

TTA Board of Directors Meeting
January 29, 2014 11:00 a.m.

The meeting was called to order by President Ken Carson and the roll was called with the following directors present: Adams, Bradfield, Carson, Huntsinger, Martinez, Mililgan, Penn, Rich, Tracy, Vardeman and Witt, as well as TTA Executive Director Mary Ruyle and Accountant Cheri Grant. Directors Few, Hartis, Hessee, Leckinger, Maikranz, Stephens and Wiggins participated via conference call. Directors Asmussen and Shifflett were unable to participate. Director Adger joined the meeting in progress.

Guests included Chris Corrado (Retama Park), John Greytok, Corey Johnsen, Scott Wells (Lone Star Park), Andrea Young (Sam Houston Race Park) and audit staff from John Lewis PC.

President Carson welcomed everyone, and the attendees introduced themselves.

Director Penn made a motion to approve the meeting minutes from August 25, September 6, October 1 and October 21, 2013. Director Tracy seconded and the motion carried unanimously among those participating and voting.

Drew Peterson with the firm of John Lewis PC presented the audit report for the fiscal year ended August 31, 2013, stating that it is an unqualified audit reflecting a net profit for the fiscal year.

Board members requested more detail on the line item captioned "Commissions and Fees", which accountant Cheri Grant will obtain and distribute.

Director Martinez reviewed the year-to-date financial statements, stating that staff has cut expenses as much as possible and asked board members for ideas to increase revenue.

Director Few mentioned that he has talked with Tim Boyce about the possibility of scheduling the Texas yearling sale a month or so later, adding a mixed session on the second day. Boyce believes this could improve sale consignments and revenues.

Another idea presented involved expanding the Texas Stallion Stakes to include other states, making it a regional event where the races are rotated among the participating states.

Director Leckinger pointed out the need to retain benefits to Texas stallions participating in the Stallion Stakes when considering any changes.

Ruyle reviewed the results of the TTA auction of donated 2014 stallion seasons, which brought in \$4,000 more to the general fund than budgeted.

President Carson gave a brief overview of the activities of the Marketing/Sponsorship Committee and asked the track representatives to consider ways we can work together to better promote Texas racing.

Sam Houston Race Park President and COO Andrea Young reported that the Thoroughbred meet is off to a great start with an increase in total handle through January 25th. They are pleased with the launch of a new mobile app, which has fixed some issues with the previous

mobile wagering app and allows them to easily send notifications to users that vary according to demographics. There were over 1,000 downloads of the app during the first weekend of racing. The track will have more TVG coverage this year, and is utilizing Groupon and Living Social promotions as well as their player reward program.

The first few days of racing have averaged 8-horse fields and the move to live racing on Tuesdays rather than Sundays has been successful with a 38% increase in inbound simulcast handle.

Lone Star Park President and General Manager Scott Wells confirmed that the track suffered a large financial loss in 2013 and has undergone changes in personnel and corporate structure. Increased expenses to be incurred in 2014 result from EPA requirements on manure handling and increased drug testing fees.

Wells stated that the turf course is under constant supervision and ongoing work, and he expects both tracks to be in excellent condition for the Thoroughbred meet. They are expanding their marketing efforts, and will be updating video equipment to a digital platform. Since the crackdown on Advance Deposit Wagering, there has been an increase in simulcast handle.

Wells also noted that the track will race on Saturday nights in 2014 and on some Thursdays in lieu of some Sundays, since Thursdays are big nights for meetings and parties.

Retama Park Vice President and General Manager Chris Corrado reported that 2013 saw work begin to freshen, repair and improve facility maintenance, and there is still a lot to do. Some of the 2013 achievements include improvement to the quality of the turf course, infrastructure facility improvements, addition of flat screen tv's, reopening of some previously closed grandstand areas, and introduction of Terrace Dining specials. One goal is to become an attractive social venue, not just a racetrack.

In 2014, they will be replacing some heavy equipment, such as tractors and other maintenance equipment.

The 2013 Thoroughbred meet was a challenge due to several factors, including a lack of marketing and inconsistency in conducting live racing in December from year to year. While June, July and August are peak months for San Antonio tourism, the Thoroughbred race meet competes with football, seasonal dates, and holidays. Corrado explained that the track relies on multiple revenue channels and the shortfall in live export was particularly detrimental.

He noted that there will only be eleven months to accrue purse money prior to the start of the 2014 Thoroughbred meet, so purses may be down a bit from the previous year.

After a short lunch break, John Greytok discussed a handout detailing candidates for various statewide offices.

Director Martinez made a motion to approve staff recommendations for use of source funds derived from wagering on horses at greyhound tracks. Director Carson seconded and the motion carried unanimously among those participating and voting.

Ruyle reviewed board packet information regarding TTA-sponsored races.

Director Wiggins gave the membership report and stated that a committee meeting would be scheduled soon.

Director Leckinger reported that TTA realized \$3,420 in income from the Southern Race Horse Stallion Register.

Ruyle reported that there are 130 head presently consigned to the Fasig-Tipton Texas 2-Year-Old Sale, with the number likely to increase.

Director Tracy gave the Texas Thoroughbred Educational Fund report, stating that this program is indeed a valuable TTA membership perk. He and Ruyle are working to gather information on horseshoeing schools and other industry-specific programs whose students may qualify for assistance from the TTEF.

Director Wiggins reported that The Paddock Foundation board will be meeting soon to discuss sponsorship opportunities with Remember Me Rescue and Lonestar Outreach to Place Ex-Racers (LOPE).

Director Adger made a motion to ratify the 2013 actions of the TTA Executive Committee. Director Penn seconded and the motion carried unanimously among those participating and voting.

Ruyle reviewed the Texas Quarter Horse Association request for a proposed change to Texas Racing Commission Rule 313.110 to allow Quarter Horses entered in a race that are owned in whole or in part by the same individual or entity or if the trainer owns an interest in either horse to run as separate betting interests in stakes races with purses in excess of \$100,000.

After discussion, Director Witt made a motion to approve seeking a similar rule change for Thoroughbreds, without stating a purse level. Director Bradfield seconded and the motion carried unanimously among those participating and voting.

Pursuant to the TTA Bylaws, President Carson announced that since Dr. Gearald Farris is no longer a member of the TTA Board of Directors, this has created a vacancy on the Executive Committee and the Board must elect another director to fill that vacancy. Director Witt nominated Phil Leckinger; Director Tracy nominated John Adger who declined; Director Rich nominated David Stephens; and Director Adger nominated Bill Tracy. With a roll call vote, Phil Leckinger was elected to the Executive Committee.

Corey Johnsen then addressed the board, explaining that Instant Racing Machines are a system-based mechanism for pari-mutuel wagering on a library of over 27,000 historical races. In Kentucky, the Kentucky Racing Commission passed rules to implement the machines and asked for a declaratory judgment on their legality, which was approved by a District Court. A conservative group known as the Family Foundation appealed to the State Supreme Court and an opinion is expected in February or March of this year.

Machines have been in operation since September 2011. Kentucky Downs started with 200 machines and now has 390. Ellis Park has less than 200 terminals and has been less successful due to its close proximity to a casino.

Johnsen then answered questions as to how the machines look and operate.

With no further business, the meeting adjourned at 3:15. A date and time for the next regular board meeting is to be determined.