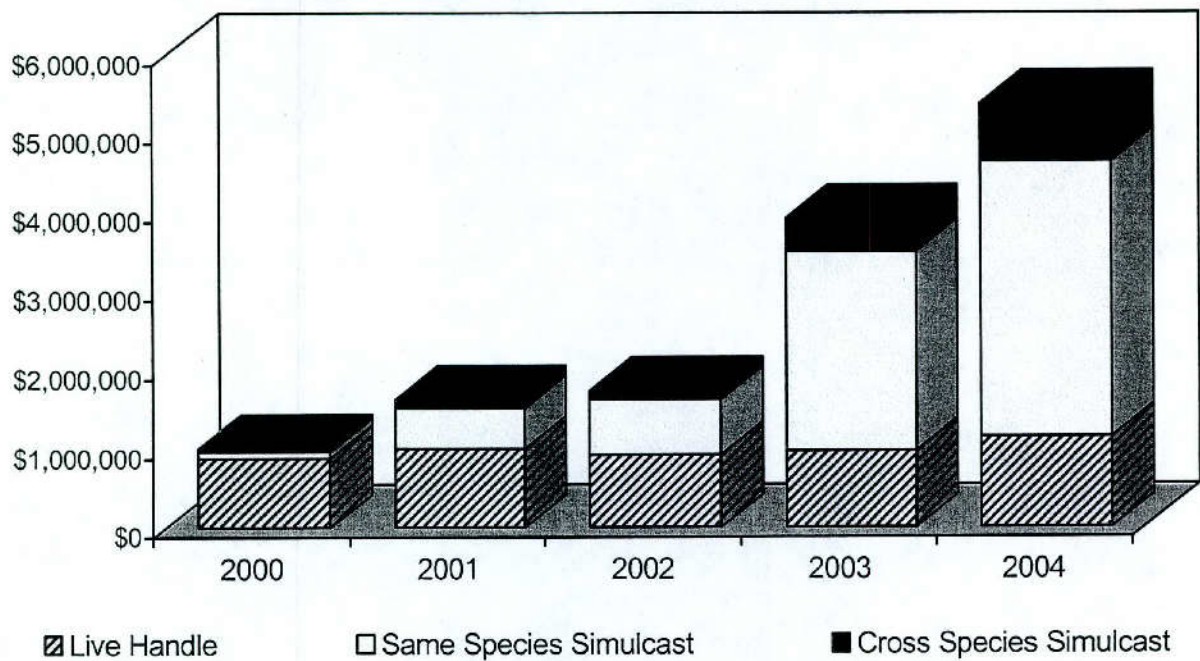
## Class 3 Horse Racetrack

**Gillespie County Fair & Festivals Association**

	2003	2004	% Change
Live On-Track Handle	\$974,705	\$1,149,534	17.94%
Import Same Species Simulcast	\$2,519,648	\$3,495,962	38.75%*
Import Cross Species Simulcast	\$427,205	\$735,248	72.11%*
Total On-Track Handle	\$3,921,588	\$5,380,744	37.21%
Total Export Handle	N/A	N/A	N/A
Total Wagered on Gillespie	\$974,705	\$1,149,534	17.94%
Average Purses Paid/Quarter Horse	\$44,387	\$46,381	4.49%
Average Purses Paid/Thoroughbred	\$9,237	\$12,175	31.81%
# of Mixed Race Dates	8	8	0.00%
Total Purses Paid	\$439,450	\$468,450	6.60%
Total Live Performances	8	8	0.00%
Total # of Simulcast Signals Taken	3,008	4,176	38.83%*
Total Attendance	10,844	13,784	27.11%*

\*Changes attributed to first full year of simulcast operations.

2000-2004  
Gillespie County Fair & Festivals Association



Day.



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**Data on this page provided by Gillespie County Fair & Festivals Association  
For Calendar Year 1/1/2004– 12/31/2004 – Unaudited**

Average # of Employees/Positions on Payroll	74.5
Total Salaries and Wages Paid	\$150,019
Total State Pari-mutuel Tax Paid	\$44,113
Total Other State Taxes Paid	\$13,595
Total Property Taxes Paid	Exempt
Total Purchased Goods and Services	\$669,313
Total Charitable Contributions	\$60,000*

\*Estimated in-kind to community including facility use and volunteer labor.

### **2004 Highlights**

- In addition to producing the oldest continuously running county fair in Texas, Gillespie County Fair and Festivals Association (GCFFA) also promotes year-round community and family entertainment by sponsoring many annual events such as the Easter Fires Pageant, the 116th Gillespie County Fair, and the annual Scholarship Fest.
- Earnings from the summer horse meets are used to maintain and upgrade the multi-use facility and to benefit Gillespie County by funding scholarships. GCFFA has created one of the most dynamic programs in the area, granting scholarships to graduating seniors in the county on an annual basis. Since 1991, over \$165,000 has been awarded to help deserving young men and women further their education goals. In 2004, \$14,300 was awarded to 26 graduating seniors from the county's high schools.
- The value of GCFFA's donated facility use and volunteer labor is estimated at over \$60,000 for 2004. The Fair Association consists of over 50 volunteer directors who, along with their families, provide a variety of events and activities throughout the year for the community and Hill Country.



## Other Licensed Racetracks

### Class 2 Horse Racetrack

#### **Austin Jockey Club**

In 1999, Austin Jockey Club, Ltd., acquired majority ownership of Longhorn Downs, Inc., which held a horse racetrack license that was originally issued in 1989.

On November 29, 2004, the Commission considered Austin Jockey Club's (AJC) request to change its location to a site east of Pflugerville, in northeast Travis County. Texas Racing Act, §6.14(d), authorizes the Commission to change a racetrack's location if the Commission finds that the conduct of race meetings at the new location will be in the public interest.

The site that was approved in 1999, just off Riverside Drive east of downtown Austin, was the subject of zoning controversies and was eventually zoned in a manner inconsistent with a pari-mutuel racetrack.

Following a full day of testimony, the Commissioners voted 6-2 to defer consideration of the requested change in location until August, 2005, to give AJC time to address local issues, particularly issues of ingress and egress, or to present an alternative site.

### Class 2 Horse Racetrack

#### **Saddle Brook Park**

In 2001, Yellow Rose Entertainment, d/b/a Saddle Brook Park, acquired Lubbock Downs, Inc., a company to which a Class 2 horse racetrack license was issued in 1989. The Commission granted Saddle Brook's request to move the track from Lubbock to Randall County. The new owners indicated their intent to construct the facility and open for live racing and simulcasting in 2002.

Construction plans were submitted and approved by the Commission staff on May 16, 2002. In their monthly construction update to the Commission dated February 11, 2003, Saddle Brook Park reported that steel had been ordered when a problem arose with the Environmental Protection Agency over sewage disposal. The report stated that engineers were working to determine the best and most cost-effective solution. The subsequent monthly reports, including the latest report dated December 31, 2004, stated there was no new information to report but they hoped to have a more informative report in the near future.



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## Combined Statement of Revenues & Expenditures For Fiscal Year 2004 As Compared to Fiscal Year 2003

Source: Racing Commission Annual Financial Reports

	FISCAL 2003	FISCAL 2004	% CHANGE <sup>1</sup>
<b>REVENUES:</b>			
Legislative Appropriations	\$ 0	\$ 0	- %
Licenses, Fees & Permits	2,539,136	2,694,691	6%
Interest & Other Investment Income	27,563	33,076	20%
Other Revenues	<u>8,091,759</u>	<u>7,188,937</u>	(11%)
<b>TOTAL REVENUES</b>	<b><u>\$10,658,458</u></b>	<b><u>\$9,916,704</u></b>	<b>(7%)</b>
<b>EXPENDITURES:</b>			
Salaries & Wages	\$3,382,062	\$3,270,289	(3%)
Payroll Related Costs	904,396	770,577	(15%)
Professional Fees & Services	75,731	79,457	5%
Travel	94,937	127,190	34%
Materials & Supplies	60,937	162,351	166%
Communications & Utilities	77,753	67,275	(13%)
Repairs & Maintenance	43,718	50,255	15%
Rentals & Leases	170,955	170,282	-%
Printing & Reproduction	4,239	19,980	371%
Claims & Judgments	0	0	- %
Distributions to Others <sup>2</sup>	6,015,055	5,450,229	(9%)
Depreciation Expense	16,201	13,301	(18%)
Capital Outlay	<u>0</u>	<u>0</u>	- %
<b>TOTAL EXPENDITURES</b>	<b><u>\$10,845,984</u></b>	<b><u>\$10,181,186</u></b>	<b>(6%)</b>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	<b><u>-\$187,527</u></b>	<b><u>-\$264,483</u></b>	<b>41%</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Fixed Assets	\$0	\$ 0	- %
Operating Transfers Out:			
Agency 556, Fund 001, Equine Research	-108,526	-67,107	(38%)
Texas Racing Act, §3.309(b)	<u>-1,611,676</u>	<u>0</u>	(100 %)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b><u>-\$1,720,202</u></b>	<b><u>-\$67,107</u></b>	<b>(96%)</b>
<b>NET GAIN/LOSS FROM OPERATIONS</b>	<b><u>-\$1,907,729</u></b>	<b><u>-\$331,589</u></b>	<b>(83%)</b>
<b>BEGINNING FUND BALANCE</b>	<b><u>\$3,497,997</u></b>	<b><u>\$1,507,703</u></b>	<b>(57%)</b>
Capital Assets & Long Term Liability Adjustments	<u>82,565</u>	<u>-20,164</u>	(124%)
<b>ENDING FUND BALANCE</b>	<b><u>\$1,507,703</u></b>	<b><u>\$1,196,278</u></b>	<b>(21%)</b>

<sup>1</sup> Percentages are rounded to nearest whole number.<sup>2</sup> The decrease in Distribution to Others is due to a change in accounting practices by the State.



## Summary of Key Fiscal Year 2004 Actual Performance Measures As Compared to Target

Fiscal Year 2004 KEY MEASURES	Target	Actual	% of Target
# of Horse Racetracks Regulated	7	7	100%
Average Regulatory Cost per Horse Racetrack	\$21,281	\$22,022	103%
# of Greyhound Racetracks Regulated	3	3	100%
Average Regulatory Cost per Greyhound Racetrack	\$21,281	\$22,022	103%
Number of Racetrack Inspections	69	63	91%
Number of Texas-bred Awards	25,960	25,687	99%
Number of Occupational Licenses Suspended or Revoked	220	206	94%
Number of Investigations Completed	1,527	1,220	89%
Percentage of Investigations Resulting in Disciplinary Action	93%	98.25%	106%
Percentage of Licensees with No Recent Violations	98%	97.20%	99%
Number of Race Animals Inspected Prior to Participating in a Race	136,554	127,468	93%
Percentage of Race Animals Injured or Dismissed from Racetracks	0.30%	0.26%	86%
Number of New Occupational Licenses Issued	6,150	5,546	90%
Number of Occupational Licenses Renewed	9,500	8,285	87%
Average Regulatory Cost per Licensee	\$28.72	\$35.84	125%
Average Time (minutes) Required to Issue a New Occupational License	7	8.75	125%
Number of Illegal Wagering Investigations Completed	12	4	33%
Percentage of Compliance Audits Passed	96%	98.75%	103%
Average Cost per Illegal Wagering Investigation	\$431	\$434	100%
Total Pari-Mutuel Handle (in millions)	\$632.36	\$546.30	86%
Total take to the State Treasury from Pari-mutuel Wagering (in millions)	\$5.41	\$4.62	85%



## Glossary of Racing Terms

**Accredited Texas-bred horse** - a Texas-bred horse that meets the accreditation requirements of the state breed registry of that breed of horse.

**Breakage** - the odd cents by which the amount payable on each dollar wagered exceeds a multiple of 10 cents, except in the event of a minus pool, in which case the breakage is based on multiples of five cents.

**Common pool** - a pool in which the wagers received at a receiving location are combined with the wagers received at a sending racetrack.

**Cross-species simulcast signal** - a simulcast signal of a horse race at a greyhound racetrack facility or a simulcast signal of a greyhound race at a horse racetrack facility.

**Exotic pool** - a mutuel pool that involves wagers on more than one entered horse or greyhound or on entries in more than one race.

**Handle** - the total amount of money wagered at a racetrack during a particular period.

**Horsemen's organization** - an organization recognized by the Commission that represents horse owners and trainers in negotiating and contracting with racetracks on subjects relating to racing and in representing and advocating the interests of horse owners and trainers before administrative, legislative, and judicial forums.

**Live pari-mutuel pool** - the total amount of money wagered by patrons on the result of a particular live race or combination of live races within the enclosure of the racetrack where the race is being run.

**Mixed meet** - a live horse race meeting in which more than one breed of horse participates.

**Multiple wagering** - wagering on two or more animals in one race or on one or more animals in more than one race.

**Multiple two wager** - a wager on two animals in one or more races.

**Multiple three wager** - a wager on three or more animals in one or more races.

**Odds** - a number indicating the amount of profit per dollar wagered to be paid to holders of winning pari-mutuel tickets.

**Outstanding ticket** - a pari-mutuel ticket that is not presented for payment before the end of the race day for which the ticket was purchased.

**Performance** - the schedule of horse or greyhound races run consecutively



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as one program.

**Place** - to finish second in a race.

**Prohibited substance** - a drug, chemical, or other substance that in its use or intended use is reasonably capable of influencing or affecting the outcome of a race in a manner contrary to the Racing Act or a Commission rule and that is prohibited by a Commission rule regulating the unlawful influence of a race.

**Purse** - the cash portion of the prize for a race.

**Race date** - a date on which a racetrack is authorized by the Commission to conduct races.

**Race meeting** - a group of days on which horse or greyhound racing is conducted at a racetrack.

**Regular wager** - a wager on a single horse or greyhound in a single race.

**Show** - to finish third in a race.

**Simulcast** - the telecast or other transmission of live audio and visual signals of a race, transmitted from a sending track to a receiving location, for the purpose of wagering on the race at the receiving location.

**Simulcast pari-mutuel pool** - the total amount of money wagered by patrons at a racetrack on the result of a particular simulcast race or combination of simulcast races.

**Stallion owner** - a person who is owner of record, at the time of conception, of the stallion that sired the accredited Texas-bred horse.

**Straight pool** - a mutuel pool that involves wagers on a horse or greyhound to win, place, or show.

**Totalisator** - a machine or system for registering and computing the wagering and payoffs in pari-mutuel wagering.

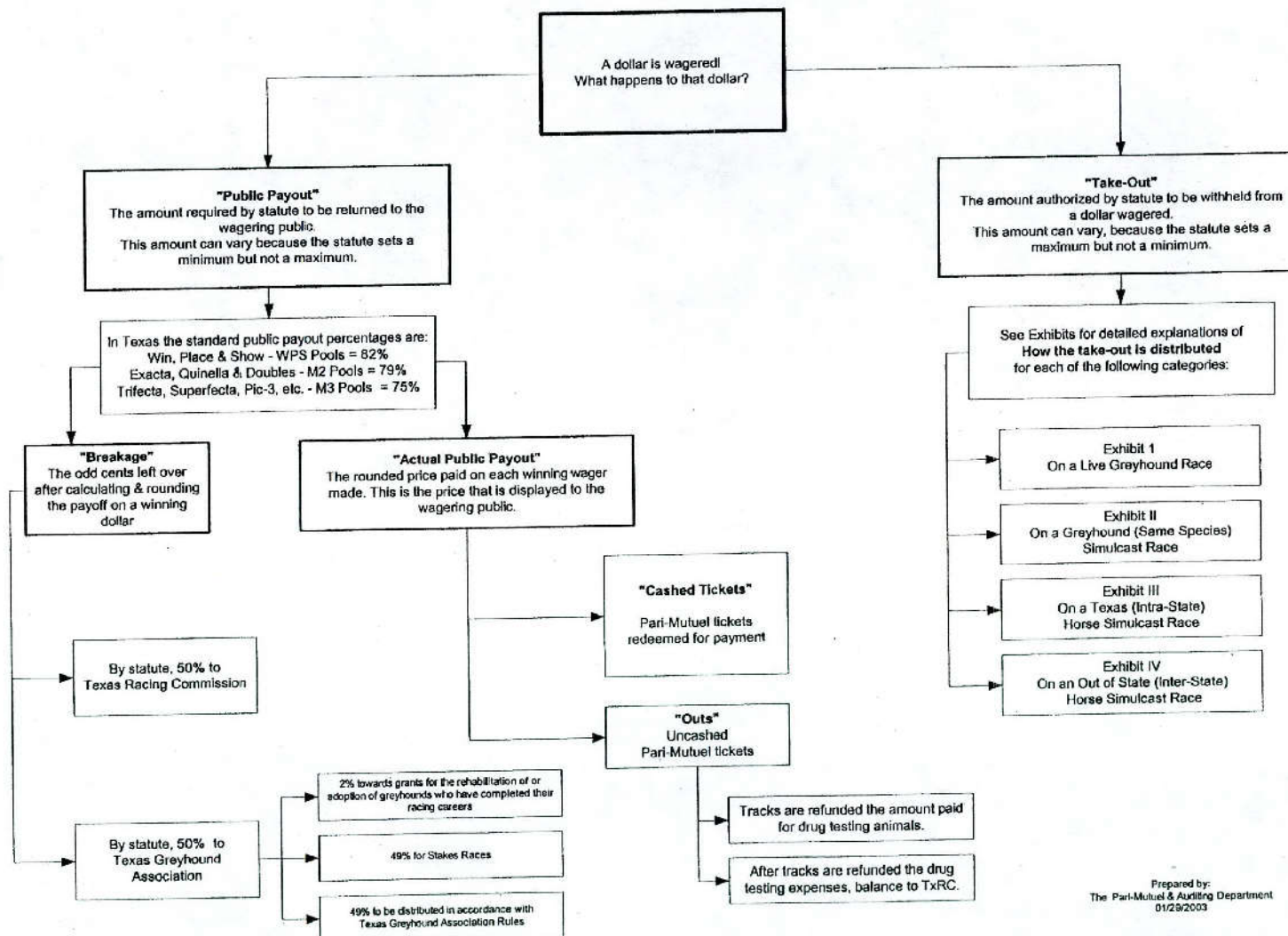
**Win** - to finish first in a race.

**WPS** - an abbreviation for the first three places of a race: Win (1st), Place (2nd), and Show (3rd).

For further definitions, see §1.03 of the Texas Racing Act  
and §301.1 of the Commission's Rules.



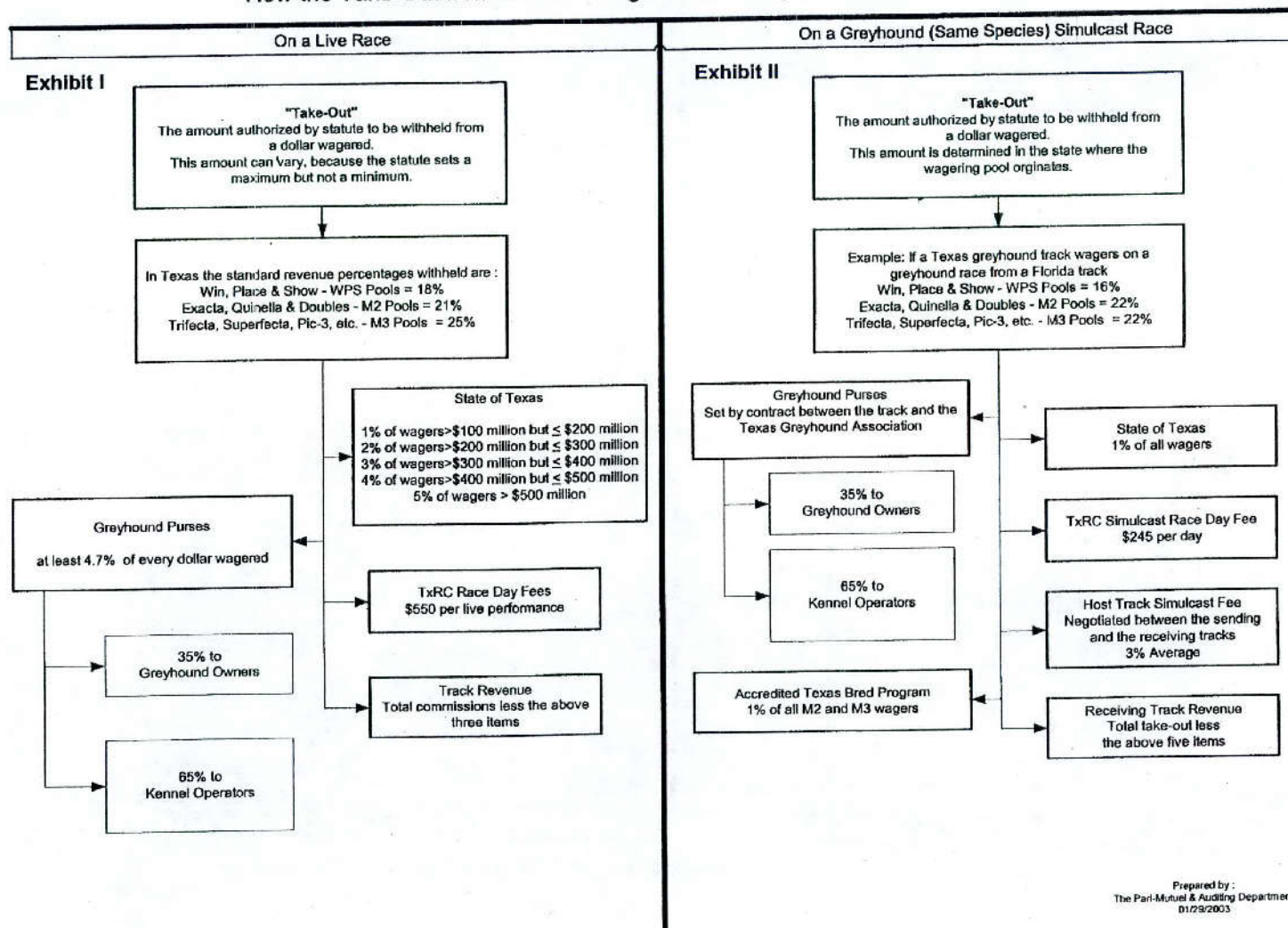
## How Money Wagered at a Greyhound Track is Distributed



Prepared by:  
The Pari-Mutuel & Auditing Department  
01/29/2003

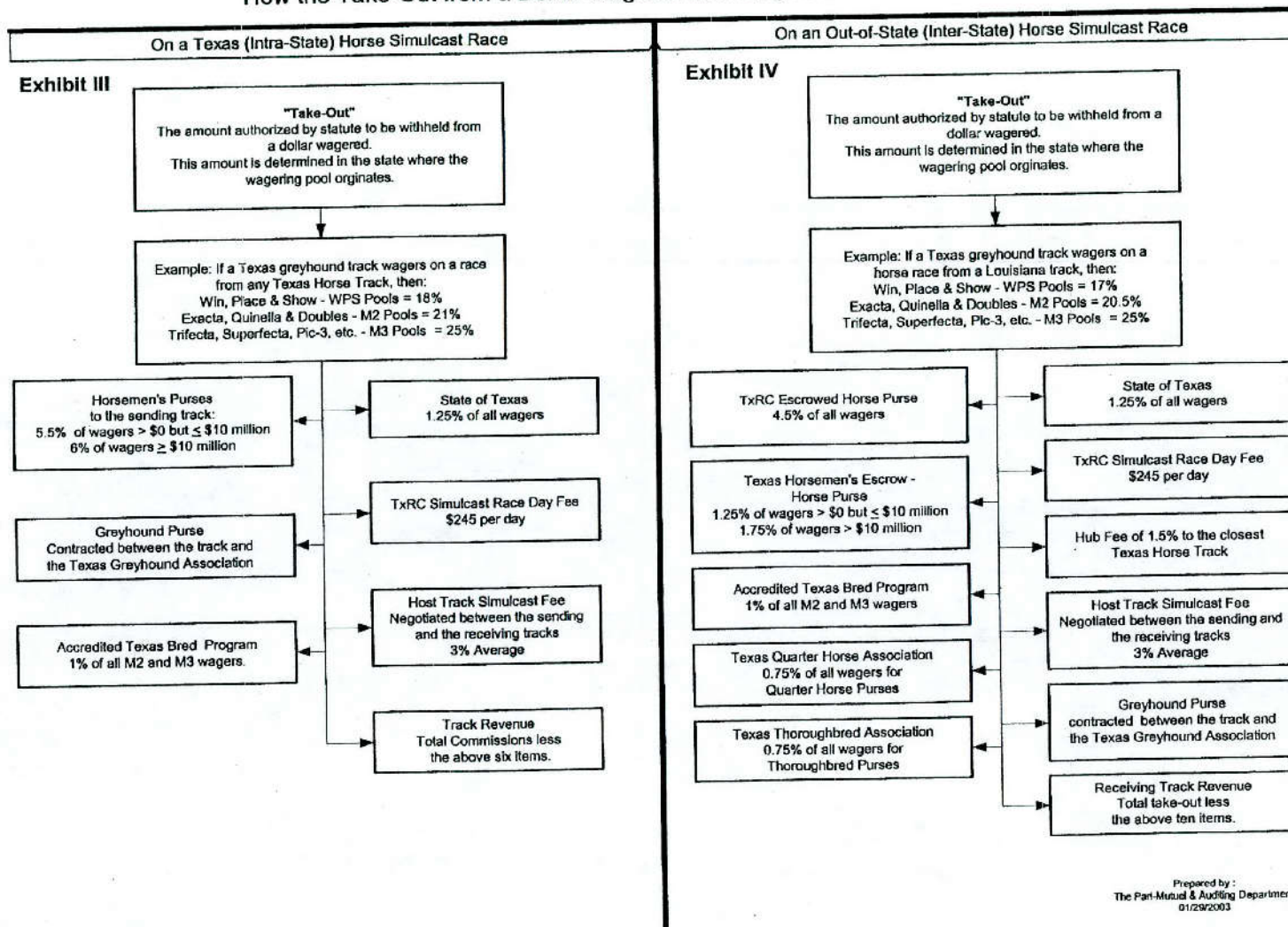


## How the Take-Out from a Dollar Wagered at a Greyhound Track is Distributed



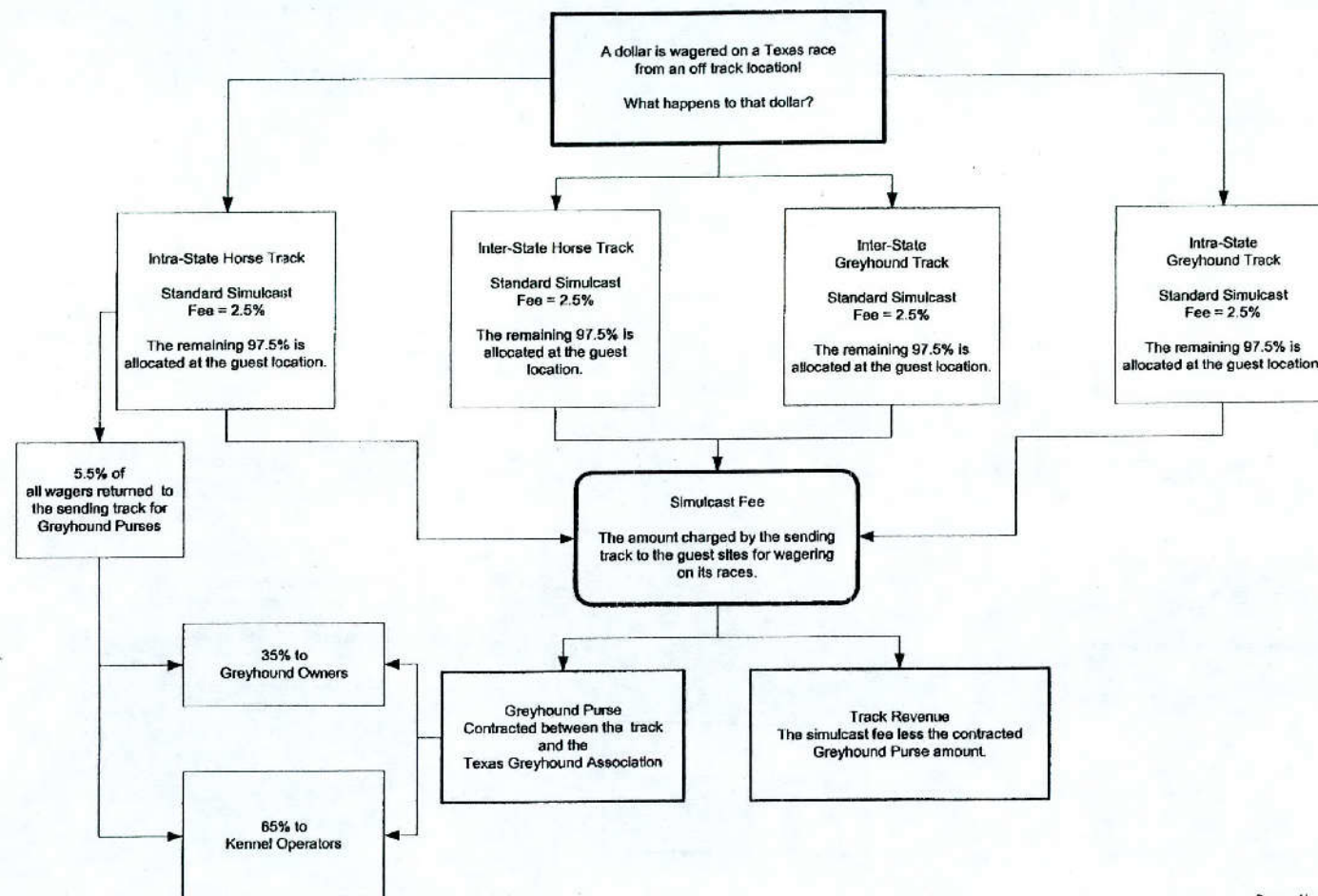


## How the Take-Out from a Dollar Wagered at a Greyhound Track is Distributed



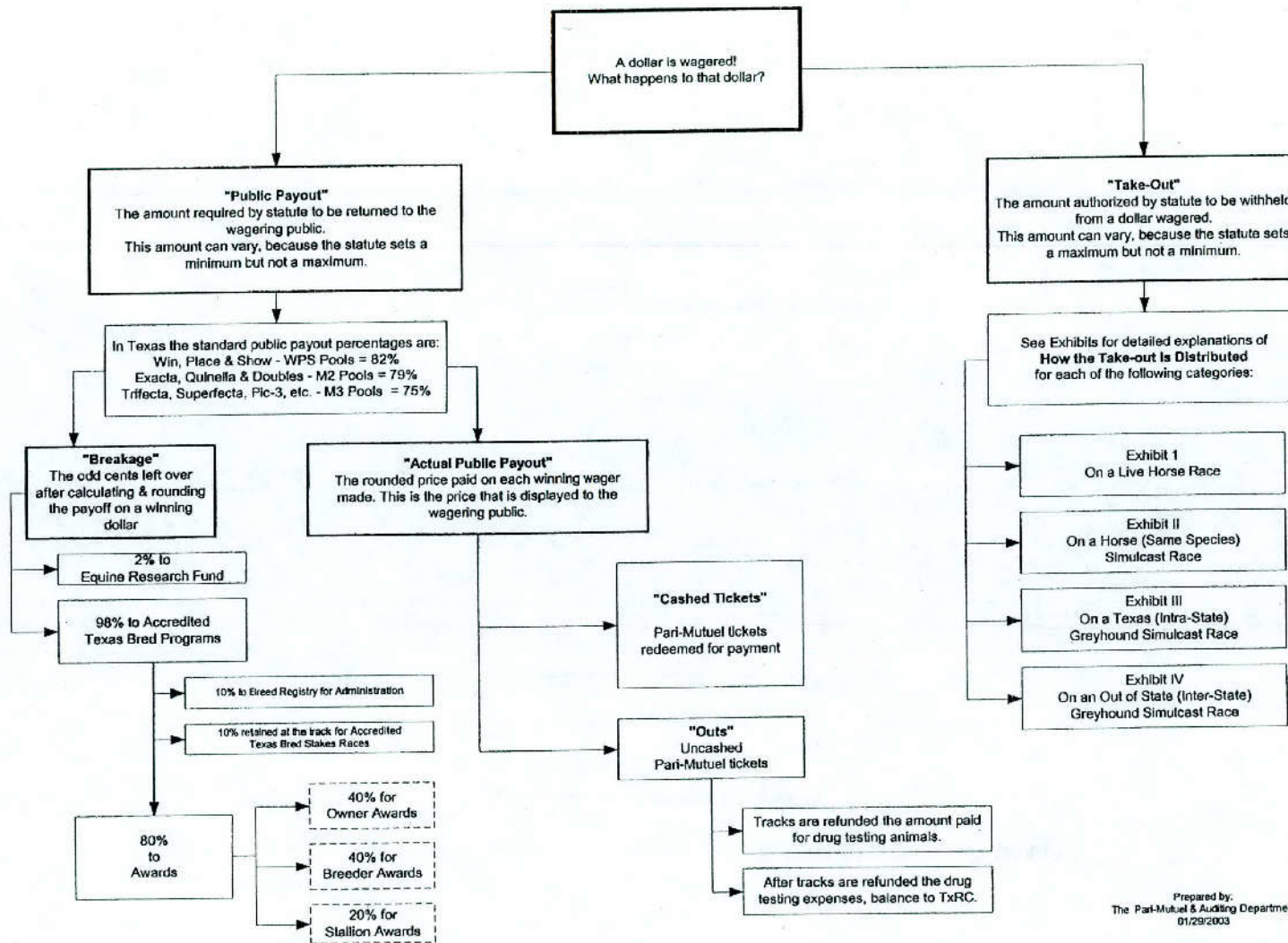


## How Money Wagered on a Greyhound Track's Exported Races is Distributed





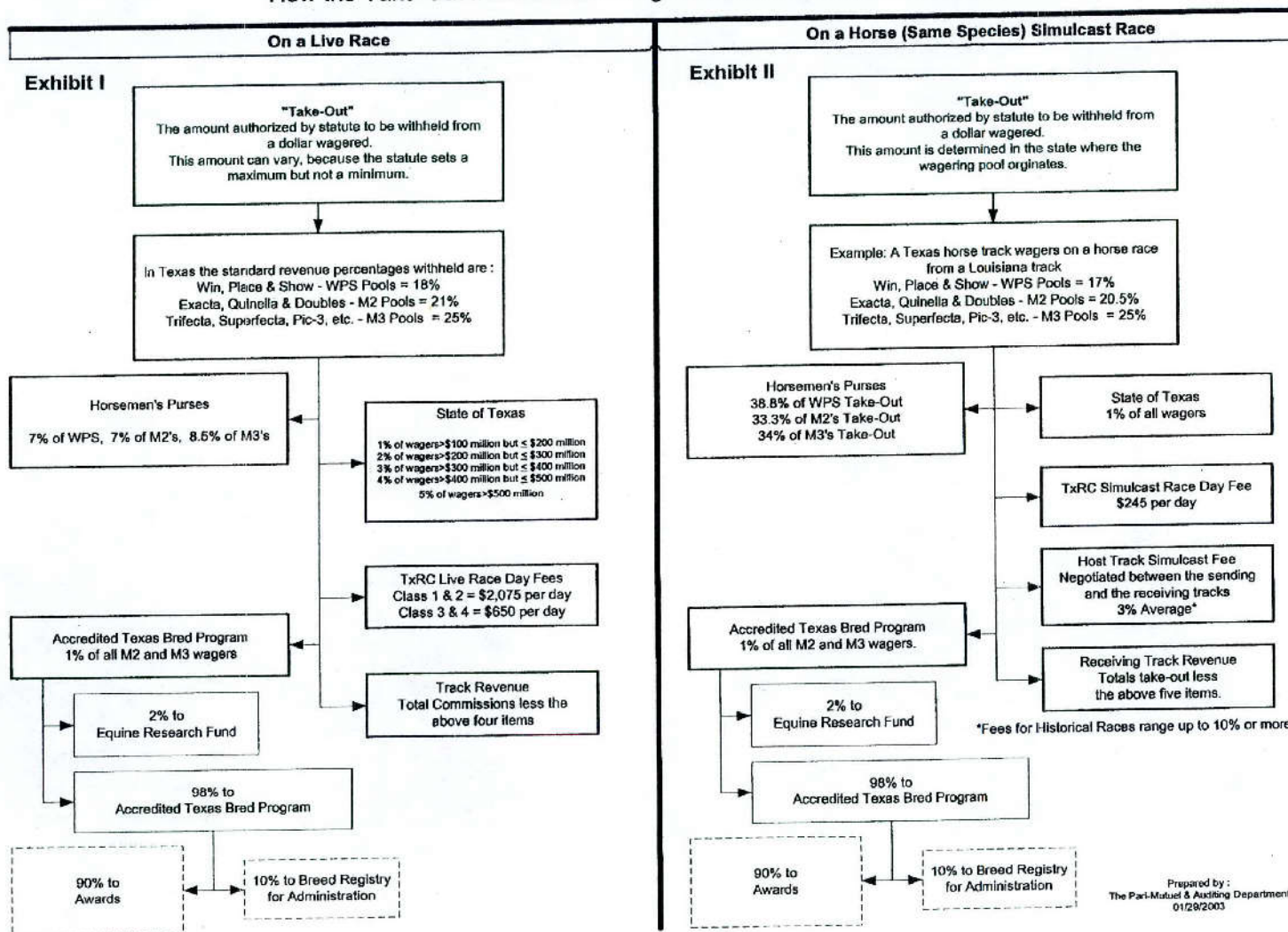
## How Money Wagered at a Horse Track is Distributed



Prepared by:  
The Pari-Mutuel & Auditing Department  
01/29/2003

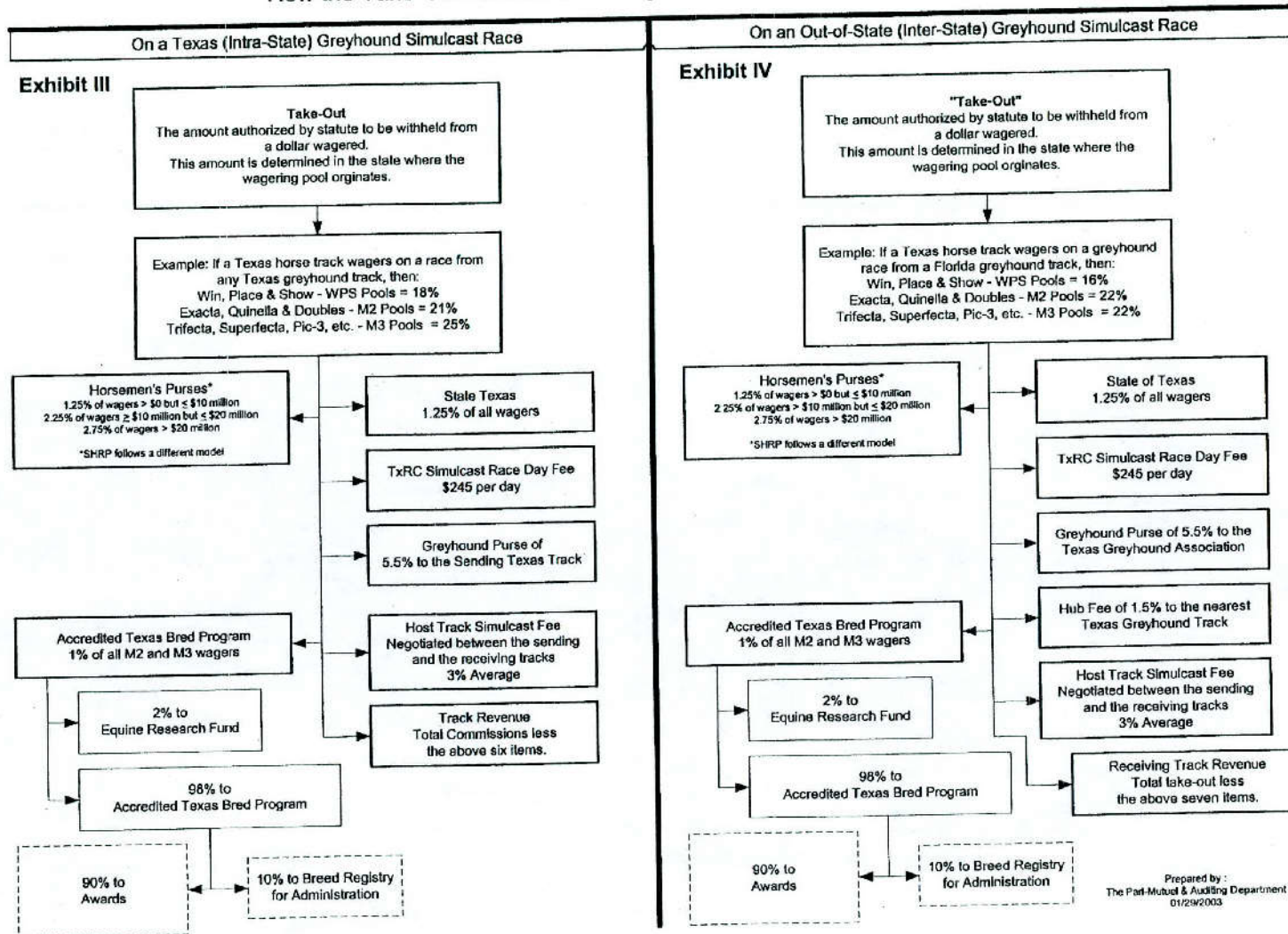


## How the Take-Out from a Dollar Wagered at a Horse Track is Distributed



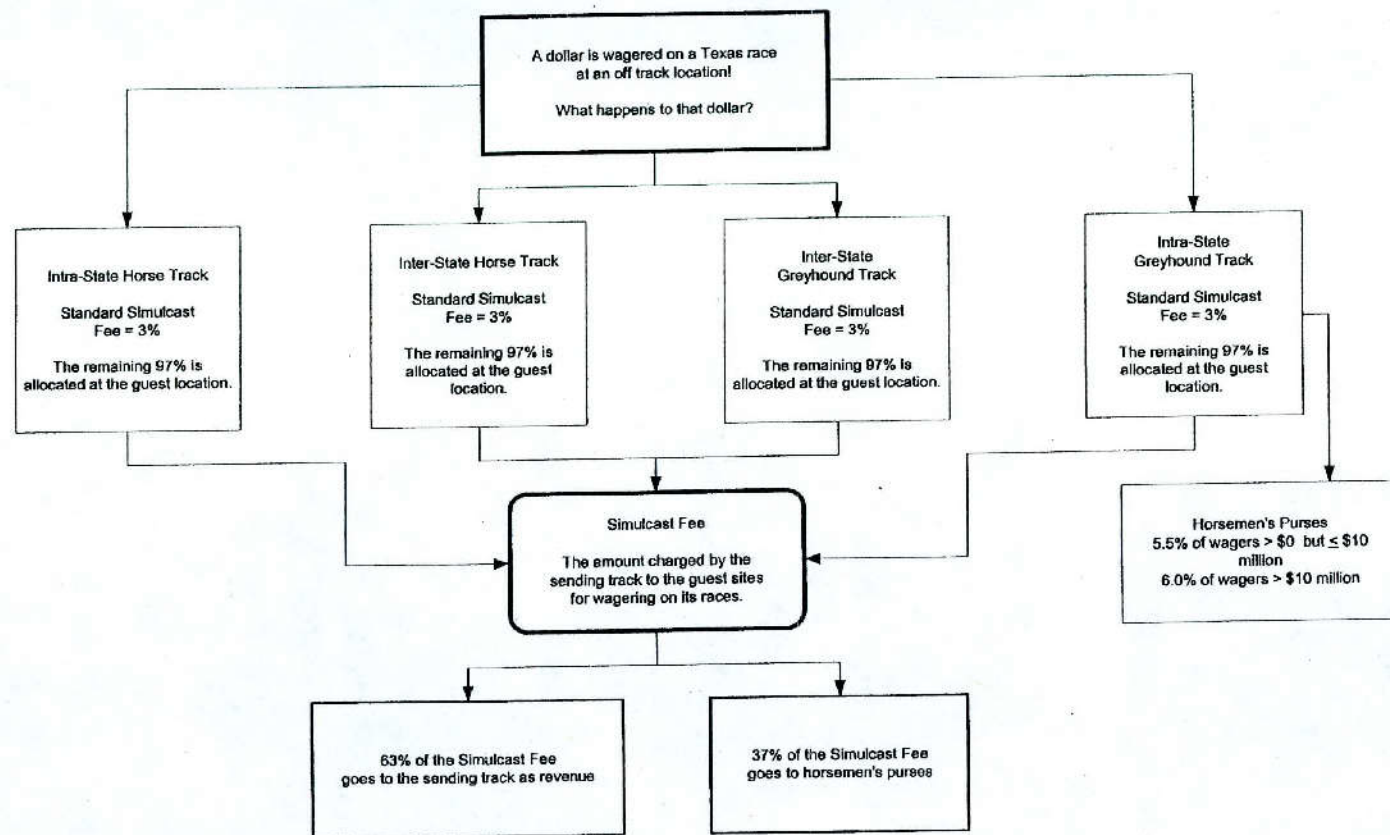


# How the Take-Out from a Dollar Wagered at a Horse Track is Distributed





## How Money Wagered on a Horse Track's Exported Races is Distributed





## **Licensed Racetrack Directory**

### *Greyhound Racetracks:*

#### **Corpus Christi Greyhound Race Track**

5302 Leopard Street, Corpus Christi, TX 78408

Phone 361-289-9333, Fax 361-289-4307

#### **Gulf Greyhound Park**

1000 FM 2004, La Marque, TX 77568

Phone 800-275-2946, Fax 409-986-9700

#### **Valley Greyhound Park**

2601 South Ed Carey Dr., Harlingen, TX 78552

Phone 956-412-7223, Fax 956-428-0163

### *Horse Racetracks:*

#### **Austin Jockey Club - currently not constructed - Class 2**

c/o Retama Park, P. O. Box 47535, San Antonio, TX 78265-7535

Phone 210-651-7000, Fax 210-651-7097

#### **Gillespie County Fair & Festivals Association - Class 3**

Highway 16 South, Fredericksburg, TX 78624

Phone 830-997-2359, Fax 830-997-4923

#### **Lone Star Park at Grand Prairie - Class 1**

1000 Lone Star Parkway, Grand Prairie, TX 75050

Phone 972-263-7223, Fax 972-262-5622

#### **Manor Downs - Class 2**

101 Hill Lane, Manor, TX 78653

Phone 512-272-5581, Fax 512-278-1892

#### **Retama Park - Class 1**

One Retama Parkway, Selma, TX 78154

Phone 210-651-7000, Fax 210-651-7097

#### **Saddle Brook Park - currently not constructed - Class 2**

P. O. Box 50597, Amarillo, TX 79159

Phone 806-359-9546, Fax 806-359-5239

#### **Sam Houston Race Park - Class 1**

7575 North Sam Houston Parkway West, Houston, TX 77064-3417

Phone 281-807-8700, Fax 281-807-8777



## **Racing Industry Organizations & Related Associations Directory**

### **American Quarter Horse Association**

P.O. Box 200, Amarillo, TX 79168

Phone 806-376-4888, Fax 806-349-6402

### **Equine Research Account Advisory Committee**

Texas Agricultural Experiment Station, College Station, TX 77843-2147

Phone 979-845-7980, Fax 979-845-9938

### **Jockeys' Guild**

P. O. Box 1284, Metairie, LA 70004

Phone 504-309-1554, Fax 504-309-1599

### **Texas Appaloosa Horse Club**

(Requested withdrawal from Texas-Bred Incentive Program on 11/13/98)

P. O. Box 557, Cedar Hill, TX 75104

Phone 972-723-3708, Fax 972-723-0526

### **Texas Arabian Breeders Association**

P. O. Box 215, Forney, TX 75126

Phone 972-564-9430, Fax 972-552-3613

### **Texas Greyhound Association**

P. O. Box 40, Lorena, TX 76655-0040

Phone 254-857-4377, Fax 254-857-4299

### **Texas Horsemen's Partnership, L.L.P.**

P. O. Box 142533, Austin, TX 78714

Phone 512-467-9799, Fax 512-467-9790

### **Texas Paint Horse Association (American Paint Horse Association)**

P. O. Box 161746, Fort Worth, TX 76161

Phone 817-834-2742, Fax 817-222-8489

### **Texas Quarter Horse Association**

P. O. Box 9449, Austin, TX 78766

Phone 512-458-5202, Fax 512-458-1713

### **Texas Thoroughbred Association**

P. O. Box 14967, Austin, TX 78761

Phone 512-458-6133, Fax 512-453-5919



## Year 2005 Granted Live Race Dates

### GREYHOUND RACETRACKS

#### **CORPUS CHRISTI GREYHOUND RACE TRACK - 421 performances**

Wednesday through Sunday, year-round

#### **GULF GREYHOUND PARK - 464 performances**

Tuesday through Sunday, year-round

#### **VALLEY RACE PARK – 126 performances**

Wednesday through Sunday, January through April 3 & November 18 through December 31

### HORSE RACETRACKS

#### **LONE STAR PARK AT GRAND PRAIRIE, Class 1**

Thoroughbred Meet - 67 days - April 14 (Thursday) through July 17 (Sunday)

Wednesday-Sunday racing, except opening week

Holiday racing on Monday, May 30, Memorial Day, and Monday, July 4, Independence Day

Closed on Wednesday & Thursday, June 1 & 2, and Wednesday & Thursday, July 6 & 7

Quarter Horse Meet - 33 days – September 30 (Friday) through November 27 (Sunday)

Wednesday-Saturday racing,

#### **RETAMA PARK, Class 1**

Quarter Horse Meet – 24 days – April 29 (Friday) through June 19 (Sunday)

Friday – Sunday racing

Thoroughbred Meet - 43 days – August 5 (Friday) through October 15 (Saturday)

Thursday – Sunday racing August 5 through September 4, except opening week

Wednesday – Saturday racing September 7 through October 15

#### **SAM HOUSTON RACE PARK, Class 1**

Thoroughbred Meet – 50 days - January 7 (Friday) through April 10 (Sunday)

Friday - Sunday racing, January 7 – January 30

Thursday – Sunday racing, February 3 through April 10

Closed on Sunday, February 6, and Sunday, March 27, Easter

Quarter Horse Meet - 38 days – June 24 (Friday) through September 11 (Sunday)

Friday - Sunday racing April 23 through July 25

Holiday racing on Monday, July 4, Independence Day, and September 5, Labor Day

Thoroughbred Meet - 34 days – October 26 (Wednesday) through December 23 (Friday)

Wednesday - Saturday racing,

Closed on Thursday, November 24, Thanksgiving

#### **MANOR DOWNS, Class 2**

Mixed Meet – 18 days – February 26 (Saturday) through April 24 (Sunday)

Saturday & Sunday racing

#### **GILLESPIE COUNTY FAIR & FESTIVALS ASSOCIATION, Class 3**

Mixed Meet - 8 days - July 2 & 3 and 16 & 17, August 13 & 14 and 27 & 28

Saturday & Sunday racing

(Please check with the racetracks to confirm their specific racing schedule or visit the Commission's website at [www.txrc.state.tx.us](http://www.txrc.state.tx.us) for the detailed racing schedules.)



## Year 2005 Approved Breed Splits

What is a "breed split"? Under the Texas Racing Act, a portion of the money wagered on simulcast races offered at horse racetracks is dedicated to purses and the Texas Bred Incentive Programs (ATB). Because this money is not directly related to live racing at Texas tracks, the Commission has developed a procedure for fairly dividing this money for payout to the owners and breeders of the different breeds of horses.

Pursuant to Commission rule, each year the racetracks consult with representatives of the organizations representing horse owners, trainers, and/or breeders. The tracks then recommend for Commission approval a specific allocation among the breeds for the funds generated at their respective tracks. This allocation of purse and ATB funds among the various breeds of horse is commonly referred to as the "breed splits".

<b>PURSES</b>	<b>GILLESPIE COUNTY</b>	<b>MANOR</b>	<b>LONE STAR</b>	<b>RETAMA</b>	<b>SAM HOUSTON</b>
Minor Breed	1.50%	1.50%	1.25%	2.00%	2.00%
Quarter Horse	68.95%	78.80%	14.81%	19.60%	19.60%
Thoroughbred	29.55%	19.70%	83.94%	78.40%	78.40%

### TEXAS BRED INCENTIVE PROGRAM

Arabian	0.98325%	0.98325%	0.98325%	0.98325%	0.98325%
Paint	0.51675%	0.51675%	0.51675%	0.51675%	0.51675%
Quarter Horse	68.950%	68.950%	29.550%	29.550%	29.550%
Thoroughbred	29.550%	29.550%	68.950%	68.950%	68.950%

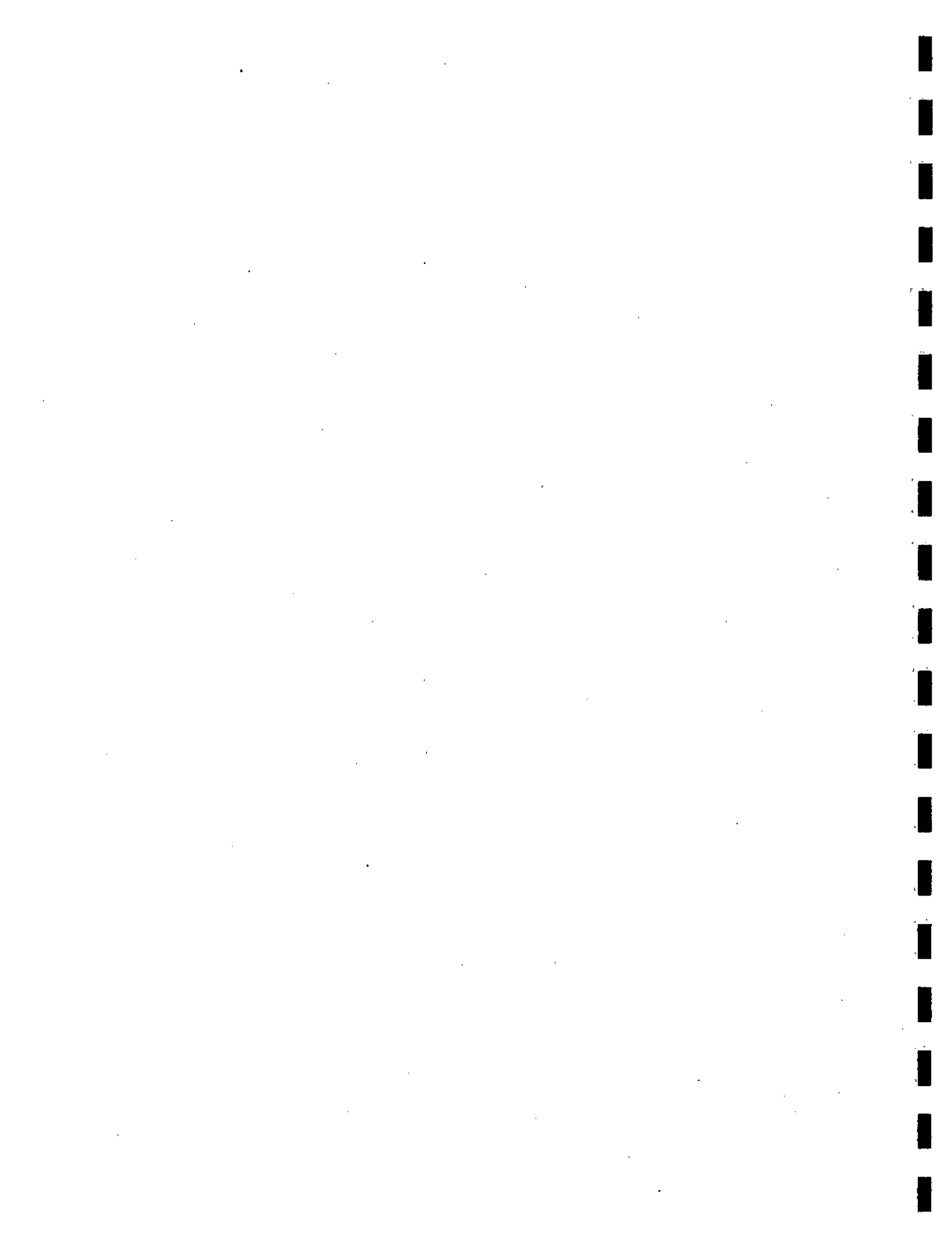
## Escrowed Horse Purse Account\*

The money set aside for the escrowed horse purse account is derived from wagering on interstate horse racing simulcasts at greyhound racetracks. The Racing Act requires each greyhound racetrack to deposit with the Commission 4.5% of those wagers, to be paid to the various Texas horse racetracks. Each year, the horse racetracks are permitted to request money from this account. The Commission then approves a percentage allocation to be applied to money deposited in the account throughout the calendar year, based on purse levels, racing opportunities, and the financial status of the requesting racetracks.

	<b>1.6%</b>	<b>7.8%</b>	<b>18.4%</b>	<b>34.7%</b>	<b>37.5%</b>
Minor Breed	2.0%	2.0%	2.0%	2.0%	2.0%
Quarter Horse	68.6%	29.4%	29.4%	29.4%	29.4%
Thoroughbred	29.4%	68.6%	68.6%	68.6%	68.6%

\*These Escrowed Horse Purse splits are subject to Commission approval at the meeting scheduled for February 10, 2005. It is anticipated that the splits will remain the same as those in effect in 2004.







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