



**TEXAS RACING COMMISSION**  
**P. O. Box 12080**  
**Austin, TX 78711-2080**  
**(512) 833-6699**  
**Fax (512) 833-6907**

Texas Racing Commission  
Tuesday, August 14, 2012  
10:30 a.m.  
John H. Reagan Building  
105 W. 15th Street  
Austin, Texas 78701

## **AGENDA**

**I. CALL TO ORDER**  
Roll Call

**II. PUBLIC COMMENT**

**III. GENERAL BUSINESS**

Discussion and consideration of the following matters:

**Reports by the Executive Director and Staff regarding Administrative Matters**

- A. Budget and Finance Update
- B. Report on Racetrack Inspections
- C. Report on Wagering Statistics
- D. Enforcement Report
- E. Report by the Committee on Safety and Medication
- F. Report by the Committee on Rules

Discussion, consideration, and possible action on the following matter:

- G. Approval of the Commission's Legislative Appropriations Request for FY 2014-2015 and Operating Budget for FY 2013

**IV. PROCEEDINGS ON RACETRACKS**

Discussion, consideration, and possible action on the following matters:

- A. Allocation of Live Race Dates for Horse Racetracks under Commission Rule 303.41 for the Period beginning January 1, 2013, and ending August 31, 2014
- B. Request by Saddle Brook Park for Approval of a Temporary Location under Texas Racing Act § 6.15
- C. Request by Saddle Brook Park to Designate an Application Period for Race Dates under Rule 303.41
- D. Designation of Active and Inactive Racetrack Licenses under Texas Racing Act § 6.0601 and Commission Rule 309.51
- E. Request by Laredo Downs for Approval of a Change in Ownership of Less than 1%

**V. PROCEEDINGS ON RULEMAKING**

Discussion, consideration, and possible action on the following matters:

Rule Adoptions

- A. Adoption of Amendment to Rule 311.3, Information for Background Investigation

Opening of Rule Review

- B. Chapter 311, Other Licenses

**VI. EXECUTIVE SESSION**

The following items may be discussed and considered in executive session or open meeting and have action taken in the open meeting:

- A. Under Government Code Sec. 551.071(1), the Commission may open an executive session to seek the advice of its attorney regarding pending or contemplated litigation, or regarding a settlement offer.
- B. Under Government Code Sec. 551.071(2), the Commission may open an executive session to discuss all matters identified in this agenda where the commission seeks the advice of their attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and to discuss the Open Meetings Act and the Administrative Procedures Act.
- C. Under Texas Racing Act, Tex. Rev. Civ. Stat. Ann. art. 179e, Sec. 6.03, the Commission may open an executive session to review security plans and management, concession, and totalisator contracts.

**VII. OLD/NEW BUSINESS**  
Schedule next Commission Meeting

**VIII. ADJOURN**



**Fiscal Year 2012  
Operational Budget**

Updated: July 12, 2012

Thru: June 30, 2012

**Summary of Operating Revenue**

By Revenue Type:	Budget	Collected	Suspended	Uncollected Balance	%
Account 597 - Racing Commission - GRD	\$ 10,323,420	\$ 8,358,401	\$ 10,412	\$ 1,965,018	19%
Account 1 - State of Texas - GR	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL - ALL REVENUES</b>	<b>\$ 10,323,420</b>	<b>\$ 8,358,401</b>	<b>\$ 10,412</b>	<b>\$ 1,965,018</b>	<b>19%</b>

**Summary of Appropriated Operating Expenses**

Type:	Budget	Expended	Encumbered	Unexpended Balance	%
1001 - Salaries and Wages:	\$ 2,837,207	\$ 2,065,204	\$ -	\$ 772,002	27%
1002 - Other Personnel Cost:	\$ 125,960	\$ 121,436	\$ -	\$ 4,524	4%
2001 - Professional Fees and Services:	\$ 282,124	\$ 83,289	\$ -	\$ 198,835	70%
2003 - Consumable Supplies:	\$ 26,908	\$ 12,858	\$ -	\$ 14,050	52%
2004 - Utilities:	\$ 26,500	\$ 19,130	\$ -	\$ 7,370	28%
2005 - Travel:	\$ 188,861	\$ 94,880	\$ -	\$ 93,981	50%
2006 - Rent Building:	\$ 108,014	\$ 103,014	\$ -	\$ 5,000	5%
2007 - Rent Machine and Other:	\$ 14,500	\$ 7,836	\$ -	\$ 6,664	46%
2009 - Other Operating Expense:	\$ 548,910	\$ 273,731	\$ -	\$ 275,179	50%
4000 - Grants	\$ 4,125,000	\$ 2,801,393	\$ -	\$ 1,323,607	32%
5000 - Capital Expenditures:	\$ -	\$ -	\$ -	\$ -	
<b>TOTAL - ALL APPROPRIATED EXPENDITURES</b>	<b>\$ 8,283,984</b>	<b>\$ 5,582,772</b>	<b>\$ -</b>	<b>\$ 2,701,212</b>	<b>33%</b>

**Unappropriated Operating Expenses**

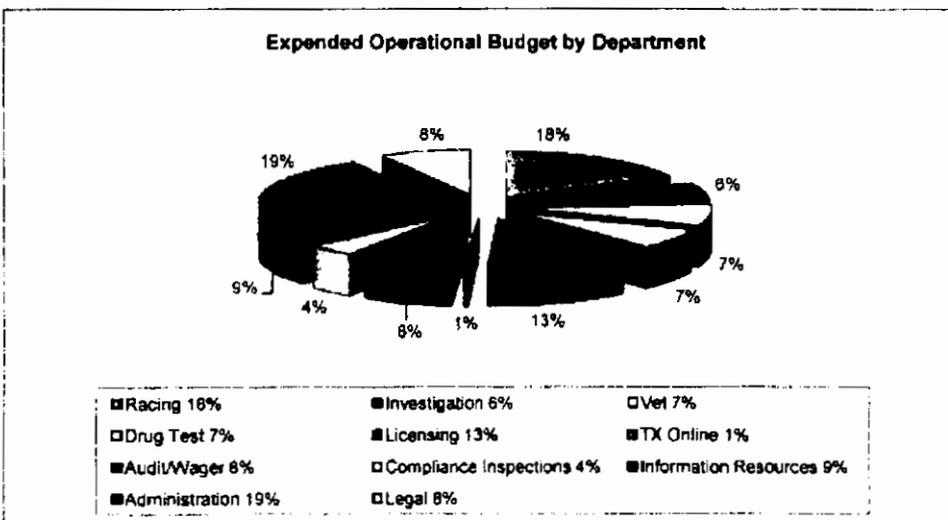
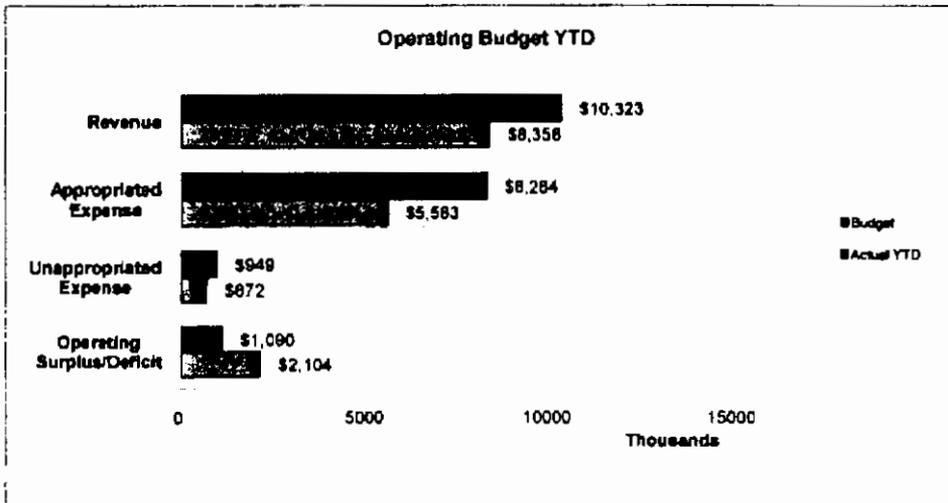
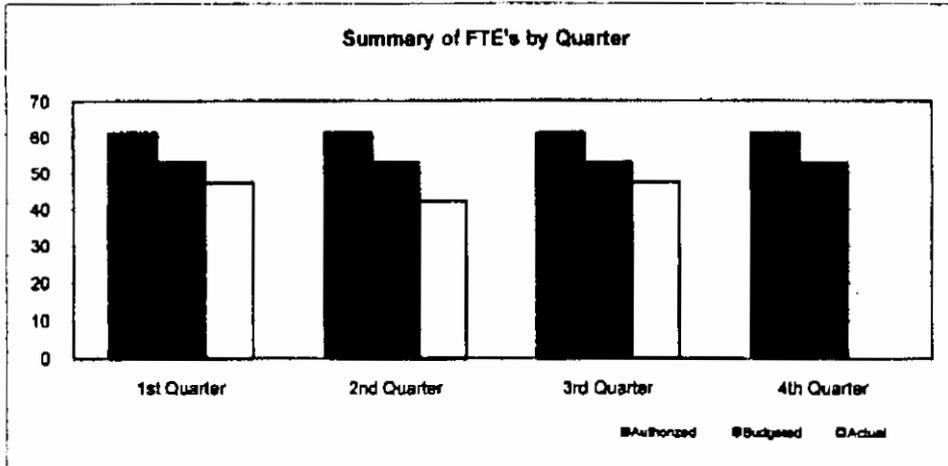
Type:	Budget	Expended	Encumbered	Unexpended Balance	%
<b>TOTAL - ALL UNAPPROPRIATED EXPENDITURES</b>	<b>\$ 949,354</b>	<b>\$ 871,524</b>	<b>\$ -</b>	<b>\$ 277,830</b>	<b>29%</b>
<b>TOTAL - ALL EXPENDITURES</b>	<b>\$ 9,233,338</b>	<b>\$ 6,254,296</b>	<b>\$ -</b>	<b>\$ 2,979,042</b>	<b>32%</b>

**OPERATING SURPLUS / (DEFICIT)**

**\$ 1,090,082 \$ 2,104,105**

**Summary of FTE's**

By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	61.30	61.30	61.30	61.30
Budgeted FTE's	53.05	53.05	53.05	53.05
Actual FTE's	47.30	42.23	47.47	
<b>Actual FTE's Over / (Under) Budget</b>	<b>(5.75)</b>	<b>(10.82)</b>	<b>(5.58)</b>	
<b>Actual FTE's Over / (Under) Authorization</b>	<b>(14.00)</b>	<b>(19.07)</b>	<b>(13.83)</b>	



**Texas Racing Commission**  
**Report on Racetrack Inspection Activities**  
**August 14, 2012**

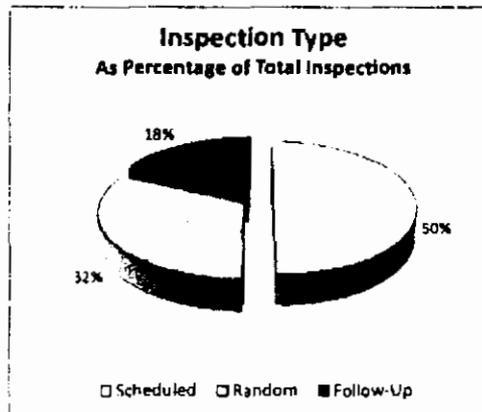
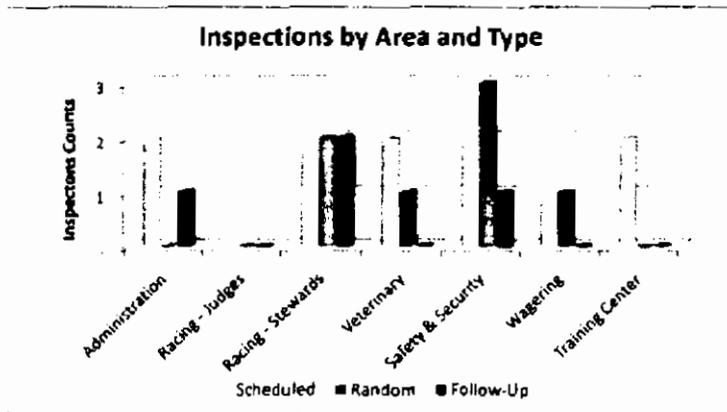
**Summary of Inspections Performed**  
**For The Period of June 1, 2012 thru July 31, 2012**

Track	Area of Inspection	Date of Inspection	Number of Unsatisfactory Items	Track Remediation	Remaining Unsatisfactory Items
Gulf Coast Racing	Safety & Security	6/22/2012	-	-	-
Gillespie County Fair	Administration	6/29/2012	-	-	-
	Racing - Stewards	7/6/2012	-	-	-
	Veterinary	7/6/2012	-	-	-
	Safety & Security	7/6/2012	-	-	-
	Wagering	6/29/2012	-	-	-
Lone Star Park	Safety & Security	7/1/2012	-	-	-
	Veterinary	6/29/2012	-	-	-
	Racing - Stewards	6/14/2012	2	-	2 <sup>A</sup>
Rotana Park	Racing - Stewards	6/1/2012	-	-	-
	Racing - Stewards	7/21/2012	1	1	-
	Safety & Security	7/20/2012	1	1	-
	Veterinary	7/14/2012	-	-	-
Sam Houston Race Park	Administration	6/22/2012	1	1	-
	Wagering	6/22/2012	-	-	-
Valley Race Park	Safety & Security	6/23/2012	-	-	-
Oak Leaf	Training Center	7/27/2012	-	-	-
Diamond D	Training Center	7/26/2012	-	-	-

Area of Inspection	Scheduled	Random	Follow-Up	Totals
Administration	2	-	1	3
Racing - Judges	-	-	-	-
Racing - Stewards	2	2	2	6
Veterinary	2	1	-	3
Safety & Security	2	3	1	6
Wagering	1	1	-	2
Training Center	2	-	-	2
<b>Total Inspections</b>	<b>11</b>	<b>7</b>	<b>4</b>	<b>22</b>

**Important Notes Regarding Inspections at Racetracks:**

- 1) Scheduled inspections typically occur before the beginning of each race meet. Random inspections typically are planned to occur during the middle of a meet depending on the length of the meet.
- 2) Follow-up inspections are only performed when a scheduled or random inspection identifies an unsatisfactory item. The follow-up inspection is performed after the association has had an opportunity to remedy any unsatisfactory item initially reported.



<sup>A</sup> - Both unsatisfactory items at Lone Star Park are in regards to repairs needed to the restroom facilities in the stable area. These two items will be followed up on prior to the Fall Quarter Horse Meet at Lone Star Park that begins on September 14, 2012.



**Texas Pari-Mutuel Racetracks Wagering Statistics  
Comparison Report on Total Wagers Placed  
in Texas & on Texas Races**

For the Period: 01/01/11 - 08/05/11 to 01/01/12 -08/05/12

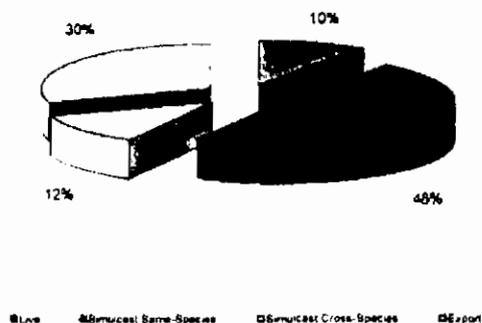
Sources of Wagers <u>Greyhound Racetracks</u>	Year 2011 01/01 - 08/05				Year 2012 01/01 - 08/05			Percentage Change in	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wagers	
Live	154	\$ 6,579,834	\$ 42,725	149	\$ 5,708,810	\$ 38,301	-13.27%	-10.35%	
Simulcast Same-Species	558	\$ 16,872,855	\$ 30,347	581	\$ 16,555,870	\$ 29,511	-1.88%	-2.75%	
Simulcast Cross-Species	557	\$ 15,240,508	\$ 27,382	561	\$ 13,681,508	\$ 24,352	-10.36%	-11.00%	
Export	154	\$ 8,081,145	\$ 52,345	149	\$ 7,146,992	\$ 47,968	-11.34%	-8.37%	
<b>Total Wagers</b>		<b>\$ 46,754,138</b>	<b>N/A</b>		<b>\$ 43,071,180</b>	<b>N/A</b>	<b>-7.88%</b>	<b>N/A</b>	

Sources of Wagers <u>Horse Racetracks</u>	Year 2011 01/01 - 08/05				Year 2012 01/01 - 08/05			Percentage Change in	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wagers	
Live	127	\$ 23,510,364	\$ 185,121	133	\$ 24,122,287	\$ 181,370	2.60%	-2.03%	
Simulcast Same-Species	789	\$ 124,147,849	\$ 161,440	778	\$ 129,304,456	\$ 165,988	4.15%	2.82%	
Simulcast Cross-Species	778	\$ 19,748,440	\$ 25,449	779	\$ 19,393,030	\$ 24,895	-1.80%	-2.18%	
Export	123	\$ 80,561,315	\$ 654,970	129	\$ 85,642,828	\$ 683,898	6.31%	1.36%	
<b>Total Wagers</b>		<b>\$ 247,987,768</b>	<b>N/A</b>		<b>\$ 258,462,378</b>	<b>N/A</b>	<b>4.23%</b>	<b>N/A</b>	

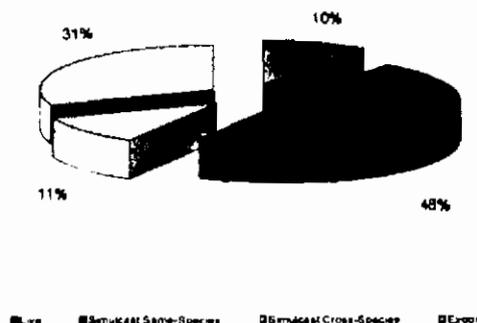
Sources of Wagers <u>All Texas Racetracks</u>	Year 2011 01/01 - 08/05				Year 2012 01/01 - 08/05			Percentage Change in	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wagers	
Live	281	\$ 30,089,997	\$ 107,082	282	\$ 29,829,078	\$ 105,777	-0.87%	-1.22%	
Simulcast Same-Species	1,325	\$ 141,020,504	\$ 106,431	1,340	\$ 145,680,328	\$ 108,851	3.43%	2.27%	
Simulcast Cross-Species	1,333	\$ 34,988,948	\$ 26,248	1,340	\$ 33,054,538	\$ 24,688	-5.53%	-8.02%	
Export	277	\$ 88,622,480	\$ 319,937	278	\$ 92,789,818	\$ 333,778	4.70%	4.33%	
<b>Total Wagers</b>		<b>\$ 294,721,907</b>	<b>N/A</b>		<b>\$ 301,533,559</b>	<b>N/A</b>	<b>2.31%</b>	<b>N/A</b>	

<b>Total Wagers Placed in Texas</b>	<b>\$ 206,089,447</b>	<b>N/A</b>	<b>\$ 208,743,942</b>	<b>N/A</b>	<b>1.28%</b>	<b>N/A</b>
<b>Total Wagers Placed on Texas Races</b>	<b>\$ 118,712,457</b>	<b>N/A</b>	<b>\$ 122,818,695</b>	<b>N/A</b>	<b>3.29%</b>	<b>N/A</b>

2011 Wagers by Source



2012 Wagers by Source





**Greyhound Racetrack Wagering Statistics  
Comparison Report on Total Wagers Placed  
in Texas & on Texas Races**

For the Period: 01/01/11 - 08/05/11 to 01/01/12 -08/05/12

Sources of Wagers	Year 2011 01/01 - 08/05			Year 2012 01/01 -08/05			Percentage Change In	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager
<b>Gulf Coast Racing</b>								
Live	0	\$ -	N/A	0	\$ -	N/A	N/A	N/A
Simulcast Same-Species	155	\$ 4,809,765	\$ 29,740	156	\$ 4,629,473	\$ 29,676	0.43%	-0.22%
Simulcast Cross-Species	155	\$ 2,498,139	\$ 16,117	156	\$ 2,558,958	\$ 16,404	2.43%	1.78%
Export	0	\$ -	N/A	0	\$ -	N/A	N/A	N/A
<b>Total Wagers</b>		\$ 7,107,904	N/A		\$ 7,188,429	N/A	1.13%	N/A

Sources of Wagers <b>Gulf Greyhound Park</b>								
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager
Live	154	\$ 6,579,634	\$ 42,725	149	\$ 5,706,810	\$ 38,301	-13.27%	-10.35%
Simulcast Same-Species	215	\$ 7,913,000	\$ 36,805	218	\$ 7,626,412	\$ 34,984	-3.62%	-4.95%
Simulcast Cross-Species	216	\$ 8,263,738	\$ 38,258	218	\$ 7,143,004	\$ 32,766	-13.66%	-14.36%
Export	154	\$ 8,061,145	\$ 52,345	149	\$ 7,146,992	\$ 47,968	-11.34%	-8.37%
<b>Total Wagers</b>		\$ 30,817,518	N/A		\$ 27,623,219	N/A	-10.37%	N/A

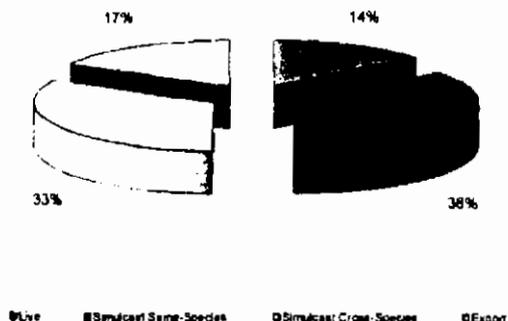
Sources of Wagers <b>Valley Race Park</b>								
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager
Live	0	\$ -	\$ -	0	\$ -	N/A	N/A	N/A
Simulcast Same-Species	186	\$ 4,350,090	\$ 23,388	187	\$ 4,299,985	\$ 22,995	-1.15%	-1.68%
Simulcast Cross-Species	186	\$ 4,478,630	\$ 24,079	187	\$ 3,959,548	\$ 21,174	-11.59%	-12.06%
Export	0	\$ -	N/A	0	\$ -	N/A	N/A	N/A
<b>Total Wagers</b>		\$ 8,828,719	N/A		\$ 8,259,532	N/A	-6.45%	N/A

Sources of Wagers <b>All Greyhound Racetracks</b>								
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager
Live	154	\$ 6,579,634	\$ 42,725	149	\$ 5,706,810	\$ 38,301	-13.27%	-10.35%
Simulcast Same-Species	556	\$ 18,872,855	\$ 30,347	581	\$ 16,555,870	\$ 29,511	-1.88%	-2.75%
Simulcast Cross-Species	557	\$ 15,240,508	\$ 27,362	581	\$ 13,661,508	\$ 24,352	-10.36%	-11.00%
Export	154	\$ 8,061,145	\$ 52,345	149	\$ 7,146,992	\$ 47,968	-11.34%	-8.37%
<b>Total Wagers</b>		\$ 48,754,138	N/A		\$ 43,071,180	N/A	-7.88%	N/A

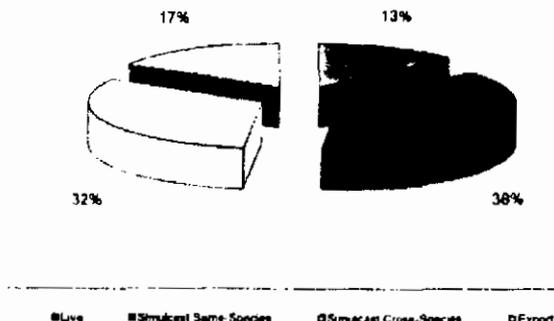
<b>Total Wagers Placed in Texas</b>	\$ 38,692,994	N/A	\$ 35,924,188	N/A	-7.16%	N/A
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<b>Total Wagers Placed on Texas Races</b>	\$ 14,640,778	N/A	\$ 12,853,802	N/A	-12.21%	N/A
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2011 Wagers by Source



2012 Wagers by Source





Horse Racetrack Wagering Statistics  
Comparison Report on Total Wagers Placed  
in Texas & on Texas Races

For the Period: 01/01/11 - 08/05/11 to 01/01/12 -08/05/12

Sources of Wagers	Year 2011 01/01 - 08/05			Year 2012 01/01 - 08/05			Percentage Change in	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager
<b>Gillespie County Fair</b>								
Live	4	\$ 603,631	\$ 150,958	4	\$ 571,981	\$ 142,995	-5.27%	-5.27%
Simulcast Same-Species	125	\$ 2,575,875	\$ 20,805	125	\$ 1,898,117	\$ 15,185	-26.31%	-26.31%
Simulcast Cross-Species	125	\$ 259,098	\$ 2,073	125	\$ 222,923	\$ 1,783	-13.98%	-13.98%
Export	0	\$ -	N/A	0	\$ -	N/A	N/A	N/A
<b>Total Wagers</b>		<b>\$ 3,438,603</b>	<b>N/A</b>		<b>\$ 2,693,022</b>	<b>N/A</b>	<b>-21.88%</b>	<b>N/A</b>
<b>Loose Star Park</b>								
Live	52	\$ 15,713,731	\$ 302,187	53	\$ 14,900,908	\$ 281,149	-5.17%	-6.98%
Simulcast Same-Species	210	\$ 58,879,825	\$ 280,379	218	\$ 60,761,458	\$ 278,722	3.20%	-0.59%
Simulcast Cross-Species	217	\$ 3,206,289	\$ 14,776	218	\$ 3,240,832	\$ 14,865	1.07%	0.61%
Export	52	\$ 39,857,948	\$ 762,653	53	\$ 35,527,499	\$ 670,330	-10.42%	-12.11%
<b>Total Wagers</b>		<b>\$ 117,457,590</b>	<b>N/A</b>		<b>\$ 114,430,494</b>	<b>N/A</b>	<b>-2.58%</b>	<b>N/A</b>
<b>Retama Park</b>								
Live	14	\$ 1,821,784	\$ 130,127	18	\$ 2,392,122	\$ 132,896	31.31%	2.13%
Simulcast Same-Species	217	\$ 22,159,057	\$ 102,115	218	\$ 24,454,664	\$ 112,177	10.36%	9.85%
Simulcast Cross-Species	217	\$ 4,282,841	\$ 19,736	218	\$ 4,344,391	\$ 19,928	1.44%	0.98%
Export	14	\$ 2,822,297	\$ 201,593	18	\$ 3,049,897	\$ 169,429	8.08%	-15.98%
<b>Total Wagers</b>		<b>\$ 31,085,779</b>	<b>N/A</b>		<b>\$ 34,240,874</b>	<b>N/A</b>	<b>10.15%</b>	<b>N/A</b>
<b>Sam Houston Race Park</b>								
Live	57	\$ 5,371,018	\$ 94,228	58	\$ 6,257,257	\$ 107,884	16.50%	14.49%
Simulcast Same-Species	217	\$ 40,633,293	\$ 186,789	218	\$ 42,190,219	\$ 193,533	4.09%	3.61%
Simulcast Cross-Species	217	\$ 12,000,413	\$ 55,301	218	\$ 11,585,064	\$ 53,143	-3.46%	-3.90%
Export	57	\$ 38,081,073	\$ 668,089	58	\$ 47,085,429	\$ 811,473	23.59%	21.46%
<b>Total Wagers</b>		<b>\$ 95,985,798</b>	<b>N/A</b>		<b>\$ 107,097,989</b>	<b>N/A</b>	<b>11.58%</b>	<b>N/A</b>
<b>All Horse Racetracks</b>								
Live	127	\$ 23,510,364	\$ 185,121	133	\$ 24,122,287	\$ 181,370	2.60%	-2.03%
Simulcast Same-Species	769	\$ 124,147,849	\$ 161,440	779	\$ 129,304,458	\$ 165,988	4.15%	2.82%
Simulcast Cross-Species	778	\$ 19,748,440	\$ 25,449	779	\$ 19,393,030	\$ 24,895	-1.80%	-2.18%
Export	123	\$ 80,581,315	\$ 654,970	129	\$ 85,642,828	\$ 683,898	6.31%	1.39%
<b>Total Wagers</b>		<b>\$ 247,987,768</b>	<b>N/A</b>		<b>\$ 258,462,370</b>	<b>N/A</b>	<b>4.23%</b>	<b>N/A</b>
<b>Total Wagers Placed in Texas</b>		<b>\$ 187,406,453</b>	<b>N/A</b>		<b>\$ 172,619,754</b>	<b>N/A</b>	<b>3.23%</b>	<b>N/A</b>
<b>Total Wagers Placed on Texas Races</b>		<b>\$ 104,071,679</b>	<b>N/A</b>		<b>\$ 109,784,893</b>	<b>N/A</b>	<b>5.47%</b>	<b>N/A</b>

2011 Wagers by Source



■ Live ■ Simulcast Same-Species ■ Simulcast Cross-Species ■ Export

2012 Wagers by Source



■ Live ■ Simulcast Same-Species ■ Simulcast Cross-Species ■ Export

**Texas Racing Commission  
Enforcement Report  
Selected Regulatory Statistics  
January 1, 2012 – July 31, 2012**

	GREYHOUND	HORSE	NOTES
# of Live Race Performances/Days	159	131	
# of Live Races	2088	1271	
# of Animals Inspected	16,346	10,742	
# of Samples	2469	2690	
# of Animal Drug Positives*	3	29	
% of Samples Testing Positive	0.1%	1%	
# of Simulcast Days	395	760	
# of Simulcast Races	57,057	247,910	
# of Import and Export Requests	180	799	
# of New Licenses Issued	1461		
# of Licenses Renewed	2960		
# of Gate, Barn, and Kennel Searches	42		
# of Administrative Investigations	79		
# of Rulings	11	151	
# of Suspensions	0	47	
# of Revocations	0	0	
# of Animals DQ'ed for Drug Positive – Purse Redistributed	0	7	
# of Rulings with Fines	10	112	
Total Fines Assessed	625	27,200	

\*These are results of the initial sample testing. The results of any subsequent split sample testing and the resulting investigative case may not be reflected.

CLASSIFICATION OF DRUG POSITIVES: Drugs are classified by their effect on the animals, with Class 1 being the most serious for greyhounds and horses and for greyhounds, Class 6 is the least serious, and for horses, Class 5 is the least serious.

# TEXAS

## RACING COMMISSION

# LEGISLATIVE APPROPRIATIONS REQUEST

### For Fiscal Years 2014 and 2015

#### COMMISSIONER

ROBERT SCHMIDT, MD, CHAIR  
 RONALD R. EDERER  
 GARY P. ABER, DVM  
 GLORIA HICKS  
 MICHAEL F. MARTIN, DVM  
 JOHN T. STEEN, III  
 VICKI SMITH WEINBERG

#### TERMS

2017  
 2015  
 2015  
 2017  
 2015  
 2015

#### TEXAS RACING COMMISSION

#### HOMETOWN

FORT WORTH  
 CORPUS CHRISTI  
 SIMONTON  
 CORPUS CHRISTI  
 SAN ANTONIO  
 HOUSTON  
 COLLEYVILLE

AUSTIN  
 SAN ANTONIO



EX-OFFICIO MEMBERS  
 SUSAN COMBS, COMPTROLLER OF PUBLIC ACCOUNTS  
 ALLAN B. POLLUNSKY, PUBLIC SAFETY COMMISSION DESIGNEE

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# **Texas Racing Commission**

## **2014-15 Legislative Appropriations Request**

### **Administrator's Statement**

The Racing Commission's policy-making board consists of nine members. Seven members are appointed by the Governor with the advice and consent of the Senate to serve six-year terms, and two are ex officio members, the Comptroller of Public Accounts and the Chair of the Public Safety Commission.

#### **Commissioners, Term, Hometown**

Robert Schmidt, M.D., Chair, 11/16/2007 – 02/01/2017, Fort Worth  
Ronald F. Ederer, Vice Chair, 07/17/2007 – 02/01/2013, Corpus Christi  
Gary P. Aber, D.V.M., 05/16/2012 – 02/01/2015, Simonton  
Gloria Hicks, 11/09/2007 – 02/01/2017, Corpus Christi  
Michael F. Martin, D.V.M., 11/03/2010 – 02/01/2015, San Antonio  
John T. Steen III, 10/04/2011 – 02/01/2013, Houston  
Vicki Weinberg, 04/08/2009 – 02/01/2015, Colleyville

#### **Ex Officio Members**

Susan Combs, Comptroller of Public Accounts, Austin  
Allan B. Polunsky, Designee for Chair, Public Safety Commission, San Antonio

#### **I. OVERVIEW**

The Racing Commission continues to provide strict regulation of the racing industry in Texas. Texas currently has seven operational racetracks located throughout the state. These tracks host more than 1.5 million patrons for approximately 500 days of live racing of horses and greyhounds.

The agency's regulatory responsibilities require its employees to participate in the presentation and oversight of live racing throughout the year. Regulation at the track involves veterinary, licensing and auditing staff, stewards and judges, and law enforcement investigators. While the industry is experiencing a decline, the agency continues to license more than 10,500 active racing participants. The agency also uses complex computer systems to monitor more than \$319 million wagered at the tracks annually.

All agency regulatory efforts are made to protect the health, safety and welfare of every racing participant, including race animals, and to protect patrons from any illegal, dishonest, or corrupt activities that potentially could occur. Racing is a complicated industry, with complex regulations to administer, as racing participants, stakeholders, and local communities seek the significant financial benefits available through the development of the industry.

#### **II. SIGNIFICANT POLICY CHANGES: SUNSET LEGISLATION AND METHOD OF FINANCE**

A productive Sunset review process that began in the summer of 2007 resulted in a number of Sunset recommendations to the 81st Legislature; however, the Commission was one of five agencies whose Sunset legislation failed passage.

Although the Sunset Advisory Commission's original report concluded that the Commission is well-managed and meeting its mission, it noted that the Racing Commission is increasingly challenged

because the Texas Racing Act has not kept pace with changes in the industry — specifically the decline in wagering and overall industry profits.

In 2011, the 82<sup>nd</sup> Legislature passed Sunset legislation that provides clearer statutory authority and gives the Racing Commission added flexibility to oversee today's racing industry. One of the bill's major provisions altered the Commission's method of finance.

The Commission has always been self-funded by the entities it regulates and is typically appropriated only General Revenue—dedicated funds. Before passage of 2011 Sunset legislation, however, the agency's primary method of finance was uncashed outstanding ticket revenue, or OUTs.

The OUTs had become an unreliable and diminishing funding source for agency operations. OUTs revenue had been decreasing due to the general decline in wagering and innovations in betting technology, which meant fewer uncashed tickets.

Complicating matters further, OUTs revenue was difficult to forecast. This led to a situation for FY 2010 and FY 2011 in which the Legislature provided an additional \$1.5 million in General Revenue Funds. The additional funding helped compensate for fluctuations in the agency's cash flow caused by unpredictable variations in the OUTs. The agency has repaid the \$1.5 million plus interest to General Revenue and does not foresee needing this assistance again.

As a result of the Sunset legislation, the agency's revenue is now derived primarily from fees assessed to racetracks and occupational licensees. In place of the OUTs, which the tracks now retain, the agency, with interested stakeholder input, adopted a modified fee structure. The new structure ensures adequate cash flow and revenue to cover the agency's expenses.

The Commission continues to be self-leveling — meaning that it is permitted to generate only enough to operate the agency — and the agency will exercise its authority to raise the funds necessary to cover the requested appropriations for FY 2014 and FY 2015.

Another of the Sunset bill's major provisions addresses those racetrack licensees who have yet to construct a facility. It requires the Commission to designate each racetrack license as active or inactive and further requires the annual review and renewal of inactive licenses. The Commission is scheduled to designate the racetrack licenses as active or inactive at the August 2012 Commission Meeting. A plan to conduct the review and renewal process will follow once the designation process is completed. Currently, the agency oversees five association licenses without racetrack facilities.

During last session's budgeting process, a rider related to the active and inactive portion of the Sunset bill authorized 2 additional FTEs. Rather than use the rider appropriation, the agency absorbed the FTEs within its existing base budget structure.

### III. SIGNIFICANT EXTERNAL CHALLENGES

The Texas racing industry continues to be in a state of flux and the future is uncertain. The industry is subject to varying types of competition, ranging from the expansion of gaming and racing opportunities in neighboring states to unregulated sources of competition such as online gambling and unregulated racing. While recent Sunset legislation addresses some of these types of competition, such as prohibiting unlicensed entities that conduct online or phone wagering from accepting wagers placed by Texas citizens, it is not clear what the long-term effect will be on the Texas racing industry.

Due to the significant uncertainty, the Sunset Commission recommended that the next Sunset review of the agency occur in six years instead of the standard 12 years. Recommendation 4.1 states that “this would allow the legislature the opportunity to re-evaluate the Commission’s role in regulating a declining industry at that time.” It also states that “the Commission may need additional tools to again readjust to a further decline or a revived industry.”

In the short-term, and as reflected in this LAR, the agency continues to allocate resources as efficiently as possible and work with racetracks to ensure that agency regulations are both fair and cost-effective.

#### IV. SIGNIFICANT CHANGES IN PROVISION OF SERVICES

The racing industry has been in a state of decline for some time. The agency has become adept at rebalancing its regulatory priorities to address rapid and unexpected changes in the industry and the evolving business plans of industry participants.

Currently, the agency does not expect additional reductions in race dates for the foreseeable future. To the contrary, Texas could see additional racing-related activity in the state. For example, although Manor Downs — the oldest pari-mutuel track in the state — closed in July 2010, the license holders continue to maintain the track and seek new investors. Saddlebrook Park recently submitted an application to the Commission to open a temporary simulcast facility with plans to open for live racing within two years of initiating simulcast operations.

In fact, there are several racetrack license holders currently without facilities that could begin operation. Before any of these racetracks may open, the agency must review the plans, monitor the construction, and give final approval before the track may begin racing, training or wagering. Once a new racetrack begins simulcasting and live racing, the Commission will require up to an additional five FTEs to effectively regulate the wagering and racing.

With such uncertainty in the industry, the Commission is again requesting appropriations authority through the rider described in the next section.

Additionally, the industry may continue to pursue expanded gaming opportunities at tracks and the authorization of Advanced Deposit Wagering (ADW). Expanded gaming at tracks and/or the authorization of ADW could mean significantly expanded racing calendars and increased interest in opening tracks which currently are not up and running. Any legislative action to authorize expanded gaming at tracks and/or ADW also would have significant regulatory implications requiring additional staff at the agency and a modified salary structure for current staff.

#### V. PRIORITIZED EXCEPTIONAL ITEM REQUEST

The requested exceptional item corresponds to an existing rider that provides sufficient appropriation authority and flexibility for the Commission to meet a regulatory scenario based upon the opening of new tracks and the reactivation of closed tracks.

1. New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas-bred Program Contingency Rider. This request would give the agency sufficient appropriation authority and FTEs to support additional regulatory activities associated with a new track that opens operations for the first time or a currently closed existing track that reopens in the biennium. The appropriation also includes related funding for the Texas-bred Incentive Fund.

## VI. SUPPLEMENTAL SCHEDULE - 10% BIENNIAL BASE REDUCTION OPTIONS

Below is a summary of the biennial base reduction options. It is important to note that more than half of the Racing Commission's appropriation is statutorily dedicated pass-through revenue to the Texas-bred Incentive Program administered by the state's breed registries. Of the Commission's remaining portion of the operating budget appropriation, more than 80 percent is devoted to staff salaries. In order to comply with the reduction options requirement, the Commission proposes the following reductions:

1. Texas-bred Incentive Program. The schedule reflects an \$831,268 biennial reduction in appropriation authority for the Texas-bred Incentive Program. The money for this strategy is generated by wagers at Texas racetracks and is passed through the Commission to the official breed registries, which in turn pay out awards to Texas owners and breeders of race animals.
2. Eliminate Accounting Professional Fees and Services. The schedule reflects a reduction of \$10,000 that consists of professional fees and services related to preparing the agency's Annual Financial Report. This reduction will have a limited impact on the agency.
3. Eliminate Training Budgets. The schedule reflects a reduction of \$56,300 for the biennium for staff training. Although this reduction will not affect the agency's service population in the short-term, delaying training will have a long term effect on staff.
4. Texas-bred Incentive Program. The schedule reflects a \$418,732 biennial reduction in appropriation authority for the Texas-bred Incentive Program. The money for this strategy is generated by wagers at Texas racetracks and is passed through the Commission to the official breed registries, which in turn pay out awards to Texas owners and breeders of race animals.
5. Reduce Work Week. The schedule reflects a reduction of 1.2 FTEs and \$102,959 for the biennium. This reduction is achieved by reducing six staff from 40 hour work weeks to 32 hour work weeks in areas with the least impact to the agency's service population.
6. Delay Replacement of Computer Equipment. The schedule reflects a reduction of \$52,200 for the biennium related to the budget for the replacement of computer equipment in accordance with the Department of Information Resources' Life Cycle Recommendation Schedule. This reduction could affect the agency's information services capabilities.
7. Eliminate Wagering Integrity Professional Services. The schedule reflects a reduction of \$150,000 for the biennium related to the independent testing of wagering systems at the Texas racetracks as recommended by an SAO audit. The agency uses these professional services to assist with validating that the wagering systems are in compliance and that wagering activity reporting is accurate. This reduction will affect the agency's ability to regulate the wagering systems at Texas tracks.
8. Furlough Two Days Per Fiscal Year. The schedule reflects a reduction of \$41,797 for the biennium. The reduction is achieved by furloughing each employee for two days in each fiscal year. The reduction will have a limited affect on the agency's service populations.

## VII. CHANGES TO EXEMPT POSITIONS

No changes.

## VIII. BACKGROUND CHECKS: STATUTORY AUTHORITY AND AGENCY RULES AND PROCEDURES STATUTE AND RULE:

The Commission has statutory authority to conduct background checks from two sources:

- 1) Government Code, Sec. 411.96 — authorizes the Commission to obtain from DPS criminal history record information that pertains to persons appointed to the Commission, applicants for employment by the Commission, and applicants for a license under the Texas Racing Act.
- 2) Texas Racing Act, Sec. 5.04 — authorizes the Commission to obtain any criminal history record information maintained by DPS or the FBI that relates to each applicant for employment by the Commission and to each applicant for a license issued. This section also authorizes the Commission to refuse to recommend an applicant who fails to provide a complete set of his or her fingerprints.

The Texas Rules of Racing are codified in Title 16, Part 8 of the Texas Administrative Code and require background checks on applicants for a racetrack license (Sec. 309.4) and applicants for an occupational license (Sec. 311.3). Both sections require that: 1) a licensure applicant must submit with the application documents a set of fingerprints in a form prescribed by DPS; 2) not later than 10 days after TxRC staff takes the fingerprints, the fingerprints must be forwarded to DPS; and 3) TxRC must obtain a criminal history record from DPS and the FBI for each individual who submits fingerprints.

#### Agency Process

To obtain a license, each applicant must complete a basic application, submit fingerprints for a criminal history background check and pay the DPS/FBI fingerprint processing fee, and pay a licensing fee. The agency sends all fingerprints electronically to DPS. DPS electronically forwards the fingerprints to the FBI for processing. The Commission's transition to electronic fingerprinting has shortened the amount of time it takes to receive criminal history information from DPS and the FBI.

Currently, Commission staff re-fingerprints each occupational licensee and obtains a new FBI background check at the three-year renewal mark. Between renewal periods, TxRC investigators rely on updates from DPS which alert the Commission if a licensee is arrested in Texas.

#### IX. SUMMARY

The Commission regulates an industry — one that provides an entertainment and recreation experience for hundreds of thousands — that is large and complex. The agency and the industry face many challenges. It is the agency's mission to ensure that pari-mutuel racing is safe, honest and fair for all participants. Approval of the Legislative Appropriations Request — baseline budget, rider authorization requests, and exceptional item — will allow the Commission to continue providing effective and efficient regulation of this industry.

# Texas Racing Commission

## Summary of 2014-15 Base Legislative Appropriations Request & 2013 Operating Budget Request

By Revenue Type	Revenue Collections					FY 2013 Budget / 2014-15 LAR			
	Collected 2007	Collected 2008	Collected 2009	Collected 2010	Collected 2011	Estimated 2012	Projected 2013	Projected 2014	Projected 2015
Cash Balance Carry Forward	583,062	278,119	428,618	298,398	2,910,222	550,857	1,033,856	820,618	567,144
Live Race Day Fees	1,495,260	866,845	736,440	675,410	533,145	158,855	-	-	-
Simulcast Race Day Fees	911,360	964,590	898,650	982,250	698,860	294,580	-	-	-
Greyhound Breakage	107,006	-	-	-	-	-	-	-	-
Annual License Fees (Active & Inactive)	1,750,812	1,055,000	1,155,000	1,180,000	1,265,000	4,312,698	4,219,450	4,195,450	4,337,950
Outs	825,230	1,766,848	1,368,218	1,736,485	684,520	-	-	-	-
Occupational License Fees and Fines	5,202,852	4,968,630	4,427,505	3,857,613	3,384,865	758,199	683,500	648,325	649,325
ATB Program Pass Through Fees	89,187	43,975	40,216	544,715	87,843	24,712	58,200	4,125,000	4,125,000
Other Revenue	-	-	-	-	-	-	-	-	-
Account 597 - Racing Commission - GRD	\$ 10,964,769	\$ 10,652,582	\$ 9,848,706	\$ 10,127,934	\$ 10,382,325	\$ 10,225,001	\$ 10,120,006	\$ 9,848,593	\$ 9,737,619
State of Texas General Revenue Fund	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Account 1 - State of Texas - GR	\$ 10,964,769	\$ 10,652,582	\$ 9,848,706	\$ 11,627,934	\$ 10,382,325	\$ 10,225,001	\$ 10,120,006	\$ 9,848,593	\$ 9,737,619
<b>TOTAL - ALL REVENUES</b>	<b>\$ 21,929,538</b>	<b>\$ 21,305,164</b>	<b>\$ 19,697,412</b>	<b>\$ 23,155,868</b>	<b>\$ 20,764,650</b>	<b>\$ 20,450,002</b>	<b>\$ 20,240,012</b>	<b>\$ 19,697,186</b>	<b>\$ 19,475,238</b>

Legislative Base Appropriations	Legislative Base Appropriations			Legislative Base Appropriations					
	Expanded 2007	Expanded 2008	Expanded 2009	Expanded 2010	Expanded 2011	Estimated 2012	Projected 2013	Requested 2014	Requested 2015
A 1.1 License/Regulate Racetracks	250,735	268,587	251,895	258,846	246,876	364,928	362,066	401,714	401,714
A 2.1 Texas Bred Incentive Program	5,418,494	5,389,159	5,389,618	5,092,811	4,250,000	4,125,000	4,125,000	4,125,000	4,125,000
A 3.1 Supervise & Conduct Live Races	869,110	821,224	829,374	1,031,326	935,541	608,795	618,901	598,283	591,228
A 3.2 Monitor Licensee Activities	420,077	446,617	435,947	392,291	355,557	242,001	280,044	270,601	271,136
A 4.1 Inspect & Provide Emergency Care	428,602	433,536	437,982	395,766	363,776	290,899	283,413	280,308	292,515
A 4.2 Administer Drug Test	329,543	340,135	326,803	446,479	311,148	314,463	253,885	254,753	248,903
B 1.1 Occupational Licensing Program	534,175	541,062	549,532	483,086	467,871	583,020	568,739	562,587	562,587
B 1.2 Texas OnLine (Estimated)	23,250	23,250	23,250	23,250	23,250	23,250	23,500	22,500	22,500
C 1.1 Monitor Weighing & Audit	456,178	465,159	457,938	478,882	433,579	322,363	326,597	321,110	321,110
C 1.2 Weighing Compliance Inspections	198,883	332,140	327,883	307,330	314,250	236,715	240,443	242,242	242,242
D 1.1 Central Administration	604,772	769,350	760,688	805,365	740,892	700,523	760,344	730,012	730,012
D 1.2 Information Resources	315,898	415,428	395,349	451,170	414,532	462,049	505,827	499,171	507,335
Total Base Appropriations	\$ 10,050,717	\$ 10,245,647	\$ 10,177,270	\$ 10,148,402	\$ 8,859,372	\$ 8,284,004	\$ 8,348,559	\$ 8,316,281	\$ 8,316,282
Legislative Rider Appropriations	-	-	-	-	-	-	-	-	-
Supplemental	-	-	424,875	-	-	-	-	-	-
Total Rider Appropriations	\$ -	\$ -	\$ 424,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Laosad Appropriations	\$ (327,303)	\$ (942,841)	\$ (1,987,383)	\$ (2,365,863)	\$ (1,582,263)	\$ -	\$ -	\$ -	\$ -
Estimated Lapses	\$ (327,303)	\$ (942,841)	\$ (1,987,383)	\$ (2,365,863)	\$ (1,582,263)	\$ -	\$ -	\$ -	\$ -
Total Base Appropriations	\$ 9,723,414	\$ 9,302,806	\$ 8,614,762	\$ 7,782,539	\$ 7,277,109	\$ 8,284,004	\$ 8,348,559	\$ 8,316,281	\$ 8,316,282

# Texas Racing Commission

## Summary of 2014-15 Base Legislative Appropriations Request & 2013 Operating Budget Request

### Object-of-Expense-Informational Listings

Object-of-Expense for Base Appropriations	Expended 2007	Expended 2008	Expended 2009	Expended 2010	Expended 2011	Estimated 2012	Projected 2013	Requested 2014	Requested 2015
Salaries & Wages	3,698,915	3,796,297	3,696,109	3,967,095	3,458,457	2,847,227	2,838,364	2,881,130	2,881,130
Other Personnel Costs	148,720	142,540	165,020	184,194	175,400	115,960	190,829	123,613	115,450
Professional Fees & Services	86,593	183,242	164,721	201,000	184,000	282,124	240,500	240,500	240,500
Consumable Supplies	28,695	29,938	27,750	28,000	40,026	26,408	38,500	39,500	39,500
Utilities	22,500	22,900	24,900	26,500	26,500	26,500	60,000	60,000	60,000
Travel	204,390	228,878	257,817	265,450	234,750	188,861	177,768	177,768	177,768
Rent - Building	105,314	108,013	108,014	108,014	108,014	108,014	87,979	87,979	87,979
Rent - Machine & Other	13,500	16,500	15,900	14,500	14,500	14,500	14,500	14,500	14,500
Other Operating Expenses	291,346	292,840	292,440	328,500	337,925	549,410	575,098	566,270	574,434
Grants	5,418,494	5,389,159	5,389,659	5,092,611	4,250,000	4,125,000	4,125,000	4,125,000	4,125,000
Capital Expenditures	32,250	35,340	35,340	32,538	33,800	-	-	-	-
<b>Total OOE for Base Appropriations</b>	<b>\$ 10,050,717</b>	<b>\$ 10,245,647</b>	<b>\$ 10,177,270</b>	<b>\$ 10,148,402</b>	<b>\$ 8,859,372</b>	<b>\$ 8,284,004</b>	<b>\$ 8,348,559</b>	<b>\$ 8,316,281</b>	<b>\$ 8,316,282</b>

### Object-of-Expense-Informational Listings

Object-of-Expense for Rider Appropriations	Expended 2007	Expended 2008	Expended 2009	Expended 2010	Expended 2011	Estimated 2012	Projected 2013	Requested 2014	Requested 2015
Salaries & Wages	-	-	424,875	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-	-	-	-
<b>Total OOE for Rider Appropriations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 424,875</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Object-of-Expense-Informational Listings

Object-of-Expense-Informational Listings	Expended 2007	Expended 2008	Expended 2009	Expended 2010	Expended 2011	Estimated 2012	Projected 2013	Requested 2014	Requested 2015
Operating Budget	(111,661)	(442,312)	(946,442)	(1,130,865)	(717,127)	-	-	-	-
Texas Breed Incentive Program	(215,642)	(520,529)	(1,040,941)	(1,234,998)	(865,136)	-	-	-	-
<b>Total OOE for Estimated Lapses</b>	<b>\$ (327,303)</b>	<b>\$ (962,841)</b>	<b>\$ (1,987,383)</b>	<b>\$ (2,365,863)</b>	<b>\$ (1,582,263)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### Object-of-Expense-Informational Listings

Object-of-Expense-Informational Listings	Expended 2007	Expended 2008	Expended 2009	Expended 2010	Expended 2011	Estimated 2012	Projected 2013	Requested 2014	Requested 2015
<b>Total Object-of-Expense</b>	<b>\$ 9,723,414</b>	<b>\$ 9,282,806</b>	<b>\$ 8,614,762</b>	<b>\$ 7,782,539</b>	<b>\$ 7,277,109</b>	<b>\$ 8,284,004</b>	<b>\$ 8,348,559</b>	<b>\$ 8,316,281</b>	<b>\$ 8,316,282</b>

### Unappropriated Operating Expenses by Type

Unappropriated Operating Expenses by Type	Expended 2007	Expended 2008	Expended 2009	Expended 2010	Expended 2011	Estimated 2012	Projected 2013	Requested 2014	Requested 2015
OASIS Match	272,389	261,134	259,731	232,365	236,483	217,671	217,759	220,406	220,406
Group Insurance	341,330	328,637	319,532	306,856	306,498	243,716	243,615	247,489	247,489
Slate Retirement	223,379	212,376	206,904	185,726	208,229	183,177	161,291	164,050	164,050
Benefit Replacement	30,400	29,577	25,757	23,783	21,148	28,791	15,404	15,403	15,403
ERS Retiree Insurance	64,565	71,152	87,810	111,990	142,609	177,786	252,560	257,820	268,340
SWCAP GR Reimbursement	29,805	18,487	31,960	48,451	26,494	35,000	35,000	35,000	35,000
Unemployment Cost	1,368	18,795	3,853	15,902	10,547	20,000	25,000	25,000	25,000
Transfer to General Revenue (Loan Repayment)	-	-	-	-	1,801,250	-	-	-	-
<b>Total Unappropriated Operating Expenses</b>	<b>\$ 963,236</b>	<b>\$ 941,158</b>	<b>\$ 935,546</b>	<b>\$ 935,173</b>	<b>\$ 2,554,259</b>	<b>\$ 907,141</b>	<b>\$ 950,829</b>	<b>\$ 965,168</b>	<b>\$ 975,688</b>

### TOTAL - ALL EXPENDITURES

<b>TOTAL - ALL EXPENDITURES</b>	<b>\$ 10,696,650</b>	<b>\$ 10,223,964</b>	<b>\$ 9,550,308</b>	<b>\$ 8,717,712</b>	<b>\$ 9,831,368</b>	<b>\$ 9,191,145</b>	<b>\$ 9,298,388</b>	<b>\$ 9,281,449</b>	<b>\$ 9,291,970</b>
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### OPERATING SURPLUS / (DEFICIT)

<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>\$278,119</b>	<b>\$428,618</b>	<b>\$298,398</b>	<b>\$2,910,222</b>	<b>\$550,957</b>	<b>\$1,033,856</b>	<b>\$820,618</b>	<b>\$567,144</b>	<b>\$445,649</b>
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### FTE Breakdown

FTE Breakdown	Actuals 2007	Actuals 2008	Actuals 2009	Actuals 2010	Actuals 2011	Estimated 2012	Projected 2013	Requested 2014	Requested 2015
Authorized by Base Appropriations	77.9	76.6	76.8	75.5	75.5	81.3	81.3	52.6	52.6
Authorized by Rider Appropriations	-	-	-	-	-	-	-	-	-
Lapsed/Estimated Lapse of FTEs	(7.2)	(9.3)	(6.9)	(8.8)	(22.6)	(8.2)	(9.2)	-	-
<b>Total FTEs Available</b>	<b>70.7</b>	<b>67.3</b>	<b>69.9</b>	<b>66.7</b>	<b>52.9</b>	<b>53.1</b>	<b>52.1</b>	<b>52.6</b>	<b>52.6</b>

H.G. 8

# Texas Racing Commission

## Summary of 2014-15 Exceptional Item Request: New or Reopening Horse Racetrack

Exceptional Item Appropriation By Strategy	Exceptional Item Request by Strategy		Requested 2015
	FTEs	Requested 2014	
A.1.1. License/Regulate Racetracks	-	332,037	-
A.2.1. Texas Breed Incentive Program	0.9	97,900	332,037
A.3.1. Supervise & Conduct Live Races	1.0	52,500	97,900
A.3.2. Monitor License Activities	0.7	54,850	52,500
A.4.1. Inspect & Provide Emergency Care	1.0	16,350	54,850
A.4.2. Administer Drug Test	1.0	35,000	16,350
B.1.1. Occupational Licensing Program	-	-	35,000
B.1.2. Texas On-Line (Estimate)	1.0	45,000	-
C.1.1. Monitor Wagering & Audit	-	-	45,000
C.1.2. Wagering Compliance Inspections	-	-	-
D.1.1. Central Administration	-	-	-
D.1.2. Information Resources	-	-	-
Total Base Appropriations:	5.0 \$	635,637	5.0 \$ 635,637
<u>Rider Revisions</u>			
Total Rider Appropriations	-	-	-
Total Legislative Appropriations	5.0 \$	635,637	5.0 \$ 635,637

Object-of-Expense for Exceptional Item Request	Object-of-Expense Informational Listings		Requested 2015
	Requested 2014	Requested 2015	
Salaries & Wages	234,300	234,300	234,300
Other Personnel Costs	-	-	-
Professional Fees & Services	-	-	-
Consumable Supplies	-	-	-
Utilities	-	-	-
Travel	44,300	44,300	44,300
Rent - Building	-	-	-
Rent - Machine & Other	-	-	-
Other Operating Expenses	25,000	25,000	25,000
Grants	332,037	332,037	332,037
Capital Expenditures	-	-	-
Total OOE for Base Appropriations:	\$ 635,637	\$ 635,637	\$ 635,637
<u>Object-of-Expense for Rider Revisions</u>			
Salaries & Wages	-	-	-
Travel	-	-	-
Grants	-	-	-
Capital Expenditures	-	-	-
Total OOE for Rider Appropriations:	\$ -	\$ -	\$ -
Total Object-of-Expense	\$ 635,637	\$ 635,637	\$ 635,637

Full-Time-Equivalent Positions Information		Requested 2015
FTE Breakdown		Requested 2015
From Exceptional Item Request	5.0	5.0
From Rider Revision Request	-	-
Total FTEs Available	5.0	5.0

# Texas Racing Commission

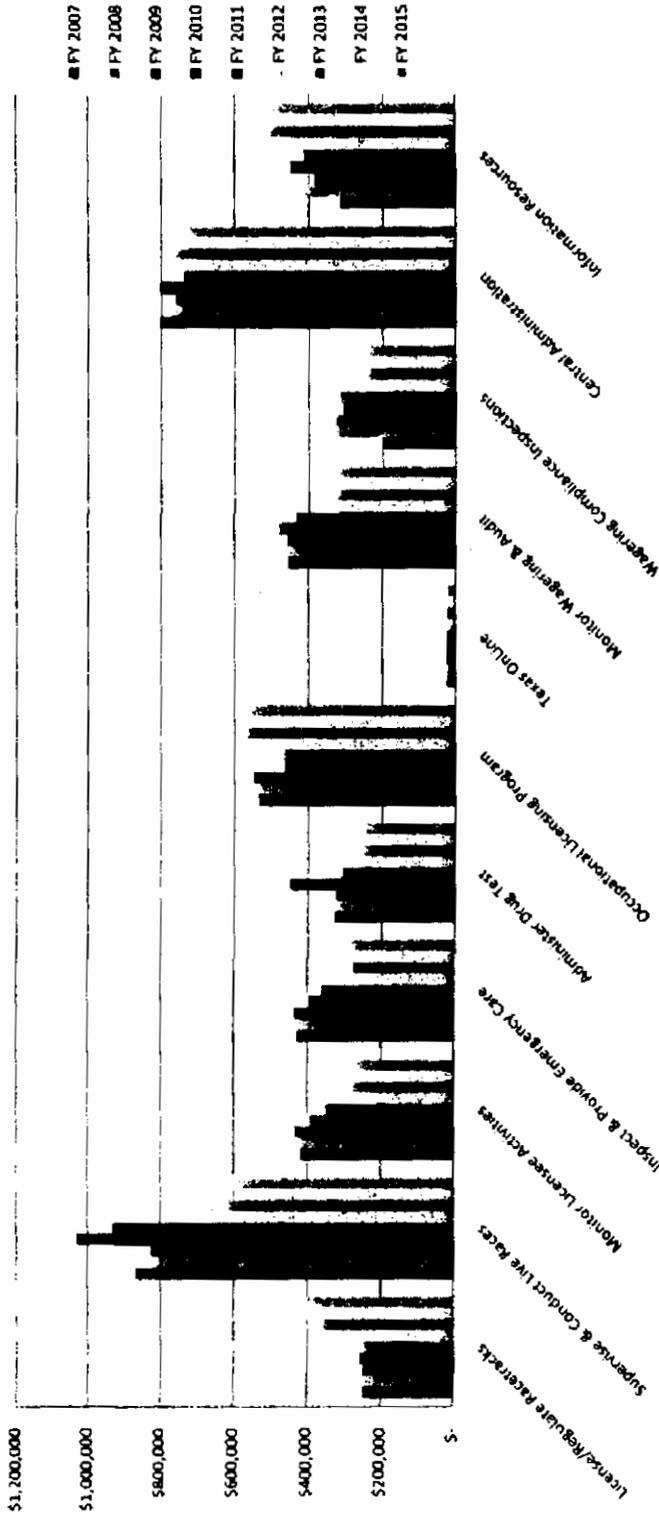
## Summary of 2014-15 Total Legislative Appropriations Request & 2013 Operating Budget Request

		Total Legislative Appropriations				FY 2013 Budget / 2014-15 LAR				
		Expended 2007	Expended 2008	Expended 2009	Expended 2010	Expended 2011	Estimated 2012	Projected 2013	Requested 2014	Requested 2015
<b>Legislative Appropriations By Strategy</b>										
A.1.1	Licenses/Regulate Racetracks	250,735	268,567	251,895	258,840	248,876	304,826	302,066	401,714	401,714
A.2.1	Texas Bred Incentive Program	5,418,484	5,388,159	5,389,819	5,082,611	4,250,000	4,125,000	4,125,000	4,457,037	4,457,037
A.3.1	Supervise & Conduct Live Races	869,110	821,224	828,374	1,031,328	935,541	608,795	618,901	684,183	689,128
A.3.2	Monitor Licensee Activities	420,077	448,817	435,847	392,281	355,557	242,001	280,044	323,101	323,636
A.4.1	Inspect & Provide Emergency Care	428,802	433,336	437,982	395,786	363,776	260,899	263,413	345,158	347,365
A.4.2	Administer Drug Test	329,543	340,135	328,803	448,478	311,148	314,463	253,885	273,103	287,253
B.1.1	Occupational Licensing Program	534,175	541,082	549,532	463,086	487,971	593,020	568,739	597,587	597,587
B.1.2	Texas On-Line (Estimated)	23,250	23,250	23,250	23,250	23,250	23,250	22,500	22,500	22,500
C.1.1	Monitor Wagering & Audit	458,178	465,159	457,938	478,882	433,579	322,363	328,597	368,110	368,110
C.1.2	Wagering Compliance Inspections	199,883	307,330	327,983	740,443	236,715	242,442	240,443	242,242	242,242
D.1.1	Central Administration	804,772	789,350	760,698	805,365	740,882	700,523	780,344	730,012	730,012
D.1.2	Information Resources	315,898	415,428	386,349	451,170	414,532	462,049	505,827	498,171	507,335
	<b>Total Base Appropriations</b>	<b>\$ 10,050,717</b>	<b>\$ 10,245,647</b>	<b>\$ 10,177,270</b>	<b>\$ 10,148,402</b>	<b>\$ 8,859,372</b>	<b>\$ 8,284,004</b>	<b>\$ 8,348,559</b>	<b>\$ 8,951,918</b>	<b>\$ 8,951,919</b>
<b>Legislative Rider Appropriations</b>										
	Supplemental			424,875						
	<b>Total Rider Appropriations</b>			<b>\$ 424,875</b>						
	<b>Total Legislative Appropriations</b>	<b>\$ 10,050,717</b>	<b>\$ 10,245,647</b>	<b>\$ 10,602,145</b>	<b>\$ 10,148,402</b>	<b>\$ 8,859,372</b>	<b>\$ 8,284,004</b>	<b>\$ 8,348,559</b>	<b>\$ 8,951,918</b>	<b>\$ 8,951,919</b>
		<b>Object-of-Expense Informational Listings</b>								
<b>Object-of-Expense for Total Appropriations</b>		<b>Expended 2007</b>	<b>Expended 2008</b>	<b>Expended 2009</b>	<b>Expended 2010</b>	<b>Expended 2011</b>	<b>Estimated 2012</b>	<b>Projected 2013</b>	<b>Requested 2014</b>	<b>Requested 2015</b>
	Salaries & Wages	148,720	142,540	165,020	184,184	175,400	115,960	2,638,364	3,115,430	3,115,430
	Other Personnel Costs	88,593	183,242	184,721	201,000	184,000	26,408	190,828	123,613	115,450
	Professional Fees & Services	28,685	29,938	27,750	28,000	40,028	26,408	38,500	39,500	39,500
	Consumable Supplies	22,500	22,900	24,500	26,500	26,500	60,000	60,000	60,000	60,000
	Utilities	204,390	228,878	257,817	265,450	234,750	188,881	177,789	222,089	222,089
	Travel	105,314	108,013	108,014	108,014	108,014	87,978	87,978	87,978	87,978
	Rent - Building	13,500	13,500	14,500	14,500	12,500	14,500	14,500	14,500	14,500
	Rent - Machine & Other	291,348	292,840	292,440	328,500	337,925	549,410	575,098	591,270	599,434
	Other Operating Expenses	5,418,494	5,388,159	5,389,659	5,082,611	4,250,000	4,125,000	4,125,000	4,457,037	4,457,037
	Grants	32,250	35,340	35,340	32,538	33,890	-	-	-	-
	Capital Expenditures									
	<b>Total OOE for Base Appropriations</b>	<b>\$ 10,050,717</b>	<b>\$ 10,245,647</b>	<b>\$ 10,177,270</b>	<b>\$ 10,148,402</b>	<b>\$ 8,859,372</b>	<b>\$ 8,284,004</b>	<b>\$ 8,348,559</b>	<b>\$ 8,951,918</b>	<b>\$ 8,951,919</b>
<b>Object-of-Expense for Rider Appropriations</b>										
	Salaries & Wages			424,875						
	Travel									
	Grants									
	Capital Expenditures									
	<b>Total OOE for Rider Appropriations</b>			<b>\$ 424,875</b>						
	<b>Total Object-of-Expense for Appropriations</b>	<b>\$ 10,050,717</b>	<b>\$ 10,245,647</b>	<b>\$ 10,602,145</b>	<b>\$ 10,148,402</b>	<b>\$ 8,859,372</b>	<b>\$ 8,284,004</b>	<b>\$ 8,348,559</b>	<b>\$ 8,951,918</b>	<b>\$ 8,951,919</b>
		<b>Full-Time-Equivalent Positions Information</b>								
<b>FTE Breakdown:</b>		<b>Actuals 2007</b>	<b>Actuals 2008</b>	<b>Actuals 2009</b>	<b>Actuals 2010</b>	<b>Actuals 2011</b>	<b>Estimated 2012</b>	<b>Projected 2013</b>	<b>Requested 2014</b>	<b>Requested 2015</b>
	Authorized by Total Appropriations	77.9	78.6	78.8	75.5	75.5	61.3	61.3	57.6	57.6
	Authorized by Rider Appropriations	-	-	-	-	-	-	-	-	-
	Lapsed/Estimated Lapse of FTEs	(7.2)	(9.3)	(8.9)	(8.8)	(22.6)	(8.2)	(9.2)	-	-
	<b>Total FTEs Available</b>	<b>70.7</b>	<b>67.3</b>	<b>69.9</b>	<b>66.7</b>	<b>52.9</b>	<b>53.1</b>	<b>52.1</b>	<b>57.6</b>	<b>57.6</b>

# Legislative Appropriations Base Request History By Strategy

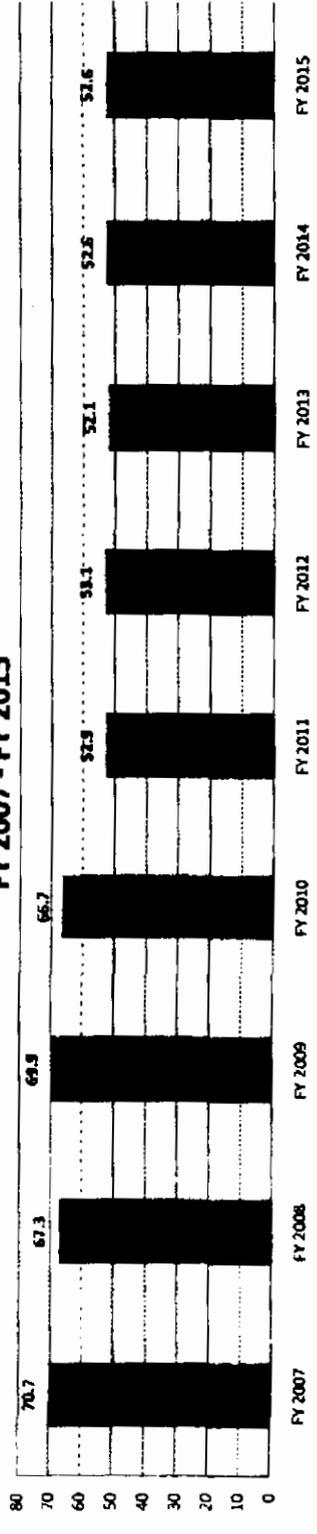
FY 2007 - FY 2015

(Does Not Include Teasas Breed Incentive Program)



# Number of Employees (FTE's) History

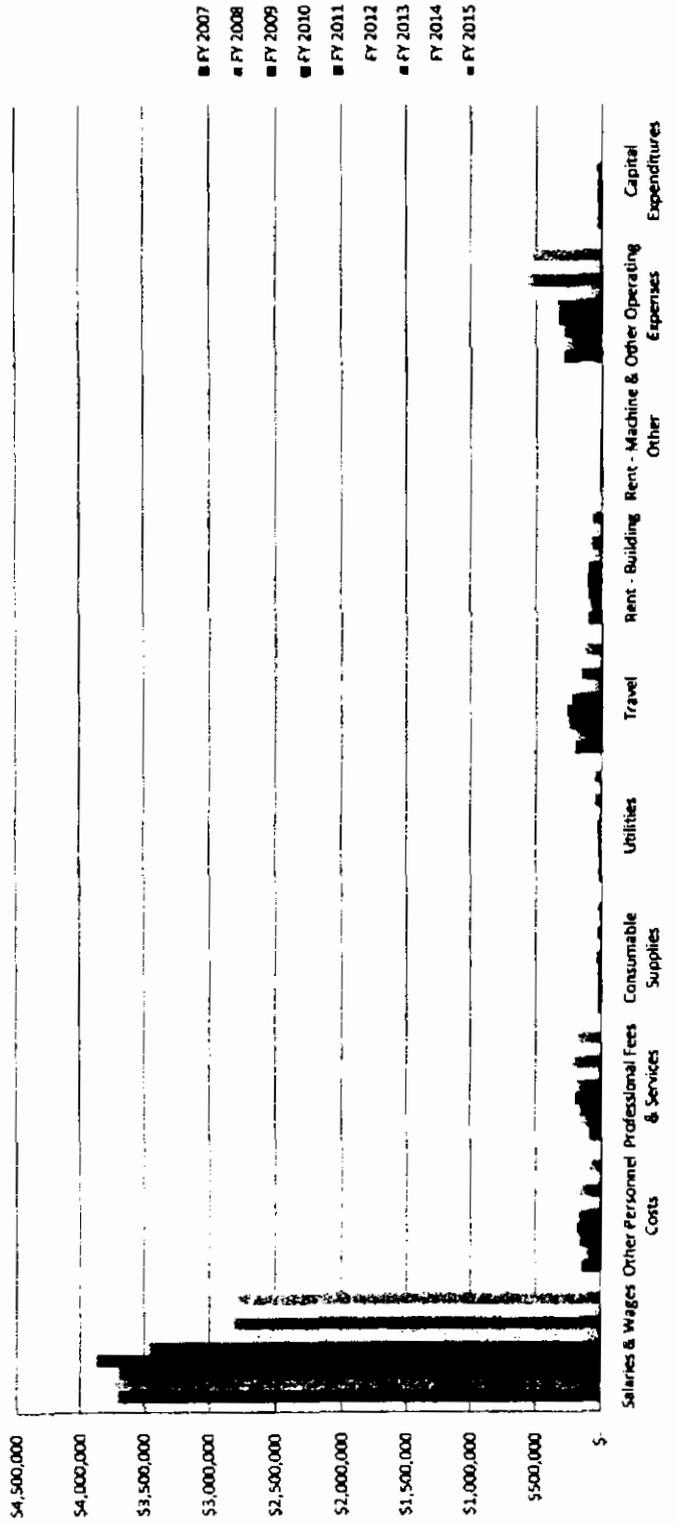
FY 2007 - FY 2015



### Legislative Appropriations Base Request History By Object Of Expense

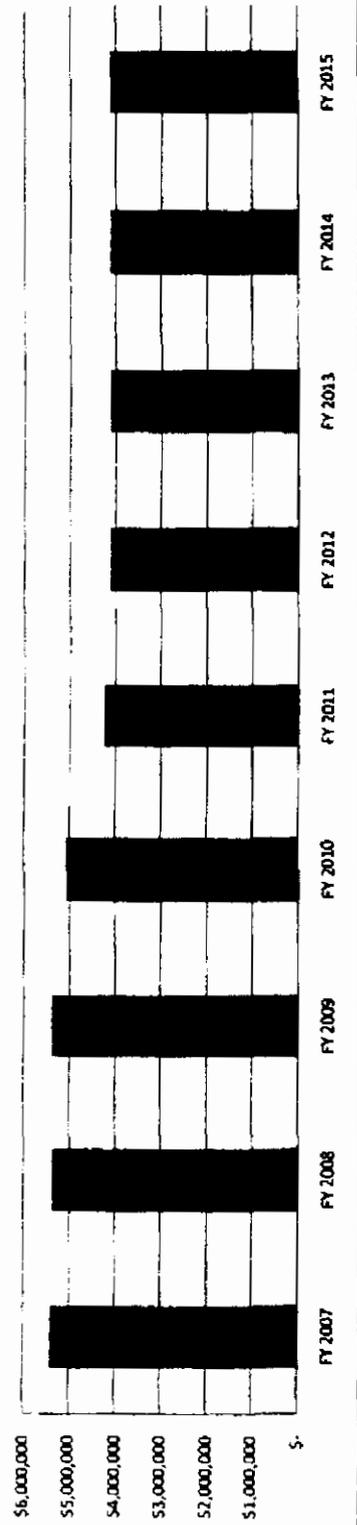
FY 2007 - FY 2015

(Does Not Include Texas Bred Incentive Program)



### Texas Bred Incentive Program Legislative Appropriations Base Request History

FY 2007 - FY 2015





### 3.B. Rider Revisions and Additions Request

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:
476	Texas Racing Commission	Sammy Jackson	8/09/2012	Base
<b>Current Rider Number</b>	<b>Page Number in 2012-13 GAA</b>	<b>Proposed Rider Language</b>		
1	VIII-54 & VIII-55	<p><b>Performance Measure Targets.</b> The following is a listing of the key performance target levels for the Racing Commission. It is the intent of the Legislature that appropriations made by this ACT be utilized in the most efficient and effective manner possible to achieve the intended mission of the Racing Commission. In order to achieve the objectives and service standards established by this Act, the Racing Commission shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.</p>		
			<u>2014</u>	<u>2015</u>
		<p><b>A. Goal: ENFORCE RACING REGULATION</b>  <b>Outcome (Result/Impact):</b>                      Percentage of Investigations (Individuals) Resulting in Disciplinary Action                      Percentage of Licensees with No Recent Violations                      Percentage of Race Animals Injured or Dismissed from the Racetrack  <b>A.1.1. Strategy: LICENSE/REGULATE RACETRACKS</b>  <b>Output (Volume):</b>                      Number of Racetrack Inspections  <b>Explanatory:</b>                      Number of Horse Tracks Regulated                      Number of Greyhound Tracks Regulated  <b>A.2.1. Strategy: TEXAS BRED INCENTIVE PROGRAM</b>  <b>Output (Volume):</b>                      Number of Texas Bred Awards  <b>A.3.1. Strategy: SUPERVISE &amp; CONDUCT LIVE RACES</b>  <b>Output (Volume):</b>                      Number of Occupational Licenses Suspended or Revoked  <b>A.3.2. Strategy: MONITOR LICENSEE ACTIVITIES</b>  <b>Output (Volume):</b>                      Number of Investigations Completed  <b>A.4.1. Strategy: INSPECT &amp; PROVIDE EMERGENCY CARE</b>  <b>Output (Volume):</b>                      Number of Race Animals Inspected Pre-race</p>	95.0% 95.0% 0.35%  75 10 3  10,153  95  120  43,559  15	95.0% 95.0% 0.35%  75 10 3  9,541  95  120  42,949  15
		<p><b>B. Goal: REGULATE PARTICIPATION</b>  <b>Outcome (Result/Impact):</b>                      Average Time Required to Issue a New Occupational License (Minutes)</p>	15	15

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### 3.B. Rider Revisions and Additions Request (continued)

	<p><b>B.1.1. Strategy: OCCUPATIONAL LICENSING PROGRAM</b>  <b>Output (Volume):</b>                  Number of New Occupational Licenses Issued                  Number of Occupational Licenses Renewed</p>	<p><b>C. Goal: REGULATE PARI-MUTUEL WAGERING</b>  <b>Outcome (Results/Impact):</b>                  Percentage of Compliance Audits Passed  <b>C.1.1. Strategy: MONITOR WAGERING AND AUDIT</b>  <b>Explanatory:</b>                  Total Pari-Mutuel Handle (In Millions)                  Total Take to the State Treasury from Pari-Mutuel Wagering on</p>	<p>2,000 4,000</p>	<p>95.0% 95.0%</p>	<p>\$310.13 \$2,876,411</p>
2	VIII-55	<p><b>Limitation on Travel Reimbursement.</b> Out of the funds appropriated above, not more than \$1,500 per Commissioner may be expended on out-of-state travel and not more than \$6,000 per Commissioner may be expended on in-state travel in each year of the biennium.</p>			
3	VIII-55	<p><b>Unexpended Balance Authority.</b> Unexpended balances remaining in Racing Commission Receipts as of August 31, 2014, 2012, are hereby appropriated for the fiscal year beginning September 1, 2015, 2013.</p>			
4	VIII-55	<p><b>Texas Bred Incentive Program Receipts.</b> Amounts set aside by the Texas Racing Act for the Texas Bred Incentive Program are appropriated above in Strategy A.2.1, Texas Bred Incentive Program.</p>			
5	VIII-55	<p><b>Criminal History Checks and Background Checks.</b> Out of the funds appropriated above in Strategy B.1.1, Occupational Licensing Program, \$196,007 292,334 in fiscal year 2014 2012 and \$196,007 292,334 in fiscal year 2015 2013 are appropriated to the Racing Commission for the purpose of reimbursing the Department of Public Safety (DPS), Federal Bureau of Investigations (FBI), and/or any other entity authorized to conduct criminal history background checks for cost incurred in conducting criminal history checks or background checks on individuals seeking to transfer ownership interest in an existing racetrack license or Racing Commission license applicants and renewals. Any additional revenue received from occupational license fees to cover the costs of criminal history checks or background checks (estimated to be \$0) is hereby appropriated to the Racing Commission for the purpose of reimbursing DPS, the FBI, and/or any other entity authorized to conduct criminal history background checks.</p>			
6	VIII-55	<p><b>Texas Bred Incentive Program Awards.</b> None of the funds appropriated above for Texas Bred Incentive Program Awards may be expended for payments to a member serving on the commission. The Racing Commission shall take all necessary steps to ensure compliance with this provision.</p>			
7	VIII-55 & VIII-56	<p><b>Contingent Appropriation: New Horse Racetrack or Reopening Horse Racetrack and Accredited Texas Bred Program</b></p>			
Exceptional Item Priority # 1		<p>a. In addition to the amounts appropriated above, the Texas Racing Commission shall be appropriated \$303,600 out of funds collected by the agency and deposited to GR Dedicated-Texas Racing Commission Account No. 597 during each fiscal year of the 2014-15 2012-13 biennium, the following amounts for each new horse racetrack that begins operation for the first time during the biennium or for each reopening horse racetrack that initiates operations again during the biennium (estimated to be one new horse racetrack or</p>			

### 3.B. Rider Revisions and Additions Request (continued)

reopening horse racetrack) contingent upon the Texas Racing Commission assessing fees sufficient to generate, in addition to revenue requirements elsewhere in this act, during the 2014-15 2012-13 biennium, \$370,540 for fiscal year 2014 2012 and \$370,540 for fiscal year 2015 2013 for each new horse racetrack or each reopening horse racetrack during the 2014-2015 2012-2013 biennium in excess of \$ ? ~~\$8,605,000~~ in fiscal year 2014 2012 and \$ ? ~~\$8,453,000~~ in fiscal year 2015 2013 (Object Codes 3188, 3189, 3190, 3193, 3194 and 3197) contained in the Comptroller of Public Accounts' Biennial Revenue Estimates for fiscal years 2014 2010 and 2015 2011:

- (a) \$88,561 in Strategy A.3.1, Supervise and Conduct Live Races;
- (b) \$66,893 in Strategy A.3.2, Monitor Licensee Activities;
- (c) \$48,200 in Strategy A.4.1, Inspect and Provide Emergency Care;
- (d) \$27,946 in Strategy A.4.2, Administer Drug Tests;
- (e) \$34,000 in Strategy B.1.1, Occupational Licensing Program;
- (f) \$38,000 in Strategy C.1.1, Monitor Wagering and Audit.

Also, the "Number of Full-Time-Equivalents (FTE)" figure indicated above shall be increased by 5.0 FTE's in each fiscal year for each new horse racetrack that begins operations for the first time during the biennium or for each reopening horse racetrack that initiates operations again during the biennium contingent upon the Texas Racing Commission generating the amount of revenue indicated above for each new horse racetrack. The Texas Racing Commission upon completion of necessary actions to access or increase such additional revenue shall furnish copies of the Texas Racing Commissions' minutes and other information supporting the estimated revenues to be generated for the 2014-2015 2012-13 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent-appropriation shall be made available for the intended purpose. For informational purposes, the amount of increased revenue identified above reflects amounts sufficient to cover direct appropriations of \$607,200 and other direct and indirect costs (estimated to be \$66,940 for the 2014-15 2012-13 biennium).

b. In addition to the amounts appropriated above in GR Dedicated Texas Racing Commission Account No. 597, the Texas Racing Commission shall be appropriated in Strategy A.2.1, Texas Bred Incentive Program, revenue set aside by the Texas Racing Act pursuant to VCS, Article 179e, § 6.08 (j) for the Texas Bred Incentive Program that is collected by the agency from each new horse racetrack that begins operations for the first time during the 2014-15 2012-13 biennium or for each reopening horse racetrack that initiates operations again during the 2014-15 2012-13 biennium in an amount not to exceed \$332,037 from GR Dedicated-Texas Racing Commission Account No. 597 each year for each new horse racetrack. Any appropriations from revenue collected by the agency from new horse racetracks for the Texas Bred Incentive Program during the 2014-15 2012-13 biennium may be used only for that purpose and are not transferable to any other strategy.

c. For the purposes of this contingency rider, a "reopening horse racetrack" is a horse racetrack that has not operated live or simulcast race operations for 365 or more consecutive days prior to the reopening date for

11.916

**3.B. Rider Revisions and Additions Request  
(continued)**

8	VIII-56	<p>which live or simulcast operations are to be initiated again. Additionally, the reopening horse racetrack can not have ceased operations during the same biennium in which it initiates operations again.</p> <p><b>Contingent Appropriation: New Racetrack Application.</b> All fees collected to cover the cost of the racetrack application process, in excess of \$15,000 in each fiscal year from GR Dedicated- Texas Racing Commission Account No. 597 (Object Code 3191) in the Comptroller's Biennial Revenue Estimate (estimated to be \$0 each fiscal year), are hereby appropriated to Strategy A.1, License and Regulate Racetracks. Any appropriations from revenue collected by the agency from new racetrack applications shall be used only for the racetrack application review process for those racetracks that have a scheduled hearing before the State Office of Administrative Hearing or the Texas Racing Commission during the <u>2014-15 2012-13</u> biennium and are not transferable to any other strategy.</p>
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61. PERCENT BIENNIAL BASE REDUCTION OPTIONS

Date: 8/7/2012  
Time: 4:40:04PM

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission

Item Priority and Name/ Method of Financing	2014	2015 Biennial Total	2014	2015 Biennial Total	TARGET
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1 Texas Bred Incentive Program

Category: Programs - Grant/Loan/Pass-through Reductions

Item Comment: Of the total GR Dedicated reduction of \$1,663,256, \$831,268 or 50% consists of grants to the Texas Bred Incentive Program for encouraging the breeding and racing of animals in Texas. Of these funds, 2.0% is allocated for Equine Research at Texas A&M University, 9.8% is allocated for administration of the Texas Bred Incentive Program to the various Breed Registries recognized by the Texas Racing Act and 88.2% is allocated for awards to be issued to owners of Accredited Texas Bred greyhounds and horses.

Strategy: 1-2-1 Allocate TX Bred Funds. Estimated and Nontransferable.

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$415,634	\$415,634	\$831,268
<b>Gr Dedicated Total</b>	\$0	\$0	\$415,634	\$415,634	\$831,268
<b>Item Total</b>	\$0	\$0	\$415,634	\$415,634	\$831,268

FTE Reductions (From FY 2014 and FY 2015 Base Request)

2 Eliminate Accounting Professional Services

Category: Administrative - Contracted Admin Services

Item Comment: Of the total GR Dedicated reduction of \$1,663,256, \$10,000 or 0.6% consists of professional fees and services for preparing the agency's annual financial report. This reductions will have limited impact to the agency.

Strategy: 4-1-1 Central Administration and Other Support Services

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$5,000	\$5,000	\$10,000
<b>Gr Dedicated Total</b>	\$0	\$0	\$5,000	\$5,000	\$10,000
<b>Item Total</b>	\$0	\$0	\$5,000	\$5,000	\$10,000

FTE Reductions (From FY 2014 and FY 2015 Base Request)

**61. PERCENT BIENNIAL-BASE REDUCTION OPTIONS**

**10 % REDUCTION**

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/7/2012  
Time: 4:40:11PM

Agency code: 476 Agency name: Racing Commission

TARGET

REDUCTION AMOUNT

REVENUE LOSS

2015 Biennial Total

2014

2015 Biennial Total

Item Priority and Name/ Method of Financing

**3 Eliminate Training Budgets**

Category: Administrative - Operating Expenses

Item Comment: Of the total GR Dedicated reduction of \$1,663,256, \$56,300 or 3.3% consists of other operating expenses budgeted for training in each of the following strategies:

Strategy	FTE	FY 2014	FTE	FY 2015
1-1-1	0.0	\$ 2,250	0.0	\$ 2,250
1-3-1	0.0	\$ 6,000	0.0	\$ 6,000
1-3-2	0.0	\$ 3,000	0.0	\$ 3,000
1-4-1	0.0	\$ 2,500	0.0	\$ 2,500
1-4-2	0.0	\$ 3,000	0.0	\$ 3,000
2-1-1	0.0	\$ 4,000	0.0	\$ 4,000
3-1-1	0.0	\$ 2,500	0.0	\$ 2,500
3-1-2	0.0	\$ 1,500	0.0	\$ 1,500
4-1-1	0.0	\$ 3,400	0.0	\$ 3,400
Totals	0.0	\$28,150	0.0	\$28,150

This reduction will not affect the agency's service population, but will affect staff as they are asked to do more with less. Training helps staff accomplish this mission.

Strategy: 1-1-1 Provide Regulatory and Enforcement Services to Racetrack Owners

Gr Dedicated

597 Texas Racing Comm Acct

Gr Dedicated Total

\$0	\$0	\$0	\$2,250	\$2,250	\$4,500
\$0	\$0	\$0	\$2,250	\$2,250	\$4,500

Strategy: 1-3-1 Supervise the Conduct of Racing through Enforcement and Monitoring

Gr Dedicated

597 Texas Racing Comm Acct

Gr Dedicated Total

\$0	\$0	\$0	\$6,000	\$6,000	\$12,000
\$0	\$0	\$0	\$6,000	\$6,000	\$12,000

III.G. 19

61. PERCENT BIENNIAL BASE REDUCTION OPTIONS

Date: 8/7/2012  
Time: 4:40:11PM

10 % REDUCTION  
83rd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS		REDUCTION AMOUNT		TARGET
	2014	2015 Biennial Total	2014	2015 Biennial Total	
Strategy: 1-3-2 Monitor Occupational Licensee Activities					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$3,000	\$3,000	\$6,000
<b>Gr Dedicated Total</b>	\$0	\$0	\$3,000	\$3,000	\$6,000
Strategy: 1-4-1 Inspect and Provide Emergency Care					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$2,500	\$2,500	\$5,000
<b>Gr Dedicated Total</b>	\$0	\$0	\$2,500	\$2,500	\$5,000
Strategy: 1-4-2 Administer Drug Tests					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$3,000	\$3,000	\$6,000
<b>Gr Dedicated Total</b>	\$0	\$0	\$3,000	\$3,000	\$6,000
Strategy: 2-1-1 Administer the Occupational Licensing Program through Enforcement					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$4,000	\$4,000	\$8,000
<b>Gr Dedicated Total</b>	\$0	\$0	\$4,000	\$4,000	\$8,000
Strategy: 3-1-1 Regulate Pari-mutuel Wagering to Maintain an Honest Racing Industry					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$2,500	\$2,500	\$5,000
<b>Gr Dedicated Total</b>	\$0	\$0	\$2,500	\$2,500	\$5,000

III 6.20

**61. PERCENT BIENNIAL BASE REDUCTION OPTIONS**

**10 % REDUCTION**

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/7/2012  
Time: 4:40:11PM

Agency code: 476 Agency name: Racing Commission

REVENUE LOSS      2014      2015 Biennial Total      2014      2015 Biennial Total      TARGET

Item Priority and Name/ Method of Financing      2014      2015 Biennial Total      2014      2015 Biennial Total

Strategy: 3-1-2 Conduct Wagrcing Compliance Inspections

Gr Dedicated

597 Texas Racing Comm Acct      \$0      \$0      \$1,500      \$1,500      \$3,000

**Gr Dedicated Total**      \$0      \$0      \$1,500      \$1,500      \$3,000

Strategy: 4-1-1 Central Administration and Other Support Services

Gr Dedicated

597 Texas Racing Comm Acct      \$0      \$0      \$3,400      \$3,400      \$6,800

**Gr Dedicated Total**      \$0      \$0      \$3,400      \$3,400      \$6,800

**Item Total**      \$0      \$0      \$28,150      \$28,150      \$56,300

**FTE Reductions (From FY 2014 and FY 2015 Base Request)**

4 Texas Bred Incentive Program

Category: Programs - Grant/Loan/Pass-through Reductions

Item Comment: Of the total GR Dedicated reduction of \$1,663,256, \$418,732 or 25% consists of grants to the Texas Bred Incentive Program for encouraging the breeding and racing of animals in Texas. Of these funds, 2.0% is allocated for Equine Research at Texas A&M University, 9.8% is allocated for administration of the Texas Bred Incentive Program to the various Breed Registries recognized by the Texas Racing Act and 88.2% is allocated for awards to be issued to owners of Accredited Texas Bred greyhounds and horses.

Strategy: 1-2-1 Allocate TX Bred Funds. Estimated and Nontransferable.

Gr Dedicated

597 Texas Racing Comm Acct      \$0      \$0      \$209,366      \$209,366      \$418,732

**Gr Dedicated Total**      \$0      \$0      \$209,366      \$209,366      \$418,732

**Item Total**      \$0      \$0      \$209,366      \$209,366      \$418,732

**FTE Reductions (From FY 2014 and FY 2015 Base Request)**

H. G. 21

61. PERCENT BIENNIAL BASE REDUCTION OPTIONS

10 % REDUCTION

Date: 8/7/2012  
Time: 4:40:11PM

83rd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: Racing Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS		REDUCTION AMOUNT		TARGET
	2014	2015 Biennial Total	2014	2015 Biennial Total	

5 Reduce Work Week

Category: Programs - Service Reductions (Other)

Item Comment: Of the total GR Dedicated reduction of \$1,663,256, \$102,939 or 6.1% consists of salaries that support a total of 1.2 FTE's over the following strateg

Strategy	FTE	FY 2014	FTE	FY 2015
1-3-2	0.2	\$ 8,438	0.2	\$ 8,439
2-1-1	0.2	\$ 6,947	0.2	\$ 6,947
1-4-1	0.2	\$10,822	0.2	\$10,822
1-4-2	0.2	\$ 7,592	0.2	\$ 7,592
3-1-1	0.2	\$ 7,280	0.2	\$ 7,280
3-1-2	0.2	\$10,400	0.2	\$10,400
Totals	1.2	\$51,479	1.2	\$51,480

This reduction is achieved by reducing six staff from 40 hour works weeks to 32 hour work weeks in targeted areas that least impact the agency's service population.

Strategy: 1-3-2 Monitor Occupational Licensee Activities

Gr Dedicated	2014	2015 Biennial Total	2014	2015 Biennial Total
597 Texas Racing Comm Acct	\$0	\$0	\$8,438	\$8,439
<b>Gr Dedicated Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,438</b>	<b>\$8,439</b>

Strategy: 1-4-1 Inspect and Provide Emergency Care

Gr Dedicated	2014	2015 Biennial Total	2014	2015 Biennial Total
597 Texas Racing Comm Acct	\$0	\$0	\$6,947	\$6,947
<b>Gr Dedicated Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,947</b>	<b>\$6,947</b>

Strategy: 1-4-2 Administer Drug Tests

Gr Dedicated	2014	2015 Biennial Total	2014	2015 Biennial Total
597 Texas Racing Comm Acct	\$0	\$0	\$10,822	\$10,822
<b>Gr Dedicated Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,822</b>	<b>\$10,822</b>

III-G-22

6L PERCENT BIENNIAL BASE REDUCTION OPTIONS

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/7/2012  
Time: 4:40:11 PM

Agency code: 476 Agency name: Racing Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS		REDUCTION AMOUNT		TARGET
	2014	2015 Biennial Total	2014	2015 Biennial Total	
<b>Gr Dedicated Total</b>	\$0	\$0	\$10,822	\$10,822	\$21,644
Strategy: 2-1-1 Administer the Occupational Licensing Program through Enforcement					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$7,592	\$7,592	\$15,184
<b>Gr Dedicated Total</b>	\$0	\$0	\$7,592	\$7,592	\$15,184
Strategy: 3-1-1 Regulate Pari-mutuel Wagering to Maintain an Honest Racing Industry					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$7,280	\$7,280	\$14,560
<b>Gr Dedicated Total</b>	\$0	\$0	\$7,280	\$7,280	\$14,560
Strategy: 3-1-2 Conduct Wagering Compliance Inspections					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$10,400	\$10,400	\$20,800
<b>Gr Dedicated Total</b>	\$0	\$0	\$10,400	\$10,400	\$20,800
<b>Item Total</b>	\$0	\$0	\$51,479	\$51,480	\$102,959
<b>FTE Reductions (From FY 2014 and FY 2015 Base Request)</b>					
			1.2	1.2	

6 Delay Replacement of Computer Equipment

Category: Programs - Delayed Program Implementation

Item Comment: Of the total GR Dedicated reduction of \$1,663,256, \$52,200 or 3% consists of other operating expense budgeted for the replacement of computer equipment in accordance with the Department of Information Resources' Life Cycle Recommendation Schedule. This reduction could impact the agency's information services capabilities.

Strategy: 4-1-2 Information Resources

H.G. 23

**61. PERCENT BIENNIAL BASE REDUCTION OPTIONS**

**10 % REDUCTION**

Date: 8/7/2012  
Time: 4:40:11PM

83rd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 476 Agency name: **Racing Commission**

TARGET

Item Priority and Name/ Method of Financing      2014      2015 Biennial Total      2014      2015 Biennial Total

Gr.Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$26,100	\$52,200
<b>Gr Dedicated Total</b>	\$0	\$0	<b>\$26,100</b>	<b>\$52,200</b>
<b>Item Total</b>	\$0	\$0	<b>\$26,100</b>	<b>\$52,200</b>

**FTE Reductions (From FY 2014 and FY 2015 Base Request)**

**7 Eliminate Wagering Integrity Professional Services**

**Category: Programs - Service Reductions (Contracted)**

**Item Comment:** Of the total GR Dedicated reduction of \$1,663,256, \$150,000 or 9% consists of professional fees and services budgeted for the independent testing of wagering systems located at the Texas racetracks. These services are used to assist with the validation that the wagering systems are operating in compliance with standards and reporting wagering activity accurately as recommended by the State Auditors Office. This reduction will impact the agency's ability to regulate the wagering systems operating at the Texas racetracks.

Strategy: 3-1-2 Conduct Wagering Compliance Inspections

Gr.Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$75,000	\$150,000
<b>Gr Dedicated Total</b>	\$0	\$0	<b>\$75,000</b>	<b>\$150,000</b>
<b>Item Total</b>	\$0	\$0	<b>\$75,000</b>	<b>\$150,000</b>

**FTE Reductions (From FY 2014 and FY 2015 Base Request)**

**8 Furlough Two Days Per Fiscal Year**

**Category: Across the Board Reductions**

III-G-24

61. PERCENT BIENNIAL BASE REDUCTION OPTIONS

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/7/2012  
Time: 4:40:11PM

Agency code: 476 Agency name: Racing Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS		REDUCTION AMOUNT		TARGET
	2014	2015 Biennial Total	2014	2015 Biennial Total	
<b>Item Comment:</b> Of the total GR Dedicated reduction of \$1,663,256, \$41,797 or 3% consists of salaries that support all agency staff. The reduction is achieved by furloughing each employee two days or 16 hours per fiscal year. This reduction impacts the following strategies:					
Strategy	FTE	FY 2014	FTE	FY 2015	
1-1-1	0.0	\$ 2,600	0.0	\$ 2,600	
1-3-1	0.0	\$ 3,950	0.0	\$ 3,950	
1-3-2	0.0	\$ 1,525	0.0	\$ 1,525	
1-4-1	0.0	\$ 1,450	0.0	\$ 1,450	
1-4-2	0.0	\$ 1,325	0.0	\$ 1,325	
2-1-1	0.0	\$ 2,150	0.0	\$ 2,150	
3-1-1	0.0	\$ 2,000	0.0	\$ 2,000	
3-1-2	0.0	\$ 1,025	0.0	\$ 1,025	
4-1-1	0.0	\$ 3,075	0.0	\$ 3,075	
4-1-2	0.0	\$ 1,799	0.0	\$ 1,798	
Totals	0.0	\$20,899	0.0	\$20,898	

This reduction will have a limited impact to the agency's service population.

Strategy: 1-1-1 Provide Regulatory and Enforcement Services to Racetrack Owners

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$2,600	\$2,600	\$5,200
<b>Gr Dedicated Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,600</b>	<b>\$2,600</b>	<b>\$5,200</b>

Strategy: 1-3-1 Supervise the Conduct of Racing through Enforcement and Monitoring

Gr Dedicated

597 Texas Racing Comm Acct	\$0	\$0	\$3,950	\$3,950	\$7,900
<b>Gr Dedicated Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,950</b>	<b>\$3,950</b>	<b>\$7,900</b>

Strategy: 1-3-2 Monitor Occupational Licensee Activities

H.G. 25

61. PERCENT BIENNIAL BASE REDUCTION OPTIONS

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/7/2012  
 Time: 4:40:11PM

Agency code: 476 Agency name: Racing Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS		REDUCTION AMOUNT		TARGET
	2014	2015 Biennial Total	2014	2015 Biennial Total	
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$1,525	\$1,525	\$3,050
<b>Gr Dedicated Total</b>	\$0	\$0	\$1,525	\$1,525	\$3,050
Strategy: 1-4-1 Inspect and Provide Emergency Care					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$1,450	\$1,450	\$2,900
<b>Gr Dedicated Total</b>	\$0	\$0	\$1,450	\$1,450	\$2,900
Strategy: 1-4-2 Administer Drug Tests					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$1,325	\$1,325	\$2,650
<b>Gr Dedicated Total</b>	\$0	\$0	\$1,325	\$1,325	\$2,650
Strategy: 2-1-1 Administer the Occupational Licensing Program through Enforcement					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$2,150	\$2,150	\$4,300
<b>Gr Dedicated Total</b>	\$0	\$0	\$2,150	\$2,150	\$4,300
Strategy: 3-1-1 Regulate Pari-mutuel Wagering to Maintain an Honest Racing Industry					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$2,000	\$2,000	\$4,000
<b>Gr Dedicated Total</b>	\$0	\$0	\$2,000	\$2,000	\$4,000
Strategy: 3-1-2 Conduct Wagering Compliance Inspections					
<u>Gr Dedicated</u>					

H.G.26

61. PERCENT BIENNIAL BASE REDUCTION OPTIONS

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/7/2012  
Time: 4:40:11PM

Agency code: 476 Agency name: Racing Commission

Item Priority and Name/ Method of Financing	REVENUE LOSS		REDUCTION AMOUNT		TARGET
	2014	2015 Biennial Total	2014	2015 Biennial Total	
597 Texas Racing Comm Acct	\$0	\$0	\$1,025	\$1,025	\$2,050
<b>Gr Dedicated Total</b>	\$0	\$0	\$1,025	\$1,025	\$2,050
Strategy: 4-1-1 Central Administration and Other Support Services					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$3,075	\$3,075	\$6,150
<b>Gr Dedicated Total</b>	\$0	\$0	\$3,075	\$3,075	\$6,150
Strategy: 4-1-2 Information Resources					
<u>Gr Dedicated</u>					
597 Texas Racing Comm Acct	\$0	\$0	\$1,799	\$1,798	\$3,597
<b>Gr Dedicated Total</b>	\$0	\$0	\$1,799	\$1,798	\$3,597
<b>Item Total</b>	\$0	\$0	\$20,899	\$20,898	\$41,797
FTE Reductions (From FY 2014 and FY 2015 Base Request)					
<b>GR Dedicated Total</b>			\$831,628	\$831,628	\$1,663,256
<b>Agency Grand Total</b>	\$0	\$0	\$831,628	\$831,628	\$1,663,256
Difference, Options Total Less Target					
<b>Agency FTE Reductions (From FY 2014 and FY 2015 Base Request)</b>			1.2	1.2	1.2



**TEXAS RACING COMMISSION**  
**P. O. Box 12080**  
**Austin, TX 78711-2080**  
**(512) 833-6699**  
**Fax (512) 833-6907**

**To:** Texas Racing Commissioners  
**From:** Chuck Trout, Executive Director  
**Date:** August 9, 2012  
**Subject:** Allocation of Live Race Dates for Horse Racetracks under Commission Rule 303.41 for the Period beginning January 1, 2013, and ending August 31, 2014.

---

At its meeting on June 19, 2012, the Commission voted to open an application period for race dates for January 1, 2013; through August 31, 2014. I subsequently issued a notification letter to each racetrack and established a due date for requests of July 20, 2012.

The Commission has now received race date requests from the following horse racetracks:

- Lone Star Park
- Retama Park
- Sam Houston Race Park
- Gillespie County Fair & Festivals Association
- Laredo Downs

I recommend that the Commission defer the allocation of race dates until the October meeting so that staff and the industry will have additional time to work on unresolved issues. In particular, the industry has not reached an agreement under Rule 321.505 for the allocation of simulcasting purse revenue among the various breeds of horses. This allocation is important to the race date process as the amount of purse money available to each breed is an essential factor that each racetrack considers in determining the number of race dates that it can accommodate.

Laredo Downs has submitted a request that the Commission consider its race dates be considered for approval at this meeting. A copy of its request for consideration and its request for race dates has been included in the packet for your consideration.

MOLTZ | MORTON | GLENN  
LLP

William J. Moltz  
(512) 439-2171  
wmoltz@MMandG.com

Travis Oaks Building  
5113 Southwest Parkway, Suite 120  
Austin, TX 78735  
(512) 439-2170  
Facsimile (512) 439-2165

July 30, 2011

Mr. Chuck Trout, Executive Director  
Texas Racing Commission  
8505 Cross Park Dr. #110  
Austin, TX 78754

Via Hand Delivery  
RECEIVED  
TEXAS RACING  
COMMISSION  
2011 JUL 30 PM 4:03

RE: Agenda Request  
Race Dates, Laredo Downs

Dear Dr. Schmidt,

As you will recall, at the Commission's June 19, 2012 meeting, a period to request race dates was opened from June 20 through July 20, 2012. By correspondence dated July 20, 2012, LRP Group, Ltd requested live race dates for Laredo Downs, Webb County, Texas pursuant to 16 TAC §303.41. It was our understanding that, as in the past, the Commission would consider race date requests submitted by the tracks at its August meeting. We now understand that, for reasons unrelated to the race dates themselves, the Commission staff might not be prepared to comprehensively address all of the various race date requests which have been submitted.

Laredo Downs is currently in the planning and negotiation stages for holding a live horse race meeting in Webb County at a temporary location. LRP Group, Ltd. plans on providing the details of this potential proposal as well as request necessary authorizations in the near future. As part of this proposal, however, it is important that Laredo Downs be granted live race dates prior to September 1, 2012.

The purpose of this letter, therefore, is to request pursuant to 16 TAC §303.4(e) that LRP Group, Ltd's recently filed race date request be considered for approval at the Commission's upcoming August 14, 2012 public meeting. While LRP Group, Ltd. has no objection to the Commission's consideration of race date requests submitted by other tracks, this request relates only to the race date request submitted by LRP Group, Ltd. In addition, LRP Group, Ltd. has no objection to the granting of "provisional" or "interim" live race dates subject to reconsideration or amendment by the Commission if and when the other tracks' race date requests are considered at a future date.

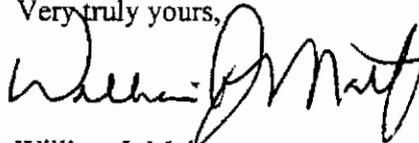
MOLTZ | MORTON | GLENN  
LLP

Mr. Chuck Trout, Executive Director  
July 30, 2012  
Page 2

Please feel free to contact me or Mr. Tommy Azopardi (512-473-0861) if you need any additional information.

Thanks you for your consideration.

Very truly yours,



William J. Moltz  
Attorney for LRP Group, Ltd.

WJM/pjp

cc: Dr. Robert Schmidt, Chairman  
Mr. Ronald F. Ederer, Vice Chairman ✓

MOLTZ | MORTON | GLENN  
LLP

Janessa C. Glenn  
(512) 439-2174  
jglenn@MMandG.com

Travis Oaks Building  
5113 Southwest Parkway, Suite 120  
Austin, TX 78735  
(512) 439-2170  
Facsimile (512) 439-2165

July 20, 2012

Mr. Sammy Jackson  
Deputy Director for Wagering & Racing Review  
Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, Texas 78754

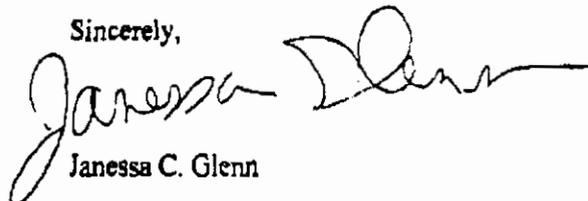
Via Facsimile

RE: Laredo Downs – Request for Live Race Dates

Dear Mr. Jackson:

Enclosed is LRP Group, Ltd.'s ("LRP") Request for Live Race Dates for 2014 as requested by the Texas Racing Commission ("Commission").

Sincerely,

  
Janessa C. Glenn

JCG/ktg  
Enclosure

2012 JUL 20 PM 4:16  
RECEIVED  
TEXAS RACING  
COMMISSION

(65110/4/000191011)

W.A.3

# TEXAS RACING COMMISSION

## REQUEST FOR LIVE RACE DATES

### HORSE RACETRACKS - 2014

**INSTRUCTIONS:** Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on Friday, July 20, 2012.

**I. Schedule Requested**

Name of Racetrack: LRP Group, Ltd.

<b><u>First Meet</u></b>	Opening Day: <u>08/22/2014</u>	Closing Day: <u>08/24/2014</u>
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input checked="" type="checkbox"/> Quarter Horse	# of Races Per Day <u>10</u>	Projected Purse Per Day \$ _____
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
<b>Totals</b>	# of Races Per Day _____	Projected Purse Per Day \$ _____
Meet Type: <input type="checkbox"/> TB	<input type="checkbox"/> QH <input type="checkbox"/> MX	Total Number of Race Days <u>3</u>

<b><u>Second Meet</u></b>	Opening Day: <u>08/29/2014</u>	Closing Day: <u>08/31/2014</u>
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input checked="" type="checkbox"/> Quarter Horse	# of Races Per Day <u>10</u>	Projected Purse Per Day \$ _____
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
<b>Totals</b>	# of Races Per Day _____	Projected Purse Per Day \$ _____
Meet Type: <input type="checkbox"/> TB	<input type="checkbox"/> QH <input type="checkbox"/> MX <input type="checkbox"/> N/A	Total Number of Race Days <u>3</u>

<b><u>Third Meet</u></b>	Opening Day: <u>    /    /    </u>	Closing Day: <u>    /    /    </u>
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Quarter Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
<b>Totals</b>	# of Races Per Day _____	Projected Purse Per Day \$ _____
Meet Type: <input type="checkbox"/> TB	<input type="checkbox"/> QH <input type="checkbox"/> MX <input type="checkbox"/> N/A	Total Number of Race Days _____

**II. Negotiation with Breed Registries**

Specify how the total races scheduled for 2014 will be allocated among the various breeds:

Appaloosa \_\_\_\_\_%      Arabian \_\_\_\_\_%      Paint \_\_\_\_\_%  
Quarter Horse 100 %      Thoroughbred \_\_\_\_\_%

Check all that apply:

- Attached are letters from the affected breed registries that have agreed to this allocation.
- The \_\_\_\_\_ breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

**Participants in Negotiations**

  /  /   No negotiations have take place \_\_\_\_\_  
  /  /   \_\_\_\_\_  
  /  /   \_\_\_\_\_  
  /  /   \_\_\_\_\_  
  /  /   \_\_\_\_\_

**III. Dates Requested**

Indicate on the attached calendar each live race date requested with a "T" (Thoroughbred), "QH" (Quarter Horse), or "M" (Mixed). Include standard post time in space provided on calendar. Any exceptions, such as holidays, should be noted.

**IV. Charity Days**

Indicate which days are designated as charity days:

*DESIGNATED BY RULE*

- (1) A charity that directly benefits the persons who work on the backside:  
08/22/2014 for Race Track Chaplaincy of Texas  
(Name of Charity)
- (2) A charity that primarily benefits research into the health or safety of race animals:  
08/29/2014 for Texas A&M Equine Research Fund  
(Name of Charity)

*OPTIONAL*

  /  /   2014 for \_\_\_\_\_  
(Name of Charity)

  /  /   2014 for \_\_\_\_\_  
(Name of Charity)

  /  /   2014 for \_\_\_\_\_  
(Name of Charity)

For each charity listed, attach the following information:

- 1. A brief description of the activities or purposes of the charity

The Race Track Chaplaincy of Texas's mission is to enhance the lives of all racing personnel through spiritually based guidance.

The Equine Research Account Advisory Committee helps address the informational needs of the equine breeding and racing industries by recommending grants from funding from the Texas A&M Equine Research Fund for equine research at Texas universities.

2. The name and address of each individual who serves as an officer or director
3. A copy of an I.R.S. letter of determination that qualifies the charity as an exempt organization for federal income tax purposes

See attached information. Additional information available upon request.

**V. Certificate of Service**

I hereby certify that on July 20, 2012, a true and correct copy of this request was sent to the persons listed below by:

Certified Mail R.R.R.     Regular Mail     Facsimile     Hand Delivery

  
Signature

Legal Counsel  
Title

Austin Jockey Club  
Bryan Brown, Vice President  
P.O. Box 47535  
San Antonio, TX 78285-7535

Gillespie County Fair & Festival  
Brian Roeder, General Manager  
P.O. Box 526  
Fredericksburg, TX 78624

Valle de los Tesoros Race Park  
Greg LaMantia, President  
3900 N. McColl Road  
McAllen, TX 78501

Laredo Race Park, LLP  
Andrea Young, President  
7575 N Sam Houston Pkwy W  
Houston, TX 77084-3417

Lone Star Park At Grand Prairie  
Drew Shubeck, President  
1000 Lone Star Parkway  
Grand Prairie, TX 75050

Manor Downs  
Howard Phillips, CEO  
P.O. Box 141308  
Austin, TX 78714

Retama Park  
Bryan Brown, CEO  
P.O. Box 47535  
San Antonio, TX 78265-7535

Saddle Brook Park  
Drew Alexander, President  
3822 Business Park Drive  
Amarillo, TX 79110

Sam Houston Race Park  
Andrea Young, President  
7575 N Sam Houston Pkwy W  
Houston, TX 77084-3417

**Laredo Downs**

(Name of Racetrack)

**Requested Live Race Dates for 2014**

JANUARY						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 New Year's Day	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20 Martin Luther King, Jr.	21	22	23	24	25
26	27	28	29	30	31	

FEBRUARY						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9	10	11	12	13	14 Valentine's Day	15
16	17 Presidents' Day	18	19	20	21	22
23	24	25	26	27	28	

MARCH						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4 Mardi Gras	5	6	7	8
9 Daylight Savings Begins	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**Laredo Downs**

(Name of Racetrack)

**Requested Live Race Dates for 2014**

APRIL						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20 Easter	21	22	23	24	25	26
27	28	29 1	30			

MAY						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3 Kentucky Derby
4	5	6	7	8	9	10
11 Mother's Day	12	13	14	15	16	17 Preakness
18	19	20	21	22	23	24
25	26 Memorial Day	27	28	29	30	31

JUNE						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7 Belmont
8	9	10	11	12	13	14
15 Father's Day	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Laredo Downs  
(Name of Racetrack)

Requested Live Race Dates for 2014

JULY						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4 Independence Day	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

AUGUST						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22 QH 12:30 p.m.	23 QH 12:30 p.m.
24 QH 12:30 p.m.	25	26	27	28	29 QH 12:30 p.m.	30 QH 12:30 p.m.
31 QH 12:30 p.m.						

**INFORMATION ON INDIVIDUAL  
CHARITY AVAILABLE UPON REQUEST**



## Texas Racing Commission

MAILING ADDRESS: P.O. BOX 12080 - AUSTIN, TX 78711-2080

PHONE: (512) 833-6699 FAX: (512) 833-6907

[www.txrc.state.tx.us](http://www.txrc.state.tx.us)

### MEMORANDUM

**TO:** Texas Racing Commissioners  
**FROM:** Chuck Trout, Executive Director  
**DATE:** August 9, 2012  
**SUBJECT:** Staff Review of Saddle Brook Park's Request for Approval of a Temporary Location to Conduct Simulcasting

On July 16, 2012, Saddle Brook Park (SBP) filed an application with the Commission requesting approval of a temporary license to conduct simulcasting at a temporary location under § 6.15 of the Texas Racing Act (TRA, or the "Act"). Staff has reviewed the application in light of the statutory requirements and the past guidance of the Commission. Following is a summary of staff's findings.

#### STATUTORY REQUIREMENTS

##### TRA § 6.15, Racing at Temporary Location

Section 6.15 of the Texas Racing Act authorizes the Commission to issue a temporary license to conduct races to a licensed racing association if the proposed temporary location is within the same county as the racetrack's designated location and the association has not yet completed its permanent facility. The license is valid for a period that expires two years after the temporary license is issued or until the

permanent facility is constructed, whichever occurs first, and may not be renewed or extended. The applicant for a temporary license must pay the fees and post the bonds required of other licenses before issuance of the license. The Act authorizes the Commission to set the conditions and standards for the issuance of a temporary license and the allocation of appropriate race days.

Saddle Brook Park, LLC meets the requirements of TRA § 6.15. It is a Class 2 horse racing association that was originally license by the Commission in 1989 as Lubbock Downs, Inc. In August of 2001, the Commission approved the change of ownership to Yellow Rose Entertainment, d/b/a Saddle Brook Park, and approved the change of location to Randall County. Although Saddle Brook Park initiated construction in 2002, it never completed the facility due to an Environmental Protection Agency (EPA) problem over sewage disposal. At the October 2009 meeting, Saddle Brook Park's representative reported that the prior EPA problem was no longer an issue.

SBP's designated racetrack location is within Randall County as is its proposed temporary location. The temporary facility is approximately six direct miles from the permanent racetrack facility. The Commission has not previously issued SBP a license to conduct racing at a temporary location. The original license holder paid the application fees required by the Commission, and the Commission has not established specific fees or bonds required for a temporary license.

**TRA § 6.07, Lease**

Richard Lynn Alexander, a 2.5% shareholder in SBP, will personally provide the funds for the acquisition, renovation, and operation of the temporary location. The sales contract, dated August 3, 2012, provides for a 30 day feasibility period, with two options to extend the feasibility period for 30 days each. The closing date is to be on or before 15 days after the expiration date of the feasibility period. According to the application, Mr. Alexander will then lease the building to SBP for a term of two years.

Copies of the sales and lease contracts are included in Exhibit A.

Under TRA § 6.07, both the lessee and lessor of a prospective lease must comply with the disclosure requirements under § 6.03(a)(1) for a background check. The required information includes each person's name, birth date, physical description, address, telephone number, and disclosure of any arrests and convictions. The Commission may not approve a lease if any of the following conditions exist: the lease appears to be a subterfuge to avoid the consequences of existing grounds for denial, revocation, or suspension of a license; the racetrack and surrounding structures do not conform to the Commission's rules; or the lessee or lessor is disqualified from holding a racetrack license.

The owners of SBP, the lessee, have previously complied with the disclosure and background check requirements. Lynn Alexander, as lessor, has submitted the required information identified in § 6.07 to the Department of Public Safety (DPS). DPS findings are included in the confidential portion of the Commission's meeting materials.

The lease does not appear to be a subterfuge, and the proposed facility will comply with all simulcasting rules.

#### **Management, Tote and Concessions Contracts**

SBP proposes to use Magellan Gaming, LLC, a consulting firm specializing in the management of gaming, live racing and simulcasting operations. Corey Johnsen is the President of Magellan and President and part-owner of Kentucky Downs, a horse racing facility located in Franklin, Kentucky. The contract between SBP and Magellan Gaming is included in the confidential portion of the Commission's meeting materials.

The applicant proposes to use AmTote International, Inc., for totalisator services. This is the same company that provides totalisator services for Lone Star Park and Retama Park. SBP has provided a copy of a proposal from AmTote to provide totalisator services, which is included in the confidential portion of the Commission's meeting materials.

There is no separate concessions contract. SBP will handle the concessions directly.

## **ADDITIONAL INFORMATION PROVIDED BY THE APPLICANT**

### **Overview of Request**

According to the applicant:

*Saddle Brook Park has a plan to be a productive member of the Texas horse racing industry. While we continue to develop our live racing location, we request TRC permission to operate a temporary simulcast facility within a few miles of our future live racing site. We have found an excellent facility that can be remodeled for business in less than 90 days.*

*We have purchased the land at our designated location. Construction plans are being re-drawn for the future racetrack, which will include a simulcast facility.*

SBP has requested that the Commission authorize its temporary location for the two year period beginning on October 15, 2012, and concluding on October 14, 2014. At the end of this period, SBP will transfer simulcasting operations to a permanent facility on its designated location.

In conjunction with this request, SBP has requested that the Commission open an application period for live race dates in October and November of 2014. SBP estimates that operations at the temporary simulcast facility will produce \$800,000 per year in purses and breeders' awards from an annual handle of \$10,300,000.

### **Temporary Location**

The proposed temporary location is a stand-alone building for simulcast operations located at 4332 SW 45<sup>th</sup> Avenue, Amarillo, Texas, 79109. The location is approximately six miles from the designated racetrack location. See Exhibit C for a map of the two locations.

The current residential, commercial and industrial uses for all property within a ½ mile around the proposed location are commercial and residential development. There are no schools within ½ mile of the facility. There are no churches in the immediate vicinity of the facility, but there are four within ½ mile. These are Southwest Church of Christ, Harvest Christian Fellowship, Redeemer Presbyterian Mission, and St. Stephen United Methodist Church.

### **Effect on Traffic Flow**

The location was previously used as a franchise restaurant. No improvements are needed to the roadways to ensure adequate access to the location.

### **Compliance with Zoning**

The location is zoned for General Retail. In a letter dated August 1, 2012, Marcus W. Norris, City Attorney for the City of Amarillo, certified that the zoning at 4332 S.W. 45<sup>th</sup> Avenue is suitable to allow the proposed use and further, that the City has no basis for prohibiting a simulcast/pari-mutuel enterprise there. (See Exhibit D.)

### **Compliance with Criminal Laws**

The licensee is in compliance with all criminal laws.

### **Applicant's Assets and Liabilities**

SBP has submitted the following documents regarding assets and liabilities:

- a consolidated Pro Forma Balance Sheet dated July 31, 2012, for Yellow Rose Entertainment, d/b/a Saddle Brook Park, with an Independent Accountant's Compilation Report.
- a Statement of Financial Condition describing the assets and liabilities of Richard Lynn Alexander and his spouse, Rovena Alexander.
- a letter from Lynn Alexander to Chuck Trout describing the extent and goals of his personal financial commitment.

These documents are in the confidential portion of the Commission's meeting materials.

**Facilities**

According to the application, SBP will remodel the existing building, a fully equipped restaurant, to accommodate simulcast operations, including bar and food concessions. The building contains approximately 6,312 square feet and is ADA compliant. The proposed contractor has estimated the cost to renovate the building at \$160,000.

Parking is adequate at 1.25 acres. SBP's renovation budget includes \$72,150 for resurfacing, sealing, and striping the parking lot.

TxRC and DPS staff will have accommodations in the facility's offices.

A diagram of the intended layout and photos of the unimproved facility are attached. (See Exhibit E.)

**Simulcast Operations**

Simulcast operations will operate Wednesday through Sunday, plus any Mondays that are also holidays. SBP projects the facility will employ approximately 10 people, and that sales will exceed \$2 million per year.

**Availability of Support Services and Emergency Services**

There will be no live racing at the proposed temporary location, therefore there is no need for the types of enhanced support and emergency services that are typically required for a race meeting.

**Experience of Employees**

SBP proposes to use Megellan, Inc. (TPM) as the management team. Corey Johnsen is the President of Magellan and President and part-owner of Kentucky Downs, a horse racing facility located in Franklin, Kentucky. He is also a former President and General Manager of Lone Star Park at Grand Prairie.

Other employees have not been identified. Each employee who works in an occupation that affords an opportunity to affect racing with pari-mutuel wagering, or who has significant access to restricted areas of the facility, will have to be licensed by the Commission and undergo a background check. The mutuel manager must also be approved by the executive director.

### **Allocation of Purse Money to Construction and to Other Texas Tracks**

SBP states that it will negotiate with the horsemen for a share of purse money to fund construction of the live facility. A portion of the remaining purse money would be available for transfer to other Texas tracks as determined by the horsemen's organization. However, as of the date of this report, SBP has not submitted an agreement with the breed associations or the Texas Horsemen's Partnership for the allocation of purse funds or the distribution of breed awards.

In a letter dated July 13, 2012, Dr. Gerald Farris, President of the Texas Thoroughbred Association (TTA), says the TTA supports the application for approval of a temporary simulcast facility contingent on an agreement among the respective state breed organizations on equitable breed splits. Dr. Farris says the TTA anticipates the breed splits will have been negotiated to the satisfaction of all breed organizations before the Commission's meeting on August 14.

See Exhibit B for copies of letters from the Texas Thoroughbred Association, the Texas Quarter Horse Association, and the Texas Horsemen's Partnership.

### **SBP's Plan for Construction of a Permanent Racing Facility**

SBP's designated racetrack location is a 286.114 acre site, located just south of IH 40, at the intersection of 34<sup>th</sup> and Arnot Road. According to the application and subsequent correspondence from SBP, construction plans are being re-drawn for the permanent racetrack facility.

SBP contemplates that the track will be a seven furlong oval, with a stable of approximately 200 stalls, and that the anchor building will be a 15,000 square foot structure which will handle the basic needs of the operation. During live racing days, temporary facilities will be secured to accommodate the patrons, with the anchor building supplying the necessary customer comforts. With a modest construction plan, combined with partner resources and retained earnings from the temporary simulcast facility, SBP states that it is confident of its ability to present live racing in 2014. All construction plans and any exemptions from the rules will require Commission approval.

According to the applicant:

*To begin live racing in 2014, construction will need to begin in the second half of 2013. The opening of a temporary simulcast facility will allow Saddle Brook Park to introduce the Amarillo market to pari-mutuel wagering on horse racing, as well as build capital for construction of the live facility. Saddle Brook Park will submit construction plans for approval during the second half of 2013 and will initiate construction later in 2013. The first day of live racing will be conducted by October 2014 with the TRC inspection and approval commencing 30 days prior to live racing.*

#### **Race Dates and Potential for Conflict with Other Licensed Race Meetings**

In accordance with Section 321.403, Simulcasting License, an association that has been granted live race dates includes as a part of its privileges, the privilege of conducting pari-mutuel wagering on simulcast races. SBP has no pending live race dates, therefore it cannot conduct simulcasting at this time. However, in conjunction with this application for approval to conduct simulcasting at a temporary location, SBP has requested that the Commission open an application for race dates for October and November of 2014.

## **Opposition and Support**

The American Quarter Horse Association, whose national headquarters are based in Amarillo, has written in support of SBP's application. A copy of the letter is included in Exhibit B. The Commission has received no letters of opposition.

## **POLICY FACTORS IDENTIFIED BY THE COMMISSION**

In 1994, the Commission identified by resolution several factors for consideration when determining whether to approve the conduct of racing at a location other than the site originally approved for the license. These factors and their application to SBP's proposal are described below:

1. *If the proposed additional property is not contiguous to the main racetrack site, the distance of the proposed additional property from the main racetrack site.*

SBP's designated racetrack location is a 286.114 acre site, located just south of IH 40 at the intersection of 34<sup>th</sup> and Arnot Road. The proposed temporary location, 4332 SW 45<sup>th</sup> Avenue, is approximately six direct miles from the racetrack location. See Appendix B for a map of the locations.

2. *The unconditional committed and declared use for the additional property.*

SBP intends to use the temporary location as a dedicated simulcasting center while capitalizing and constructing a permanent facility at its permanent designated location.

3. *The length of time that the proposed additional property will be used.*

SBP projects using the temporary location for the full two years allowed under TRA § 6.15.

4. *If the declared use of the proposed additional property is for pari-mutuel or simulcast wagering, the extent to which live races are capable of being conducted at the racetrack.*

SBP is incapable of conducting live races at its designated racetrack location because its facilities remain unbuilt.

5. *The degree to which the planned use of the proposed additional property directly relates to the ongoing operations of the racetrack rather than to other business purposes.*

At this time, SBP proposes to use the facility solely for simulcasting. SBP has not indicated that it intends to use the facility for any continuing purpose once the permanent facility has opened.

6. *The number and class of other pari-mutuel racetracks located within 100 miles of the proposed additional property.*

There are no pari-mutuel racetracks located within 100 miles of the proposed temporary simulcast facility.

7. *The extent to which the racetrack requesting approval of the site expansion is in full compliance with Commission rules.*

During race date allocations in September of 2010, the Commission granted SBP nine live race dates to be conducted in August 2011. SBP

did not conduct these race dates. This was potentially a violation of Rule 309.5(b), which requires an association to exercise reasonable diligence in preparing a racetrack to begin racing on the date approved by the Commission.

8. *The estimated increase in regulatory cost to the Commission caused by the expansion.*

Since SBP intends to conduct only simulcasting at its proposed temporary location, additional regulatory costs are minimal. Agency staff project that these additional regulatory costs can be absorbed within existing agency resources.

9. *The Commission will not approve a proposed site expansion to include property that is not contiguous to the main racetrack site if the Commission determines the additional property is more than five miles from the boundary of the main racetrack site.*

The proposed temporary location is more than five miles from the main racetrack site, being approximately six miles from SBP's designated location.

10. *If the Commission approves a site expansion to include a property that is not contiguous to the main racetrack site, the Commission will not authorize pari-mutuel wagering on the non-contiguous property if the Commission determines that the association requesting approval of the pari-mutuel wagering is, or is capable of, conducting pari-mutuel wagering on the main racetrack site.*

SBP has no physical facilities at its main racetrack site in which to conduct pari-mutuel wagering.

## **Exhibits**

Documents Available Upon Request

August 6, 2012

2012 AUG -6 PM 4:42

RECEIVED  
TEXAS RACING  
COMMISSION

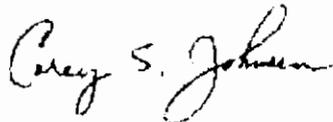
**Chuck Trout, Executive Director  
Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, Texas 78754**

Dear Chuck,

Saddle Brook Park requests that the Texas Racing Commission open an application period for future race dates, per TRC Rule 303.41. Saddle Brook Park is interested in applying for live race dates in October/November, 2014.

Thank You for your consideration of this matter.

Sincerely,



**Corey Johnsen  
Track/Simulcast Operator  
Saddle Brook Park**

V.C.1



**TEXAS RACING COMMISSION**  
**P. O. Box 12080**  
**Austin, TX 78711-2080**  
**(512) 833-6699**  
**Fax (512) 833-6907**

To: Texas Racing Commissioners  
From: Chuck Trout, Executive Director  
Date: August 9, 2012  
Subject: Designation of Active and Inactive Licenses

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At its meeting on August 14, 2012, the Commission will designate each racetrack license as active or inactive under § 6.0601 of the Texas Racing Act. This action will bring the Commission into compliance with Section 28(a) of HB 2271, which requires the Commission to make this designation no later than September 1, 2012.

In preparation for this decision, the Commission has adopted new Rule 309.51, a copy of which is attached for your use (pages IV.D.4-IV.D.7). The agency has also collected information from each license holder through the development, distribution and collection of an Active/Inactive Designation Form (pages IV.D.8-IV.D.50). These forms are also attached for your use.

Under the new rule, active licenses are designated as either Active-Operating or Active-Other. Inactive licenses are those that do not meet the criteria to be designated as Active-Operating or Active-Other.

**ACTIVE-OPERATING**

To be designated as Active-Operating, the license holder must have conducted live racing events at the racetrack during the previous State Fiscal Year and have been granted future live race dates.

The license holders that meet these criteria are:

<b>Gillespie County Fair</b>	(Class 3 horse racetrack, Fredericksburg)	IV-D-8
<b>Gulf Greyhound Park</b>	(Greyhound racetrack, La Marque)	IV-D-10
<b>Lone Star Park</b>	(Class 1 horse racetrack, Grand Prairie)	IV-D-12
<b>Retama Park</b>	(Class 1 horse racetrack, San Antonio)	IV-D-14
<b>Sam Houston Race Park</b>	(Class 1 horse racetrack, Houston)	IV-D-16
<b>Valley Race Park</b>	(Greyhound racetrack, Harlingen)	IV-D-18

IV-D-1

## **ACTIVE-OTHER**

To be designated as Active-Other, the license holder must meet the following test. It must have:

1. applied for and received pending live race dates, and
2. have taken one of the following actions to demonstrate good faith efforts to conduct live racing:
  - a) be presently conducting pre-opening simulcasting;
  - b) have demonstrated that the conduct of simulcast or live racing is imminent; or
  - c) voluntarily provided a bond to ensure that the license holder conducts pre-opening simulcasting and completes the pending allocated live race dates.

Applying the Active-Other test to the remaining license holders shows the following:

**Gulf Coast Racing** (Greyhound racetrack, Corpus Christi) IV-D-20

1. Gulf Coast Racing has applied for and received pending live race dates.
2. Gulf Coast Racing is presently conducting pre-opening simulcasting.

**Valle de los Tesoros** (Class 2 horse racetrack, McAllen) IV-D-25

1. Valle de los Tesoros has applied for and received pending live race dates.
2. Valle de los Tesoros is not presently conducting simulcasting and has not voluntarily provided a bond. In its designation form and the accompanying attachment, Valle de los Tesoros describes its efforts and has requested designation as Active-Other.

**Laredo Downs** (Class 2 horse racetrack, Laredo) IV-D-30

1. Laredo Downs has applied for but not received pending live race dates. Laredo Downs has requested that the Commission grant it race dates during the August meeting.
2. Laredo Downs is not presently conducting simulcasting and has not voluntarily provided a bond. In its designation form and the accompanying letter, Laredo Downs describes its efforts and requests designation as Active-Other. Laredo Downs has also provided a copy of its Option Agreement to purchase property in Tarrant County, a copy of which has been provided to you separately.

**Laredo Race Park** (Class 2 horse racetrack, Laredo) IV-D-34

1. Laredo Race Park has not applied for or received pending live race dates.
2. Laredo Race Park is not presently conducting simulcasting and has not voluntarily provided a bond. In its designation form and the accompanying letter, Laredo Race Park describes its efforts and requests designation as Active-Other.

**Longhorn Downs** (Class 2 horse racetrack, Creedmore) IV-D-41

1. Longhorn Downs has not applied for or received pending live race dates.
2. Longhorn Downs is not presently conducting simulcasting and has not voluntarily provided a bond. Longhorn Downs has not specifically requested designation as Active-Other, but has provided an update on the status of its current litigation.

**Manor Downs** (Class 2 horse racetrack, Manor) IV-D-46

1. Manor Downs has not applied for or received pending live race dates.
2. Manor Downs is not presently conducting simulcasting and has not voluntarily provided a bond. Manor Downs has not specifically requested designation as Active-Other.

**Saddle Brook Park** (Class 2 horse racetrack, Amarillo) IV-D-48

1. Saddle Brook Park has not applied for or received pending live race dates.
2. Saddle Brook Park is not presently conducting simulcasting and has not voluntarily provided a bond. Saddle Brook Park has not specifically requested designation as Active-Other.

Chapter 309. Racetrack Licenses and Operations

Subchapter A. Racetrack Licenses

Subdivision 2. Active and Inactive Racetrack Licenses

1 **Sec. 309.51. Designation of Active and Inactive Racetrack**  
2 **Licenses**

3 (a) Initial Designation. The Commission shall designate a  
4 racetrack license as either active or inactive as those  
5 terms are defined in subsection (b) of this section. The  
6 Commission shall make the initial designation for each  
7 racetrack license not later than September 1, 2012.

8 (b) Definitions.

9 (1) "Active-Operating" means the license holder  
10 conducted live racing events at the racetrack during the  
11 previous State Fiscal Year and has been granted future live  
12 race dates.

13 (2) "Active-Other" means the license holder has applied  
14 for and received pending live race dates under § 303.41 of  
15 this title (relating to Allocation of Race Dates), and  
16 taken the following actions to demonstrate good faith  
17 efforts to conduct live racing:

18 (A) is presently conducting pre-opening  
19 simulcasting;

20 (B) has demonstrated that the conduct of simulcast  
21 or live racing is imminent. Factors the Commission may  
22 consider include, but are not limited to, the license  
23 holder's:

24 (i) securing sufficient financial commitments to  
25 fund construction of the racetrack facility;

26 (ii) securing the real property of the  
27 designated racetrack location for which the  
28 racetrack license was granted, either by purchase  
29 or through a long-term lease of 20 years or more;

Chapter 309. Racetrack Licenses and Operations

Subchapter A. Racetrack Licenses

Subdivision 2. Active and Inactive Racetrack Licenses

1 (iii) entering into contracts for the  
2 construction of the simulcasting and racetrack  
3 facilities;

4 (iv) securing Commission approval of the racing  
5 facility's construction plans;

6 (v) securing permits and utilities necessary for  
7 the construction of the racing facilities;

8 (vi) beginning and sustaining construction of  
9 the simulcasting or live racing facilities; and

10 (vii) providing to the Commission a construction  
11 and operations management schedule demonstrating  
12 that simulcasting is imminent and that the  
13 facilities will be ready to conduct live racing by  
14 the beginning of the approved live race dates; or  
15 (C) voluntarily providing a bond under subsection  
16 (e) of this section to ensure that the license  
17 holder conducts pre-opening simulcasting and  
18 completes the pending allocated live race dates.

19 (3) "Inactive" means the license holder does not meet  
20 the requirements for the racetrack license to be designated  
21 as Active-Operating or Active-Other.

22 (c) Subsequent Designation. After the initial racetrack  
23 designation is made under subsection (a) of this section,  
24 the Commission may change the designation of the racetrack  
25 license at any time if the facts that supported the current  
26 designation change.

27 (d) Racetrack Reviews.

28 (1) Racetracks designated "Active-Operating" or  
29 "Active-Other" will undergo an ownership and management  
30 review every five years pursuant to § 6.06(k) of the Act.

Chapter 309. Racetrack Licenses and Operations

Subchapter A. Racetrack Licenses

Subdivision 2. Active and Inactive Racetrack Licenses

1       (2) Racetracks designated "Inactive" will undergo an  
2 annual review described by § 309.52 of this chapter  
3 (relating to Review and Renewal of Inactive Racetrack  
4 Licenses).

5       (e) Bonds.

6       (1) To be designated as Active-Other under subsection  
7 (b)(2)(C) of this section, a license holder shall submit a  
8 bond by September 1 of the State Fiscal Year for which it  
9 is offered.

10       (2) The amount of the bond for the State Fiscal Year  
11 beginning September 1, 2012, and each year thereafter is  
12 \$400,000.

13       (3) Return or Forfeiture of Bond.

14       (A) If the racetrack conducts pre-opening  
15 simulcasting during the first fiscal year of the bond,  
16 the bond shall be retained for an additional fiscal  
17 year or until the racetrack completes its live race  
18 dates. Upon successful completion of all of the  
19 racetrack's live race dates allocated for the first two  
20 fiscal years of the bond, the Commission shall return  
21 the bond to the license holder.

22       (B) If the racetrack does not conduct pre-opening  
23 simulcasting during the initial fiscal year of the  
24 bonding period, the bond shall be forfeited on August  
25 31 of the same fiscal year.

26       (C) If the racetrack conducts pre-opening  
27 simulcasting during the first fiscal year but fails to  
28 conduct all of its allocated live race dates during the  
29 first two fiscal years of the bond, the bond shall be  
30 forfeited on August 31 of the second fiscal year.

Chapter 309. Racetrack Licenses and Operations

Subchapter A. Racetrack Licenses

Subdivision 2. Active and Inactive Racetrack Licenses

1           (D) A bond is automatically forfeited on the date  
2           provided in this subsection unless the Commission takes  
3           action in an open meeting to return the bond or extend  
4           the date of automatic forfeiture.

5           (E) For purposes of this paragraph, live race dates  
6           do not include those race dates that have been excused  
7           by the executive secretary under § 303.41(h) of this  
8           title.

9           (4) The bond of a horse racetrack that is forfeited  
10          under this section shall accrue to the Escrowed Purse  
11          Account under § 321.509 of this title (relating to Escrowed  
12          Purse Account) and shall be distributed in accordance with  
13          that section. The bond of a greyhound racetrack that is  
14          forfeited under this section shall accrue to the state  
15          greyhound breed registry and be distributed through the  
16          Accredited Texas Bred Program.

17          (5) If an Active-Other racetrack forfeits a bond under  
18          this section, the Commission shall review and may change  
19          the license's designation at a regularly scheduled meeting  
20          to be held within the following four months of the bond  
21          forfeiture.

22          (f) Failure to Conduct Granted Live Race Dates. Except as  
23          excused by the executive secretary under § 303.41(h) of  
24          this title, if an Active-Operating or an Active-Other  
25          racetrack fails to conduct any live race dates granted to  
26          it by the Commission, the Commission shall review and may  
27          change the license's designation at a regularly scheduled  
28          meeting to be held within the following four months. This  
29          subsection does not apply to an Active-Other racetrack that  
30          has provided a bond under subsection (e) of this section.



Texas Racing Commission  
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## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME Gillespie County Fair & Festival Assoc. Inc.			
ADDRESS OF DESIGNATED RACETRACK LOCATION 530 Fair Drive	CITY Fredericksburg	STATE TX	ZIP CODE 78624
REPRESENTATIVE'S FIRST NAME Brian	REPRESENTATIVE'S LAST NAME Roeder		
REPRESENTATIVE'S BUSINESS STREET ADDRESS 530 Fair Drive	CITY Fredericksburg	STATE TX	ZIP CODE 78624
REPRESENTATIVE'S BUSINESS PHONE # 830 997 2359	REPRESENTATIVE'S FAX # 830 997 4923	REPRESENTATIVE'S E-MAIL ADDRESS [REDACTED]	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performances? (September 1, 2012, and beyond)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performances?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 – August 31, 2012)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
--	---

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
---	---

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

#### Has the association:

A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input type="checkbox"/> YES <input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES <input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performances?	<input type="checkbox"/> YES <input type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.


**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES  NO

**I affirm that I have provided the above information completely and truthfully.**

<small>PRINT NAME</small> Brian Roeder	
<small>SIGNATURE</small> X Brian Roeder	<small>DATE</small> 7-18-12
<small>TITLE</small> asst. G.M.	



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## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 8.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME <b>GULF GREYHOUND PARK</b>			
ADDRESS OF DESIGNATED RACETRACK LOCATION <b>P.O. BOX 488</b>	CITY <b>LAMARQUE</b>	STATE <b>TX</b>	ZIP CODE <b>777568</b>
REPRESENTATIVE'S FIRST NAME <b>SALLY</b>	REPRESENTATIVE'S LAST NAME <b>BRIGGS</b>		
REPRESENTATIVE'S BUSINESS STREET ADDRESS <b>1000 FM 2004</b>	CITY <b>LAMARQUE</b>	STATE <b>TX</b>	ZIP CODE <b>777568</b>
REPRESENTATIVE'S BUSINESS PHONE # <b>409 986-9580</b>	REPRESENTATIVE'S FAX # <b>409 986-9700</b>	REPRESENTATIVE'S E-MAIL ADDRESS <b>[REDACTED]</b>	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performance? (September 1, 2012, and beyond)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 - August 31, 2012)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
--	---

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES <input type="checkbox"/> NO
---	--

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:

A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input type="checkbox"/> YES <input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES <input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performance?	<input type="checkbox"/> YES <input type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.


**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?	<input type="checkbox"/> YES <input type="checkbox"/> NO
---	--

*I affirm that I have provided the above information completely and truthfully.*

<small>PRINT NAME</small> SALLY B BRIGGS	
<small>SIGNATURE</small> X <i>Sally B Briggs</i>	<small>DATE</small> 08-01-2012
<small>TITLE</small> GENERAL MANAGER	

IV-D-11



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## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME Global Gaming LSP, LLC d/b/a Lone Star Park at Grand Prairie			
ADDRESS OF DESIGNATED RACETRACK LOCATION Lone Star Parkway	CITY Grand Prairie	STATE TX	ZIP CODE 75050
REPRESENTATIVE'S FIRST NAME Drew	REPRESENTATIVE'S LAST NAME Shubeck		
REPRESENTATIVE'S BUSINESS STREET ADDRESS Lone Star Parkway	CITY Grand Prairie	STATE TX	ZIP CODE 75050
REPRESENTATIVE'S BUSINESS PHONE # 972 237-1112	REPRESENTATIVE'S FAX # 972 262-5622	REPRESENTATIVE'S E-MAIL ADDRESS [REDACTED]	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performances? (September 1, 2012, and beyond)	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performances?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 – August 31, 2012)	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
--	---	-----------------------------

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
---	------------------------------	--

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:

A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performances?	<input type="checkbox"/> YES	<input type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.


**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES    NO

***I affirm that I have provided the above information completely and truthfully.***

PRINT NAME Drew M. Shubeck	
SIGNATURE <input checked="" type="checkbox"/> 	DATE 7-19-12
TITLE	



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## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME			
Retama Development Corporation/Retama Partners, Ltd.			
ADDRESS OF DESIGNATED RACETRACK LOCATION	CITY	STATE	ZIP CODE
1 Retama Parkway	Selma	TX	78154
REPRESENTATIVE'S FIRST NAME		REPRESENTATIVE'S LAST NAME	
Bryan		Brown	
REPRESENTATIVE'S BUSINESS STREET ADDRESS	CITY	STATE	ZIP CODE
1 Retama Parkway	Selma	TX	78154
REPRESENTATIVE'S BUSINESS PHONE #	REPRESENTATIVE'S FAX #	REPRESENTATIVE'S E-MAIL ADDRESS	
(210) 651-7137	(210) 651-7097	[REDACTED]	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performances? (September 1, 2012, and beyond)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performances?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 - August 31, 2012)	<input type="checkbox"/> YES <input type="checkbox"/> NO
--	--

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES <input type="checkbox"/> NO
---	--

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:	
A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input type="checkbox"/> YES <input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES <input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performances?	<input type="checkbox"/> YES <input type="checkbox"/> NO

IV-D-14

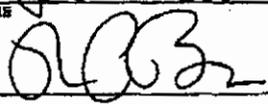
Please describe any additional actions or information the association wishes to present in support.


**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES  NO

***I affirm that I have provided the above information completely and truthfully.***

<small>PRINT NAME</small> Bryce P. Brown	
<small>SIGNATURE</small> X 	<small>DATE</small> 7/23/2012
<small>TITLE</small> CEO	



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
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## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME Sam Houston Race Park			
ADDRESS OF DESIGNATED RACETRACK LOCATION 7575 N. Sam Houston Pkwy W. Houston		CITY Houston	STATE TX
REPRESENTATIVE'S FIRST NAME Andrea		REPRESENTATIVE'S LAST NAME Young	
REPRESENTATIVE'S BUSINESS STREET ADDRESS 7575 N. Sam Houston Pkwy W. Houston		CITY Houston	STATE TX
REPRESENTATIVE'S BUSINESS PHONE # 281 807-8747	REPRESENTATIVE'S FAX # 281 807-8777	REPRESENTATIVE'S E-MAIL ADDRESS [REDACTED]	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performance? (September 1, 2012, and beyond)	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performance?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 – August 31, 2012)	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
--	---	-----------------------------

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
---	------------------------------	-----------------------------

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:	
A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input type="checkbox"/> YES <input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES <input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performance?	<input type="checkbox"/> YES <input type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.

NA

### VOLUNTARY BOND

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES  NO

*I affirm that I have provided the above information completely and truthfully.*

PRINT NAME

ANDREA YOUNG

SIGNATURE

X *ACYOUNG*

DATE

8-1-12

TITLE

PRESIDENT + CHIEF OPERATING OFFICER



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
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## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0801 requires the Commission to designate each racetrack license as Active or inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME <b>Valley Race Park</b>			
ADDRESS OF DESIGNATED RACETRACK LOCATION <b>2601 S. Ed Carey Dr.</b>		CITY <b>Harlingen</b>	STATE <b>TX</b>
ZIP CODE <b>78550</b>		REPRESENTATIVE'S FIRST NAME <b>Andrea</b>	REPRESENTATIVE'S LAST NAME <b>Young</b>
REPRESENTATIVE'S BUSINESS STREET ADDRESS <b>7575 N. Sam Houston Hwy W.</b>		CITY <b>Houston</b>	STATE <b>TX</b>
ZIP CODE <b>77064</b>		REPRESENTATIVE'S BUSINESS PHONE # <b>281.807-8747</b>	REPRESENTATIVE'S FAX # <b>281.807-8777</b>
REPRESENTATIVE'S E-MAIL ADDRESS <b>[REDACTED]</b>			

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performances? (September 1, 2012, and beyond)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performances?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 – August 31, 2012)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
--	---

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES <input type="checkbox"/> NO
---	--

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:	
A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input type="checkbox"/> YES <input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES <input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES <input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performances?	<input type="checkbox"/> YES <input type="checkbox"/> NO

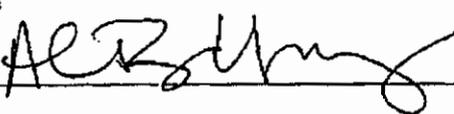
Please describe any additional actions or information the association wishes to present in support.


**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES  NO

*I affirm that I have provided the above information completely and truthfully.*

PRINT NAME ANDREA YOUNG	
SIGNATURE <input checked="" type="checkbox"/> 	DATE 8-1-12
TITLE PRESIDENT	

MOLTZ MORTON GLENN  
LLP

William J. Moltz  
(512) 439-2171  
wmoltz@MMandG.com

Travis Oaks Building  
5113 Southwest Parkway, Suite 120  
Austin, TX 78735  
(512) 439-2170  
Facsimile (512) 439-2165

August 1, 2011

Mr. Chuck Trout, Executive Director  
Texas Racing Commission  
8505 Cross Park Dr. #110  
Austin, TX 78754

**Via Hand Delivery**

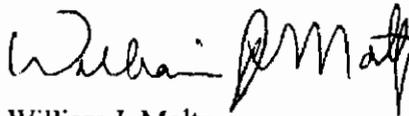
RE: Gulf Coast Racing  
Active/Inactive Designation Form

Dear Mr. Trout:

Enclosed please find the Active/Inactive Designation Form for Gulf Coast Racing. As evidenced in this form, this racetrack fulfills the statutory and regulatory requirements to be designated as "Active" pursuant to Section 6.0601(b) of the Texas Racing Act and "Active-Other" pursuant to 16 Tex. Admin. Code § 309.51(b)(2). We request that it be so designated.

Please feel free to contact me if you need any additional information.

Very truly yours,



William J. Moltz  
Attorney for Gulf Coast Racing

WJM/pjp  
Enclosure

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## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME Gulf Coast Racing / Gulf Coast Racing, LLC			
ADDRESS OF DESIGNATED RACETRACK LOCATION 5302 Leopard Street	CITY Corpus Christi	STATE TX	ZIP CODE 78408
REPRESENTATIVE'S FIRST NAME Gregory	REPRESENTATIVE'S LAST NAME LaMantia		
REPRESENTATIVE'S BUSINESS STREET ADDRESS 3900 N. McColl Road	CITY McAllen	STATE TX	ZIP CODE 78501
REPRESENTATIVE'S BUSINESS PHONE # (956) 687-7751	REPRESENTATIVE'S FAX # (956) 994-9734	REPRESENTATIVE'S E-MAIL ADDRESS [REDACTED]	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performances? (September 1, 2012, and beyond)	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performances?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 – August 31, 2012)	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
--	---

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
---	---

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:	
A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility? See Attached	<input type="checkbox"/> YES <input type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans? See Attached	<input type="checkbox"/> YES <input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility? See Attached	<input type="checkbox"/> YES <input type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility? See Attached	<input type="checkbox"/> YES <input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performances? See Attached	<input type="checkbox"/> YES <input type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.

As the Texas Racing Commission is well aware, simulcasting operations are ongoing at Gulf Coast Racing. These operations themselves show a good faith effort toward conducting live racing. The simulcasting operations are directly supporting ongoing and future live racing performances. Purses received from Gulf Coast Racing have directly benefited the kennels/greyhounds at Gulf Greyhound Park as follows:

2009: \$168,215.30  
2010: \$309,688.65  
2011: \$297,593.90  
2012: \$184,531.57 (thru week/ending 7/28/2012)  
Total: \$960,029.42

(Includes percentage of handle from simulcast and cross-species based on yearly TGA Agreements).

While I cannot speak directly for the TGA; however, they have always supported Gulf Coast Racing simulcasting since the kennels/greyhound owners at Gulf Greyhound benefit from the simulcasting at GCR.

In 2010, the Texas Racing Commission granted forty-three (43) performances to Gulf Coast Racing with the understanding that these performances would be run at Gulf Greyhound Park. Unfortunately, due to a shortage of greyhounds, only seventeen of seventeen (17) performances were run for Gulf Coast Racing. Nevertheless these actual live performances clearly show that Gulf Coast Racing has not only made and continues to make good faith efforts to conduct live racing, but has had actual live race performances, albeit at an alternative Site.

#### VOLUNTARY BOND

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?  YES  NO

**I affirm that I have provided the above information completely and truthfully.**

PRINT NAME

Grey Lamantia

SIGNATURE

X

DATE

8/1/12

TITLE

President

**Attachment to Active/Inactive Designation Form  
Gulf Coast Racing**

**Active- Other:**

- A. Has the association secured sufficient financial commitments to fund construction of the racetrack facility?**

The Texas Racing Commission is very familiar with the investors of Gulf Coast Racing and their continued financial commitment to the racetrack. Gulf Coast Racing has recently provided the Commission with updated financial information for the entity and documentation showing each investor's interest in Gulf Coast Racing. Gulf Coast Racing submitted financial documentation for each of the investors during the proceeding related to the Commissioner's approval of the sale of the new track to Gulf Coast Racing.

- B. Has the association secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?**

The Texas Racing Commission approved the sale of the racetrack to Gulf Coast Racing and as part of that sale was provided the documentation showing Gulf Coast Racing has secured the real property.

- C. Has the association entered into contract for the construction of simulcasting and/or racetrack facility?**

Gulf Coast Racing has permanent, updated facilities where it currently offers simulcasting, concessions, and opportunities for indoor and outdoor public and private events. The site also includes facilities for live racing (such as kennels and a racetrack surface). Some of those live racing facilities are in need of refurbishment. Gulf Coast Racing has secured sufficient financial commitments to fund this refurbishment, but has no active contracts for that work at this time.

- D. Has the association secured Commission approval of the racing facility's construction of the racing facility?**

Gulf Coast Racing has permanent, updated facilities where it currently offers simulcasting, concessions, and opportunities for indoor and outdoor public and private events. The site also includes facilities for live racing (such as kennels and a racetrack surface). Some of those live racing facilities are in need of refurbishment. Gulf Coast Racing has secured sufficient financial commitments to fund this refurbishment but has not sought Commission approval of any work plans at this time.

**E. Has the association secured permits and utilities necessary for the construction of the racing facilities?**

Gulf Coast Racing has permanent, updated facilities where it currently offers simulcasting, concessions, and opportunities for indoor and outdoor public and private events. All necessary utilities and permits for this ongoing operation have been secured. The site also includes facilities for live racing (such as kennels and a racetrack surface). Some of those live racing facilities are in need of refurbishment. It is possible that Gulf Coast Racing will need local construction permits and/or on-site expansion of its utilities for this project, but those are not of the nature that can be or should be secured in advance of the refurbishment project.

**F. Has the association begun or sustained construction of the simulcasting or live racing facility?**

Gulf Coast Racing has permanent, updated facilities where it currently offers simulcasting, concessions, and opportunities for indoor and outdoor public and private events. The site also includes facilities for live racing (such as kennels and a racetrack surface). Some of those live racing facilities are in need of refurbishment. Gulf Coast Racing has secured sufficient financial commitments to fund this refurbishment but has not begun that project at this time.

**G. Has the association provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performances?**

Gulf Coast Racing has permanent, updated facilities where it currently offers simulcasting. These operations are ongoing. The facilities for live racing at the Site are in need of refurbishment. Gulf Coast Racing has secured sufficient financial commitments to fund this refurbishment. However, Gulf Coast Racing has not begun this project because currently there are not enough racing animals to support additional live performances in Texas. In November, 2011, Gulf Greyhound Park had to cancel their Saturday matinee performances because of a shortage of greyhounds. Currently, there still is a tremendous shortage and Gulf Greyhound Park has not been able to add that performance back to their schedule. Also, many of the Texas farms have closed and the Texas Bred numbers (greyhounds born in Texas) are lower than in the past.

Rather than beginning its refurbishing project, Gulf Coast Racing has been evidencing its good faith efforts to conduct live racing by concentrating on increasing the purses for, and number of live racing performances at, Gulf Greyhound Park. Increasing purse and number of racing opportunities encourages owners and breeders to pursue racing their animals in Texas, and thus will allow for Gulf Coast Racing to begin live racing in Corpus Christi.

MOLTZ MORTON GLENN  
LLP

William J. Moltz  
(512) 439-2171  
wmoltz@MMandG.com

Travis Oaks Building  
5113 Southwest Parkway, Suite 120  
Austin, TX 78735  
(512) 439-2170  
Facsimile (512) 439-2165

August 1, 2011

Mr. Chuck Trout, Executive Director  
Texas Racing Commission  
8505 Cross Park Dr. #110  
Austin, TX 78754

**Via Hand Delivery**

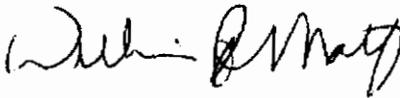
RE: Tesoros Race Park/ Valle de los Tesoros, Ltd.  
Active/Inactive Designation Form

Dear Mr. Trout:

Enclosed please find the Active/Inactive Designation Form for Valle de los Tesoros, Ltd. As evidenced in this form, this racetrack fulfills the statutory and regulatory requirements to be designated as "Active" pursuant to Section 6.0601(b) of the Texas Racing Act and "Active-Other" pursuant to 16 Tex. Admin. Code § 309.51(b)(2). We request that it be so designated.

Please feel free to contact me if you need any additional information.

Very truly yours,



William J. Moltz  
Attorney for Valle de los Tesoros, Ltd.

WJM/pjp  
Enclosure

2011 AUG -1 PM 3:58  
RECEIVED  
TEXAS RACING  
COMMISSION

2012 AUG -1 PM 4:53



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
 Austin, TX 78754-4594  
 Phone (512) 833-6889 Fax (512) 833-6907  
 www.brc.state.tx.us

RECEIVED  
 TEXAS RACING  
 COMMISSION

## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0801 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME Tesoros Race Park / Valle de los Tesoros Ltd.				
ADDRESS OF DESIGNATED RACETRACK LOCATION 10th Street and Dicker Road		CITY McAllen	STATE TX	ZIP CODE 78557
REPRESENTATIVE'S FIRST NAME Gregory		REPRESENTATIVE'S LAST NAME LaMantia		
REPRESENTATIVE'S BUSINESS STREET ADDRESS 3900 N. McColl Road		CITY McAllen	STATE TX	ZIP CODE 78501
REPRESENTATIVE'S BUSINESS PHONE # (956) 687-7751	REPRESENTATIVE'S FAX # (956) 984-9734	REPRESENTATIVE'S E-MAIL ADDRESS [REDACTED]		

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performance? (September 1, 2012, and beyond)	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performance?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 - August 31, 2012)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
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### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
---	------------------------------	--

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:

A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performance?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.

Valle de los Tesoros, Ltd. ("VDLT") maintains its ownership in real property in McAllen, Texas for the designated racetrack location. VDLT has been actively working with the appropriate governmental entities and utilities to obtain the required utility infrastructure to begin construction at the Site. VDLT representatives recently met with the new Mayor of the City of Hidalgo. That City now has a water and sewer access point approximately ¼ to ½ mile from VDLT's proposed Site. Officials from the City of Hidalgo and the City of McAllen have both instructed their engineering firms to draw up plans for utility connections to the Site. This is real forward progress toward beginning construction at the Site, as utilities are the last hurdle before construction plans can begin.

VDLT filed a comprehensive application to begin simulcasting at a temporary location while utilities could be secured at the Site and construction plans could be finalized. This included entering into a lease for a temporary location and submitting to the Commission staff remodeling plans, a simulcasting opening time-line, and an estimated profit and loss statement. VDLT worked directly with the Commission staff to insure the temporary location and operation plans fulfilled Commission requirements. Members of the staff visited the proposed temporary location in person, and numerous meetings and telephone conversations between the staff and VDLT representatives were held, with positive results. Nevertheless, the Commission voted to deny VDLT's application for a temporary location.

VDLT has consistently pursued and presented new ideas to the Commission intended to promote live racing throughout Texas. Commissioners have praised VDLT for such "thinking outside the box" ideas during Agenda Meetings. Beginning simulcasting in a temporary location was just one of those ideas. In addition, VDLT has worked closely with Texans for Economic Development, whose goal is to enhance Texas horseracing to the benefit of all members of the industry, allowing for the industry-wide economic stability that will lead to additional racetracks and thus additional live racing opportunities. VDLT is an active participant in Commission Agenda Meetings, stakeholder meetings, and one-on-one conversations with the Commission staff as part of its continuing efforts to promote live racing in Texas.

Cumulatively, VDLT has incurred significant costs in its efforts to move forward to a live racing facility in McAllen, Texas. VDLT's continuing interest, support, and belief in the future of the industry shows it is making good faith efforts to conduct live racing.

### VOLUNTARY BOND

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?  YES  NO

I affirm that I have provided the above information completely and truthfully.

PRINT NAME

Greg Lamantia

SIGNATURE

X

DATE

7/31/12

TITLE

President

**ATTACHMENT TO VDLT  
ACTIVE/INACTIVE DESIGNATION FORM**

**Active-Other**

- A. Has the association secured sufficient financial commitments to fund construction of the racetrack facility?

The Texas Racing Commission is very familiar with the partners in VDLT and their continued financial commitment to the racetrack. VDLT has recently provided the Commission with updated financial information for the entity and documentation showing each partner's interest in VDLT. During the initial application process, VDLT submitted the tax returns and other financial documentation for each of the partners.

- B. Has the association secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?

Please see the attached excerpt from a General Warranty Deed showing VDLT as Grantee.

gf# 733475-DSK  
EAT

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**GENERAL WARRANTY DEED**

Date: June 5, 2007

Grantor: **THESEER PARTNERS, LTD., a Texas Limited Partnership (as to an undivided 52% interest); FRANK THESEER, JR. (as to an undivided 12% interest); ROBERT THESEER (as to an undivided 12% interest); JOYCE LOCKE (as to an undivided 12% interest); and JANET NOLAND (as to an undivided 12% interest); each of the individual Grantors dealing in their separate property and owning, occupying and claiming other property as homestead**

Grantor's Mailing Address: **c/o THESEER PARTNERS, LTD.  
610 Windmore Ct.  
San Antonio, Bexar County, Texas 78258**

Grantee: **VALLE DE LOS TESOROS, LTD., a Texas limited partnership**

Grantee's Mailing Address: **3900 North McColi Rd.  
McAllen, Hidalgo County, Texas 78501**

Consideration: **Cash and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.**

Property (including any improvements):

**See EXHIBIT "A" attached hereto and incorporated herein.**

Reservations from Conveyance:

*For Grantor and Grantor's heirs, successors, and assigns forever, a reservation of all oil, gas, and other minerals in and under and that may be produced from the Property. If the mineral estate is subject to existing production or an existing lease, this reservation includes the production, the lease, and all benefits from it.*

*Subject to the rights of the owners of any mineral interests or any lessees under existing, oil, gas and mineral leases, which rights are reflected in instruments recorded in the Official Records, Hidalgo County, Texas, prior to the date of this deed, Grantor waives and releases, on behalf of Grantor and Grantor's successors and assigns, all rights of ingress and egress to enter upon or to use the surface of the Property or any part thereof, for purposes of exploring for, developing and/or producing the oil, gas and/or other minerals in and under, and that may be produced from the Property, or any other purpose incident thereto. Any future leases for oil, gas and/or other minerals executed by Grantor, and/or Grantor's successors and assigns, covering the oil, gas and/or other minerals in and under, and that may be produced from the Property to conduct*

IV-D-29

MOLTZ | MORTON | GLENN  
LLP

William J. Moltz  
(512) 439-2171  
wmoltz@MMandG.com

Travis Oaks Building  
5113 Southwest Parkway, Suite 120  
Austin, TX 78735  
(512) 439-2170  
Facsimile (512) 439-2165

August 1, 2011

Mr. Chuck Trout, Executive Director  
Texas Racing Commission  
8505 Cross Park Dr. #110  
Austin, TX 78754

**Via Hand Delivery**

RE: Laredo Downs / LRP Group, Ltd.  
Active/Inactive Designation Form

Dear Mr. Trout:

Enclosed please find the Active/Inactive Designation Form for Laredo Downs. As evidenced in this form, this racetrack fulfills the statutory and regulatory requirements to be designated as "Active" pursuant to Section 6.0601(b) of the Texas Racing Act and "Active-Other" pursuant to 16 Tex. Admin. Code § 309.51(b)(2). We request that it be so designated.

Please feel free to contact me if you need any additional information.

Very truly yours,



William J. Moltz  
Attorney for LRP Group, Ltd.

WJM/pjp  
Enclosure

2012 AUG -1 PM 3:57  
RECEIVED  
TEXAS RACING  
COMMISSION



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
 Austin, TX 78754-4594  
 Phone (512) 833-6699 Fax (512) 833-6907  
 www.txrc.state.tx.us

2012 AUG -1 PM 4: 53

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## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME Laredo Downs / LRP Group, Ltd.			
ADDRESS OF DESIGNATED RACETRACK LOCATION Hwy. 59	CITY Laredo	STATE TX	ZIP CODE 78043
REPRESENTATIVE'S FIRST NAME Gregory		REPRESENTATIVE'S LAST NAME LaMantia	
REPRESENTATIVE'S BUSINESS STREET ADDRESS 3900 N. McColt Road	CITY McAllen	STATE TX	ZIP CODE 78501
REPRESENTATIVE'S BUSINESS PHONE # (956) 687-7751	REPRESENTATIVE'S FAX # (956) 994-9734	REPRESENTATIVE'S E-MAIL ADDRESS [REDACTED]	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performance? (September 1, 2012, and beyond)	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performance?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 - August 31, 2012)	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
--	---

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
---	---

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

<b>Has the association:</b>	
A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more? *	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performance?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

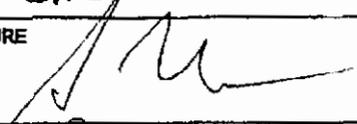
\* While LRP does not own the property located on Hwy 59 in Webb County (Laredo) Texas, LRP does have an option to purchase property located in Tarrant County (Fort Worth) Texas. The Fort Worth site is owned by the Hickman Family Limited Partnership. Mr. Holt Hickman also has an ownership interest in LRP. This Fort Worth site is the same property that was designated in LRP's previously filed application for transfer to a new location. LRP continues to consider this property in Fort Worth as a potential site for the racetrack.

IV-D 31

Please describe any additional actions or information the association wishes to present in support.
LRP Group, Ltd. ("LRP") maintains an option on real property in Fort Worth, Texas for the racetrack location.
LRP filed a comprehensive application to relocate Laredo Downs from Laredo, Texas, to Fort Worth, Texas, with a name change to Silver Creek Race Park. This included an extensive search for a viable location, and entering into a contract for real property in Fort Worth. As explained in that application, it is LRP's goal not just to open a racetrack, but to build and operate a racetrack in a location that will support economic success, which will ultimately benefit the entire racing industry. LRP worked directly with the Commission staff with respect to the application. Unfortunately, after extensive discussions with the Commission staff, LRP elected to withdraw that application. Such withdrawal should not be viewed as an indication that LRP is not dedicated to the construction and operation of a racetrack, or that LRP is not making good faith efforts to conduct live racing. LRP intends to file an application for relocation to a site in Tarrant County and/or Fort Worth.
Laredo Downs is currently in the planning and negotiation stages for holding a live horse race meeting in Webb County at a temporary location. LRP Group, Ltd. plans on providing the details of this potential proposal as well as request necessary authorizations in the near future.
LRP has consistently pursued and presented new ideas to the Commission intended to promote live racing throughout Texas. Commissioners have praised LRP for such "thinking outside the box" ideas during Agenda Meetings. In addition, Texas Commissioners have praised LRP for such "thinking outside the box" ideas during Agenda Meetings. In addition, thus additional live racing opportunities. LRP is an active participant in Commission Agenda Meetings, stakeholder meetings, and one-on-one conversations with the Commission staff as part of its continuing efforts to promote live racing in Texas.
Cumulatively, LRP has incurred significant costs in its efforts to move forward to a live racing facility, evidencing its commitment. LRP's continuing interest, support, and belief in the future of the industry shows it is making good faith efforts to conduct live racing.

**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
---	---

<b><i>I affirm that I have provided the above information completely and truthfully.</i></b>	
PRINT NAME Greg Lambertia	
SIGNATURE <input checked="" type="checkbox"/> 	DATE 7/31/18
TITLE President	

IV-D-32

**ATTACHMENT TO LRP GROUP, LTD.  
ACTIVE/INACTIVE DESIGNATION FORM**

**Active-Other**

- A. Has the association secured sufficient financial commitments to fund construction of the racetrack facility?

The Texas Racing Commission is very familiar with the partners in LRP and their continued financial commitment to the racetrack. LRP has recently provided the Commission with updated financial information for the entity and documentation showing each partner's interest in LRP. During the initial application process, LRP submitted the tax returns and other financial documentation for each of the partners.

- B. Has the association secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?

Please see attached "Option Agreement".



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
 Austin, TX 78754-4594  
 Phone (512) 833-6699 Fax (512) 833-6907  
 www.txrc.state.tx.us

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 TEXAS RACING  
 COMMISSION

## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME <b>Laredo Race Park</b>			
ADDRESS OF DESIGNATED RACETRACK LOCATION <b>SEE ATTACHED LEGAL DESCRIPTION LAREDO</b>		CITY <b>LAREDO</b>	STATE <b>TX</b>
REPRESENTATIVE'S FIRST NAME <b>Andrea</b>		REPRESENTATIVE'S LAST NAME <b>Young</b>	
REPRESENTATIVE'S BUSINESS STREET ADDRESS <b>7575 N. Sam Houston Pkwy W.</b>		CITY <b>Houston</b>	STATE <b>TX</b>
REPRESENTATIVE'S BUSINESS PHONE # <b>281 807-8747</b>		REPRESENTATIVE'S FAX # <b>281 807-8777</b>	REPRESENTATIVE'S E-MAIL ADDRESS <b>[REDACTED]</b>
ZIP CODE		ZIP CODE <b>77064</b>	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performances? (September 1, 2012, and beyond)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performances?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 - August 31, 2012)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
--	------------------------------	--

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
---	------------------------------	--

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:

A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more? <b>OPTION CONTRACT</b>	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans? <b>SEE ORIGINAL APPLICATION</b>	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performances?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.

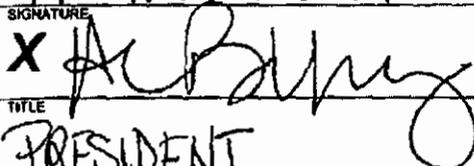
SEE ATTACHED LETTER AND LEGAL DESCRIPTION

**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES  NO

*I affirm that I have provided the above information completely and truthfully.*

PRINT NAME ANDREA YOUNG	
SIGNATURE X 	DATE 8-1-12
TITLE PRESIDENT	

## LOCATION

The proposed site for the Laredo Racetrack is on Mines Road, a four lane divided highway approximately 11 miles from Loop 20 near the Word Trade Center Bridge in Laredo and 5 miles from the Camino Columbia Toll Road and Bridge.



2012 AUG -1 PM 4: 57

RECEIVED  
TEXAS RACING  
COMMISSION

August 1, 2012

Texas Racing Commission  
8505 Cross Park Drive, Suite 110  
Austin, Texas 78754

Re: *Designation of LRP License Pursuant to H.B. 2271*

Dear Commissioners:

Laredo Race Park (LRP) appreciates the opportunity to provide this information regarding the good faith efforts it is making to conduct live racing in Laredo under its existing license for a Class II Horse Racetrack. LRP was an active participant in developing the rule to implement H.B. 2271 that was adopted at the June 17 Texas Racing Commission meeting, and appreciates the Commission's consideration of LRP's activities in making license designations pursuant to that rule.

**Background of the LRP License**

Laredo Race Park was granted a Class II horse racing license for a Laredo location on September 1, 2007, following a lengthy and contested case. The LRP license is under the same ownership and management as two pre-existing, successful racetracks in Texas: Sam Houston Race Park (SHRP), a Class I horse license in Houston that has continuously operated since 1994, and Valley Race Park (VRP), a greyhound license in Harlingen that has been in continuous operation since 2000. Both tracks held live race meets during the past year, and the management and ownership of these tracks has consistently demonstrated their ability to construct and maintain successful racing operations over the years.

Following LRP's approval of the application in 2007, the circumstances surrounding constructing and operating a racetrack in Laredo substantially changed. First, as the Commission is aware, the U.S. experienced a financial crisis in 2008 that had a profound impact on the ability to plan, finance, and construct new projects, much less attract patrons to a recreational activity during times of high unemployment and economic instability. Furthermore, the financial crisis severely impacted the business levels at all of the existing horse racetracks throughout the state. From the period of 2008-2010, all of the Texas racetracks experienced significant, double digit declines in business levels that could not have been predicted at the time of application. In addition, negotiations with public officials in Laredo have proven extremely challenging, delaying possible alternative plans and the installation of essential utilities like water and electricity, thus making it difficult to obtain the permits necessary to construct the LRP license. These are issues that could not reasonably have been foreseen prior to the approval of the LRP license.

In the face of these challenges and setbacks in the development of the LRP facility, LRP has been continuously engaged in finding ways to manage and overcome these issues. Despite the obstacles experienced to date, the LRP ownership and management is committed to constructing a racetrack and conducting live racing, and has continuously made good faith efforts to pursue live racing under the LRP license, as discussed below.

**LRP's Good Faith Efforts to Pursue Live Racing**

The proven track records of SHRP and VRP demonstrate that the LRP ownership and management have the resources and skills required to construct and operate a successful racetrack

**Laredo Race Park**

7575 North Sam Houston Parkway West, Houston, TX, 77064 • 281.807.8700

IV-D-37

under suitable circumstances. Given the developments discussed above, LRP has been in an ongoing process of examining ways to modify its original proposal and find a way to construct a successful racetrack in Laredo or, if necessary, at an alternative location. For some time now, LRP has been providing periodic status reports to the Commission and has appeared at Racing Commission meetings to discuss its activities and answer questions from the Commissioners regarding those activities.

Despite the challenges LRP has experienced, LRP has taken the following actions to pursue construction of a racing facility for the LRP license and to promote the racing industry in Texas:

- Maintaining rights to the Mines Road location for the LRP facility at substantial cost to LRP;
- Ongoing negotiations with regulatory authorities at the licensed location and other potential locations concerning preconstruction matters such as land rights, zoning, utilities, and road improvements;
- Examining the potential for a change in location request;
- Completing a partial ownership transfer to Penn National Gaming, bringing additional resources and experience to the LRP, SHRP and VRP licenses;
- Demonstrating an experienced team of employees and officers capable of developing the project;
- Participating in TRC working group meetings and making regular reports to the Commission;
- Maintaining access to financial capital necessary to complete the project;
- Making regular and timely payments to the TRC to support the horse racing industry; and
- Pursuing regulatory changes that would improve the economic viability of live racing at the LRP location and throughout the state.

#### Immediate Plans to Conduct Live Racing and/or Initiate Simulcasting

In addition to the ongoing good faith efforts to conduct live racing described above, LRP is currently in negotiations for specific near-term plans to conduct live racing and simulcasting at a temporary Laredo location. LRP intends to discuss this proposal in further detail with the Commission in the coming weeks to identify the approvals that would be required and other regulatory issues that may be involved.

#### Conclusion

LRP has demonstrated continuous and ongoing good faith efforts to conduct live racing. Under the requirements of H.B. 2271, these good faith efforts support designating the LRP license as "Active-Other." Although LRP's efforts have not been successful to date, this lack of success is not representative of the effort, time and resources that the LRP team has invested pursuing live racing at the licensed location, or potentially at an alternative location. Discussion with Senator Hinojosa's staff at the June 6 Rules Committee meeting also supports the conclusion that the efforts undertaken by LRP are consistent with the type of "good faith efforts" the Legislature envisioned in adopting the recent statutory revisions. LRP therefore respectfully requests designation as an "Active-Other" license.

LRP appreciates the opportunity to submit this information to the Commission and will have a representative available at the TRC meeting on August 14 to answer any questions. In the meantime, please feel free to contact me if you would like additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. B. Young', written over the typed name.

Andrea B. Young  
President

Exhibit "A"

Property Description



Sherfey Engineering Company, L.L.C.

TBPE FIRM REGISTRATION No. P-3132

104 Dyl Court Suite 400 Laredo, Texas 78041 PH: (956) 791-3311 FAX: (956) 791-3344

NOTES AND BOUNDS DESCRIPTION

200.00 ACRES TRACT

PORTION OF ABSTRACT 11 - PORTCHER, ABSTRACT 29  
WEBB COUNTY, TEXAS

A tract of land containing 200.00 acres of land, more or less, situated in Portchur 00, Abstract 29, and Precinct 07, Abstract 29, Elgin Maria (Mac Chiglar) Center, out of a c1867 146.20 acre Blaudel Tract as originally recorded in Volume 190, Page 149, Webb County Deed, and being more particularly described by notes and bounds as follows:

COMMENCEMENT at a point on the northern right-of-way line of F.M. 1472 (Mines Road), being the northeast corner of the right-of-way acquisition for said F.M. 1472, as recorded in Volume 1534, Page 743, Webb County Real Property Records, and being the southeast corner of the Reganovich Homestead of Texas, L.L.C. tract, as recorded in Volume 1724, Pages 720-723, Webb County Deed Records;

THENCE, continuing along the east right-of-way line of said F.M. 1472 (Mines Road), along a curve to the left, having a radius of 1913.00 feet, a delta of 00°13'19", a chord and chord bearing of 8.19 feet and S 60°15'37" E, a distance of 8.19 feet, a tangent point;

THENCE, S 62°22'57" E, continuing along the northern right-of-way line of said F.M. 1472, and being the west boundary line of the said Blaudel Tract, a distance of 3184.28 feet to a set 1/2 inch iron rod, the POINT OF BEGINNING and southeast corner of the herein described tract;

THENCE, N 29° 37' 03" E, leaving the northern right-of-way line of said F.M. 1472 (Mines Road), a distance of 236.17 feet to a set 1/2 inch iron rod, a point of curvature to the right;

THENCE, along said curve to the right having a radius of 930.00 feet, a delta of 31° 49' 30", a chord and chord bearing of 524.67 feet and N 46° 07' 18" E, a distance of 544.07 feet to a set 1/2 inch iron rod, a tangent point;

THENCE, N 62° 22' 53" E, a distance of 200.00 feet to a set 1/2 inch iron rod, a point of curvature to the left;

THENCE, along said curve to the left having a radius of 1020.00 feet, a delta of 42° 07' 29", a chord and chord bearing of 794.14 feet and N 41° 23' 08" E, a distance of 771.37 feet to a set 1/2 inch iron rod, a tangent point;

THENCE, N 20° 20' 23" E, a distance of 191.83 feet to a set 1/2 inch iron rod, a deflection right;

THENCE, N 62° 04' 36" E, a distance of 7161.34 feet to a set 1/2 inch iron rod, the easterly corner of the herein described tract;

THENCE, S 27° 35' 24" E, a distance of 2307.16 feet to a set 1/2 inch iron rod, the most westerly corner of the herein described tract;

THENCE, S 62° 07' 24" W, a distance of 2434.06 feet to a set 1/2 inch iron rod, a deflection right;

THENCE, N 60° 22' 53" W, a distance of 1143.07 feet to a set 1/2 inch iron rod, an easterly corner of the herein described tract;

THENCE, S 62° 27' 53" W, a distance of 142.75 feet to a set 1/2 inch iron rod, a point of curvature to the left;

THENCE, along said curve to the left, having a radius of 450.00 feet, a delta of 32° 48' 50", a chord and chord bearing of 254.21 feet and S 66° 01' 14" W, a distance of 237.72 feet to a set 1/2 inch iron rod, a tangent point;

THENCE, S 29° 37' 03" W, a distance of 236.17 feet to a set 1/2 inch iron rod, the most westerly corner of the herein described tract;

THENCE, N 60° 22' 53" W, along the northern right-of-way of said F.M. 1472 (Mines Road), a distance of 2097.00 feet to return to and close at the POINT OF BEGINNING, containing 200.00 acres of land.

NOTE

This Survey was performed without the benefit of a Title Commitment.

State of Texas  
County of Webb

I, Francisco Estrada IV, a Registered Professional Land Surveyor, do hereby state that the above captioned "Notes and Bounds Description" was prepared from as filed office records made under my supervision.

*Francisco Estrada IV*  
R.P.L.S. No. 5587-T2343

02-20-11  
Current Date



IV-D-40



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
 Austin, TX 78754-4594  
 Phone (512) 833-8699 Fax (512) 833-6907  
 www.txrc.state.tx.us

2012 JUL 32 AM 10:39

RECEIVED  
 TEXAS RACING  
 COMMISSION

## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 8.0801 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME Longhorn Downs, Inc.			
ADDRESS OF DESIGNATED RACETRACK LOCATION Hwy 1625 and Old Lockhart Rd.	CITY Creedmoor	STATE TX	ZIP CODE 78610
REPRESENTATIVE'S FIRST NAME Bryan	REPRESENTATIVE'S LAST NAME Brown		
REPRESENTATIVE'S BUSINESS STREET ADDRESS 1 Retama Parkway	CITY Selma	STATE TX	ZIP CODE 78154
REPRESENTATIVE'S BUSINESS PHONE # (210) 651-7131	REPRESENTATIVE'S FAX # (210) 651-7097	REPRESENTATIVE'S E-MAIL ADDRESS [REDACTED]	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performance? (September 1, 2012, and beyond)	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performance?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 - August 31, 2012)	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
--	---

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
---	---

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:

A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performance?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.

See Attachment "A"

### VOLUNTARY BOND

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES  NO

**I affirm that I have provided the above information completely and truthfully.**

PRINT NAME Clifton L. "Cliff" Thomas, Jr.	
SIGNATURE <input checked="" type="checkbox"/> <i>Clifton L. Thomas</i>	DATE August 1, 2012
TITLE Sole Member, KTAGS Downs Management Company, LLC, manager of KTAGS Downs Holding Company, LLC	

**ATTACHMENT "A"**  
**TO ACTIVE/INACTIVE DESIGNATION FORM**  
**OF LONGHORN DOWNS, INC.**

Longhorn Downs, Inc. submits the following information in connection with its submittal of Active/Inactive Designation Form:

1. The Active/Inactive Designation Form, and this attached information, is provided by Cliff Thomas as managing general partner of KTAGS Downs Holding Company, LP ("KTAGS"), the limited partnership that is recognized by the Texas Racing Commission ("Commission") as the owner of the stock of Longhorn Downs, Inc., which in turn is the owner of a Class 2 Racing License issued by the State of Texas. KTAGS submits this information on behalf of Longhorn Downs, Inc. because Longhorn Downs, Inc. is unable at this time to submit the information directly. Longhorn Downs, Inc. is unable to submit the Active/Inactive Designation Form directly because the stock of Longhorn Downs, Inc. (the "Stock") is being held in escrow by the Harris County District Court, and KTAGS is therefore unable to properly exercise its rights and privileges pertaining to the Stock, including the ability to change the board of directors or appoint new officers, the ability to pass corporate resolutions and the ability to submit this Form. In short, KTAGS' lack of control of the Stock prevents it from taking actions required to be designated "active." Because the Commission recognizes KTAGS as the owner of the entity that owns the Class 2 license involved, KTAGS is the proper entity to interact with and provide information to the Commission.
2. As the Commission is aware, Dallas City Limits Property Company, L.P. ("DCL") previously applied to the Commission for approval of the transfer of the Stock from Austin Jockey Club to DCL. That application was denied by the Commission on September 15, 2009. DCL did not exhaust any administrative remedies in connection with that denial.
3. Subsequently, DCL instituted suit in Dallas County against the Austin Jockey Club, Russell Serafin, Mike Gallagher, Phillip Adams, Galena Park Investments, Ltd. and Cliff Thomas.<sup>1</sup> That suit was tried to a jury and a take nothing judgment was entered by the trial court based on the jury's verdict. As more fully noted below, that judgment was recently reversed, and the cause was remanded to the trial court for entry of judgment.
4. In the interim, the escrow holder of the Stock instituted suit in Harris County to determine to whom the Stock should be released.<sup>2</sup> KTAGS later intervened in the Harris County Suit, seeking a declaration that the Stock belonged to it and that the Stock should be released to it. The Harris County Suit resulted in a judgment that the Stock be released to KTAGS in accordance with the Commission's February 7, 2012 determination approving the transfer of the Stock from Austin Jockey Club to KTAGS.

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<sup>1</sup> Dallas City Limits Property Co., L.P. v. Russell Serafin, et al, Cause No. 08-11846 in the 160<sup>th</sup> District Court, Dallas County, Texas ("Dallas County Suit").

<sup>2</sup> Crady, Jewett & McCulley, LLP v. Austin Jockey Club, Ltd. and Dallas City Limits Property Co., L.P., Cause No. 2010-16733 in the 127<sup>th</sup> District Court, Harris County, Texas ("Harris County Suit").

In so holding, the Harris County court properly recognized that this Commission has exclusive jurisdiction over horse racing licenses in Texas and has exclusive jurisdiction over the transfer of ownership of the license owned by Longhorn Downs. That court also properly recognized that because this Commission has exclusive jurisdiction over the transfer of ownership of the Stock, the Stock cannot be transferred absent the Commission's approval. Because the Commission denied Austin Jockey Club's request to transfer the Stock to DCL, the court correctly held that DCL cannot lawfully own the Stock.

5. The Harris County Suit judgment will be appealed by DCL. As a predicate to that appeal, DCL requested that the trial court allow it to post a bond superseding the court's judgment so that the Stock would remain in escrow rather than being delivered to KTAGS. The trial court denied that request, and DCL has filed an interlocutory appeal of that denial. KTAGS remains unable to retrieve the Stock from the registry of the Harris County court until the supersedeas issue is resolved.
6. The latest suit filed by DCL is in Travis County, and involves this Commission as a party, along with Austin Jockey Club and KTAGS.<sup>3</sup> The Travis County Suit challenges this Commission's exclusive right to determine the ownership of horse racing licenses in Texas, taking the position that this Commission can only "approve for regulatory purposes a stock transfer that had occurred by virtue of contract law." By taking that position, DCL is implicitly asking the Travis County court to hold that the Commission does not have exclusive jurisdiction over the ownership of racing licenses in Texas, a position that is contrary to direct case precedent and to well-settled administrative law principles.
7. Because the Commission denied the application to transfer the license from Austin Jockey Club to DCL, DCL never obtained any rights in the racing license itself. DCL's contractual rights under the Stock Purchase Agreement with Austin Jockey Club did not—and could not—circumvent this Commission's exclusive right to determine who may own the license. Accordingly, even if DCL had perfectly performed its contractual duties under its agreement with Austin Jockey Club, DCL could not claim to have any actual rights in the license unless this Commission approved a transfer to DCL. If this Commission says "no" to a transfer of the license to DCL, the Commission's decision trumps any contract rights as between DCL and Austin Jockey Club.
8. The Dallas Court of Appeals recently handed down its opinion regarding the judgment in the Dallas County Suit. In dicta in that opinion, the Court of Appeals incorrectly suggested that "the approval of KTAGS by the Commission means nothing so long as DCL possess a superior contractual right to the Stock." While recognizing that this Commission's approval is necessary to obtaining "licensee status," the Court opined that such approval "has no direct bearing on DCL's contractual right to purchase the Stock." The Dallas Court of Appeals opinion unfortunately confuses the issue of ownership of the license itself with any remaining contractual rights that DCL might have against Austin

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<sup>3</sup> Dallas City Limits Property Co., L.P. v. Robert Schmidt, M.D., Ronald F. Ederer, Scott Haywood, Gloria Hicks, Michael F. Martin, D.V.M., John T. Steen III, Vicki Smith Weinberg, Texas Racing Commission, Austin Jockey Club, Ltd., and KTAGS Downs Holding Company, LLC, Cause No. D-1-GN-12-000580 in the 353<sup>rd</sup> District Court, Travis County, Texas ("Travis County Suit").

Jockey Club. While Texas courts have the jurisdiction to determine whether DCL has any contractual remedy against Austin Jockey Club for transferring the Stock to KTAGS, the Texas Legislature has stripped Texas courts of all jurisdiction to determine whether DCL owns or could own the license itself. Instead, the Legislature gave this Commission the exclusive jurisdiction to determine the question of ownership of the license. To the extent the Dallas Court of Appeals' opinion suggests that any court in Texas could compel the Commission to approve a transfer of the Stock to DCL under any circumstances, that opinion threatens the foundations of administrative law in general and threatens the exclusive province of this Commission in particular. Because the dicta in the opinion of the Dallas Court of Appeals conflicts with Texas law and with the judgment of the Harris County court, KTAGS believes that the Texas Supreme Court will review and reverse that opinion.

9. In the interim, however, the Stock remains in the registry of the Harris County court, in effect hostage to the machinations of DCL. Until the Stock is released to KTAGS, and until KTAGS is able to exercise its rights as owner of the Stock and the license, Longhorn Downs, Inc. is unable to execute the Active/Inactive Designation Form on its own behalf, and is unable to take the actions necessary to be deemed an active license.
10. Accordingly, KTAGS respectfully submits this information, and executes this form, as the owner of the Stock and the license as recognized by the only entity in Texas empowered to determine such ownership, i.e., this Commission.



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
 Austin, TX 78754-4594  
 Phone (512) 833-6699 Fax (512) 833-6907  
 www.txrc.state.tx.us

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 TEXAS RACING  
 COMMISSION

## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME <i>Major Downs</i>			
ADDRESS OF DESIGNATED RACETRACK LOCATION <i>9002 Hill Ln.</i>	CITY <i>Major</i>	STATE <i>TX</i>	ZIP CODE <i>78653</i>
REPRESENTATIVE'S FIRST NAME <i>Howard</i>	REPRESENTATIVE'S LAST NAME <i>Phillips</i>		
REPRESENTATIVE'S BUSINESS STREET ADDRESS <i>9002 Hill Ln.</i>	CITY <i>Major</i>	STATE <i>TX</i>	ZIP CODE <i>78653</i>
REPRESENTATIVE'S BUSINESS PHONE # <i>512 567-9643</i>	REPRESENTATIVE'S FAX # <i>512 345-1223</i>	REPRESENTATIVE'S E-MAIL ADDRESS [REDACTED]	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performance? (September 1, 2012, and beyond)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performance?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 – August 31, 2012)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
--	------------------------------	--

### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
---	------------------------------	--

### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:

A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performance?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.

LIVE RACING: Will be applying for 3-4 WEEKENDS IN  
MARCH OF 2014 WITHIN THE NEXT 7 MONTHS.

SIMULCASTING: Will OPEN NO LATER THAN JANUARY 2014

**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES  NO

**I affirm that I have provided the above information completely and truthfully.**

PRINT NAME Howard Phillips	
SIGNATURE <b>X</b> <i>Howard Phillips</i>	DATE 8-1-12
TITLE MANAGING PARTNER	



Texas Racing Commission  
 8505 Cross Park Drive Ste 110  
 Austin, TX 78754-4594  
 Phone (512) 833-6699 Fax (512) 833-6907  
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2012 AUG -1 PM 4: 52

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 TEXAS RACING  
 COMMISSION

## ACTIVE/INACTIVE DESIGNATION FORM

Texas Racing Act § 6.0601 requires the Commission to designate each racetrack license as Active or Inactive not later than September 1, 2012. The initial designation shall be effective as of September 1, 2012. The association's president, chief executive officer, or general manager must review and complete this form. Submit the completed form to the Commission at the address above on or before August 1, 2012.

ASSOCIATION NAME <b>Saddlebrook Park</b>			
ADDRESS OF DESIGNATED RACETRACK LOCATION <b>Randall County</b>	CITY <b>Amarillo</b>	STATE <b>Texas</b>	ZIP CODE
REPRESENTATIVE'S FIRST NAME <b>Drew</b>	REPRESENTATIVE'S LAST NAME <b>Alexander</b>		
REPRESENTATIVE'S BUSINESS STREET ADDRESS <b>2107 Club View Drive</b>	CITY <b>Amarillo</b>	STATE <b>Texas</b>	ZIP CODE <b>79124</b>
REPRESENTATIVE'S BUSINESS PHONE # <b>(806) 393-3923</b>	REPRESENTATIVE'S FAX # <b>( ) N/A</b>	REPRESENTATIVE'S E-MAIL ADDRESS <b>[REDACTED]</b>	

### FUTURE LIVE RACE DATES

Has the association been granted future live race dates/performance? (September 1, 2012, and beyond)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
By July 20, 2012, will the association have filed an application for future race dates/performance?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

### ACTIVE-OPERATING

By August 31, 2012, will the association have conducted live racing during State Fiscal Year 2012? (September 1, 2011 - August 31, 2012)	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
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### ACTIVE-OTHER CURRENTLY SIMULCASTING

Is the association currently conducting pre-opening simulcasting?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
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### SIMULCASTING AND/OR LIVE RACING IS IMMINENT

Complete Sections A-G only if the association is seeking designation as Active-Other on the basis that simulcasting and/or live racing is imminent. The Commission has identified the following factors as examples of the actions it may consider in making this designation. An association may supplement its response with other factors to demonstrate that the conduct of simulcasting or live racing is imminent. Please provide documentation to support each factor for which the association indicates "YES".

Has the association:		
A. secured sufficient financial commitments to fund construction of the racetrack facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
B. secured the real property of the designated racetrack location for which the racetrack license was granted, either by purchase or through a long-term lease of 20 years or more?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
C. entered into contracts for the construction of simulcasting and/or racetrack facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
D. secured Commission approval of the racing facility's construction plans?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
E. secured permits and utilities necessary for the construction of the racing facility?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
F. begun or sustained construction of the simulcasting or live racing facility? <b>Temporary Location</b>	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
G. provided to the Commission a construction and operation management schedule demonstrating that simulcasting is imminent and that the facility will be ready to conduct live racing by the beginning of the approved live race dates/performance?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

Please describe any additional actions or information the association wishes to present in support.

(See attached)

**VOLUNTARY BOND**

An association with pending live race dates may be designated as Active-Other by voluntarily providing a bond of \$400,000. The purpose of the bond is to ensure that the association conducts pre-opening simulcasting and completes the pending live race dates. Does the association wish to exercise this option?

YES  NO

**I affirm that I have provided the above information completely and truthfully.**

PRINT NAME <i>Lynn Alexander</i>	
SIGNATURE <b>X</b> <i>L. Alexander</i>	DATE <i>8-1-2012</i>
TITLE <i>w/ Discussion from D. Lewis</i>	

IV-D-49

**Active/Inactive Designation Form: Supporting Actions & Information**

An application to conduct simulcasting at a temporary location has been filed with the TRC. An outstanding location has been identified and an option agreement signed. It is one block from the 4<sup>th</sup> busiest intersection in Amarillo and 1 mile from a major intersection. The facility was formerly a restaurant and bar and has plenty of parking. We have enlisted the services of the same architect and general contractor that recently remodeled the simulcast pavilion at Lone Star Park.

The simulcast facility will be operated by Magellan Gaming and Racing, a company that specializes in the management of pari-mutuel outlets. Corey Johnson will have operational responsibility and will report directly to Lynn and Drew Alexander. Magellan will employ the services of the Kapiloff Company for food and beverage expertise. Marc Kapiloff, Chef Jake Duplantis and Mike Stinnett – well known for their excellent work at Lone Star Park – are the individuals who will assist Saddle Brook Park in the food and beverage component of the simulcast entertainment package. To illustrate the level of commitment to quality, the owners of the facility and business plan to spend approximately \$1 million on the launch of the temporary simulcast facility, which could open in October (pre-Breeders' Cup) with prompt regulatory approval.

Saddle Brook Park is committed to becoming a productive member of the Texas horse racing industry. Based on comparable market characteristics, an annual mutual handle of \$10 million is expected. That would produce over \$800,000 in purses and breeders' awards per year. Saddle Brook Park would also produce over \$100,000 per year in simulcast host fees for Texas tracks.



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

July 26, 2012

To: Chuck Trout  
Executive Director

From:  Michael Gougler  
Deputy Director for Racing Oversight

RE: Ownership Changes Laredo Downs

On June 15, 2012 the commission received a written request from Laredo Downs to approve a change of 0.0917% ownership from Ted Abrams, who currently owns 1.2232%, to Muy Buena Suerte, Ltd., who currently owns 51.2559%.

Mr. Abrams last underwent a background check before the license was granted in 2007. DPS refreshed its background information on Muy Buena Suerte principals in February 2012. At this time, no further background review is necessary.

It is recommended that the application for ownership transfer, as indicated above, be approved.

# Moltz Morton & Glenn, LLP

Janessa M. Glenn  
(512) 439-2174  
jglenn@mmotlaw.com

Travis Oaks  
5113 Southwest Parkway, Suite 120  
Austin, TX 78735  
(512) 439-2170  
Facsimile (512) 439-2165

June 15, 2012

Mr. Chuck Trout  
Executive Director  
Texas Racing Commission  
8505 Cross Park Dr., Suite #110  
Austin, Texas 78754

Via Hand Delivery  
RECEIVED  
TEXAS RACING  
COMMISSION  
JUN 15 PM 4:02

Re: Request for Approval of Ownership Change of License LRP Group, Ltd.

Dear Mr. Trout:

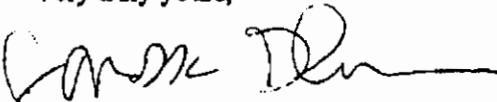
LRP Group, Ltd. ("LRP") hereby requests the approval of the Texas Racing Commission ("TRC") of revised ownership percentages for two of the partners in LRP.

As the TRC is well aware, the percentage ownerships in LRP need to be adjusted periodically to reflect capital calls made by that partnership pursuant to the Partnership Agreement. The ownership interest of Mr. Ted Abrams has decreased slightly as the result of non-participation in such a periodic cash call. That interest will be transferred to current partner Muy Buena Suerte, Ltd. immediately upon TRC approval. Attached you will find a summary of the ownership adjustment LRP is seeking to have approved. The change in ownership is less than a 1% interest. This adjustment is reflected on the 2012 annual Ownership Reports submitted to the TRC on June 15, 2012, in anticipation of approval.

LRP hereby requests that this ownership change be placed on the Agenda for consideration at the next Commissioner's meeting. Enclosed is a check in the amount of \$75.00 pursuant to TRC Rule 309.11 for the processing fee (\$25) and investigation fee (\$50) associated with this request.

Please let me know if I can be of further assistance.

Very truly yours,

  
Janessa M. Glenn  
Counsel for LRP Group, Ltd.

JMG/pjp  
Attachments

{631102/00039025.1}

III-E-2

**LRP Group, Ltd.**  
**Ownership Interest Change**  
**(Limited Partnership Interest)**

<b>Name of Partner</b>	<b>Percent of Ownership (Old)</b>	<b>Percent of Ownership (New)</b>
Ted Abrams	1.2109%	1.1202%
Muy Buena Suerte, Ltd.	50.7433%	50.8340%

**LAREDO DOWNS**  
**TOTAL BENEFICIAL INTEREST**  
**(Limited Partnership Interest plus LRP GP, LLC)**

<b>Name of Partner</b>	<b>Percent of Ownership (Old)</b>	<b>Percent of Ownership (New)</b>
Ted G. Abrams	1.2232%	1.1315%
Muy Buena Suerte, Ltd.	51.2559%	51.3476%

Texas Racing Commission  
Title 16, Part VIII,  
Chapter 311. Other Licenses  
Subchapter A. Licensing Provisions  
Division 1. Occupational Licenses

1 **Rule 311.3. Information for Background Investigation**

2 (a) Fingerprint Requirements and Procedure

3 (1)-(3) (No change.)

4 (4) A person who desires to renew an occupational license  
5 must:

6 (A)-(B) no change

7 (C) if the applicant's original fingerprints are  
8 classified and on file with the Department of Public  
9 Safety, the applicant must pay a processing fee ~~of \$34.25~~  
10 to resubmit the original fingerprints in lieu of submitting  
11 another set of fingerprints under paragraph (6) of this  
12 subsection. The processing fee shall be equal to the amount  
13 necessary to reimburse the Department of Public Safety for  
14 obtaining criminal history records under subsection (b) of  
15 this section.

16 (5) (No change.)

17 (6) If an applicant for a license or license renewal is  
18 required to submit fingerprints under this section, the  
19 applicant must also submit a fingerprinting fee and a processing  
20 fee equal to the amounts necessary to reimburse the Commission  
21 and the Department of Public Safety for obtaining criminal  
22 history records under subsection (b) of this section. ~~of \$44.20.~~

23 (b) (No change.)

24

## **PROPOSED RULE REVIEW CHAPTER 311**

**Texas Government Code 2001.039 directs each state agency to review, and consider for re-adoption, each of its rules every four years. During the review, the Commission must assess whether the reasons for adopting the rules continue to exist.**

**To formally initiate the rule review process, the Commission must vote at a public meeting to publish notice in the *Texas Register* of the Commission's intention to review specific rules. After the time for public comment has passed, the Commission will take one of the following actions in regard to the rules in Chapter 311: re-adoption, repeal, or re-adoption with revisions.**

**If the Commission readopts a rule (with no changes), notice of the re-adoption will appear in the *Texas Register* "Rules Review" section, but the text of the readopted rule will not be published.**

**Any proposed repeal of a rule or any proposed amendment to a rule will be published in the "Proposed Rules" section of the *Texas Register*, and will be the subject of an additional 30-day comment period.**

**The Table of Contents for Chapter 311 is attached.**

## CHAPTER 311. OTHER LICENSES

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  - Sec. 311.4. Occupational License Restrictions
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  - Sec. 311.6. Denial, Suspension and Revocation of Licenses
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- Sec. 311.52. Spouse's License

#### **Subchapter B. Specific Licensees**

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- Sec. 311.102. Greyhound Owners
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**Subchapter D. Alcohol and Drug Testing**

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- Sec. 311.322. Breathalyzer or Other Test
- Sec. 311.323. Penalties