



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

Texas Racing Commission
Tuesday, October 9, 2012
10:30 a.m.
John H. Reagan Building
105 W. 15th Street
Austin, Texas 78701

AGENDA

- I. CALL TO ORDER**
Roll Call
- II. CEREMONIAL ITEMS**
Recognition of Dave Hooper, Executive Director of the Texas Thoroughbred Association
- III. PUBLIC COMMENT**
- IV. PROCEEDINGS ON RACETRACKS**
Discussion, consideration, and possible action on the following matters:
Horse Race Dates
 - A. Allocation of Live Race Dates for Horse Racetracks under Commission Rule 303.41 for the Periods of January 1, 2013 through August 31, 2014, and October 1, 2014 through November 30, 2014.
 - B. Allocation of funds for the Texas Bred Incentive Program as provided under Commission Rule 321.505(b).
 - C. Allocation of purses as provided under Commission Rule 321.505(a).
 - D. Distribution of funds in the Escrowed Purse Account among the various breeds of horses under Commission Rule 321.509.

Greyhound Race Dates

- E. Allocation of Live Race Dates for Greyhound Racetracks under Commission Rule 303.41 for the Periods of January 1, 2013 through August 31, 2014, and October 1, 2014 through November 30, 2014.

V. 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

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

- F. Approval of Memorandum of Understanding with the Texas Veterinary Medical Diagnostic Laboratory for Fiscal Year 2013
- G. Approval of the Internal Audit Plan for Fiscal Year 2013
- H. Legislative Proposals by the Texas Racing Commission to the 83rd Texas Legislature, Regular Session

VI. PROCEEDINGS ON RULEMAKING

Discussion and consideration on the following matter:

- A. Report by the Committee on Rules

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

Chapter 311 – Other Licenses

- B. Proposal to Amend Rule 311.1, Occupational Licenses
- C. Proposal to Amend Rule 311.2, Application Procedure
- D. Proposal to Amend Rule 311.3, Information for Background Investigation
- E. Proposal to Amend Rule 311.5, License Categories and Fees
- F. Proposal to Amend Rule 311.101, Horse Owners
- G. Proposal to Amend Rule 311.102, Greyhound Owners

Chapter 321 – Pari-mutuel Wagering

- H. Proposal to Amend Rule 321.29, Mutuel Tickets
- I. Proposal to Amend Rule 321.31, Vouchers
- J. Proposal to Amend Rule 321.46, Payment on No Ticket Issue
- K. Proposal to Amend Rule 321.215, Multiple Wagers
- L. Proposal to Amend Rule 321.320, Super Hi-Five
- M. Proposal to Amend Rule 321.321, Fortune Pick (n)
- N. Proposal to Repeal Chapter 321, Subchapter B, Totalisator Requirements and Operating Environment
- O. Proposal for New Chapter 321, Subchapter B, Rule 321.101, Totalisator Requirements and Operating Environment
- P. Proposal to Amend Rule 321.15, License to Provide Totalisator Services

VII. 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.

VIII. OLD/NEW BUSINESS

Schedule next Commission Meeting

IX. ADJOURN

2013 Previously Granted and Newly Requested Horse Race Dates (As of July 20, 2012)

Lone Star Park
Retama Park
Sam Houston

| January | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| February | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| March | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Lone Star Park
Retama Park
Sam Houston

| April | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| May | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| June | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Lone Star Park
Retama Park
Sam Houston
Laredo Downs
Laredo Race Park
Longhorn Downs
Manor Downs
Saddle Brook Park
Valle de los Tesoros
Gillespie County Fair

| July | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| August | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| September | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Lone Star Park
Retama Park
Sam Houston

| October | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| November | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| December | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Lone Star Park
Retama Park
Sam Houston
Laredo Downs
Laredo Race Park
Longhorn Downs
Manor Downs
Saddle Brook Park
Valle de los Tesoros
Gillespie County Fair
Total By Type
Total By Month

| | January | | | February | | | March | | | April | | | May | | | June | | | July | | | August | | | September | | | October | | | November | | | December | | | Total By Type | | | Total Days |
|-----------------------|---------|---|---|----------|---|---|-------|---|---|-------|----|---|-----|---|---|------|---|---|------|---|---|--------|----|---|-----------|---|----|---------|----|----|----------|---|---|----------|----|-----|---------------|---|-----|------------|
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| Lone Star Park | - | - | - | - | - | - | - | - | - | 12 | - | - | 18 | - | - | 16 | - | - | 4 | - | - | - | - | - | 5 | - | 13 | - | - | 5 | - | - | - | - | - | 50 | 23 | - | 73 | |
| Retama Park | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 8 | - | - | 8 | - | - | 4 | - | - | - | 8 | - | - | 10 | - | - | 8 | - | - | 26 | 20 | - | 46 | |
| Sam Houston | 8 | - | - | 15 | - | - | 10 | 3 | - | 12 | - | - | 6 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 33 | 21 | - | 54 | | | |
| Laredo Downs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| Laredo Race Park | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| Longhorn Downs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| Manor Downs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| Saddle Brook Park | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| Valle de los Tesoros | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6 | - | 6 | |
| Gillespie County Fair | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 8 | - | 8 | |
| Total By Type | 8 | - | - | 15 | - | - | 10 | 3 | - | 12 | 12 | - | 18 | 6 | - | 16 | 8 | - | 4 | 8 | 4 | - | 10 | 4 | - | 5 | - | 8 | 13 | - | 10 | 5 | - | 8 | - | 109 | 70 | 8 | 187 | |
| Total By Month | 8 | | | 15 | | | 13 | | | 24 | | | 24 | | | 24 | | | 16 | | | 14 | | | 5 | | | 21 | | | 15 | | | 8 | | | | | | |

IV. PROCEEDINGS ON RACETRACKS

Horse Race Dates:

A. Allocation of Live Race Dates for:

1. January 1, 2013 through December 31, 2013



Memorandum

P.O. Box 12080
 Austin, Texas 78711-2080
 (512) 833-6699
 Fax (512) 833-6907

Date: September 17, 2012
To: Charles G. Trout, Executive Director
From:  Sammy Jackson, Deputy Director for Finance and Wagering
RE: Horse Race Date Applications Submitted for 2013 and 2014

The following applications were submitted for 2013 Horse Race Dates:

| Track | Meet Type | 2013 Actual Days Requested by Application | Total Days |
|------------------|-----------|-----------------------------------------------------------------------|------------|
| Sam Houston * | TB | January 18, 19, 20, 21, 25, 26, 27, 28 | 8 |
| | TB | February 1, 2, 4, 8, 9, 10, 11, 15, 16, 17, 18, 22, 23, 24, 25 | 15 |
| | TB | March 1, 2, 3, 4, 8, 9, 10, 15, 16, 17 | 10 |
| | | Total | 33 |
| Sam Houston | QH | March 28, 29, 30 | 3 |
| | | April 4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26, 27 | 12 |
| | | May 2, 3, 4, 10, 11, 12 | 6 |
| | | Total | 21 |
| Lone Star Park * | TB | April 11, 12, 13, 14, 18, 19, 20, 21, 25, 26, 27, 28 | 12 |
| | TB | May 2, 3, 4, 5, 9, 10, 11, 12, 16, 17, 18, 19, 23, 24, 25, 26, 27, 31 | 18 |
| | TB | June 1, 2, 6, 7, 8, 9, 13, 14, 15, 16, 20, 21, 22, 27, 28, 29 | 16 |
| | TB | July 3, 4, 5, 6 | 4 |
| | | Total | 50 |
| Lone Star Park | QH | September 20, 21, 26, 27, 28 | 5 |
| | QH | October 3, 4, 5, 10, 11, 12, 17, 18, 19, 24, 25, 26, 31 | 13 |
| | QH | November 1, 2, 7, 8, 9 | 5 |
| | | Total | 23 |
| Retama Park | QH | June 7, 8, 14, 15, 21, 22, 28, 29 | 8 |
| | QH | July 5, 6, 12, 13, 19, 20, 26, 27 | 8 |
| | QH | August 2, 3, 9, 10 | 4 |
| | | Total | 20 |
| Retama Park | TB | October 4, 5, 11, 12, 18, 19, 25, 26 | 8 |
| | TB | November 1, 2, 8, 9, 15, 16, 22, 23, 29, 30 | 10 |
| | TB | December 6, 7, 13, 14, 20, 21, 27, 28 | 8 |
| | | Total | 26 |

* - indicates the dates request is an amendment to previously granted race dates.

Sam Houston's request, if approved, would extend the thoroughbred meet by one week by adding three additional race days. These additional days would be on March 15th, 16th, and 17th.

Lone Star Park's request, if approved, would reduce the total number of thoroughbred race days by three. This is accomplished by eliminating Sunday racing on June 23rd, June 30th, and July 7th.

The following are 2013 race dates previously granted by the Commission:

| Track | Meet Type | 2013 Actual Days Previously Granted | Total Days |
|-----------------------|-----------|-------------------------------------|------------|
| Valle de los Tesoros | QH | August 16, 17, 18, 23, 24, 25 | 6 |
| | | Total | 6 |
| Gillespie County Fair | Mixed | July 6,7, 20, 21 | 4 |
| | Mixed | August 10, 11, 24, 25 | 4 |
| | | Total | 8 |

The following applications were submitted for Horse Race Dates in the first eight months of 2014 and October and November of 2014:

| Track | Meet Type | 2014 Actual Days Requested by Application | Total Days |
|-----------------------|-----------|--------------------------------------------------------------------------|------------|
| Sam Houston | TB | January 17, 18, 19, 20, 24, 25, 26, 27, 31 | 9 |
| | TB | February 1, 3, 7, 8, 9, 10, 14, 15, 16, 17, 21, 22, 23, 24, 28 | 15 |
| | TB | March 1, 2, 3, 7, 8, 9 | 6 |
| | | Total | 30 |
| Lone Star Park | TB | April 10, 11, 12, 13, 17, 18, 19, 20, 24, 25, 26, 27 | 12 |
| | TB | May 1, 2, 3, 4, 8, 9, 10, 11, 15, 16, 17, 18, 22, 23, 24, 25, 26, 30, 31 | 19 |
| | TB | June 5, 6, 7, 8, 12, 13, 14, 15, 19, 20, 21, 22, 26, 27, 28, 29 | 16 |
| | TB | July 3, 4, 5 | 3 |
| | | Total | 50 |
| Retama Park | TB | October 3, 4, 10, 11, 17, 18, 24, 25, 31 | 9 |
| | TB | November 1, 7, 8, 14, 15, 21, 22, 28, 29 | 9 |
| | | Total | 18 |
| Laredo Downs | QH | August 22, 23, 24, 29, 30, 31 | 6 |
| | | Total | 6 |
| Saddle Brook Park | Mixed | October 24, 25 | 2 |
| | | Total | 2 |
| Valle de los Tesoros | QH | November 21, 22, 23, 28, 29, 30 | 6 |
| | | Total | 6 |
| Gillespie County Fair | Mixed | July 4,5, 19, 20 | 4 |
| | Mixed | August 9, 10, 23, 24 | 4 |
| | | Total | 8 |

If the Commission approves the 2013 dates request and amended 2013 dates request, the 2013 calendar will have 109 Thoroughbred race days, 70 Quarter Horse race days, and 8 Mixed race days. The net result is a race calendar with 187 total race days in 2013. If the Commission approves the 2014 dates request, the 2014 calendar will have 98 Thoroughbred race days, 12 Quarter Horse race days, and 10 Mixed race days. The net result is a race calendar with 120 total race days in 2014.

Memorandum To: Chuck Trout, Executive Director
RE: Horse Race Date Applications 2013 & 2014
3 | Page

I have attached the 2013 previously granted and newly requested horse race date calendar, as well as, the 2014 requested horse race date calendar. If you have any questions or if I may be of further assistance, please let me know.

Enclosures: 2013 Previously Granted and Newly Requested Horse Race Date Calendar
2014 Requested Horse Race Date Calendar

CC: Commissioner Ron Ederer, Chair of Committee on Horse Race Dates
Executive Team Members
Senior Staff Team Members



LONE STAR PARK
at Grand Prairie

Our Mission:
Create Winning Experiences.

July 19, 2012

2012 JUL 23 PM 1:45

RECEIVED
TEXAS RACING
COMMISSION
Via Email and Regular Mail

Mr. Sammy Jackson
Deputy Director
Texas Racing Commission
8005 Cross Park Drive, Suite 110
Austin, TX 78754

Dear Sammy:

Enclosed you will find Lone Star Park's completed 2013 race date application for the Commission's review and consideration. In summary, we respectfully request the following dates:

Thoroughbred Meet - April 11 through July 6 (Thursday-Sunday) - post times tentative

- 6:35 pm post time on Thursday and Friday
- 1:35 pm post time on Saturday and Sunday through June 16
- 6:35 pm post time on Saturday, June 22; Saturday, June 29; Saturday, July 6
- 1:35 pm post time on Memorial Day, May 27
- 5:00 pm post time on July 3 and July 4
- No live racing on Thursday, May 30; Sunday, June 23; Sunday, June 30
- 50 total days

Quarter Horse Meet - September 20 through November 9 (Thursday-Saturday)

- 6:35 pm post time
- 23 total days

Additionally, we submit the following dates for consideration for the period of January through August, 2014:

Thoroughbred Meet - April 10 through July 5 (Thursday-Sunday) - post times tentative

- 6:35 pm post time on Thursday and Friday
- 1:35 pm post time on Saturday and Sunday
- 1:35 pm post time on Memorial Day, May 26
- 5:00 pm post time on July 3 and July 4
- No live racing on Thursday, May 29
- 50 total days

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

Sincerely,

Drew M. Shubeck
President and General Manager

DMS/sa

Enclosures

T E X A S R A C I N G C O M M I S S I O N
R E Q U E S T F O R L I V E R A C E D A T E S
H O R S E R A C E T R A C K S - 2 0 1 3

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. 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: Lone Star Park at Grand Prairie

| | | |
|---------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|
| <u>First Meet</u> | Opening Day: <u>04/11/13</u> | Closing Day: <u>07/06/13</u> |
| <input checked="" type="checkbox"/> Thoroughbred | # of Races Per Day <u>9-11</u> | Projected Purse Per Day \$ <u>130,000</u> |
| <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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input checked="" type="checkbox"/> TB | <input type="checkbox"/> QH <input type="checkbox"/> MX | Total Number of Race Days 50 |

| | | |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <u>Second Meet</u> | Opening Day: <u>09/20/13</u> | Closing Day: <u>11/09/13</u> |
| <input type="checkbox"/> Thoroughbred | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| <input checked="" type="checkbox"/> Quarter Horse | # of Races Per Day <u>9-11</u> | Projected Purse Per Day \$ <u>56,000</u> |
| <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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input type="checkbox"/> TB | <input checked="" type="checkbox"/> QH <input type="checkbox"/> MX <input type="checkbox"/> N/A | Total Number of Race Days 23 |

| | | |
|----------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|
| <u>Third Meet</u> | Opening Day: ___/___/___ | Closing Day: ___/___/___ |
| <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 \$ _____ |
| Totals | # 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 2013 will be allocated among the various breeds:

Appaloosa _____% Arabian _____% Paint _____%
Quarter Horse 32% Thoroughbred 68%

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

_____/_____/_____

 ____/____/_____

 ____/____/_____

 ____/____/_____

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:
10/03/2013 for Race Track Chaplaincy of Texas
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:
10/10/2013 for Texas A & M Equine Research Center
(Name of Charity)

OPTIONAL

10/17/2013 for Grand Prairie ISD Education Foundation
(Name of Charity)

____/____/2013 for _____
(Name of Charity)

____/____/2013 for _____
(Name of Charity)

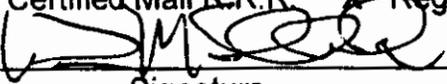
For each charity listed, attach the following information:

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

V. Certificate of Service

I hereby certify that on July 19, 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

President & General Manager
Title

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

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

Laredo Downs
Steve LaMantia, President
7220 CPL Road
Laredo, TX 78041

Laredo Race Park, LLP
Andrea Young, President
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

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 141309
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 77064-3417

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

Lone Star Park at Grand Prairie

(Name of Racetrack)

Requested Live Race Dates for 2013

| 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 | 21 ML King Day | 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 | 18 President's Day | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | | |

| MARCH | | | | | | |
|-------------------------|--------|----------------|-----------|----------|-------------------|----------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 Daylight Savings | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 St. Patrick's Day | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 Passover | 27 | 28 | 29 Good Friday | 30 |
| 31 Easter | | | | | | |

Lone Star Park at Grand Prairie

(Name of Racetrack)

Requested Live Race Dates for 2013

| APRIL | | | | | | |
|---------------|--------|---------|-----------|---------------|---------------|---------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | | | | T – 6:35 p.m. | T – 6:35 p.m. | T – 1:35 p.m. |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| T – 1:35 p.m. | | | | T – 6:35 p.m. | T – 6:35 p.m. | T – 1:35 p.m. |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| T – 1:35 p.m. | | | | T – 6:35 p.m. | T – 6:35 p.m. | T – 1:35 p.m. |
| 28 | 29 | 30 | | | | |
| T – 1:35 p.m. | | | | | | |

| MAY | | | | | | |
|-------------------------------|-------------------------------|---------|-----------|---------------|---------------|----------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | 1 | 2 | 3 | 4 |
| | | | | T – 6:35 p.m. | T – 6:35 p.m. | Ky. Derby T – 1:35 p.m. |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| T – 1:35 p.m. | | | | T – 6:35 p.m. | T – 6:35 p.m. | T – 1:35 p.m. |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| Mother's Day T – 1:35 p.m. | | | | T – 6:35 p.m. | T – 6:35 p.m. | Preakness T – 1:35 p.m. |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| T – 1:35 p.m. | | | | T – 6:35 p.m. | T – 6:35 p.m. | T – 1:35 p.m. |
| 26 | 27 | 28 | 29 | 30 | 31 | |
| T – 1:35 p.m. | Memorial Day T – 1:35 p.m. | | | | T – 6:35 p.m. | |

| JUNE | | | | | | |
|-------------------------------|--------|---------|-----------|---------------|---------------|--------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | | 1 |
| | | | | | | T – 1:35 p.m. |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| T – 1:35 p.m. | | | | T – 6:35 p.m. | T – 6:35 p.m. | Belmont T – 1:35 p.m. |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| T – 1:35 p.m. | | | | T – 6:35 p.m. | T – 6:35 p.m. | T – 1:35 p.m. |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| Father's Day T – 1:35 p.m. | | | | T – 6:35 p.m. | T – 6:35 p.m. | T – 6:35 p.m. |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| | | | | T – 6:35 p.m. | T – 6:35 p.m. | T – 6:35 p.m. |
| 30 | | | | | | |

Lone Star Park at Grand Prairie

(Name of Racetrack)

Requested Live Race Dates for 2013

| JULY | | | | | | |
|-------------|--------|---------|---------------|---------------------|---------------|---------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | 1 | 2 | 3 | 4 Independen Day | 5 | 6 |
| | | | T – 5:00 p.m. | T – 5:00 p.m. | T – 6:35 p.m. | T – 6:35 p.m. |
| 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 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

| SEPTEMBER | | | | | | |
|------------------|----------------|---------|-----------|---------------------|---------------------|---------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| 1 | 2 Labor Day | 3 | 4 | 5 Rosh Hashanah | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 Yon Kippur |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | | | Q – 6:35 p.m. | Q – 6:35 p.m. |
| 22 | 23 | 24 | 25 | 26 Q – 6:35 p.m. | 27 Q – 6:35 p.m. | 28 Q – 6:35 p.m. |
| 29 | 30 | | | | | |

Lone Star Park at Grand Prairie
 (Name of Racetrack)
Requested Live Race Dates for 2013

| OCTOBER | | | | | | |
|----------------|--------------|---------|-----------|-----------------|---------------|---------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | 1 | 2 | 3 | 4 | 5 |
| | | | | Q – 6:35 p.m. | Q – 6:35 p.m. | Q – 6:35 p.m. |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | Q – 6:35 p.m. | Q – 6:35 p.m. | Q – 6:35 p.m. |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | Columbus Day | | | Q – 6:35 p.m. | Q – 6:35 p.m. | Q – 6:35 p.m. |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| | | | | Q – 6:35 p.m. | Q – 6:35 p.m. | Q – 6:35 p.m. |
| 27 | 28 | 29 | 30 | 31 Halloween | | |
| | | | | Q – 6:35 p.m. | | |

| NOVEMBER | | | | | | |
|-----------------------|--------------|---------|-----------|---------------------------|---------------|---------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | 1 | 2 |
| | | | | | Q – 6:35 p.m. | Q – 6:35 p.m. |
| 3 Daylight Savings | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | Q – 6:35 p.m. | Q – 6:35 p.m. | Q – 6:35 p.m. |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | Veterans Day | | | | | |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | | | | |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| | | | | Thanksgiving Chanukkah | | |

| DECEMBER | | | | | | |
|-----------------|--------|----------------|-----------|----------------|--------|----------|
| 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 | 23 | 24 | 25 | 26 | 27 | 28 |
| | | Christmas Eve | Christmas | Kwanzaa Begins | | |
| 29 | 30 | 31 | | | | |
| | | New Year's Eve | | | | |



July 18, 2012

Mr. Sammy Jackson
Deputy Director of Finance & Regulatory Control
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, TX 78754

Dear Mr. Jackson:

Retama Park respectfully requests a 46-date race meet for 2013, Friday, June 7, 2013 through Saturday, December 28, 2013. Post time will be 6:45 p.m.

Quarter Horse Meet

| | |
|---------|--------------|
| Week 1 | June 7, 8 |
| Week 2 | June 14, 15 |
| Week 3 | June 21, 22 |
| Week 4 | June 28, 29 |
| Week 5 | July 5, 6 |
| Week 6 | July 12, 13 |
| Week 7 | July 19, 20 |
| Week 8 | July 26, 27 |
| Week 9 | August 2, 3 |
| Week 10 | August 9, 10 |

Thoroughbred Meet

| | |
|---------|-----------------|
| Week 11 | October 4, 5 |
| Week 12 | October 11, 12 |
| Week 13 | October 18, 19 |
| Week 14 | October 25, 26 |
| Week 15 | November 1, 2 |
| Week 16 | November 8, 9 |
| Week 17 | November 15, 16 |
| Week 18 | November 22, 23 |
| Week 19 | November 29, 30 |
| Week 20 | December 6, 7 |
| Week 21 | December 13, 14 |
| Week 22 | December 20, 21 |
| Week 23 | December 27, 28 |

Please let me know if you have any questions.

Yours truly,

Bryan P. Brown, CEO

cc: Drew Alexander, Terry Blanton, Jan Haynes, Dr. Tommy Hays, Dave Hooper, Tooter Jordan, Greg LaMantia, Howard Philips, Brian Roeder, Marsha Rountree, Drew Shubeck, Karen Utecht, Pancho Villarreal, Rob Werstler, Ed Wilson, Andrea Young.

T E X A S R A C I N G C O M M I S S I O N
R E Q U E S T F O R L I V E R A C E D A T E S
H O R S E R A C E T R A C K S - 2 0 1 3

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. 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: Retama Park

| | | |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------|
| <u>First Meet</u> | Opening Day: <u>6/7/2013</u> | Closing Day: <u>8/10/2013</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 <u>\$50,000</u> |
| <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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input type="checkbox"/> TB <input checked="" type="checkbox"/> QH <input type="checkbox"/> MX | Total Number of Race Days - 20 | |

* Minor – Two Paint races during the meet.

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------|
| <u>Second Meet</u> | Opening Day: <u>10/4/2013</u> | Closing Day: <u>12/28/2013</u> |
| <input checked="" type="checkbox"/> Thoroughbred | # of Races Per Day <u>9</u> | Projected Purse Per Day <u>\$100,000</u> |
| <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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input checked="" type="checkbox"/> TB <input type="checkbox"/> QH <input type="checkbox"/> MX <input type="checkbox"/> N/A | Total Number of Race Days - 26 | |

** Minor – Two races per week.

II. Negotiation with Breed Registries

Specify how the total races scheduled for 2013 will be allocated among the various breeds:

| | | | | | |
|---------------|---------------|--------------|---------------|-------|--------------|
| Appaloosa | <u>0.0</u> % | Arabian | <u>6.0</u> % | Paint | <u>0.5</u> % |
| Quarter Horse | <u>45.6</u> % | Thoroughbred | <u>47.9</u> % | | |

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

Various Dates

Dave Hooper, Texas Thoroughbred Association

Marsha Rountree, Texas Horsemen's Partnership

Terry Blanton, Texas Thoroughbred HBPA

Jan Haynes, Texas Thoroughbred HBPA

Dr. Tommy Hays, Texas HBPA

Tooter Jordan, Texas HBPA

Rob Werstler, Texas Quarter Horse Association

Ed Wilson, Texas Arabian Breeders Association

Bruce Greider, Texas Paint Association

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:

11/8/2013 for RTCA – South Texas Chapter

((2) A charity that primarily benefits research into the health or safety of race animals:

11/15/2013 for Texas A&M University Equine Research

(Name of Charity)

For each charity listed, attach the following information:

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

V. Certificate of Service

I hereby certify that on July 18, 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



Bryan P. Brown, CEO

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

Gillespie County Fair & Festival
Brian Roeder, General Manager
P.O. Box 528
Fredericksburg, TX 78624

Laredo Downs
Steve LaMantla, President
7220 CPL Road
Laredo, TX 78041

Laredo Race Park, LLP
Andrea Young, President
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

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 141309
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 77064-3417

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

Retama Park

Requested Live Race Dates for 2013

| JUNE | | | | | | |
|--------------------|--------|---------|-----------|----------|-----------------------------|-------------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 QH - 6:45 | 8 QH - 6:45 The Belmont |
| 9 | 10 | 11 | 12 | 13 | 14 QH - 6:45 Flag Day | 15 QH - 6:45 |
| 16 Father's Day | 17 | 18 | 19 | 20 | 21 QH - 6:45 | 22 QH - 6:45 |
| 23 | 24 | 25 | 26 | 27 | 28 QH - 6:45 | 29 QH - 6:45 |
| 30 | | | | | | |

| JULY | | | | | | |
|-------------|--------|---------|-----------|-----------------------|-----------------|-----------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | 1 | 2 | 3 | 4 Independence Day | 5 QH - 6:45 | 6 QH - 6:45 |
| 7 | 8 | 9 | 10 | 11 | 12 QH - 6:45 | 13 QH - 6:45 |
| 14 | 15 | 16 | 17 | 18 | 19 QH - 6:45 | 20 QH - 6:45 |
| 21 | 22 | 23 | 24 | 25 | 26 QH - 6:45 | 27 QH - 6:45 |
| 28 | 29 | 30 | 31 | | | |

| AUGUST | | | | | | |
|---------------|--------|---------|-----------|----------|----------------|-----------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | 1 | 2 QH - 6:45 | 3 QH - 6:45 |
| 4 | 5 | 6 | 7 | 8 | 9 QH - 6:45 | 10 QH - 6:45 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

Retama Park

Requested Live Race Dates for 2013

| OCTOBER | | | | | | |
|----------------|--------------------|---------|-----------|-----------------|----------------|----------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | 1 | 2 | 3 | 4 T - 6:45 | 5 T - 6:45 |
| 6 | 7 | 8 | 9 | 10 | 11 T - 6:45 | 12 T - 6:45 |
| 13 | 14 Columbus Day | 15 | 16 | 17 | 18 T - 6:45 | 19 T - 6:45 |
| 20 | 21 | 22 | 23 | 24 | 25 T - 6:45 | 26 T - 6:45 |
| 27 | 28 | 29 | 30 | 31 Halloween | | |

| NOVEMBER | | | | | | |
|-----------------------|--------------------|---------|-----------|---------------------------------|----------------|----------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | 1 T - 6:45 | 2 T - 6:45 |
| 3 Daylight Savings | 4 | 5 | 6 | 7 | 8 T - 6:45 | 9 T - 6:45 |
| 10 | 11 Veterans Day | 12 | 13 | 14 | 15 T - 6:45 | 16 T - 6:45 |
| 17 | 18 | 19 | 20 | 21 | 22 T - 6:45 | 23 T - 6:45 |
| 24 | 25 | 26 | 27 | 28 Thanksgiving Chanukkah | 29 T - 6:45 | 30 T - 6:45 |

| DECEMBER | | | | | | |
|-----------------|--------|----------------------|-----------------|----------------------|----------------|----------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| 1 | 2 | 3 | 4 | 5 | 6 T - 6:45 | 7 T - 6:45 |
| 8 | 9 | 10 | 11 | 12 | 13 T - 6:45 | 14 T - 6:45 |
| 15 | 16 | 17 | 18 | 19 | 20 T - 6:45 | 21 T - 6:45 |
| 22 | 23 | 24 Christmas Eve | 25 Christmas | 26 Kwanzaa Begins | 27 T - 6:45 | 28 T - 6:45 |
| 29 | 30 | 31 New Year's Eve | | | | |



2012 JUL 23 PM 1:47

RECEIVED
TEXAS RACING
COMMISSION

July 17, 2012

Mr. Sammy Jackson
Deputy Director
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Dear Mr. Jackson:

Enclosed please find Sam Houston Race Park's 2013 and 2014 race date application for the Commission's consideration. In summary, we are pleased to request the following dates at this time:

- 2013 Thoroughbred Meet: March 15-17 (Addition of three days to SHRP's already granted 2013 dates)
- 2013 American Quarter Horse Meet: March 28 – May 12 (21 days)
- 2014 Thoroughbred Meet: January 17 – March 9 (30 days)

If you have any questions or should require any further information, please feel free to contact me.

Sincerely,



Andrea B. Young
President

Enclosures

SAM HOUSTON RACE PARK LTD.

7575 North Sam Houston Parkway West, Houston, TX, 77064 • 281.307.8700 • shrp.com

TEXAS RACING COMMISSION

REQUEST FOR LIVE RACE DATES

HORSE RACETRACKS - 2013

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. 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: Sam Houston Race Park, (includes additional Thoroughbred dates)

First Meet

| | | |
|---------------------------------------------------|---------------------------------------------------------|-------------------------------------------|
| | Opening Day: <u>3/11/2013</u> | Closing Day: <u>3/17/2013</u> |
| <input checked="" type="checkbox"/> Thoroughbred | # of Races Per Day <u>10</u> | Projected Purse Per Day \$ <u>165,000</u> |
| <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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input checked="" type="checkbox"/> TB | <input type="checkbox"/> QH <input type="checkbox"/> MX | Total Number of Race Days <u>3</u> |

Second Meet

| | | |
|---------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------|
| | Opening Day: <u>3/28/2013</u> | Closing Day: <u>5/12/2013</u> |
| <input type="checkbox"/> Thoroughbred | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| <input checked="" type="checkbox"/> Quarter Horse | # of Races Per Day <u>9.67</u> | Projected Purse Per Day \$ <u>70,000</u> |
| <input type="checkbox"/> Arabian | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| <input checked="" type="checkbox"/> Paint Horse | # of Races Per Day <u>.33</u> | Projected Purse Per Day \$ <u>1,500</u> |
| Totals | # 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>21</u> |

Third Meet

| | | |
|----------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|
| | 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 \$ _____ |
| Totals | # 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 2013 will be allocated among the various breeds:

| | | | | | |
|---------------|--------|--------------|--------|-------|----|
| Appaloosa | _____% | Arabian | _____% | Paint | 3% |
| Quarter Horse | 97% | Thoroughbred | *% | | |

Check all that apply:

(*See 2012 Application)

Attached are letters from the affected breed registries that have agreed to this allocation.

The Thoroughbred, Quarter Horse and Arabian breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

6/19/2012 David Hooper, TTA, Rob Werstler, TQHA, Ed Wilson, TTBA, Jan Haynes, THP, Dr. Tommy Hays, TQHA, Lewis "Tooter" Jordan, THP, Terry Blanton, THP

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:

2/11/2013 for Race Track Chaplaincy of Sam Houston Race Park

(2) A charity that primarily benefits research into the health or safety of race animals:

2/25/2013 for LOPE, TX

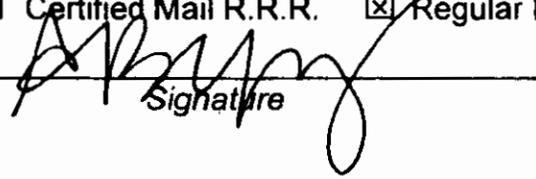
For each charity listed, attach the following information:

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

V. Certificate of Service

I hereby certify that on July 17, 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

President
Title

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

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

Laredo Downs
Steve LaMantia, President
7220 CPL Road
Laredo, TX 78041

Laredo Race Park, LLP
Andrea Young, President
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

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 141309
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 77064-3417

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

Sam Houston Race Park
Requested Live Race Dates for 2013

| MARCH | | | | | | |
|-----------------------------------|--------|----------------|-----------|--------------|-----------------------------|--------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 Daylight Savings | 11 | 12 | 13 | 14 | 15 TB 7PM | 16 TB 6PM |
| 17 TB 1PM St. Patrick's Day | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 Passover | 27 | 28 QH 7PM | 29 QH 7PM Good Friday | 30 QH 6PM |
| 31 Easter | | | | | | |

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

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

IV. PROCEEDINGS ON RACETRACKS

Horse Race Dates:

A. Allocation of Live Race Dates for:

2. January 1, 2014 through August 31, 2014

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 Commission will not consider an incomplete request. 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: Lone Star Park at Grand Prairie

| | | |
|---------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|
| <u>First Meet</u> | Opening Day: <u>04/10/2014</u> | Closing Day: <u>07/05/2014</u> |
| <input checked="" type="checkbox"/> Thoroughbred | # of Races Per Day <u>9-11</u> | Projected Purse Per Day \$ <u>130,000</u> |
| <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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input checked="" type="checkbox"/> TB | <input type="checkbox"/> QH <input type="checkbox"/> MX | Total Number of Race Days <u>50</u> |

| | | |
|----------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|
| <u>Second Meet</u> | Opening Day: ___/___/___ | Closing Day: ___/___/___ |
| <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 \$ _____ |
| Totals | # 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>Third Meet</u> | Opening Day: ___/___/___ | Closing Day: ___/___/___ |
| <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 \$ _____ |
| Totals | # 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 _____% Thoroughbred 100%

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

_____/_____/_____

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:
_____/_____/2014 for _____
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:
_____/_____/2014 for _____
(Name of Charity)

OPTIONAL

_____/_____/2014 for _____
(Name of Charity)

_____/_____/2014 for _____
(Name of Charity)

_____/_____/2014 for _____
(Name of Charity)

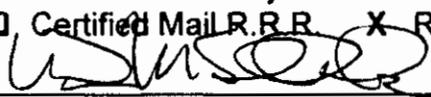
For each charity listed, attach the following information:

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

V. Certificate of Service

I hereby certify that on July 19, 2012, a true and correct copy of this request was sent to the persons listed below by:

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



Signature

President & General Manager
Title

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

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

Laredo Downs
Steve LaMantia, President
7220 CPL Road
Laredo, TX 78041

Laredo Race Park, LLP
Andrea Young, President
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

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 141309
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 77064-3417

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

Lone Star Park at Grand Prairie

(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 M.L. King Day | 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 President's Day | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | |

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

Lone Star Park at Grand Prairie

(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 T – 6:35 p.m. | 11 T – 6:35 p.m. | 12 T – 1:35 p.m. |
| 13 T – 1:35 p.m. | 14 | 15 Passover | 16 | 17 T – 6:35 p.m. | 18 Good Friday T – 6:35 p.m. | 19 T – 1:35 p.m. |
| 20 Easter T – 1:35 p.m. | 21 | 22 | 23 | 24 T – 6:35 p.m. | 25 T – 6:35 p.m. | 26 T – 1:35 p.m. |
| 27 T – 1:35 p.m. | 28 | 29 | 30 | | | |

| MAY | | | | | | |
|-------------------------------------|-------------------------------------|---------|-----------|---------------------|---------------------|----------------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | 1 T – 6:35 p.m. | 2 T – 6:35 p.m. | 3 Ky. Derby T – 1:35 p.m. |
| 4 T – 1:35 p.m. | 5 | 6 | 7 | 8 T – 6:35 p.m. | 9 T – 6:35 p.m. | 10 T – 1:35 p.m. |
| 11 Mother's Day T – 1:35 p.m. | 12 | 13 | 14 | 15 T – 6:35 p.m. | 16 T – 6:35 p.m. | 17 Preakness T – 1:35 p.m. |
| 18 T – 1:35 p.m. | 19 | 20 | 21 | 22 T – 6:35 p.m. | 23 T – 6:35 p.m. | 24 T – 1:35 p.m. |
| 25 T – 1:35 p.m. | 26 Memorial Day T – 1:35 p.m. | 27 | 28 | 29 | 30 T – 6:35 p.m. | 31 T – 1:35 p.m. |

| JUNE | | | | | | |
|-------------------------------------|--------|---------|-----------|---------------------|---------------------|---------------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| 1 | 2 | 3 | 4 | 5 T – 6:35 p.m. | 6 T – 6:35 p.m. | 7 Belmont T – 1:35 p.m. |
| 8 T – 1:35 p.m. | 9 | 10 | 11 | 12 T – 6:35 p.m. | 13 T – 6:35 p.m. | 14 Flag Day T – 1:35 p.m. |
| 15 Father's Day T – 1:35 p.m. | 16 | 17 | 18 | 19 T – 6:35 p.m. | 20 T – 6:35 p.m. | 21 T – 1:35 p.m. |
| 22 T – 1:35 p.m. | 23 | 24 | 25 | 26 T – 6:35 p.m. | 27 T – 6:35 p.m. | 28 T – 1:35 p.m. |
| 29 T – 1:35 p.m. | 30 | | | | | |

Lone Star Park at Grand Prairie
(Name of Racetrack)
Requested Live Race Dates for 2014

| JULY | | | | | | |
|-------------|--------|---------|-----------|---------------|------------------|---------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | 1 | 2 | 3 | 4 Indepen Day | 5 |
| | | | | T – 5:00 p.m. | T – 5:00 p.m. | T – 1:35 p.m. |
| 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 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

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 Commission will not consider an incomplete request. 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: Sam Houston Race Park

| | | |
|---------------------------------------------------|---------------------------------------------------------|------------------------------------------|
| <u>First Meet</u> | Opening Day: <u>1/17/2014</u> | Closing Day: <u>3/9/2014</u> |
| <input checked="" type="checkbox"/> Thoroughbred | # of Races Per Day <u>9.5</u> | Projected Purse Per Day <u>\$165,000</u> |
| <input type="checkbox"/> Quarter Horse | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| <input type="checkbox"/> Arabian | # of Races Per Day <u>.5</u> | Projected Purse Per Day <u>\$5,000</u> |
| <input type="checkbox"/> Paint Horse | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input checked="" type="checkbox"/> TB | <input type="checkbox"/> QH <input type="checkbox"/> MX | Total Number of Race Days <u>30</u> |

| | | |
|----------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|
| <u>Second Meet</u> | Opening Day: ___/___/___ | Closing Day: ___/___/___ |
| <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 \$ _____ |
| Totals | # 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>Third Meet</u> | Opening Day: ___/___/___ | Closing Day: ___/___/___ |
| <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 \$ _____ |
| Totals | # 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 5 % Paint _____%
Quarter Horse _____% Thoroughbred 95 %

Check all that apply:

Attached are letters from the affected breed registries that have agreed to this allocation.

The Thoroughbred, Quarter Horse and Arabian breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

Jun/19/2012 David Hooper, TTA, Rob Werstler, TQHA, Ed Wilson, TTBA, Jan Haynes, THP, Dr. Tommy Hays, TQHA, Lewis "Tooter" Jordan, THP, Terry Blanton, THP

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: _____/_____/2014 for TO BE ANNOUNCED.
- (2) A charity that primarily benefits research into the health or safety of race animals: _____/_____/2014 for TO BE ANNOUNCED

For each charity listed, attach the following information:

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

V. Certificate of Service

I hereby certify that on July 17, 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

President
Title

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

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

Laredo Downs
Steve LaMantia, President
7220 CPL Road
Laredo, TX 78041

Laredo Race Park, LLP
Andrea Young, President
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Drew Shubeck, President
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Howard Phillips, CEO
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Retama Park
Bryan Brown, CEO
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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 77064-3417

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

Sam Houston Race Park

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 TB 7pm | 18 TB 6 pm |
| 19 TB 1 pm | 20 TB 1 pm M.L. King Day | 21 | 22 | 23 | 24 TB 7pm | 25 TB 6 pm |
| 26 TB 1 pm | 27 TB 1 pm | 28 | 29 | 30 | 31 TB 7pm | |

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

| MARCH | | | | | | |
|----------------------------------|------------------------|---------|-----------|----------|-------------|--------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | | 1 TB 6 pm |
| 2 TB 1 pm | 3 TB 1 pm | 4 | 5 | 6 | 7 TB 7pm | 8 TB 6 pm |
| 9 TB 1 pm Daylight Savings | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 St. Patricks Day | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |



JUL 20 AM 11:59
RECEIVED
TEXAS RACING
COMMISSION

July 18, 2012

Mr. Sammy Jackson
Deputy Director for Wagering and Racing Review
Texas Racing Commission
PO Box 12080
Austin, TX 78711-2080

Dear Mr. Jackson,

Enclosed you will find the Request For Live Race dates for the 2014 meet.

Please let us now if you have any questions.

Sincerely,

Wallace Britton
President
Gillespie County Fair & Festivals Association, Inc.

Enclosures

cc: Bryan Brown, Vice President, Austin Jockey Club; CEO of Retama Park
Steve LaMantia, President, Laredo Downs
Andrea Young, President, Laredo Race Park, LLP; President, Sam Houston Race Park
Drew Shubeck, President, Lone Star Park, Grand Prairie
Howard Phillips, CEO, Manor Downs
Drew Alexander, President, Saddle Brook Park
Greg LaMantia, President, Valle de los Tesoros Race Park

530 Fair Drive
State Highway 16 South
PO Box 526
Fredericksburg, TX 78624

(830) 997-2359
fax (830) 997-4923
gcffa@ctesc.net
www.gillespiefair.com

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: Gillespie County Fairgrounds

| | | |
|----------------------------------------|--------------------------------------------------------------------|------------------------------------|
| <u>First Meet</u> | Opening Day: <u>7 / 4 / 2014</u> | Closing Day: <u>8 / 24 / 2014</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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input type="checkbox"/> TB | <input type="checkbox"/> QH <input checked="" type="checkbox"/> MX | Total Number of Race Days <u>8</u> |

| | | |
|----------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|
| <u>Second Meet</u> | 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 \$ _____ |
| Totals | # 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>Third Meet</u> | 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 \$ _____ |
| Totals | # 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 2011 will be allocated among the various breeds:

Appaloosa _____% Arabian _____% Paint _____%
Quarter Horse 60% Thoroughbred 40%

Check all that apply:

Attached are letters from the affected breed registries that have agreed to this allocation.

The Texas Thoroughbred Association and the Texas Quarter Horse Association breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

06 / 22 / 12 David Stephens, President, Texas Thoroughbred Assn. (letter attached)

06 / 22 / 12 Barbara Linke, President, Texas Quarter Horse Assn. (letter attached)

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:

___ / ___ / 2014 for _____
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

___ / ___ / 2014 for _____
(Name of Charity)

OPTIONAL

___ / ___ / 2014 for _____
(Name of Charity)

___ / ___ / 2014 for _____
(Name of Charity)

___ / ___ / 2014 for _____
(Name of Charity)

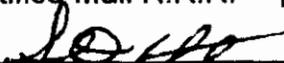
For each charity listed, attach the following information:

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

V. Certificate of Service

I hereby certify that on July 11, 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

, Steve Wetz General Manager, Racing
Signature *Title*

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

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

Laredo Downs
Steve LaMantia, President
7220 CPL Road
Laredo, TX 78041

Laredo Race Park, LLP
Andrea Young, President
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

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 141309
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 77064-3417

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

Gillespie County Fairgrounds

(Name of Racetrack)

Requested Live Race Dates for 2014

| JULY | | | | | | |
|-----------------------|--------|---------|-----------|----------|------------------------------------|-----------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | 1 | 2 | 3 | 4 - Ind. Day Mixed 1:00 post | 5 Mixed 1:00 post |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 Mixed 1:00 post |
| 20 Mixed 1:00 post | 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 Mixed 1:00 post |
| 10 Mixed 1:00 post | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 Mixed 1:00 post |
| 24 Mixed 1:00 post | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |



June 21, 2012

Via: Certified Mail

David E. Hooper
Executive Director
Texas Thoroughbred Association
PO Box 14967
Austin, Texas 78761

Dear Mr. Hooper:

The Gillespie County Fair & Festival Association would like to thank you and the breed association for all of the support shown to our association this year and in past years. We are in the process of filing our application for race dates for 2014 and would appreciate your approval of our participation in Texas pari-mutuel racing for the upcoming season. We again will prepare a condition book with a mixed meet consisting of approximately forty percent Thoroughbreds.

Our application requests the following 2014 dates: Friday and Saturday - July 4 & 5, Saturday and Sunday July 19 & 20, August 9 & 10, and August 23 & 24.

We thank you in advance and would appreciate your favorable participation in our application. If you have any questions, please call the Association at (830) 997-2359.

Sincerely,

Steve Wetz
General Manager, Racing

530 Fair Drive
State Highway 16 South
PO Box 526
Fredericksburg, TX 78624

(830) 997-2359
fax (830) 997-4923
gcffa@ctesc.net
www.gillespiefair.com



July 11, 2012

Steve Wetz
Gillespie County Fair
P.O. Box 526
Fredericksburg, TX 78624

Dear Mr. Wetz:

I am in receipt of your letter of June 21 requesting TQHA approval of Gillespie County Fair proposed Texas pari-mutuel race dates for 2013 and 2014.

We are pleased to give approval of your application for participation for the suggested race dates for 2013 and 2014.

TQHA greatly appreciates the support of the Gillespie County Fair pari-mutuel racing and the Texas horse industry. If we might ever be of assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, which appears to read 'Barbara Linke', is written over the word 'Sincerely'.

Barbara Linke
Executive Director

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

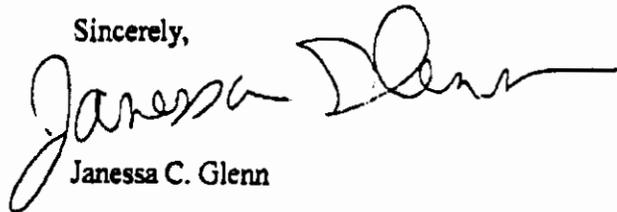
Via Facsimile

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

(651104/00039101.1)

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.

| | | | |
|------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|-----------------------------------------|
| <u>First Meet</u> | | 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 \$ _____ |
| Totals | # 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> | |

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------|-----------------------------------------|
| <u>Second Meet</u> | | 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 \$ _____ |
| Totals | # 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> | |

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------|------------------------------------------------------|
| <u>Third Meet</u> | | Opening Day: <u> </u> / <u> </u> / <u> </u> | Closing Day: <u> </u> / <u> </u> / <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 \$ _____ |
| Totals | # 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 Title
Legal Counsel

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

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 141309
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 President's 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. | | | | | | |

IV. PROCEEDINGS ON RACETRACKS

Horse Race Dates:

A. Allocation of Live Race Dates for:

3. October 1, 2014 through November 30, 2014



2012 SEP 13 AM 9:02

RECEIVED
TEXAS RACING
COMMISSION

September 7, 2012

Mr. Sammy Jackson
Deputy Director of Finance & Regulatory Control
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, TX 78754

Dear Mr. Jackson:

Retama Park respectfully requests an 18-day thoroughbred race meet for 2014, Friday, October 3, 2014 through Saturday, November 29, 2014. Post time will be 6:45 p.m.

Thoroughbred Meet

| | |
|--------|--------------------|
| Week 1 | October 3, 4 |
| Week 2 | October 10, 11 |
| Week 3 | October 17, 18 |
| Week 4 | October 24, 25 |
| Week 5 | October 31, Nov. 1 |
| Week 6 | November 7, 8 |
| Week 7 | November 14, 15 |
| Week 8 | November 21, 22 |
| Week 9 | November 28, 29 |

Please let me know if you have any questions.

Yours truly,

Bryan P. Brown, CEO

cc: Drew Alexander, Terry Blanton, Jan Haynes, Dr. Tommy Hays, Dave Hooper, Tooter Jordan, Greg LaMantia, Howard Philips, Brian Roeder, Marsha Rountree, Drew Shubeck, Karen Utecht, Pancho Villarreal, Rob Werstler, Ed Wilson, Andrea Young.

**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 Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on Friday, September 14, 2012.

I. Schedule Requested

Name of Racetrack: Retama Park

| | | |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------|
| <u>First Meet</u> | Opening Day: <u>10/3/2014</u> | Closing Day: <u>11/29/2014</u> |
| <input checked="" type="checkbox"/> Thoroughbred | # of Races Per Day <u>9</u> | Projected Purse Per Day <u>\$\$\$100,000</u> |
| <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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| Meet Type: <input checked="" type="checkbox"/> TB <input type="checkbox"/> QH <input type="checkbox"/> MX | Total Number of Race Days - 18 | |

* Minor – One or two Arabian races per week during the meet.

RECEIVED
TEXAS RACING
COMMISSION
2012 SEP 13 AM 9:02

II. Negotiation with Breed Registries

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

| | | | | | |
|---------------|--------------|--------------|---------------|-------|--------------|
| Appaloosa | <u>0.0</u> % | Arabian | <u>6.0</u> % | Paint | <u>0.0</u> % |
| Quarter Horse | <u>0.0</u> % | Thoroughbred | <u>94.0</u> % | | |

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

Various Dates

Dave Hooper, Texas Thoroughbred Association

Marsha Rountree, Texas Horsemen's Partnership

Terry Blanton, Texas Thoroughbred HBPA

Jan Haynes, Texas Thoroughbred HBPA

Dr. Tommy Hays, Texas HBPA

Tooter Jordan, Texas HBPA

Rob Werstler, Texas Quarter Horse Association

Ed Wilson, Texas Arabian Breeders Association

Bruce Greider, Texas Paint Association

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:

11/14/2014* for **RTCA – South Texas Chapter**

((2) A charity that primarily benefits research into the health or safety of race animals:

11/21/2014 * for **Texas A&M University Equine Research**

(Name of Charity)

For each charity listed, attach the following information:

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

V. Certificate of Service

I hereby certify that on September 7, 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



Bryan P. Brown, CEO

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

Laredo Race Park, LLP
Andrea Young, President
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

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

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

Gillespie County Fair &
Festival
Brian Roeder, General Manager
P.O. Box 528
Fredericksburg, TX 78624

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

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

Laredo Downs
Steve LaMantia, President
7220 CPL Road
Laredo, TX 78041

Manor Downs
Howard Phillips, CEO
P.O. Box 141309
Austin, TX 78714

Sam Houston Race Park
Andrea Young, President
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

Retama Park

Requested Live Race Dates for 2014

| OCTOBER | | | | | | |
|----------------|--------|---------|-----------|----------|----------------|----------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | 1 | 2 | 3 T - 6:45 | 4 T - 6:45 |
| 5 | 6 | 7 | 8 | 9 | 10 T - 6:45 | 11 T - 6:45 |
| 12 | 13 | 14 | 15 | 16 | 17 T - 6:45 | 18 T - 6:45 |
| 19 | 20 | 21 | 22 | 23 | 24 T - 6:45 | 25 T - 6:45 |
| 26 | 27 | 28 | 29 | 30 | 31 T - 6:45 | |

| NOVEMBER | | | | | | |
|-----------------|--------|------------------------|-----------|--------------------|-----------------------------------|-----------------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | | 1 T - 6:45 |
| 2 | 3 | 4 | 5 | 6 | 7 T - 6:45 Breeders' Cup | 8 T - 6:45 Breeders' Cup |
| 9 | 10 | 11 Veteran's Day | 12 | 13 | 14 T - 6:45 | 15 T - 6:45 |
| 16 | 17 | 18 | 19 | 20 | 21 T - 6:45 | 22 T - 6:45 |
| 23 | 24 | 25 | 26 | 27 Thanksgiving | 28 T - 6:45 | 29 T - 6:45 |

Attached are letters from the affected breed registries that have agreed to this allocation.

The TTA and TQHA breed registry(ies) has not agreed to this allocation, but negotiations with the breed registry(ies) occurred as described below:

Participants in Negotiations

09/08/12 David Hooper/TTA
09/08/12 Rob Werstler/TQHA
09/08/11 Marsha Rountree/THP

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: 10/24/14 and 10/25/14

DESIGNATED BY RULE

(1) A charity that directly benefits the persons who work on the backside:

10/24/2014 for RACETRACK CHAPLAINCY OF NORTH TEXAS (Please see attachment 1)

(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

10/25/2014 for TEXAS A & M EQUINE FOUNDATION (directed to equine research into the health and safety of race animals) (Please see attachment 2)

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

SADDLE BROOK PARK
 (Name of Racetrack)
 Requested Live Race Dates for 2014

| OCTOBER | | | | | | |
|----------------|-----------------------|---------|-----------|----------|--------------------------------|--------------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 Columbus Day | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 M 1:35PM (CDT) | 25 M 1:35PM (CDT) |
| 26 | 27 | 28 | 29 | 30 | 31 Halloween | |
| | | | | | | |

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

2012 SEP 13 PM 2: 59

MOLTZ MORTON GLENN
LLP

RECEIVED
TEXAS RACING
COMMISSION

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

September 13, 2012

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

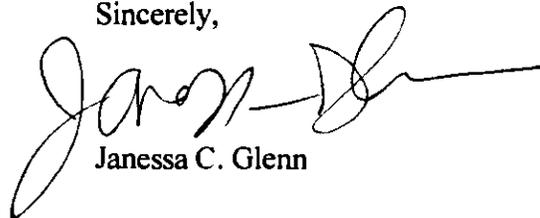
Via Hand Delivery

RE: Tesoros Race Park/ Valle de los Tesoros, Ltd. – Request for Live Race Dates

Dear Mr. Jackson:

Enclosed is Tesoros Race Park/Valle de los Tesoros, Ltd.'s ("VDLT") Request for Live Race Dates for November of 2014 in response to the Texas Racing Commission ("Commission") opening a period for the requests for Live Race Dates in October and November, 2014.

Sincerely,



Janessa C. Glenn

JCG/ktg
Enclosure

**TEXAS RACING COMMISSION
REQUEST FOR LIVE RACE DATES
HORSE RACETRACKS
FOR OCTOBER AND NOVEMBER OF 2014**

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request or a request for dates outside of the period approved for the application period. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on Friday, September 14, 2012.

I. Schedule Requested

Name of Racetrack: Tesoros Race Park/Valle de los Tesoros, Ltd.

| | | |
|----------------------------------------|--------------------------------|----------------------------------|
| <u>First Meet</u> | Opening Day: <u>11/21/2014</u> | Closing Day: <u>11/23/2014</u> |
| <input type="checkbox"/> Thoroughbred | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| <input 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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |

Meet Type: TB QH MX Total Number of Race Days _____

| | | |
|----------------------------------------|--------------------------------|----------------------------------|
| <u>Second Meet</u> | Opening Day: <u>11/28/2014</u> | Closing Day: <u>11/30/2014</u> |
| <input type="checkbox"/> Thoroughbred | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |
| <input 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 \$ _____ |
| Totals | # of Races Per Day _____ | Projected Purse Per Day \$ _____ |

Meet Type: TB QH MX 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 | <u>100</u> % | 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 taken 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:

11/21/2014 for Race Track Chaplaincy of Texas
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

11/28/2014 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; and**
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 September 13, 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

Janessa Damm Counsel of record
Signature Title

Austin Jockey Club
Bryan Brown, Vice President
P.O. Box 47535
San Antonio, TX 78265-7535

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

Laredo Downs
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 77064-3417

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 141309
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 77064-3417

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

Tesoros Race Park/ Valle de los Tesoros, Ltd.

(Name of Racetrack)

Requested Live Race Dates for 2014

OCTOBER

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

NOVEMBER

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

IV. PROCEEDINGS ON RACETRACKS

Horse Race Dates:

**B. Allocation of funds for the Texas
Bred Incentive Program**



Memorandum

Date: October 2, 2012

To: Mark Fenner, General Counsel

From:  Sammy Jackson, Deputy Director for Finance and Wagering

RE: Agreements for Allocation of 2013 Funds for Texas Bred Incentive Program

Staff has reviewed the agreement provided on behalf of the Horse Breed Registries in accordance with Commission Rules §321.505(b)(4). The agreement if approved would cover the allocation of Texas Bred Incentive Program funds for calendar year 2013. The following tables reflect the agreed allocations:

| Allocation of Texas Bred Incentive Program Funds from Simulcasting - 2013 | | | | | |
|----------------------------------------------------------------------------------|------------|-----------|------------|-----------|-------------|
| By Breed of Horse | GCF | SB | LSP | RP | SHRP |
| Arabian | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Paint Horse | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Quarter Horse | 64.67% | 64.67% | 32.33% | 32.33% | 32.33% |
| Thoroughbred | 32.33% | 32.33% | 64.67% | 64.67% | 64.67% |

Commission Rules 321.505(b)(4) stipulates that the breed registries, in lieu of the processes outlined within the rule, may submit a signed agreement for approval. The rules further states, for the Commission to approve the agreements, the agreements must delineate the percentages by which the breed registries will divide the Texas Bred Incentive Program revenue generated from simulcasting among the various breeds of horses and must be signed by all organizations referenced within the rule.

Staff's finds that the agreement submitted by the breed registries for Commission approval are in compliance with Commission Rules 321.505(b)(4).

Please let me know if you have any questions.

Attachments: Original Agreement

**AGREEMENT BETWEEN
TEXAS ARABIAN BREEDERS ASSOCIATION, TEXAS PAINT HORSE
BREEDERS ASSOCIATION, TEXAS QUARTER HORSE ASSOCIATION AND
TEXAS THOROUGHBRED ASSOCIATION**

In an effort to achieve a fair and equitable share of revenue available to the Texas state-bred incentive program for owners and breeders, the following Agreement is made by and between Texas Arabian Breeders Association (TABA), Texas Paint Horse Breeders Association (TPHBA), Texas Quarter Horse Association (TQHA) and Texas Thoroughbred Association (TTA).

As previously allocated for calendar years 2011 and 2012, it is agreed that funds generated at licensed Texas horse tracks for the Accredited Texas-Bred Incentive Program shall be allocated to the respective breeds as follows:

At Class 1 tracks (Lone Star Park, Retama Park and Sam Houston Race Park), the funds shall be allocated 66.67% to Thoroughbreds and 33.33% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

At Gillespie County Fair Grounds and Saddle Brook Park, the funds shall be allocated 33.33% to Thoroughbreds and 66.67% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

This agreement shall be in effect for calendar year 2013.

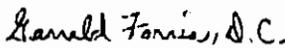
The foregoing is acknowledged and agreed to on this 2 day of October 2012.



Ed Wilson, President
Texas Arabian Breeders Association

Texas Paint Horse Breeders Association

Texas Quarter Horse Association


Gerald Farris, President
Texas Thoroughbred Association

69

**AGREEMENT BETWEEN
TEXAS ARABIAN BREEDERS ASSOCIATION, TEXAS PAINT HORSE
BREEDERS ASSOCIATION, TEXAS QUARTER HORSE ASSOCIATION AND
TEXAS THOROUGHBRED ASSOCIATION**

In an effort to achieve a fair and equitable share of revenue available to the Texas state-bred incentive program for owners and breeders, the following Agreement is made by and between Texas Arabian Breeders Association (TABA), Texas Paint Horse Breeders Association (TPHBA), Texas Quarter Horse Association (TQHA) and Texas Thoroughbred Association (TTA).

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This agreement shall be in effect for calendar year 2013.

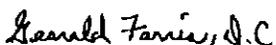
The foregoing is acknowledged and agreed to on this 2 day of October 2012.

Ed Wilson, President
Texas Arabian Breeders Association



Texas Paint Horse Breeders Association

Texas Quarter Horse Association


Gerald Farris, President
Texas Thoroughbred Association

AGREEMENT BETWEEN
TEXAS ARABIAN BREEDERS ASSOCIATION, TEXAS PAINT HORSE
BREEDERS ASSOCIATION, TEXAS QUARTER HORSE ASSOCIATION AND
TEXAS THOROUGHBRED ASSOCIATION

In an effort to achieve a fair and equitable share of revenue available to the Texas state-bred incentive program for owners and breeders, the following Agreement is made by and between Texas Arabian Breeders Association (TABA), Texas Paint Horse Breeders Association (TPHBA), Texas Quarter Horse Association (TQHA) and Texas Thoroughbred Association (TTA).

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At Gillespie County Fair Grounds and Saddle Brook Park, the funds shall be allocated 33.33% to Thoroughbreds and 66.67% to Quarter Horses after a 2% deduction off the top for Arabians and a 1% deduction off the top for Paint Horses.

This agreement shall be in effect for calendar year 2013.

The foregoing is acknowledged and agreed to on this 2 day of October 2012.

Ed Wilson, President
Texas Arabian Breeders Association

Texas Paint Horse Breeders Association

Debra Lingo, Executive Director

Texas Quarter Horse Association

Gerald Farris, D.C.
Gerald Farris, President
Texas Thoroughbred Association

IV. PROCEEDINGS ON RACETRACKS

Horse Race Dates:

**C. Allocation of Horse Purse funds
earned from simulcasting**



LONE STAR PARK
at Grand Prairie

*Our Mission:
Create Winning Experiences.*

October 3, 2012

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

Via Facsimile: (512) 833-6907

Dear Sammy:

Pursuant to your request regarding Commission Rule 321.505(a), Lone Star Park at Grand Prairie supports maintaining the status quo in 2013 for allocating simulcasting purse revenue and Texas Bred Incentive funds among Quarter Horses and Thoroughbreds.

While the trend in our handle numbers support an increase in the Thoroughbred allocation, and reduction in the Quarter Horse allocation, we feel it is important to keep the current distribution of these funds unchanged at this time. Attached are our requests for breed split allocations for 2013, along with wagering statistics comparing handle on various breeds at Lone Star Park.

We feel our on-track and export handle numbers provide an accurate representation of our recommendation of breed splits.

All of the horse breeds in Texas are hurting and taking from one group will not resolve the problem. What racetracks and horseplayers need is a reliable horse supply and competitive, full fields that will generate larger payouts.

Horseplayers in the Dallas market have demonstrated their favor of thoroughbred over quarter horse wagering for over fifteen years. Large turnouts are guaranteed for the Triple Crown races and Breeders Cup. Loyal fans of the Bar & Book typically wager 83% of their money on thoroughbred, 7% on quarter horses, 5% on harness and 5% on greyhound racing.

As for the minor breeds, we have seriously considered the Arabian Breeder's request for a larger allocation. Ed Wilson makes a good case for adding 2 additional races to the season. Since paint races do not full at Lone Star a slight adjustment in the percentages should not affect their program in Texas.

I hope you find this information beneficial. If you have additional questions please don't hesitate to call me directly at (972) 237-1112.

Sincerely,

Drew M. Shubeck
President & General Manager

DMS/sa

Attachments

1000 Lone Star Parkway
Grand Prairie, Texas 75050
(972) 263-7223
LoneStarPark.com



LONE STAR PARK
at Grand Prairie*

**Lone Star Park Wagering Statistics
Live & Export**

| | Days | Live | Export | Attendance |
|--------------|------|---------------|---------------|------------|
| 2011 QT Meet | 26 | 2,304,379.30 | 5,899,785.13 | 76,085 |
| 2012 TH Meet | 53 | 14,900,907.00 | 35,527,498.91 | 388,401 |

**Lone Star Park Wagering Statistics
Simulcast-In Handle By Breed**

| | Handle | Percentage |
|----------------|-------------------------|----------------|
| Thoroughbreds | \$ 79,386,278.85 | 82.87% |
| Quarter Horses | \$ 6,833,321.75 | 7.13% |
| Harness | \$ 4,686,416.30 | 4.89% |
| Greyhounds | \$ 4,892,232.40 | 5.11% |
| TOTAL | \$ 95,798,249.30 | 100.00% |

Association Recommended Allocation of 2013 Simulcast Purse Funds

Association Name: Lone Star Park

Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|--------------------------------------------------------------------------|
| Arabian | Minor Breeds split 1.25% of the allocation, 65% go to Arabians = 0.8125% |
| Paint Horse | Minor Breeds split 1.25% of the allocation, 35% go to Paints = 0.4375% |
| Quarter Horse | Quarter Horses receive 17% of the remaining allocation = 16.7875% |
| Thoroughbred | Thoroughbreds receive 83% of the remaining allocation = 81.9625% |

Rule §321.505 (a) (2) stipulates that at least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the ACT as representatives of horse owners, trainers, and/or breeders. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.

| Negotiations Conducted | |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Texas Arabian Breeders' Association | <input checked="" type="checkbox"/> Texas Paint Horse Breeders Association |
| <input checked="" type="checkbox"/> Texas Thoroughbred Association | <input checked="" type="checkbox"/> Texas Quarter Horse Association |
| <input checked="" type="checkbox"/> Texas Horsemen's Partnership | |

Prepared by: Drew Shubeck Date: 9/14/12



RETAMA PARK

October 1, 2012

Mr. Sammy Jackson
Deputy Director
Texas Racing Commission
8505 Cross Park Drive
Suite 110
Austin, TX 78754

Dear Sammy:

Please find attached Retama Park's analysis of Rules 321.505 and 321.509 regarding allocation of purses and the escrowed purse account distribution.

You will note that Retama has requested a 76/24 breed split (after payment of 2% to minor breeds) for Thoroughbreds and Quarter Horses for simulcast purse funds and 77.5% (QH) and 22.5% (TB) for escrowed purse account funds (after payment of 7% to minor breeds). As we have done this year, we would like to have one set of splits in place for the period of time leading up to and including most of the Quarter Horse meet and another set for the balance of the year.

While for simplicity sake we requested the split as 76/24 for simulcast purse funds, the breakdown for the year would be as follows:

- 67% - Thoroughbred and 33% - Quarter Horse from 1/1/13 through 7/31/13
- 91% - Thoroughbred and 9% - Quarter Horse from 8/1/13 through 12/31/13
- The above percentages are after payment of 2% to minor breeds
- Distribution of funds from the Escrowed Purse Account would be constant all year

The analysis which is attached includes a weighting of the various 321.505 and 321.509 factors which results in a calculated 70/30 overall breed split. The breed splits requested above work out to an approximately 71/29 overall share of the combined simulcast and escrowed purse account funds which is very close to the levels calculated.

Note that 2011 was a very difficult year for the Thoroughbred meet as outlined in the attached analysis and the calculations do not factor any of the negative impacts faced in the meet.

Please let me know if you have any questions.

Many thanks.

Bryan Brown
Retama Park

cc: Chuck Trout
Jan Haynes
Tommy Hays
David Hooper
Greg LaMantia

James Leatherman
Lisa Medrano
Marsha Rountree
Nina Sirak
Rob Werstler

Andrea Young



RULE §321.505

Allocation of Purses and Funds for Texas Bred Incentive Programs

(4) The Commission may consider the following criteria in evaluating whether to approve the association's proposed division of purse revenue:

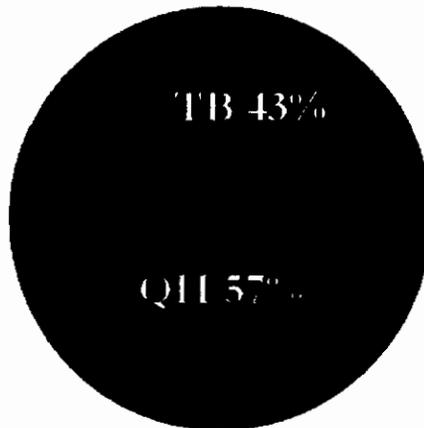
All Comparisons are 2011 Thoroughbred Meet vs. the 2012 Quarter Horse Meet

(A) local public interest in each breed as demonstrated by, but not limited to, the following factors:

- (i) *live handle by breed;*

| AVERAGE LIVE HANDLE BY BREED | | AVERAGE | % |
|-------------------------------------|-----------|----------------|-------------|
| Thoroughbred 2011 Live On Track | 23 | 89,645 | 43% |
| Quarter Horse 2012 Live On Track | 22 | 122,264 | 57% |
| Total | 45 | | 100% |

Average Live Handle By Breed



The average live handle on the 2012 Quarter Horse Meet is about \$30,000 higher than on the 2011 Thoroughbred Meet. However, because the two meets are at different times of the year and conducted under different circumstances, one should not conclude the quarter horses are the more popular breed. Consider the following.

1. Prior to the June 8 opening of the Quarter Horse meet, Retama Park had not conducted a live race card for about seven months. The 2011 Thoroughbred Meet immediately followed 24-day Quarter Horse/Mixed Meet.
2. The summer is a much better time to attract live fans, as kids are out of school and people are on vacation. In the fall, kids are back to school, high-school and college football are in full swing, professional football has peoples' interest, and the San Antonio Spurs start their season. .
3. The 2011 summer in San Antonio was brutally hot and dry, with a record 53 100-degree days. This impacted our turf course, and we conducted a very limited number of turf races during the meet. Turf racing is very popular, and this impacts attendance and handle negatively. .
4. The overall numbers for the 2011 Thoroughbred Meet included three Thursdays, which brought the averages down. As you can see from the table below, average handle on Thursdays was well below that on Fridays and Saturdays. There was no Thursday racing during the 2012 Quarter Horse Meet

| 2011 TB | | 2011 TB | | 2011 TB | |
|----------|--------|----------|--------|-----------|--------|
| Thu | # Days | Fri | # Days | Sat | # Days |
| \$41,820 | 3 | \$75,769 | 10 | \$117,869 | 10 |

Handle By Day Week 2011 Thoroughbred Meet



(ii) *simulcast import handle by breed;*

Beginning January 1, 2011 and continuing through September 26, 2012, a period of 634 days, total simulcast import handle by breed is as follows:

| SIMULCAST IMPORT HANDLE QH VS TB | | | |
|------------------------------------------|-------------|-------------------|-------------|
| 1/1/11 through 9/26/12 (634 days) | DAYS | HANDLE | % |
| Thoroughbred | | 56,525,010 | 91% |
| Quarter Horse | | 5,411,581 | 9% |
| Total | 634 | 61,936,591 | 100% |

Simulcast Import Handle By Breed

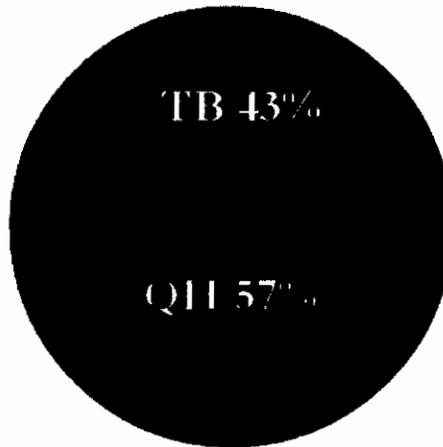


(iii) *live attendance at the racetracks;*

See (i) live handle by breed for a discussion on things that impact live handle. Same things apply to live attendance.

| AVERAGE LIVE ATTENDANCE | Days | PEOPLE | % |
|----------------------------------|-----------|--------------|-------------|
| Thoroughbred 2011 Live On Track | 23 | 2,378 | 43% |
| Quarter Horse 2012 Live On Track | 22 | 3,235 | 57% |
| Total | 45 | 5,613 | 100% |

Average Live Daily Attendance



2011 Thoroughbred Meet Average Impacted by Thursdays

| 2011 TB | | 2011 TB | | 2011 TB | |
|---------|--------|---------|--------|---------|--------|
| Thu | # Days | Fri | # Days | Sat | # Days |
| 895 | 3 | 1,664 | 10 | 3,537 | 10 |

(iv) *sales and market survey information.*

Not applicable.

(B) earnings generated by the association from each breed;

Quarter Horse Meet – \$ 1,066,918
Thoroughbred Meet - \$ 5,120,685

| EARNINGS CATEGORY | QH 2012 & Import Simulcast | TB 2011 & Import Simulcast | TB LESS QH |
|----------------------------------|---------------------------------------|---------------------------------------|---------------------|
| Live Handle By Breed | \$ 295,878 | \$ 226,802 | \$ (69,076) |
| Live Export By Breed | \$ 74,461 | \$ 176,189 | \$ 101,728 |
| Simulcast Import Handle By Breed | \$ 432,926 | \$ 4,522,001 | \$ 4,089,074 |
| Admission | \$ 29,844 | \$ 18,190 | \$ (11,654) |
| Food And Beverage | \$ 123,230 | \$ 89,401 | \$ (33,829) |
| Group Sales | \$ 6,423 | \$ 21,181 | \$ 14,758 |
| Programs, Tip Sheets, Pencils | \$ 20,380 | \$ 11,698 | \$ (8,683) |
| Daily Racing Form | \$ 707 | \$ 780 | \$ 73 |
| Box Seats | \$ 28,246 | \$ 17,749 | \$ (10,497) |
| Parking | \$ 54,103 | \$ 36,331 | \$ (17,771) |
| Other | \$ 721 | \$ 364 | \$ (357) |
| Totals | \$ 1,066,918 | \$ 5,120,685 | \$ 4,053,767 |

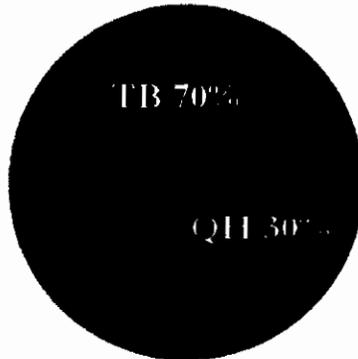
Earnings By Breed



(C) national public interest in each breed as determined by the live simulcast export handle of each Texas meet;

| LIVE EXPORT (NATIONAL PUBLIC INTEREST) | DAYS | AVG. HANDLE | % |
|----------------------------------------|-----------|------------------|-------------|
| Thoroughbred 2011 Live Export | 23 | \$383,020 | 70% |
| Quarter Horse 2012 Live Export | 22 | \$169,229 | 30% |
| Total | 45 | \$552,249 | 100% |

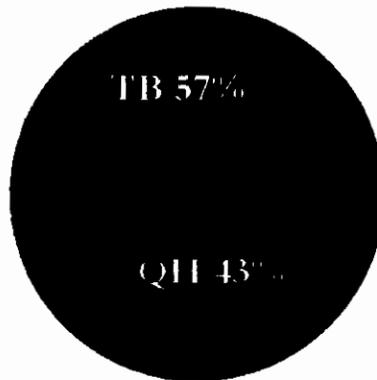
Export Handle By Breed



(D) racetrack race date request and opportunities given to each breed; and

| 2013 Quarter Horse | 2013 Thoroughbred |
|--------------------|-------------------|
| 20 Days | 26 days |

2013 Race Days By Breed



(E) availability of and ability to attract competitive horses.

| RUNNERS PER RACE | # Days | Avg. Runners | % |
|-------------------------|---------------|---------------------|-------------|
| Thoroughbred 2011 | 23 | 9.16 | 51% |
| Quarter Horse 2012 | 22 | 8.93 | 49% |
| Total | 45 | | 100% |

Average Runners Per Race





Retama Park
Analysis of Section 321.505 and 321.509 Breed Split Criteria
October 1, 2012

| | | | <u>Relative Percentages</u> | | <u>Assigned</u> | <u>Implied Breed Split</u> | |
|------------------------|-----------|------------|-----------------------------|-----------|-----------------|----------------------------|-----------|
| | <u>QH</u> | <u>TB</u> | <u>QH</u> | <u>TB</u> | <u>Factor</u> | <u>QH</u> | <u>TB</u> |
| Live Handle | 122,264 | 89,645 | 58% | 42% | 5.00% | 3% | 2% |
| Simulcast Import | 5,411,581 | 56,525,010 | 9% | 91% | 5.00% | 0% | 5% |
| Attendance | 3,235 | 2,378 | 58% | 42% | 5.00% | 3% | 2% |
| Earnings | 1,066,918 | 5,120,685 | 17% | 83% | 50.00% | 9% | 41% |
| Export | 169,229 | 383,020 | 31% | 69% | 5.00% | 2% | 3% |
| Race Date Request | 20 | 26 | 43% | 57% | 15.00% | 7% | 8% |
| Availability of Horses | 8.93 | 9.16 | 49% | 51% | <u>15.00%</u> | <u>7%</u> | <u>8%</u> |
| | | | | | 100% | 30% | 70% |

| | <u>Total</u> | <u>QH%</u> | <u>TB%</u> | <u>QH Accrual</u> | <u>TB Accrual</u> | |
|---------------------------------------------------------|--------------|------------|------------|-------------------|-------------------|-----------|
| Projected Purse Distribution Based on Requested Splits: | | | | | | |
| Simulcast Accruals (1) | 2,500,000 | 24% | 76% | 600,000 | 1,900,000 | |
| Cross-Species Accrual (2) | 267,187 | 77.5% | 22.5% | <u>207,070</u> | <u>60,117</u> | |
| | | | | 807,070 | 1,960,117 | 2,767,187 |
| Overall Projected Breed Split | | | | 29.17% | 70.83% | |

(1) After payment of 2% to minor breeds

(2) After payment of 7% to minor breeds

Association Recommended Allocation of 2013 Simulcast Purse Funds

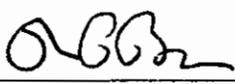
Association Name: Retama Park

Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|------------------------------------|
| Arabian | 1.5% |
| Paint Horse | .5% |
| Quarter Horse | 23.52% * |
| Thoroughbred | 74.48% * |

Rule §321.505 (a) (2) stipulates that at least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the ACT as representatives of horse owners, trainers, and/or breeders. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.

| Negotiations Conducted | |
|-------------------------------------------------------------------------|---------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Texas Arabian Breeders' Association | <input type="checkbox"/> Texas Paint Horse Breeders Association |
| <input type="checkbox"/> Texas Thoroughbred Association | <input checked="" type="checkbox"/> Texas Quarter Horse Association |
| <input checked="" type="checkbox"/> Texas Horsemen's Partnership | |

Prepared by: Bryan Brown  Date: 9/17/12

* - please see Sept. 18, 2012 email for further information.

Zimbra Collaboration Suite

sammy.jackson@txrc.state.tx.us

Retama Park Purse Request

✘ – Tuesday, September 18, 2012 1:18 PM

From: BBPreston1@aol.com

To: sammy.jackson@txrc.state.tx.us

Cc: robwerstler@hotmail.com; greg.lamantia@lnfdist.com; davidh@texasthoroughbred.com; rwerstler@tqha.com; retamapark@gmail.com; SBriggs@gulfgreyhound.com; howard@manordowns.com; ayounng@shrp.com; marsharountree@texashorsemen.com; kutecht@apha.com; drews@lonestarpark.com; ewtaba@gmail.com; jthays0606@aol.com; janjhaynes@aol.com; lexs@apha.com

Attachments: Retama 2013 Request for Escrow and Simulcast Splits.pdf (146 KB)

Sammy:

Please find attached Retama Park's Request for 2013 Escrowed Purse Account and Simulcast Purse Funds.

You will note that Retama has requested a 76/24 breed split (after payment of 2% to minor breeds) for Thoroughbreds and Quarter Horses. As we did last year, we would like to have one set of splits in place for the period of time leading up to and including most of the Quarter Horse meet and another set for the balance of the year.

While for simplicity sake we showed the split as 76/24 for simulcast purse funds, the breakdown for the year would be as follows:

- **67% - Thoroughbred and 33% - Quarter Horse from 1/1/13 through 7/31/13**
- **91% - Thoroughbred and 9% - Quarter Horse from 8/1/13 through 12/31/13**
- **The above percentages are after payment of 2% to minor breeds**
- **Distribution of funds from the Escrowed Purse Account would be constant all year**

Please let me know if you have any questions.

Many thanks.

**Bryan Brown
Retama**



October 3, 2012

Mr. Sammy Jackson
Deputy Director
Texas Racing Commission
8505 Cross Park Drive
Austin, TX 78754

Dear Mr. Jackson:

Please find attached Sam Houston Race Park's analysis of Rules 321.505 and 321.509 regarding allocation of purses and the escrowed purse account distribution. Our request for 2013 comes after months of internal analysis and discussions with both breeds. Sam Houston Race Park is sympathetic to the relentless pressure placed on Texas horse tracks and horsemen of both breeds by our neighboring states, all of whom offer additional forms of gaming at their racetracks and subsequently better purses and breeder incentives. The position we find ourselves in is a difficult one and represents the dire straits the industry finds itself in. Both breeds have repeatedly asked for more and we believe our analysis supports a compromise as outlined in the attached proposal.

Furthermore, when reviewing this data please consider that purses directly impact how Sam Houston Race Park runs its business. The ability to run profitable race dates directly impacts our ability to create and maintain jobs and spur additional economic development through things like capital purchases, marketing and other day-to-day operating expenses. Live Thoroughbred racing not only drives more handle and commissions, it also represents our only real growth opportunity given the current state of play in our region. Over the past two years, Sam Houston Race Park has experienced a 58% increase in daily average live handle during our Thoroughbred meet. This amazing growth is in light of the industry's well documented woes and overall handle declines and clearly deserves more investment.

Sam Houston Race Park appreciates the opportunity to present its recommendation to the Commission. Please feel free to contact me should you have any questions or concerns.

Sincerely,

Andrea B. Young
President

Enclosures

SAM HOUSTON RACE PARK LTD.

7575 North Sam Houston Parkway West, Houston, TX, 77064 • 281.807.8700 • shrp.com

Allocation of Purses

SHRP has reviewed its operational data and statistics from the Thoroughbred (TB) and Quarter Horse (QH) meets of 2012. Simulcast handle for 2012 year-to-date has been reviewed and analyzed. Based on its review, SHRP is recommending the following splits:

| Breed | 2013 Proposed | 2012 Actual |
|-----------|---------------|-------------|
| - TB | 81.34% | 76.44% |
| - QH | 16.66% | 21.56% |
| - Arabian | 01.40% | 01.40% |
| - Paint | 00.60% | 00.60% |

This proposed split mirrors that of Lone Star Park which has enjoyed these current splits for the past several years and is more in line with actual business lines generated by both breeds.

Please note this recommendation is based on the data listed below with particular emphasis placed on the percentage of simulcast handle by breed as well as the earnings derived by each breed. SHRP believes that simulcast purse splits should be more closely aligned with simulcast handle by breed. Purse earnings from live and export handle are not divided but simply go directly to the breed earning that handle. Thus, simulcast handle by breed is an important factor in determining which breed should be awarded those purse earnings derived.

FACTORS FOR CONSIDERATION AS DEFINED BY COMMISSION RULE 321.505 and 321.509

1. Local Interest

Local interest at SHRP is demonstrated by live handle, simulcast handle and live attendance. The following chart lists these 2012 totals by percentages.

| | TB | QH | Arabian | Paint |
|-----------------------|-------|-------|---------|-------|
| Local Interest | | | | |
| Live Handle | 57.9% | 39.2% | 2.5% | 0.4% |
| Simulcast Handle | 95.0% | 4.9% | 0.1% | 0.0% |
| Live Attendance | 52.4% | 47.6% | n/a | n/a |

Management's Discussion on Local Interest

Average daily live handle on the 2012 Thoroughbred meet was approximately \$120,000 per day compared to \$94,000 for the Quarter Horse meet, a difference of about 28%. However, due to the Quarter Horses only running three days per week, a comparison on similar days is more appropriate. In 2012, Thoroughbreds ran a four day per week schedule (Friday, Saturday, Sunday and Monday) and Quarter Horses ran a three day per week schedule (Thursday, Friday and Saturday).

The average live handle on an "apples to apples basis" for Fridays and Saturdays during the 2012 Thoroughbred meet was approximately \$172,000 per day compared to only \$112,000 for the Quarter Horse meet, a difference of about 35%. Daily attendance and live handle per cap were also significantly higher during the Thoroughbred meet than the Quarter Horse meet.

This disparity between the meets is in spite of similar marketing budgets and strong simulcast attendance. The Quarter Horse meet enjoyed unique advantages such as a post-race concert series, premium simulcast days like the Kentucky Derby and Preakness as well as the Triple Crown prep season.

The Thoroughbred meet not only derives more handle and commissions, it also represents SHRP's largest growth opportunity. Over the past two seasons, SHRP has seen a 58% increase in daily average live handle for Thoroughbreds compared to only a modest 13% increase for Quarter Horse daily live handle. This amazing growth is in light of the industry's well documented woes and overall handle declines and clearly deserves more investment.

As demonstrated above, Thoroughbreds drive the overwhelming majority of simulcast handle. Please note that simulcast dog handle and handle on harness racing both significantly outpace Quarter Horse simulcast handle by 6.1x and 1.5x, respectively. Thoroughbred simulcast handle is more than 20x greater than Quarter Horse simulcast handle. This multiple would imply a 95/5 split in favor of Thoroughbreds.

1. Earnings

Net commissions represent SHRP's earnings from wagering after mandatory deductions and other track fees. The table below summarizes the combined net commissions earned from live, simulcast and export handle by breed in 2012 year-to-date.

| | TB | QH | Arabian | Paint |
|-----------------|-------|-------|---------|-------|
| Earnings | | | | |
| Net Commissions | 87.1% | 11.8% | 1.0% | 0.1% |

Management's Discussion on Earnings

Net commissions from Thoroughbred handle are a significant source of revenue for SHRP. The significant premium in earnings is driven in part by higher per caps and overall attendance statistics. In addition, the ability to run one additional day per week during the Thoroughbred meet (more supply) drives a significant difference in operating income between the two meets for SHRP.

For the months of January, February and March 2012 when running primarily Thoroughbreds, SHRP generated more than \$545,000 in positive EBITDA. However, during April and May when running Quarter Horses, SHRP suffered approximately \$120,000 in EBITDA losses despite premium simulcast dates like the Kentucky Derby and Preakness.

2. National Public Interest

| | TB | QH | Arabian | Paint |
|---------------------------------|-------|-------|---------|-------|
| National Public Interest | | | | |
| Export Handle | 81.2% | 15.7% | 3.0% | 0.1% |

National public interest is best demonstrated by export handle. The table below lists 2012 export handle totals by breed listed as percentages.

Management's Discussion on National Public Interest

SHRP's daily average export handle for the Thoroughbred meet averaged \$1.27 million, 3.5x greater than the daily export average of \$284,000 for the Quarter Horses.

3. Racetrack Race Date Request

SHRP has requested 34 Thoroughbred race days and 21 Quarter Horse race days for 2013. These dates translate into the following percentages.

| | TB | QH | Arabian | Paint |
|--------------------------|-------|-------|---------|-------|
| Race Date Request | 61.8% | 38.2% | n/a | n/a |

4. Availability and Ability to Attract Competitive Horses

Thoroughbred participation in SHRP's meet is very significant to the ability of SHRP to conduct profitable operations. The Thoroughbred population has successfully supported a four day race week at SHRP for the past several years despite struggles to do the same at the other two Class I Texas racetracks. A four day race week allows SHRP to maximize its assets and turn a profit during the Thoroughbred meet. The Quarter Horse population cannot provide this support. In recent years, the Quarter Horses have struggled to support a three day race week. Thus, SHRP is forced to lose money during the Quarter Horse meet.

| Average Field Size | TB | QH |
|--------------------|---------|------|
| | 8.71 | 7.92 |
| | 4x/week | |

3x/week

In 2012, almost 28% of all Quarter Horse race dates attracted 5 or 6 runners or less. These races, on average, handle 25% less than those with larger, full fields. This trend, simply put, is not sustainable.

Escrowed Purse Account

Sam Houston Race Park, at this time, does not recommend changing the splits for the Escrowed Purse Account and has recommended to the Commission that they remain at current levels.

| Breed | 2013 Proposed | 2012 Actual |
|-----------|---------------|-------------|
| - TB | 20.925% | 20.925% |
| - QH | 72.075% | 72.075% |
| - Arabian | 03.50% | 03.50% |
| - Paint | 03.50% | 03.50% |

The current allocation of monies clearly favors the Quarter Horse breed. Although the criteria listed in rule 321.509 are similar to those in rule 321.505 and would clearly favor a majority split to Thoroughbred purses. SHRP supports maintaining the allocation at its current levels in order to offset any challenges created by our requested changes to simulcast breed splits.

AMENDED

Association Recommended Allocation of 2013 Simulcast Purse Funds

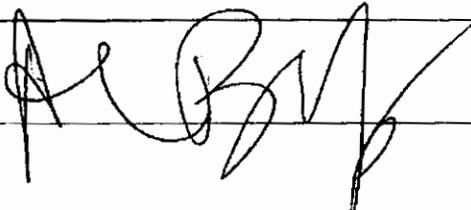
Association Name: Sam Houston Race Park

Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|------------------------------------|
| Arabian | 1.40% |
| Paint Horse | .60% |
| Quarter Horse | 16.66% |
| Thoroughbred | 81.34% |

Rule §321.505 (a) (2) stipulates that at least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the ACT as representatives of horse owners, trainers, and/or breeders. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.

| Negotiations Conducted | |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Texas Arabian Breeders' Association | <input checked="" type="checkbox"/> Texas Paint Horse Breeders Association |
| <input checked="" type="checkbox"/> Texas Thoroughbred Association | <input checked="" type="checkbox"/> Texas Quarter Horse Association |
| <input checked="" type="checkbox"/> Texas Horsemen's Partnership | |

Prepared by: 

Date: 10/1/12

Association Recommended Allocation of 2013 Simulcast Purse Funds

Association Name: SADDLE BROOK PARK

Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|------------------------------------|
| Arabian | — |
| Paint Horse | — |
| Quarter Horse | 50% |
| Thoroughbred | 50% |

Rule §321.505 (a) (2) stipulates that at least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the ACT as representatives of horse owners, trainers, and/or breeders. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.

| Negotiations Conducted | |
|--------------------------------------------------------------------|---------------------------------------------------------------------|
| <input type="checkbox"/> Texas Arabian Breeders' Association | <input type="checkbox"/> Texas Paint Horse Breeders Association |
| <input checked="" type="checkbox"/> Texas Thoroughbred Association | <input checked="" type="checkbox"/> Texas Quarter Horse Association |
| <input checked="" type="checkbox"/> Texas Horsemen's Partnership | |

Prepared by: Corey S Johnson Date: 9-17-12

Association Recommended Allocation of 2013 Simulcast Purse Funds

Association Name: GILLESPIE COUNTY FAIR & FESTIVALS ASSOC.

Rule §321.505 (a) (1) stipulates that an association shall recommend the percentages by which it will divide the purse revenue generated from simulcasting among the various breeds of horses. The recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|------------------------------------|
| Arabian | 0 |
| Paint Horse | 1.5 |
| Quarter Horse | 68.95 |
| Thoroughbred | 29.55 |

Rule §321.505 (a) (2) stipulates that at least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the ACT as representatives of horse owners, trainers, and/or breeders. Indicate in the box below, what recognized organizations the association negotiated with prior to filing the recommended allocation percentages above.

| Negotiations Conducted | |
|--------------------------------------------------------------|-----------------------------------------------------------------|
| <input type="checkbox"/> Texas Arabian Breeders' Association | <input type="checkbox"/> Texas Paint Horse Breeders Association |
| <input type="checkbox"/> Texas Thoroughbred Association | <input type="checkbox"/> Texas Quarter Horse Association |
| <input type="checkbox"/> Texas Horsemen's Partnership | |

Prepared by: Sally B Briggs Date: 09/20/2012

MOLTZ | MORTON

2012 SEP 18 PM 2:03
GLENNED
TEXAS RACING
COMMISSION

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

September 18, 2012

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

Via Fax

RE: Laredo Downs and Valle de los Tesoros Race Park

Dear Mr. Jackson:

The purpose of this letter is to respond on behalf of Laredo Downs and Valle de los Tesoros Race Park to your September 14, 2012 letter and email regarding the allocation of 2013 simulcast purse funds and escrowed purse account.

As you are aware, Laredo Downs currently has no race dates approved for 2013 although various mechanisms are being explored which could lead to live races in Webb County. Unless and until any such possibility is finalized and approved by the Commission, it would be inappropriate for Laredo Downs address allocation of purse funds.

With respect to Valle de los Tesoros Race Park, the Commission previously denied the track's request to open a temporary simulcast facility and, therefore, no simulcast operations are currently taking place. Furthermore, Valle de los Tesoros Race Park is currently evaluating its plans in light of the most recent Commission meeting. Due to the above, Valle de los Tesoros Race Park believes it would be inappropriate for it to address the allocation of purse funds at this time.

Thanks you for your consideration.

Sincerely,

William J. Moltz

WJM/pjp

IV. PROCEEDINGS ON RACETRACKS

Horse Race Dates:

**D. Distribution of funds in the
Escrowed Purse Account**

Association Request for 2013 Escrowed Purse Account

Association Name: Lone Star Park

Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.

| Type of Distribution Requested <i>(select one)</i> | Percentage Requested |
|----------------------------------------------------|--------------------------|
| <input checked="" type="checkbox"/> Monthly | Same as current = 24.65% |
| <input type="checkbox"/> Annual | |

Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.

Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|--------------------------------------------------------------------|
| Arabian | Minor Breeds split 7% of the allocation 50% / 50% = 3.5% |
| Paint Horse | Minor Breeds split 7% of the allocation 50% / 50% = 3.5% |
| Quarter Horse | Quarter Horses receive 77.5% of the remaining allocation = 72.075% |
| Thoroughbred | Thoroughbreds receive 22.5% of the remaining allocation = 20.925% |

Prepared by: Drew Shubeck Date: 9/14/12

Association Request for 2013 Escrowed Purse Account

Association Name: Retama Park

Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.

| Type of Distribution Requested <small>(select one)</small> | Percentage Requested |
|------------------------------------------------------------|----------------------|
| <input checked="" type="checkbox"/> Monthly | 32.45% |
| <input type="checkbox"/> Annual | |

Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.

Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|------------------------------------|
| Arabian | 5.5% |
| Paint Horse | 1.5% |
| Quarter Horse | 72.075% |
| Thoroughbred | 20.925% |

Prepared by: Bryan Brown 

Date: 9/17/12

Association Request for 2013 Escrowed Purse Account

Association Name: Sam Houston Race Park

Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.

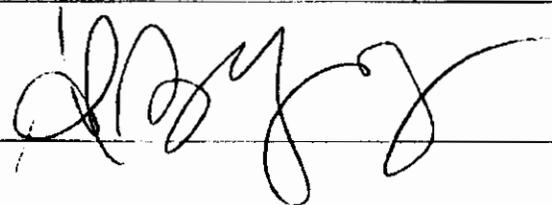
| Type of Distribution Requested <i>(select one)</i> | Percentage Requested |
|----------------------------------------------------|----------------------|
| <input checked="" type="checkbox"/> Monthly | 41.3% |
| <input type="checkbox"/> Annual | |

Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.

Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|------------------------------------|
| Arabian | 3.5% |
| Paint Horse | 3.5% |
| Quarter Horse | 72.075% |
| Thoroughbred | 20.925% |

Prepared by:



Date:

9/20/2012

Association Request for 2013 Escrowed Purse Account

Association Name: SADDLE BROOK PARK

Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.

| Type of Distribution Requested <i>(select one)</i> | Percentage Requested |
|----------------------------------------------------|----------------------|
| <input type="checkbox"/> Monthly | NO REQUEST FOR 2013 |
| <input type="checkbox"/> Annual | NO REQUEST FOR 2013 |

Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.

Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|------------------------------------|
| Arabian | — |
| Paint Horse | — |
| Quarter Horse | — |
| Thoroughbred | — |

Prepared by: *Coley S. Johnson* Date: 9-17-12

Association Request for 2013 Escrowed Purse Account

Association Name: GILLESPIE COUNTY FAIR & FESTIVAL ASSOC

Rule §321.509 (a) stipulates at least once a year, the Commission shall distribute all funds accrued in the escrowed purse account created by the Act, §6.091(e). An association shall request to the Commission for a distribution from the escrowed purse account.

| Type of Distribution Requested <i>(select one)</i> | Percentage Requested |
|----------------------------------------------------|----------------------|
| <input checked="" type="checkbox"/> Monthly | 1.6 |
| <input type="checkbox"/> Annual | |

Rule §321.509 (a) stipulates that an association when requesting for distribution from the escrowed purse account shall also recommend the percentages by which it will divide the escrowed purse account revenue among the various breeds of horses.

Rule §321.509 (c) stipulates that the recommended percentages are subject to the approval of the Commission.

| Recognized Breeds of Horses | Recommended Allocation Percentages |
|-----------------------------|------------------------------------|
| Arabian | 3.5 |
| Paint Horse | 3.5 |
| Quarter Horse | 72.075 |
| Thoroughbred | 20.925 |

Prepared by: Sally B Briggs Date: 09/20/2012

IV. PROCEEDINGS ON RACETRACKS

Greyhound Race Dates:

E. Allocation of Live Race Dates for:

- 1. January 1, 2013 through December 31, 2014**



Memorandum

P.O. Box 12080
 Austin, Texas 78711-2080
 (512) 833-6699
 Fax (512) 833-6907

Date: September 17, 2012
To: Charles G. Trout, Executive Director
From: *SJ* Sammy Jackson, Deputy Director for Finance and Wagering
RE: Greyhound Race Date Applications Submitted for 2013 and 2014

The following applications were submitted for 2013 Greyhound Race Dates:

| Track | Type of Perf. | 2013 Actual Days Requested by Application | Total Perfs. |
|---------------------|---------------|--------------------------------------------------------------|--------------|
| Gulf Greyhound Park | MA | January 2, 6, 9, 13, 16, 20, 23, 27, 30 | 9 |
| | MA | February 6, 10, 13, 17, 20, 24, 27 | 7 |
| | MA | March 3, 6, 10, 13, 17, 20, 24, 27 | 8 |
| | MA | April 3, 7, 10, 14, 17, 21, 24, 28 | 8 |
| | MA | May 1, 5, 8, 12, 15, 19, 22, 26, 27, 29 | 10 |
| | MA | June 2, 5, 9, 12, 16, 19, 23, 26, 30 | 9 |
| | MA | July 3, 7, 10, 14, 17, 21, 24, 28, 31 | 9 |
| | MA | August 4, 7, 11, 14, 18, 21, 25, 28 | 8 |
| | MA | September 1, 2, 4, 8, 11, 15, 18, 22, 25, 29 | 10 |
| | MA | October 2, 6, 9, 13, 16, 20, 23, 27, 30 | 9 |
| | MA | November 3, 6, 10, 13, 17, 20, 24, 27 | 8 |
| | MA | December 1, 4, 8, 11, 15, 18, 22, 29 | 8 |
| | | Total Matinee Performances | 103 |
| | EV | January 3, 4, 5, 10, 11, 12, 17, 18, 19, 24, 25, 26, 31 | 13 |
| | EV | February 1, 2, 7, 8, 9, 14, 15, 16, 21, 22, 23, 28 | 12 |
| | EV | March 1, 2, 7, 8, 9, 14, 15, 16, 21, 22, 23, 28, 29, 30 | 14 |
| | EV | April 4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26, 27 | 12 |
| | EV | May 2, 3, 4, 9, 10, 11, 16, 17, 18, 23, 24, 25, 30, 31 | 14 |
| | EV | June 1, 6, 7, 8, 13, 14, 15, 20, 21, 22, 27, 28, 29 | 13 |
| | EV | July 4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26, 27 | 12 |
| | EV | August 1, 2, 3, 8, 9, 10, 15, 16, 17, 22, 23, 24, 29, 30, 31 | 15 |
| | EV | September 5, 6, 7, 12, 13, 14, 19, 20, 21, 26, 27, 28 | 12 |
| | EV | October 3, 4, 5, 10, 11, 12, 17, 18, 19, 24, 25, 26, 31 | 13 |
| | EV | November 1, 2, 7, 8, 9, 14, 15, 16, 21, 22, 23, 28, 29, 30 | 14 |
| | EV | December 5, 6, 7, 12, 13, 14, 19, 20, 21, 26, 27, 28, 31 | 13 |
| | | Total Evening Performances | 157 |
| | | Total Gulf Greyhound Park Performances Requested | 260 |
| | | Total Performances Requested for 2013 | 260 |

Memorandum To: Chuck Trout, Executive Director
 RE: Greyhound Race Date Applications 2013 & 2014
 pg. 2

The following are 2013 Race Dates previously granted by the Commission:

| Track | Type of Perf. | 2013 Actual Days Previously Granted | Total Perfs. |
|-------------------|---------------|----------------------------------------------------------------|--------------|
| Gulf Coast Racing | MA | | 0 |
| | EV | August 27, 28, 29, 30, 31 | 5 |
| | | Total Gulf Coast Racing Performances Previously Granted | 5 |
| Valley Race Park | MA | | 0 |
| | EV | July 3, 4, 5, 6, 7 | 5 |
| | | Total Valley Race Park Performance Previously Granted | 5 |
| | | Total Performances Previously Granted for 2013 | 10 |

The following applications were submitted for Greyhound Race Dates in the first eight months of 2014 or in October and November of 2014:

| Track | Type of Perf. | 2014 Days Requested by Application | Total Perfs. |
|---------------------|---------------|---------------------------------------------------------|--------------|
| Gulf Greyhound Park | MA/EV | Total Gulf Greyhound Park Performances Requested | 0 |
| Gulf Coast Racing | MA | | 0 |
| | EV | November 25, 26, 27, 28, 29 | 5 |
| | | Total Gulf Coast Racing Performances Requested | 5 |
| Valley Race Park | MA/EV | Total Valley Race Park Performance Requested | 0 |
| | | Total Performances Requested for 2014 | 5 |

If the Commission approves the 2013 race dates request, the 2013 calendar will have 103 Matinee Performances and 167 Evening Performances, for a total of 270 live performances. If the Commission approves the 2014 race date request, the 2014 calendar would have 0 Matinee Performances and 5 Evening Performances, for a total of 5 performances.

I have attached the 2013 previously granted and newly requested race date calendar and the 2014 newly requested race date calendar. If you have any questions or if I may be of further assistance, please let me know.

Enclosures: 2013 Previously Granted and Newly Requested Greyhound Race Date Calendar
 2014 Newly Requested Greyhound Race Date Calendar

CC: Commissioner Gloria Hicks, Chair of Committee on Greyhound Race Dates
 Executive Team Members and Senior Staff Team Members



■ GULF GREYHOUND PARK ■

2012 JUL 18 PM 2:05

RECEIVED
TEXAS RACING
COMMISSION

Sally B. Briggs
General Manager

July 16, 2012

Mr. Sammy Jackson
Texas Racing Commission
P. O. Box 12080
Austin, TX 78711-2080

Re: Gulf Greyhound Park
2013 Live Race Date Request

Dear Mr. Jackson:

Please find enclosed the Gulf Greyhound Park request for live racing in 2013. We are requesting to run 5 performances a week for a total of 260 performances.

Please note that Saturday performances will consist of 17 races and all other performances will consist of 13 races.

If you have questions, please feel free to contact me.

Yours truly,

Sally B. Briggs
General Manager

Enclosure

C: Nick James, Texas Greyhound Association
Andrea Young, Valley Race Park
Steve Lamb, Gulf Coast Racing

**TEXAS RACING COMMISSION
REQUEST FOR LIVE RACE DATES
GREYHOUND RACETRACKS - 2013**

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. 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: GULF GREYHOUND PARK

Opening Day: 01 / 02 /2013 Closing Day: 12 / 31 /2013

Number of Performances per week scheduled for five or more races 260

Projected Number of Races per Performance *13 (*except as noted)

Number of Performances per week scheduled for fewer than five races _____

Projected Number of Races per Performance _____

TOTAL NUMBER OF PERFORMANCES REQUESTED 260

II. 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:

1/ 23/2013 for 50% Texas A&M Sch. Fund; 50% Texas Greyhound Assoc.
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

2 / 17/2013 for Texas A&M Scholarship Fund
(Name of Charity)

7 / 12/2013 for Texas City/La Marque Chamber of Commerce
(Name of Charity)

9 / 13/2013 for Galveston County Ronald McDonald House
(Name of Charity)

10/ 25/2013 for The Independence Village
(Name of Charity)

For each charity listed, attach the following information:

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

GULF GREYHOUND PARK

(Name of Racetrack)

Requested Live Race Performances for 2013

| JANUARY | | | | | | |
|-----------------|-------------------|---------------------|---------------|--------------|--------------|--------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | 1 New Year's Day | 2 M 12 PM | 3 E 7 PM | 4 E 7 PM | 5 E 7 PM 17 RACES |
| 6 M 1:30 pm | 7 | 8 | 9 M 12 PM | 10 E 7 PM | 11 E 7 PM | 12 E 7 PM 17 RACES |
| 13 M 1:30 pm | 14 | 15 | 16 M 12 PM | 17 E 7 PM | 18 E 7 PM | 19 E 7 PM 17 RACES |
| 20 M 1:30 pm | 21 ML King Day | 22 | 23 M 12 PM | 24 E 7 PM | 25 E 7 PM | 26 E 7 PM 17 RACES |
| 27 M 1:30 pm | 28 | 29 | 30 M 12 PM | 31 E 7 PM | | |

| FEBRUARY | | | | | | |
|-----------------|-----------------------|---------|---------------|---------------------------------|--------------|--------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | 1 E 7 PM | 2 E 7 PM 17 RACES |
| 3 | 4 | 5 | 6 M 12 PM | 7 E 7 PM | 8 E 7 PM | 9 E 7 PM 17 RACES |
| 10 M 1:30 pm | 11 | 12 | 13 M 12 PM | 14 E 7 PM Valentine's Day | 15 E 7 PM | 16 E 7 PM 17 RACES |
| 17 M 1:30 pm | 18 President's Day | 19 | 20 M 12 PM | 21 E 7 PM | 22 E 7 PM | 23 E 7 PM 17 RACES |
| 24 M 1:30 pm | 25 | 26 | 27 M 12 PM | 28 E 7 PM | | |

| MARCH | | | | | | |
|--------------------------------------|--------|----------------|---------------|--------------|-----------------------------|--------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | 1 E 7 PM | 2 E 7 PM 17 RACES |
| 3 M 1:30 pm | 4 | 5 | 6 M 12 PM | 7 E 7 PM | 8 E 7 PM | 9 E 7 PM 17 RACES |
| 10 M 1:30 pm Daylight Savings | 11 | 12 | 13 M 12 PM | 14 E 7 PM | 15 E 7 PM | 16 E 7 PM 17 RACES |
| 17 M 1:30 pm St. Patrick's Day | 18 | 19 | 20 M 12 PM | 21 E 7 PM | 22 E 7 PM | 23 E 7 PM 17 RACES |
| 24 M 1:30 pm | 25 | 26 Passover | 27 M 12 PM | 28 E 7 PM | 29 E 7 PM Good Friday | 30 E 7 PM 17 RACES |
| 31 Easter | | | | | | |

lot

GULF GREYHOUND PARK

(Name of Racetrack)

Requested Live Race Performances for 2013

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

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

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

GULF GREYHOUND PARK

(Name of Racetrack)

Requested Live Race Performances for 2013

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

| AUGUST | | | | | | |
|-----------------|--------|---------|---------------|--------------|--------------|--------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | 1 E 7 PM | 2 E 7 PM | 3 E 7 PM 17 RACES |
| 4 M 1:30 pm | 5 | 6 | 7 M 12 PM | 8 E 7 PM | 9 E 7 PM | 10 E 7 PM 17 RACES |
| 11 M 1:30 pm | 12 | 13 | 14 M 12 PM | 15 E 7 PM | 16 E 7 PM | 17 E 7 PM 17 RACES |
| 18 M 1:30 pm | 19 | 20 | 21 M 12 PM | 22 E 7 PM | 23 E 7 PM | 24 E 7 PM 17 RACES |
| 25 M 1:30 pm | 26 | 27 | 28 M 12 PM | 29 E 7 PM | 30 E 7 PM | 31 E 7 PM 17 RACES |

| SEPTEMBER | | | | | | |
|------------------|-----------------------------|---------|---------------|------------------------------|--------------|----------------------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| 1 M 1:30 pm | 2 M 1:30 pm Labor Day | 3 | 4 M 12 PM | 5 E 7 PM Rosh Hashanah | 6 E 7 PM | 7 E 7 PM 17 RACES |
| 8 M 1:30 pm | 9 | 10 | 11 M 12 PM | 12 E 7 PM | 13 E 7 PM | 14 E 7 PM 17 RACES Yon Kippur |
| 15 M 1:30 pm | 16 | 17 | 18 M 12 PM | 19 E 7 PM | 20 E 7 PM | 21 E 7 PM 17 RACES |
| 22 M 1:30 pm | 23 | 24 | 25 M 12 PM | 26 E 7 PM | 27 E 7 PM | 28 E 7 PM 17 RACES |
| 29 M 1:30 pm | 30 | | | | | |

GULF GREYHOUND PARK

(Name of Racetrack)

Requested Live Race Performances for 2013

| OCTOBER | | | | | | |
|-----------------|--------------------|---------|---------------|---------------------------|--------------|--------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | 1 | 2 M 12 PM | 3 E 7 PM | 4 E 7 PM | 5 E 7 PM 17 RACES |
| 6 M 1:30 pm | 7 | 8 | 9 M 12 PM | 10 E 7 PM | 11 E 7 PM | 12 E 7 PM 17 RACES |
| 13 M 1:30 pm | 14 Columbus Day | 15 | 16 M 12 PM | 17 E 7 PM | 18 E 7 PM | 19 E 7 PM 17 RACES |
| 20 M 1:30 pm | 21 | 22 | 23 M 12 PM | 24 E 7 PM | 25 E 7 PM | 26 E 7 PM 17 RACES |
| 27 M 1:30 pm | 28 | 29 | 30 M 12 PM | 31 E 7 PM Halloween | | |

| NOVEMBER | | | | | | |
|------------------------------------|--------------------|---------|---------------|-------------------------------------------|--------------|--------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | 1 E 7 PM | 2 M 1:30 PM 17 RACES |
| 3 M 1:30 pm Daylight Savings | 4 | 5 | 6 M 12 PM | 7 E 7 PM | 8 E 7 PM | 9 E 7 PM 17 RACES |
| 10 M 1:30 pm | 11 Veterans Day | 12 | 13 M 12 PM | 14 E 7 PM | 15 E 7 PM | 16 E 7 PM 17 RACES |
| 17 M 1:30 pm | 18 | 19 | 20 M 12 PM | 21 E 7 PM | 22 E 7 PM | 23 E 7 PM 17 RACES |
| 24 M 1:30 pm | 25 | 26 | 27 M 12 PM | 28 E 7 PM Thanksgiving Chanukkah | 29 E 7 PM | 30 E 7 PM 17 RACES |

| DECEMBER | | | | | | |
|-----------------|--------|--------------------------------|-----------------|--------------------------------|--------------|--------------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| 1 M 1:30 pm | 2 | 3 | 4 M 12 PM | 5 E 7 PM | 6 E 7 PM | 7 E 7 PM 17 RACES |
| 8 M 1:30 pm | 9 | 10 | 11 M 12 PM | 12 E 7 PM | 13 E 7 PM | 14 E 7 PM 17 RACES |
| 15 M 1:30 pm | 16 | 17 | 18 M 12 PM | 19 E 7 PM | 20 E 7 PM | 21 E 7 PM 17 RACES |
| 22 M 1:30 pm | 23 | 24 Christmas Eve | 25 Christmas | 26 E 7 PM Kwanzaa Begins | 27 E 7 PM | 28 E 7 PM 17 RACES |
| 29 M 1:30 pm | 30 | 31 E 6 PM New Year's Eve | | | | |

IV. PROCEEDINGS ON RACETRACKS

Greyhound Race Dates:

E. Allocation of Live Race Dates for:

- 3. October 1, 2014 through November 30, 2014**

2012 SEP 12 AM 10: 28

RECEIVED
TEXAS RACING
COMMISSION



5302 Leopard Street
Corpus Christi, Texas 78408

★
361.289.9333

www.gulfcoastracetrack.com

September 11, 2012

Mr. Sammy Jackson
Deputy Director for Wagering & Racing Review
Texas Racing Commission
P. O. Box 12080
Austin, TX 78711-2080

Re: 2014 Race Date Request

Dear Mr. Jackson:

Enclosed please find a request for race dates in 2014 for Gulf Coast Racing. We are requesting to run five (5) performances.

If you have questions, please do not hesitate to contact me.

Yours truly,

Sally B. Briggs
Operations Manager

C: Eric Wilson
Steve Lamb

TEXAS RACING COMMISSION
REQUEST FOR LIVE RACE DATES
GREYHOUND RACETRACKS
FOR OCTOBER AND NOVEMBER OF 2014

2012 SEP 12 AM 10:28

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request or a request for dates outside of the period approved for the application period. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on Friday, September 14, 2012.

I. Schedule Requested

Name of Racetrack: GULF COAST RACING

Opening Day: 11 / 25 / 2014 Closing Day: 11 / 29 / 2014

Number of Performances per week scheduled for five or more races 5

Projected Number of Races per Performance 8

Number of Performances per week scheduled for fewer than five races _____

Projected Number of Races per Performance _____

TOTAL NUMBER OF PERFORMANCES REQUESTED _____

II. 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:

 / / 2014 for TBA
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

 / / 2014 for TBA
(Name of Charity)

 / / 2014 for TBA
(Name of Charity)

 / / 2014 for TBA
(Name of Charity)

 / / 2014 for TBA
(Name of Charity)

For each charity listed, attach the following information:

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

III. Dates Requested

Indicate on the attached calendar each live race performance requested with a

- "M" denoting a Matinee performance with five or more races;
- "AM" denoting an Abbreviated Matinee with fewer than five races;
- "E" denoting an Evening performance with five or more races; or
- "AE" denoting an Abbreviated Evening performance with fewer than five races.

Include standard post time for each performance in space provided on calendar. Any exceptions, such as holidays, should be noted.

IV. Certificate of Service

I hereby certify that on September 12, 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

Sally B Briggs
Signature

Operations Manager
Title

Gulf Coast Racing Association
 c/o Steve Lamb
 General Manager
 5302 Leopard Street
 Corpus Christi, TX 78408

Gulf Greyhound Park
 c/o Sally Briggs, General Manager
 P.O. Box 488
 La Marque, TX 77568-0488

Valley Race Park
 c/o Andrea Young, President
 2601 South Ed Carey Drive
 Harlingen, TX 78552

GULF COAST RACING

(Name of Racetrack)

Requested Live Race Performances for 2014

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

| NOVEMBER | | | | | | |
|-----------------|--------|--------------------|--------------|------------------------------|--------------|--------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 Veterans Day | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 E 7 PM | 26 E 7 PM | 27 E 7 PM Thanksgiving | 28 E 7 PM | 29 E 7 PM |
| 30 | | | | | | |



**Fiscal Year 2012
Operational Budget**

Updated: September 17, 2012

Thru: August 31, 2012

Summary of Operating Revenue
By Revenue Type:

| | Budget | Collected | Suspended | Uncollected Balance | % |
|----------------------------------------------|---------------|--------------|-----------|---------------------|----|
| Account 597 - Racing Commission - GRD | \$ 10,323,420 | \$ 9,510,741 | \$ 75,000 | \$ 812,679 | 8% |
| Account 1 - State of Texas - GR | \$ - | \$ - | \$ - | \$ - | |
| TOTAL - ALL REVENUES | \$ 10,323,420 | \$ 9,510,741 | \$ 75,000 | \$ 812,679 | 8% |

Summary of Appropriated Operating Expenses

| | Budget | Expended | Encumbered | Unexpended Balance | % |
|-----------------------------------------------|--------------|--------------|------------|--------------------|-----|
| 1001 - Salaries and Wages: | \$ 2,815,410 | \$ 2,511,460 | \$ - | \$ 303,950 | 11% |
| 1002 - Other Personnel Cost: | \$ 148,166 | \$ 140,132 | \$ - | \$ 8,034 | 5% |
| 2001 - Professional Fees and Services: | \$ 215,124 | \$ 95,912 | \$ - | \$ 119,212 | 55% |
| 2003 - Consumable Supplies: | \$ 28,490 | \$ 22,669 | \$ - | \$ 5,821 | 20% |
| 2004 - Utilities: | \$ 29,203 | \$ 29,203 | \$ - | \$ 0 | 0% |
| 2005 - Travel: | \$ 186,025 | \$ 133,326 | \$ - | \$ 52,699 | 28% |
| 2006 - Rent Building: | \$ 108,014 | \$ 103,083 | \$ - | \$ 4,931 | 5% |
| 2007 - Rent Machine and Other: | \$ 14,500 | \$ 9,179 | \$ - | \$ 5,321 | 37% |
| 2009 - Other Operating Expense: | \$ 614,052 | \$ 370,507 | \$ - | \$ 243,545 | 40% |
| 4000 - Grants | \$ 4,125,000 | \$ 3,353,449 | \$ - | \$ 771,551 | 19% |
| 5000 - Capital Expenditures: | \$ - | \$ - | \$ - | \$ - | |
| TOTAL - ALL APPROPRIATED EXPENDITURES | \$ 8,283,984 | \$ 6,768,920 | \$ - | \$ 1,515,064 | 18% |

Unappropriated Operating Expenses
Type:

| | Budget | Expended | Encumbered | Unexpended Balance | % |
|------------------------------------------------|--------------|--------------|------------|--------------------|-----|
| TOTAL - ALL UNAPPROPRIATED EXPENDITURES | \$ 944,186 | \$ 802,037 | \$ - | \$ 142,149 | 15% |
| TOTAL - ALL EXPENDITURES | \$ 9,228,169 | \$ 7,570,957 | \$ - | \$ 1,657,213 | 18% |

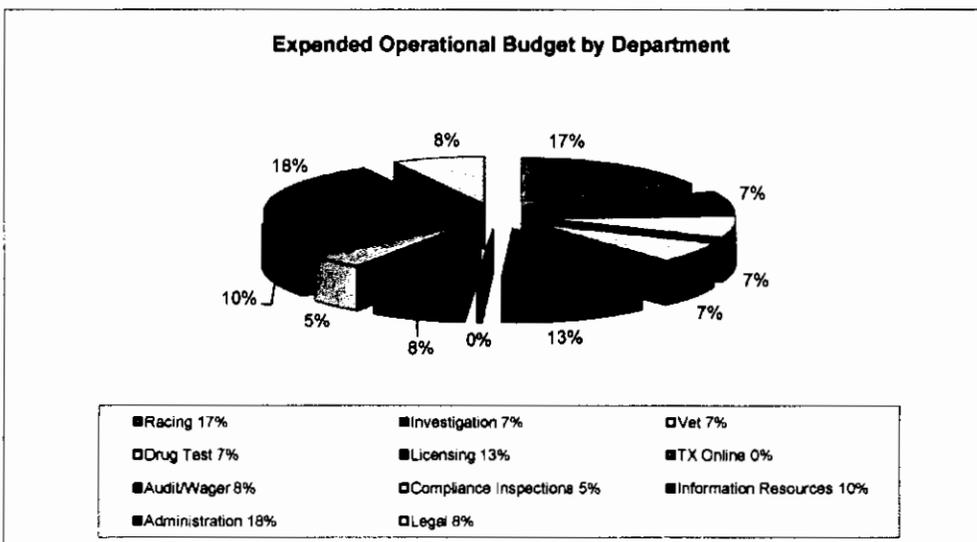
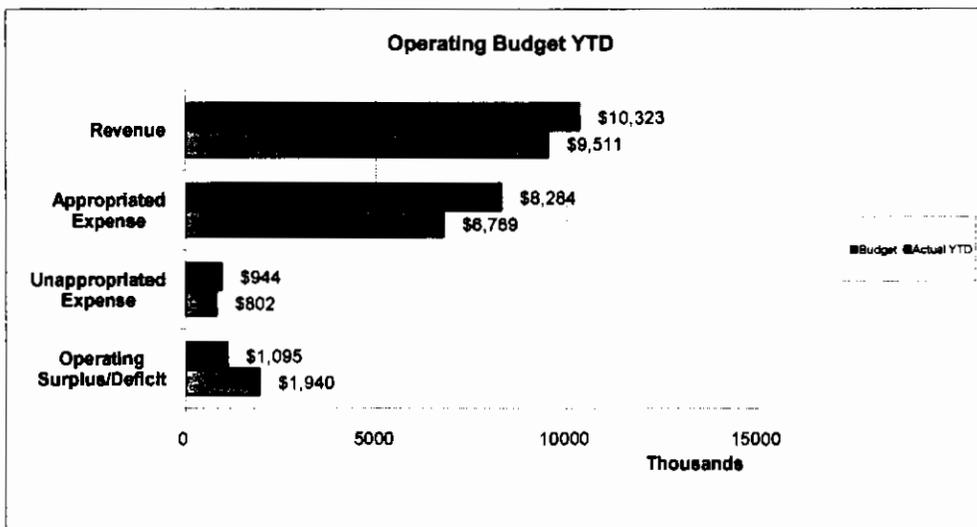
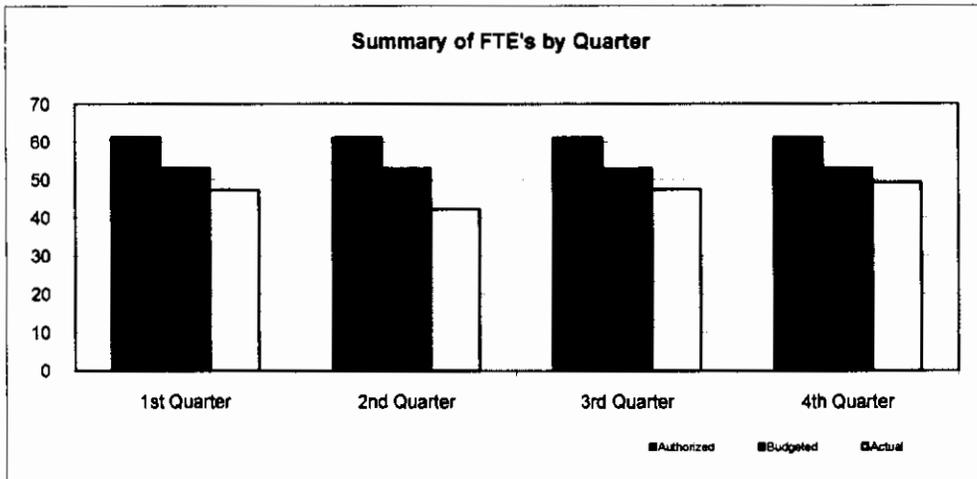
OPERATING SURPLUS / (DEFICIT)

\$ 1,095,250 \$ 1,939,784

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 | 49.28 |
| Actual FTE's Over / (Under) Budget | (5.75) | (10.82) | (5.58) | (3.77) |
| Actual FTE's Over / (Under) Authorization | (14.00) | (19.07) | (13.83) | (12.02) |





**Fiscal Year 2013
Operational Budget**

Updated: Sept. 1, 2012

Thru: August 31, 2013

Summary of Operating Revenue

| By Revenue Type: | Budget | Collected | Suspended | Uncollected Balance | % |
|----------------------------------------------|--------------|-----------|-----------|---------------------|-----|
| Account 597 - Racing Commission - GRD | \$ 9,620,218 | \$ - | \$ - | \$ 9,063,650 | 94% |
| Account 1 - State of Texas - GR | \$ - | \$ - | \$ - | \$ - | |
| TOTAL - ALL REVENUES | \$ 9,620,218 | \$ - | \$ - | \$ 9,063,650 | 94% |

Summary of Appropriated Operating Expenses

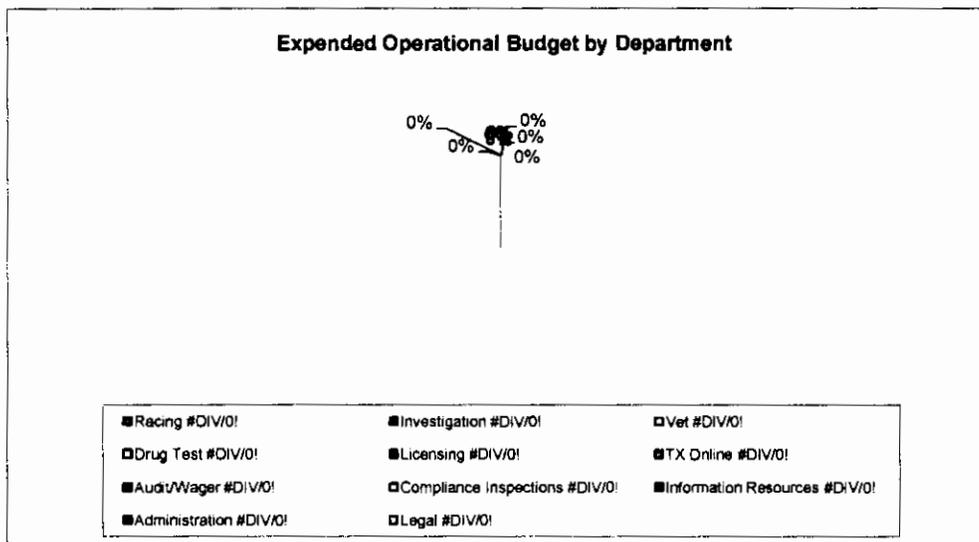
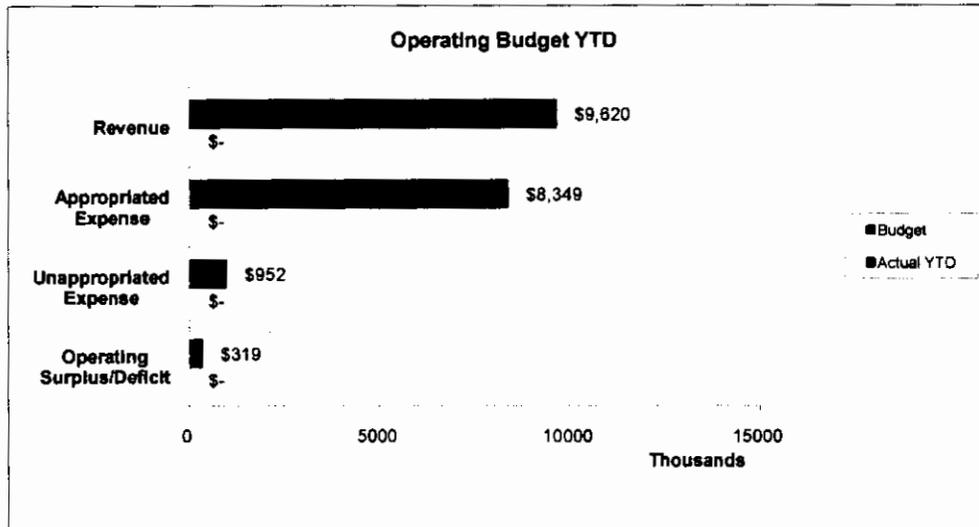
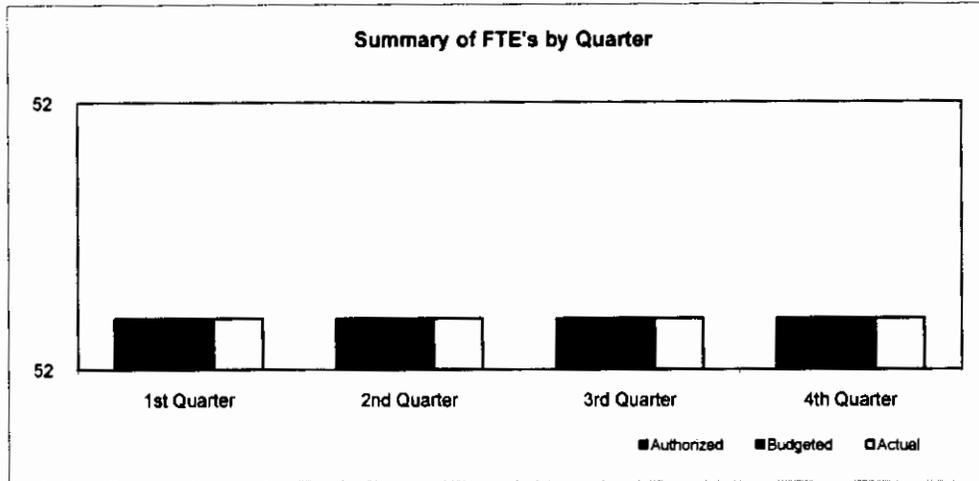
| | Budget | Expended | Encumbered | Unexpended Balance | % |
|-----------------------------------------------|--------------|----------|------------|--------------------|------|
| 1001 - Salaries and Wages: | \$ 2,838,364 | \$ - | \$ - | \$ 2,838,364 | 100% |
| 1002 - Other Personnel Cost: | \$ 190,829 | \$ - | \$ - | \$ 190,829 | 100% |
| 2001 - Professional Fees and Services: | \$ 240,500 | \$ - | \$ - | \$ 240,500 | 100% |
| 2003 - Consumable Supplies: | \$ 38,500 | \$ - | \$ - | \$ 38,500 | 100% |
| 2004 - Utilities: | \$ 60,000 | \$ - | \$ - | \$ 60,000 | 100% |
| 2005 - Travel: | \$ 177,789 | \$ - | \$ - | \$ 177,789 | 100% |
| 2006 - Rent Building: | \$ 87,979 | \$ - | \$ - | \$ 87,979 | 100% |
| 2007 - Rent Machine and Other: | \$ 14,500 | \$ - | \$ - | \$ 14,500 | 100% |
| 2009 - Other Operating Expense: | \$ 575,098 | \$ - | \$ - | \$ 575,098 | 100% |
| 4000 - Grants | \$ 4,125,000 | \$ - | \$ - | \$ 4,125,000 | 100% |
| 5000 - Capital Expenditures: | \$ - | \$ - | \$ - | \$ - | n/a |
| TOTAL - ALL APPROPRIATED EXPENDITURES | \$ 8,348,559 | \$ - | \$ - | \$ 8,348,559 | 100% |

Unappropriated Operating Expenses

| Type: | Budget | Expended | Encumbered | Unexpended Balance | % |
|------------------------------------------------|--------------|----------|------------|--------------------|------|
| TOTAL - ALL UNAPPROPRIATED EXPENDITURES | \$ 952,248 | \$ - | \$ - | \$ 952,248 | 100% |
| TOTAL - ALL EXPENDITURES | \$ 9,300,807 | \$ - | \$ - | \$ 9,300,807 | 100% |
| OPERATING SURPLUS / (DEFICIT) | \$ 319,411 | \$ - | \$ - | \$ - | |

Summary of FTE's

| By Fiscal Quarter: | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|--------------------------------------------------|-------------|-------------|-------------|-------------|
| Authorized FTE's | 52.10 | 52.10 | 52.10 | 52.10 |
| Budgeted FTE's | 52.10 | 52.10 | 52.10 | 52.10 |
| Actual FTE's | 52.10 | 52.10 | 52.10 | 52.10 |
| Actual FTE's Over / (Under) Budget | 0.00 | 0.00 | 0.00 | 0.00 |
| Actual FTE's Over / (Under) Authorization | 0.00 | 0.00 | 0.00 | 0.00 |



Texas Racing Commission
 Report on Racetrack Inspection Activities
 October 9, 2012

Summary of Inspections Performed
 For The Period of August 1, 2012 thru October 1, 2012

| Track | Area of Inspection | Date of Inspection | Number of Unsatisfactory Items | Track Remediation | Remaining Unsatisfactory Items |
|---------------------|--------------------|--------------------|--------------------------------|-------------------|--------------------------------|
| Gulf Greyhound Park | Veterinary | 9/16/2012 | 3 | - | 3 ^ |
| Lone Star Park | Safety & Security | 9/4/2012 | 1 | 1 | - |
| | Administration | 9/7/2012 | - | - | - |
| | PMW | 9/7/2012 | - | - | - |
| | Veterinary | 9/11/2012 | - | - | - |
| | Racing - Stewards | 9/7/2012 | - | - | - |
| Retama Park | Racing - Stewards | 8/8/2012 | 1 | 1 | - |
| | Safety & Security | 8/8/2012 | - | - | - |

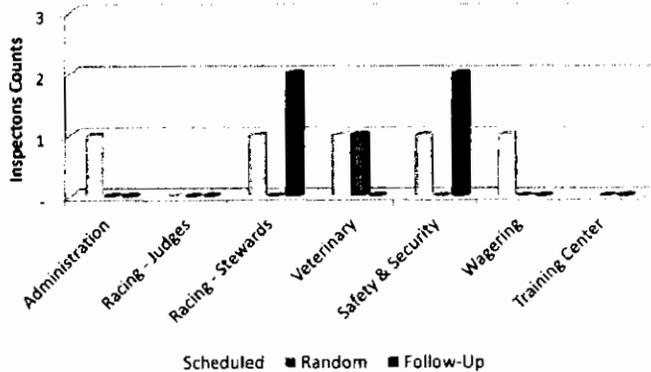
| Area of Inspection | Scheduled | Random | Follow-Up | Totals |
|--------------------------|-----------|----------|-----------|-----------|
| Administration | 1 | - | - | 1 |
| Racing - Judges | - | - | - | - |
| Racing - Stewards | 1 | - | 2 | 3 |
| Veterinary | 1 | 1 | - | 2 |
| Safety & Security | 1 | - | 2 | 3 |
| Wagering | 1 | - | - | 1 |
| Training Center | - | - | - | - |
| Total Inspections | 5 | 1 | 4 | 10 |

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.

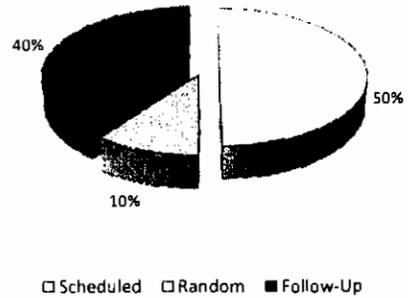
2) Follow-up inspections are only performed when a scheduled or random inspection identifies an unsatisfactory item. The follow-up inspection is performed after the association has had an opportunity to remedy any unsatisfactory item initially reported.

Inspections by Area and Type



Inspection Type

As Percentage of Total Inspections



^ - Unsatisfactory issues relate to minor Kennel construction repairs. Gulf currently working with TXRC to correct these issues



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

For the Period: 01/01/11 - 09/30/11 to 01/01/12 - 09/30/12

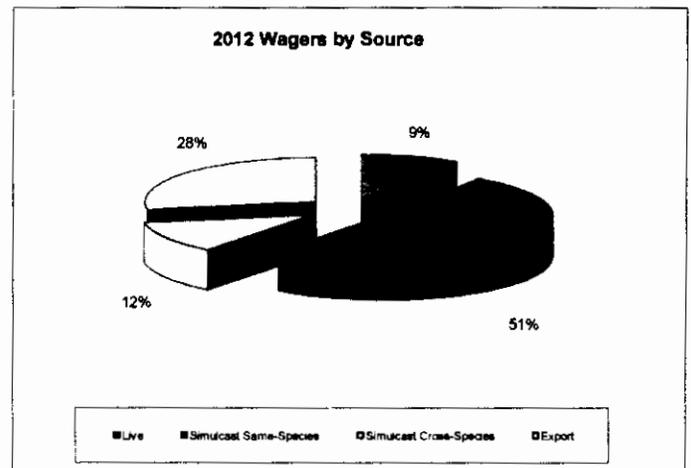
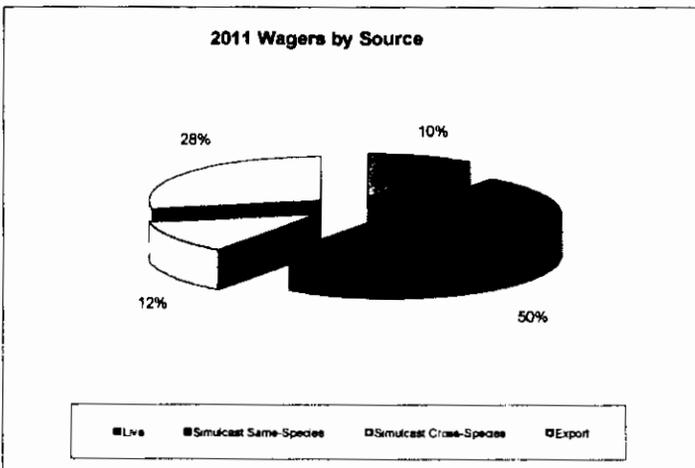
| Sources of Wagers | Year 2011 01/01 - 09/30 | | | | Year 2012 01/01 - 09/30 | | | | Percentage Change in | |
|-----------------------------|----------------------------|-----------------|------------|--------|----------------------------|------------|--------------|-------------|-------------------------|--|
| | # Days | Total Wagers | Avg. Wager | # Days | Total Wagers | Avg. Wager | Total Wagers | Avg. Wagers | | |
| Greyhound Racetracks | | | | | | | | | | |
| Live | 195 | \$ 8,142,908.6 | \$ 41,759 | 190 | \$ 7,075,268.5 | \$ 37,238 | -13.11% | -10.82% | | |
| Simulcast Same-Species | 701 | \$ 20,768,388.6 | \$ 29,627 | 706 | \$ 20,447,673.7 | \$ 28,963 | -1.54% | -2.24% | | |
| Simulcast Cross-Species | 702 | \$ 18,057,439.7 | \$ 25,723 | 706 | \$ 16,587,180.6 | \$ 23,495 | -8.14% | -8.66% | | |
| Export | 195 | \$ 10,345,893.5 | \$ 53,056 | 190 | \$ 9,101,336.4 | \$ 47,902 | -12.03% | -9.71% | | |
| Total Wagers | | \$ 57,314,630.4 | N/A | | \$ 53,211,459.2 | N/A | -7.16% | N/A | | |

| Sources of Wagers | | | | | | | | | | |
|-------------------------|--------|------------------|------------|--------|------------------|------------|--------------|-------------|--|--|
| Horse Racetracks | | | | | | | | | | |
| | # Days | Total Wagers | Avg. Wager | # Days | Total Wagers | Avg. Wager | Total Wagers | Avg. Wagers | | |
| Live | 160 | \$ 26,889,049.1 | \$ 168,057 | 149 | \$ 25,922,572.8 | \$ 173,977 | -3.59% | 3.52% | | |
| Simulcast Same-Species | 977 | \$ 152,440,207.2 | \$ 156,029 | 980 | \$ 157,421,618.1 | \$ 160,634 | 3.27% | 2.95% | | |
| Simulcast Cross-Species | 976 | \$ 24,265,516.5 | \$ 24,862 | 980 | \$ 23,934,230.8 | \$ 24,423 | -1.37% | -1.77% | | |
| Export | 152 | \$ 87,756,812.4 | \$ 577,347 | 141 | \$ 88,342,624.9 | \$ 626,543 | 0.67% | 8.52% | | |
| Total Wagers | | \$ 291,351,585.2 | N/A | | \$ 295,621,046.6 | N/A | 1.47% | N/A | | |

| Sources of Wagers | | | | | | | | | | |
|-----------------------------|--------|------------------|------------|--------|------------------|------------|--------------|-------------|--|--|
| All Texas Racetracks | | | | | | | | | | |
| | # Days | Total Wagers | Avg. Wager | # Days | Total Wagers | Avg. Wager | Total Wagers | Avg. Wagers | | |
| Live | 355 | \$ 35,031,957.7 | \$ 98,682 | 339 | \$ 32,997,841.3 | \$ 97,339 | -5.81% | -1.36% | | |
| Simulcast Same-Species | 1,678 | \$ 173,208,595.8 | \$ 103,223 | 1,686 | \$ 177,869,291.8 | \$ 105,498 | 2.69% | 2.20% | | |
| Simulcast Cross-Species | 1,678 | \$ 42,322,958.2 | \$ 25,222 | 1,686 | \$ 40,521,411.4 | \$ 24,034 | -4.26% | -4.71% | | |
| Export | 347 | \$ 98,102,705.9 | \$ 282,717 | 331 | \$ 97,443,961.3 | \$ 294,393 | -0.67% | 4.13% | | |
| Total Wagers | | \$ 348,666,215.6 | N/A | | \$ 348,832,505.8 | N/A | 0.05% | N/A | | |

| | | | | | | |
|-------------------------------------|------------------|-----|------------------|-----|-------|-----|
| Total Wagers Placed in Texas | \$ 250,563,509.7 | N/A | \$ 251,388,544.5 | N/A | 0.33% | N/A |
|-------------------------------------|------------------|-----|------------------|-----|-------|-----|

| | | | | | | |
|-------------------------------------------|------------------|-----|------------------|-----|--------|-----|
| Total Wagers Placed on Texas Races | \$ 133,134,663.6 | N/A | \$ 130,441,802.6 | N/A | -2.02% | N/A |
|-------------------------------------------|------------------|-----|------------------|-----|--------|-----|





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

For the Period: 01/01/11 - 09/30/11 to 01/01/12 -09/30/12

| Sources of Wagers | Year 2011 01/01 - 09/30 | | | Year 2012 01/01 -09/30 | | | Percentage Change in | |
|--------------------------|----------------------------|-----------------------|------------|---------------------------|-----------------------|------------|-------------------------|------------|
| | # Days | Total Wagers | Avg. Wager | # Days | Total Wagers | Avg. Wager | Total Wagers | Avg. Wager |
| <u>Gulf Coast Racing</u> | | | | | | | | |
| Live | 0 | \$ - | N/A | 0 | \$ - | N/A | N/A | N/A |
| Simulcast Same-Species | 196 | \$ 5,785,641.6 | \$ 29,519 | 197 | \$ 5,910,923.3 | \$ 30,005 | 2.17% | 1.65% |
| Simulcast Cross-Species | 196 | \$ 3,029,196.8 | \$ 15,455 | 197 | \$ 3,125,189.5 | \$ 15,864 | 3.17% | 2.65% |
| Export | 0 | \$ - | N/A | 0 | \$ - | N/A | N/A | N/A |
| Total Wagers | | \$ 8,814,838.4 | N/A | | \$ 9,036,112.8 | N/A | 2.51% | N/A |

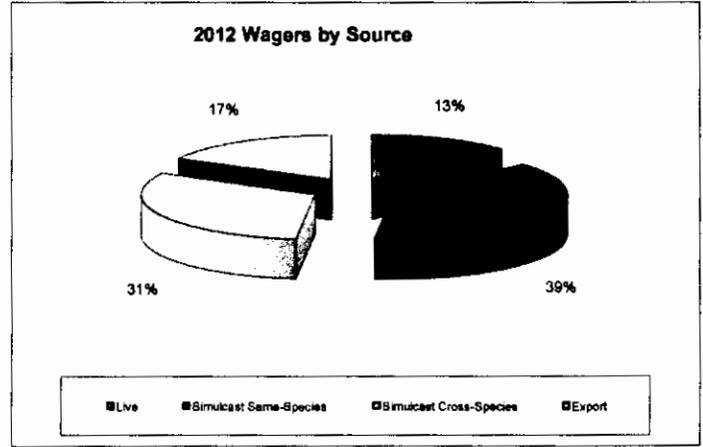
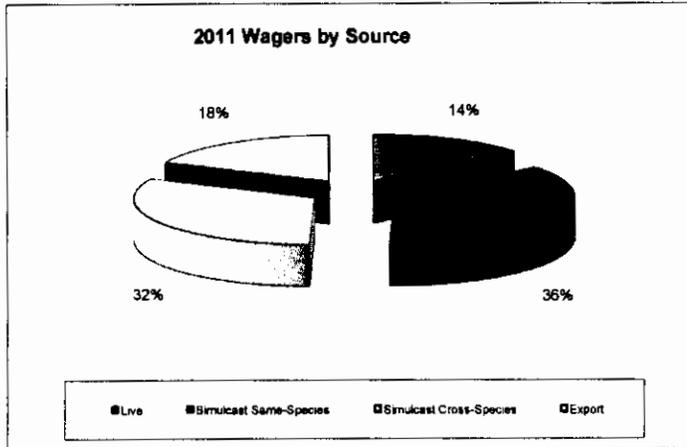
| Sources of Wagers <u>Gulf Greyhound Park</u> | | | | | | | | |
|-------------------------------------------------|--------|------------------------|------------|--------|------------------------|------------|---------------|------------|
| | # Days | Total Wagers | Avg. Wager | # Days | Total Wagers | Avg. Wager | Total Wagers | Avg. Wager |
| Live | 195 | \$ 8,142,908.6 | \$ 41,759 | 190 | \$ 7,075,268.5 | \$ 37,238 | -13.11% | -10.82% |
| Simulcast Same-Species | 271 | \$ 9,754,169.7 | \$ 35,993 | 274 | \$ 9,322,505.0 | \$ 34,024 | -4.43% | -5.47% |
| Simulcast Cross-Species | 272 | \$ 9,733,397.7 | \$ 35,785 | 274 | \$ 8,689,098.8 | \$ 31,712 | -10.73% | -11.38% |
| Export | 195 | \$ 10,345,893.5 | \$ 53,056 | 190 | \$ 9,101,336.4 | \$ 47,902 | -12.03% | -9.71% |
| Total Wagers | | \$ 37,976,369.5 | N/A | | \$ 34,188,208.5 | N/A | -9.98% | N/A |

| Sources of Wagers <u>Valley Race Park</u> | | | | | | | | |
|----------------------------------------------|--------|------------------------|------------|--------|-----------------------|------------|---------------|------------|
| | # 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 | 234 | \$ 5,228,577.3 | \$ 22,344 | 235 | \$ 5,214,245.4 | \$ 22,188 | -0.27% | -0.70% |
| Simulcast Cross-Species | 234 | \$ 5,294,845.2 | \$ 22,628 | 235 | \$ 4,772,892.5 | \$ 20,310 | -9.86% | -10.24% |
| Export | 0 | \$ - | N/A | 0 | \$ - | N/A | N/A | N/A |
| Total Wagers | | \$ 10,523,422.5 | N/A | | \$ 9,967,137.9 | N/A | -5.10% | N/A |

| Sources of Wagers <u>All Greyhound Racetracks</u> | | | | | | | | |
|------------------------------------------------------|--------|------------------------|------------|--------|------------------------|------------|---------------|------------|
| | # Days | Total Wagers | Avg. Wager | # Days | Total Wagers | Avg. Wager | Total Wagers | Avg. Wager |
| Live | 195 | \$ 8,142,906.6 | \$ 41,759 | 190 | \$ 7,075,268.5 | \$ 37,238 | -13.11% | -10.82% |
| Simulcast Same-Species | 701 | \$ 20,768,388.6 | \$ 29,627 | 706 | \$ 20,447,673.7 | \$ 28,963 | -1.54% | -2.24% |
| Simulcast Cross-Species | 702 | \$ 18,057,439.7 | \$ 25,723 | 706 | \$ 16,587,180.6 | \$ 23,495 | -8.14% | -8.66% |
| Export | 195 | \$ 10,345,893.5 | \$ 53,056 | 190 | \$ 9,101,336.4 | \$ 47,902 | -12.03% | -9.71% |
| Total Wagers | | \$ 57,314,630.4 | N/A | | \$ 53,211,459.2 | N/A | -7.16% | N/A |

| | | | | | | |
|-------------------------------------|------------------------|------------|------------------------|------------|---------------|------------|
| Total Wagers Placed in Texas | \$ 46,968,736.9 | N/A | \$ 44,110,122.8 | N/A | -6.09% | N/A |
|-------------------------------------|------------------------|------------|------------------------|------------|---------------|------------|

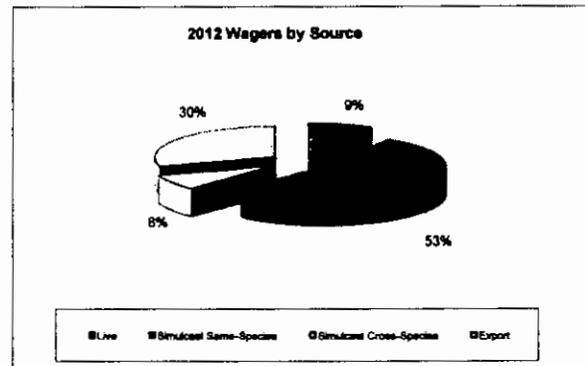
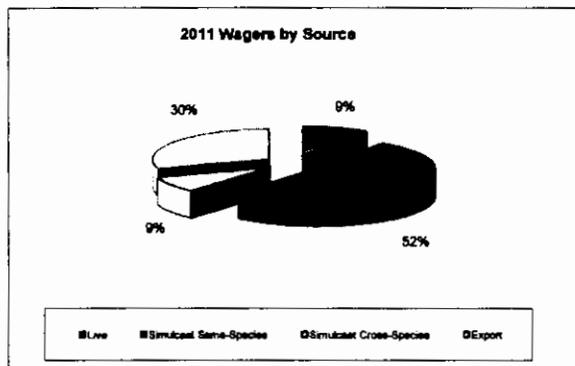
| | | | | | | |
|-------------------------------------------|------------------------|------------|------------------------|------------|----------------|------------|
| Total Wagers Placed on Texas Races | \$ 18,488,802.1 | N/A | \$ 16,176,604.9 | N/A | -12.51% | N/A |
|-------------------------------------------|------------------------|------------|------------------------|------------|----------------|------------|





**Horse Racetrack Wagering Statistics
Comparison Report on Total Wagers Placed
in Texas & on Texas Races**
For the Period: 01/01/11 - 09/30/11 to 01/01/12 - 09/30/12

| Sources of Wagers | Year 2011 01/01 - 09/30 | | | Year 2012 01/01 - 09/30 | | | Percentage Change in | |
|-------------------------------------------|----------------------------|-------------------------|------------|----------------------------|-------------------------|------------|-------------------------|------------|
| | # Days | Total Wagers | Avg. Wager | # Days | Total Wagers | Avg. Wager | Total Wagers | Avg. Wager |
| Gillespie County Fair | | | | | | | | |
| Live | 8 | \$ 1,248,008.0 | \$ 155,751 | 8 | \$ 1,292,129.0 | \$ 161,516 | 3.70% | 3.70% |
| Simulcast Same-Species | 156 | \$ 3,080,929.8 | \$ 19,500 | 158 | \$ 2,351,300.2 | \$ 14,882 | -23.68% | -23.68% |
| Simulcast Cross-Species | 158 | \$ 317,004.1 | \$ 2,008 | 158 | \$ 280,107.7 | \$ 1,773 | -11.64% | -11.64% |
| Export | 0 | \$ - | N/A | 0 | \$ - | N/A | N/A | N/A |
| Total Wagers | | \$ 4,643,939.9 | N/A | | \$ 3,923,626.9 | N/A | -15.51% | N/A |
| Lone Star Park | | | | | | | | |
| Live | 59 | \$ 16,461,705.0 | \$ 279,012 | 61 | \$ 15,600,992.8 | \$ 255,754 | -5.23% | -8.34% |
| Simulcast Same-Species | 273 | \$ 71,037,739.2 | \$ 260,211 | 274 | \$ 73,892,125.8 | \$ 269,879 | 4.02% | 3.64% |
| Simulcast Cross-Species | 272 | \$ 3,874,371.8 | \$ 14,244 | 274 | \$ 4,057,112.7 | \$ 14,807 | 4.72% | 3.95% |
| Export | 59 | \$ 41,068,305.9 | \$ 698,073 | 61 | \$ 37,554,157.6 | \$ 615,642 | -8.56% | -11.55% |
| Total Wagers | | \$ 132,442,121.9 | N/A | | \$ 131,104,388.9 | N/A | -1.01% | N/A |
| Retama Park | | | | | | | | |
| Live | 38 | \$ 3,810,320.0 | \$ 105,842 | 22 | \$ 2,772,194.1 | \$ 128,009 | -27.25% | 19.05% |
| Simulcast Same-Species | 273 | \$ 27,428,370.0 | \$ 100,470 | 274 | \$ 29,871,248.4 | \$ 109,019 | 8.91% | 8.51% |
| Simulcast Cross-Species | 273 | \$ 5,171,494.7 | \$ 18,943 | 274 | \$ 5,318,108.1 | \$ 19,409 | 2.64% | 2.46% |
| Export | 38 | \$ 8,607,434.0 | \$ 239,095 | 22 | \$ 3,723,037.9 | \$ 169,229 | -58.75% | -29.22% |
| Total Wagers | | \$ 45,017,618.7 | N/A | | \$ 41,684,586.5 | N/A | -7.40% | N/A |
| Sam Houston Race Park | | | | | | | | |
| Live | 57 | \$ 5,371,018.1 | \$ 94,228 | 58 | \$ 6,257,258.9 | \$ 107,884 | 16.50% | 14.49% |
| Simulcast Same-Species | 273 | \$ 50,893,168.2 | \$ 186,422 | 274 | \$ 51,308,855.7 | \$ 187,251 | 0.81% | 0.44% |
| Simulcast Cross-Species | 273 | \$ 14,902,645.9 | \$ 54,588 | 274 | \$ 14,278,902.3 | \$ 52,113 | -4.19% | -4.54% |
| Export | 57 | \$ 38,081,072.5 | \$ 668,089 | 58 | \$ 47,065,429.5 | \$ 811,473 | 23.59% | 21.46% |
| Total Wagers | | \$ 109,247,904.7 | N/A | | \$ 118,908,444.4 | N/A | 8.84% | N/A |
| All Horse Racetracks | | | | | | | | |
| Live | 160 | \$ 26,889,049.1 | \$ 168,057 | 149 | \$ 25,922,572.8 | \$ 173,977 | -3.59% | 3.52% |
| Simulcast Same-Species | 977 | \$ 152,440,207.2 | \$ 156,029 | 960 | \$ 157,421,616.1 | \$ 160,634 | 3.27% | 2.95% |
| Simulcast Cross-Species | 976 | \$ 24,285,516.5 | \$ 24,862 | 980 | \$ 23,934,230.8 | \$ 24,423 | -1.37% | -1.77% |
| Export | 152 | \$ 87,758,812.4 | \$ 577,347 | 141 | \$ 88,342,824.9 | \$ 628,543 | 0.67% | 8.52% |
| Total Wagers | | \$ 291,351,585.2 | N/A | | \$ 295,621,046.6 | N/A | 1.47% | N/A |
| Total Wagers Placed in Texas | | \$ 203,594,772.8 | N/A | | \$ 207,278,421.7 | N/A | 1.81% | N/A |
| Total Wagers Placed on Texas Races | | \$ 114,845,861.5 | N/A | | \$ 114,265,197.7 | N/A | -0.33% | N/A |



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

| | GREYHOUND | HORSE | NOTES |
|------------------------------------------------------------|-----------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| # of Live Race Performances/Days | 182 | 141 | |
| # of Live Races | 2,403 | 1,379 | |
| # of Animals Inspected | 18,844 | 11,718 | |
| # of Samples | 2,784 | 2,914 | |
| # of Animal Drug Positives | 3 | 33 | Notable drug positives include one class 1 positive and three class 2 positives. The stewards have taken action in each case, imposing penalties of \$1,500 to \$5,000, and suspensions of six months to one year. |
| % of Samples Testing Positive | 0.1% | 1.13% | |
| | | | |
| # of Simulcast Days | 627 | 871 | |
| # of Simulcast Races | 193,599 | 286,516 | |
| # of Import and Export Requests | 194 | 956 | |
| | | | |
| # of New Licenses Issued | 1,572 | | |
| # of Licenses Renewed | 3,252 | | |
| | | | |
| # of Gate, Barn, and Kennel Searches | 44 | | |
| # of Administrative Investigations | 99 | | |
| | | | |
| # of Rulings | 13 | 177 | |
| # of Suspensions | 0 | 53 | |
| # of Revocations | 0 | 0 | |
| # of Animals DQ'ed for Drug Positive – Purse Redistributed | 1 | 12 | |
| # of Rulings with Fines | 12 | 137 | |
| Total Fines Assessed | \$875.00 | \$42,700.00 | |

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.

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE TEXAS RACING COMMISSION
AND
THE TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY**

Pursuant to Texas Racing Act (Art. 179e, V.T.C.S) Sec. 3.07(d), the Drug Testing Laboratory of the Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) is to perform drug testing services on race animals for the Texas Racing Commission (TxRC). TxRC and TVMDL enter into this Memorandum of Understanding to delineate the responsibilities of the Parties in administering TxRC's drug testing program for race animals.

**I.
DEFINITIONS**

Association – A pari-mutuel racetrack licensed by TxRC under the Act to conduct horse or greyhound racing with pari-mutuel wagering.

ELISA – Enzyme-linked immunosorbent assay (“immunoassay”)

Executive Director - the Executive Director for the TxRC or a designee of the Executive Director

GC/MS – Gas Chromatography-Mass Spectrometry

HPLC - High Performance Liquid Chromatography

LC/MS - Liquid Chromatography-Mass Spectrometry

TLC - Thin layer chromatography

**II.
LABORATORY COVENANTS**

TVMDL agrees to:

1. Provide sufficient security to control access to the TVMDL Drug Testing Lab and to ensure only authorized persons handle samples or gain access to TVMDL processes or to areas where records and samples are stored.
2. Supply, with Executive Director approval, all supplies for the collection and shipment of samples, including sample jars, blood tubes, seals, labels, vacutainer sleeves, collection needles, and shipping containers. TVMDL will bill the actual cost of supplies to the association at which the supplies are used. On request by the Executive Director, TVMDL shall provide documentation regarding the cost of supplies. TVMDL shall obtain Executive Director approval before changing supplies.

3. Inspect each shipment of samples on arrival at TVMDL for evidence of possible tampering. Any evidence of tampering shall be noted and reported to the Executive Director in writing.
4. Use chain-of-custody procedures to maintain control and accountability of samples at all stages of the testing process, from receipt to final disposition of the samples.
5. Provide secured, cooled storage of samples while undergoing processing, testing, and confirmation at TVMDL.
6. Maintain and follow approved Standard Operating Procedures within the oversight of the TVMDL Quality Management System.
7. Provide TLC screening tests developed and validated through the Racing Commissioners International Quality Assurance Program, the Testing Integrity Program, Inc., TVMDL Quality Management System, or elsewhere on approximately 10% of the canine and 25% of equine urine samples (or on equine sera or plasma if urine was not collected). TVMDL will make every effort to ensure that this closely approximates 25% of all samples actually submitted from each racetrack throughout the year. TVMDL shall maintain records to substantiate compliance with this paragraph.
8. Perform an average of at least thirty-five ELISA tests on all equine urine samples, with an emphasis on drugs classified as Category I or II by the TxRC Equine Medication Classification. The tests will be selected from a rotating menu of at least fifty different immunoassays. The pooling of samples (not to exceed 4 samples per pool) may be used.
9. Except for samples containing medication requiring quantitation, perform confirmatory testing on each screened sample, whether urine, plasma or sera, where the screening test has identified that particular sample as possibly containing a prohibited or foreign substance. The confirmatory test shall be mass spectrometry or equivalent confirmatory procedures.
10. Provide phenylbutazone quantitation in equine sera or plasma by HPLC if phenylbutazone appears on routine urine screening procedures. Each sample containing more than 2 µg/ml or as published by the TxRC, shall be reported to TxRC.
11. Provide furosemide quantitation in equine sera or plasma by HPLC for the sample from each horse that received furosemide treatment, which has a urine specific gravity of 1.015 or less. Report as positive each sample in which the furosemide quantitation indicates at least 100 ng/ml of furosemide and a urine specific gravity of less than 1.010. Report as a letter of notification each sample in which the furosemide quantitation indicates at least 100 ng/ml of furosemide and a urine specific gravity of 1.010 – 1.012.

12. Perform tests for total carbon dioxide on samples of equine sera or plasma as requested by the TxRC.
13. Perform tests for anabolic steroids and other drugs in samples of equine sera or plasma by LC/MS as requested by TxRC.
14. Perform tests for contemporary performance-enhancing (presumed or actual) drugs of notoriety of equine sera, plasma, and/or urine by appropriate detection and confirmation methods (e.g., ELISA, GC/MS, LC/MS) as requested by TxRC.
15. Perform tests on samples from horses that participated in graded stakes races for the substances required by the Thoroughbred Owners and Breeders Association.
16. Perform an average of at least ten ELISA tests on all canine urine samples, with an emphasis on drugs classified as Category I or II by the TxRC Greyhound Medication Classification.
17. Performance of immunoassays is contingent on the availability of approved/industry-recognized tests. If the tests are not available or become unavailable, immunoassays mutually acceptable to TxRC and TVMDL will be substituted.
18. Perform instrumental analysis LC/MS or GC/MS on 10% of the canine urine samples.
19. After testing is complete, store each sample in a secured, frozen environment (-10 degrees C or less). Retention period for negative, unchallenged samples is 30 days. Retention period for positive samples is 5 years or until all legal proceedings concerning the sample are concluded (whichever is longer).
20. Report the results of all negative tests to TxRC within 120 hours of sample receipt, if possible, by the method required by the Executive Director. Report results of the tests that require additional confirmation testing to TxRC within three weeks of sample receipt. On request by the Executive Director, TVMDL shall make available to TxRC a copy of the analytical results of any test conducted pursuant to this Memorandum of Understanding.
21. Provide qualified professional personnel to testify in an administrative hearing or other legal proceeding involving a test performed pursuant to this Memorandum of Understanding and participate in and assist with pretrial matters in those proceedings, such as interrogatories and depositions.
22. Notify the TxRC in writing at least 30 days before implementing a change in analytical procedures for a substance classified as Category III, IV, or V in the TxRC Equine Medication Classification that makes the test for such a substance more sensitive.
23. Participate in industry-recognized quality assurance programs.

24. Refrain from disclosing any information relating to a sample to any person other than one designated by TxRC to receive the information.
25. Maintain qualified staff with no financial interest in racehorses, racing greyhounds, or an association or any other conflict of interest within the racing industry. All laboratory personnel must be employees of the Texas A&M Veterinary Medical Diagnostic Laboratory, a member of the Texas A&M University System, and at all times be subject to the rules and policies of the A&M System, as promulgated by the Board of Regents of the A&M System or the TVMDL Director.
26. Consent to background investigation through the TxRC conducted by the Texas Department of Public Safety, including fingerprinting, of all TVMDL staff involved in drug testing.
27. Allow access by TxRC to all records of TVMDL that pertain to drug testing services performed pursuant to this Memorandum of Understanding.
28. Make reasonable efforts to collect payment from each association and notify the Executive Director of any charges that are unpaid after 30 days of invoicing.
29. Notify the Executive Director, within 30 days of receipt, of all findings and recommendations made by the State Auditor, an internal auditor of the Texas A&M University System, or another auditor acting on behalf of or under contract with TVMDL or the Texas A&M University System regarding operations of the Drug Testing Laboratory of TVMDL.

III. COMMISSION COVENANTS

TxRC agrees to:

1. Supervise the sample collection site at each association to ensure the site has the necessary personnel, supplies, equipment, facilities, and supervision to provide for the identification of animals and humans and to collect, identify, secure, store, and ship each sample to TVMDL.
2. Provide for testing approximately 3,500 equine urine and/or serum/plasma samples and approximately 3,650 canine urine samples. TxRC will make every effort to send for testing approximately 2.0 equine samples per horse race and 0.9 canine sample per greyhound race. If the number of racing performances changes during the calendar year, the number of specimens may be adjusted accordingly, and the Executive Director will notify the TVMDL Director as soon as practicable.
3. Require each association to deliver all samples to TVMDL in a secure manner, at the association's expense, in accordance with a delivery schedule approved by TVMDL.

4. Apprise and update TVMDL of all drugs on the permitted list and all changes in medication rules, practices, or procedures.
5. Participate in and fund an industry-recognized quality assurance program.
6. No later than 90 days before the anticipated opening of a racing facility, TxRC shall notify TVMDL in writing of the anticipated race dates for the facility and anticipated number of samples.
7. Employ enforcement measures necessary to ensure that the costs incurred by TVMDL for drug testing services pursuant to this Memorandum of Understanding are promptly paid by each association.

IV. COST OF SERVICES

Except as otherwise provided by this paragraph, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$118.00 for equine samples (for tests conducted pursuant to Article II, Section 7, 8, 10, 11 and 13) and \$36.50 for canine samples (pursuant to Article 2 Sections 7, 16 and 18). For tests conducted pursuant to Article II, Section 12, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$19.00. For tests conducted pursuant to Article II, Section 14, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$10.00 (where an existing methodology exists) and a mutually agreed upon test development costs and subsequent per-sample charge (where a methodology must be developed). For tests conducted pursuant to Article II, Section 15, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$334.00.

Pursuant to the Act, Sec. 3.07, the associations are responsible for payment of these charges.

V. EXECUTION

The Parties agree to use due diligence in the exercise of their responsibilities as outlined in this Memorandum of Understanding. The term of this Memorandum of Understanding is Commission approval to August 31, 2013. To ensure the continuity of the drug testing program in pari-mutuel racing, all terms of this Memorandum of Understanding continue in effect until a new Memorandum of Understanding is executed. If either Party determines that events have changed and significantly affected a material term of the Memorandum of Understanding, including but not limited to, the closing of a race track or a significant increase in the cost of drug-testing supplies, the Parties may renegotiate the terms of this Memorandum of Understanding.

For the faithful performance of this agreement, this agreement is executed by the undersigned persons in their capacities described below. This agreement takes effect on the date of approval by the commissioners of the Texas Racing Commission.

This agreement will be re-executed in the event the Commission wishes accreditation of TVMDL by an external body other than the American Association of Veterinary Laboratory Diagnosticians (AAVLD).

TEXAS RACING COMMISSION

TEXAS A&M VETERINARY MEDICAL
DIAGNOSTIC LABORATORY

Chuck Trout
Executive Director

Tammy R. Beckham, DVM, PhD
Director

Approved as to form:

Mark Fenner
TxRC General Counsel

**TEXAS RACING
COMMISSION**

Internal Audit Plan Fiscal Year 2013

MONDAY N. RUFUS, P.C.
Certified Public Accountants & Consultants
608 Morrow Street, Suite 101, Austin, Texas 78752

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

Table of Contents

| | <u>Page</u> |
|----------------------------------|-------------|
| Transmittal Letter | 2 |
| Purpose | 3 |
| Background Information | 3 |
| Internal Audit Methodology | 9 |
| Internal Audit Plan | 12 |
| Reporting | 12 |
| Appendix A: Organizational Chart | 13 |
| Appendix B: Risk Assessment | 14 |

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

MONDAY N. RUFUS, P.C.
Certified Public Accountants & Consultants

Member: American Institute of Certified Public Accountants

September 27, 2012

Commissioners of the
Texas Racing Commission
Austin, Texas

Dear Commissioners:

As required by the Internal Auditing Act (Texas Government Code, Section 2102.008), we have prepared the audit plan for Fiscal Year 2013.

We prepared a risk assessment to determine the areas in the Texas Racing Commission that should be considered for audit. Based on that risk assessment, the following areas are recommended for audit in Fiscal Years 2013:

- **Complaints / Investigation Process**

Your approval of the areas above will enable us to commence audit activities for Fiscal Year 2013. I would like to discuss this plan with you at the Commission meeting on October 9, 2012.

Sincerely,



Monday N. Rufus, MBA, CISA, CPA
Audit Director
Monday N. Rufus, P.C., CPAs

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

I. Purpose

The Purpose of this internal audit plan is to document the development, risk assessment, scope of assignments, and implementation timetable for fiscal year 2013 internal audit activities. This document will serve as a primary tool to carry out internal audit responsibilities in an efficient manner and prioritize the audit areas based on risk assessments agreed to by the Commissioners of the Texas Racing Commission (Agency). Due to the nature, scope and timing of audit procedures contemplated here, planning for specific aspects of the audits is a continuing process. Accordingly, the plan will be revised as necessary and reviewed at least annually.

This plan has been prepared to meet planning guidelines as required by both generally accepted auditing standards and the standards for the Professional Practice of Internal Auditing as determined by the Institute of Internal Auditors, Inc.

II. Background Information

The Texas Racing Commission regulates all aspects of pari-mutuel horse and greyhound racing through licensing, on-site monitoring, and enforcement. Statute and rule require the Commission to:

- License racetracks that offer racing and the people directly involved with pari-mutuel wagering who work at the racetracks or own race animals.
- Allocate race dates, supervise the conduct of all races, monitor the health and safety of the race animals, and conduct drug tests to ensure the animals race without prohibited substances.
- Oversee all pari-mutuel wagering activity, approve simulcasts, test the totalisator systems (complex computer systems that tally and calculate pari-mutuel wagers), and ensure the proper allocation and distribution of revenue generated by pari-mutuel wagering.
- Administer the Texas-Bred Incentive Program, which provides economic incentives to support a health and vigorous breeding industry in the state.

The Racing Act allows pari-mutuel wagering on horse and greyhound racing and provides for the strict regulation and control of pari-mutuel wagering in connection with that racing.

Principal responsibilities of the Commission are to:

1. Adopt rules and regulations for conducting racing involving wagering;
2. Administer and enforce all laws, rules, and regulations affecting horse racing, greyhound racing, and pari-mutuel wagering;
3. Adjudicate disciplinary matters arising from the enforcement of those laws and regulations dealing with horse racing and greyhound racing and pari-mutuel wagering; and
4. Regulate and supervise each racing meeting conducted in the state of Texas, the operations of racetracks, and the participants in a race meeting.

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

Extensive rulemaking authority is granted to the Commission throughout the Racing Act. The rulemaking authority vested in the Texas Racing Commission is authorized for administration and enforcement purposes.

The Racing Commission consists of seven members appointed by the governor with the advice and consent of the Senate to serve overlapping six year terms. Five members must represent the general public and have general knowledge of business or agribusiness. At least one of those appointed members may be a veterinarian, and being licensed as a veterinarian satisfies the requirement that the person have general knowledge of business or agribusiness. One member must have special knowledge or experience related to horse racing and one member must have special knowledge or experience related to greyhound racing. In addition to the appointed members, there are two ex-officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The Governor appoints the chair and the members elect the vice-chair.

The Commission appoints an Executive Director to supervise the agency's daily activities as a whole and manages the agency's two divisions and its information team. The Agency's operating budget is prepared and approved by the Commission on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature.

The 82nd Legislature, Regular Session, passed House Bill 2271 which altered the Commission's method of finance eliminating outstanding uncashed winning tickets as a source of revenue. The Commission is now self-funded from fees assessed to racetracks and occupational licenses from the entities it regulates and is typically appropriated only General Revenue – Dedicated funds. Approximately 50% of the expenditures are passed through the Agency to the official breed registries for the Texas Bred Incentive Programs. Funds collected by the Agency are directly utilized for operations, and not passed on to the State.

The Commission's work and the regulated industries will be affected by several new licensing requirements being implemented. The Commission must identify each racetrack licensee as active or inactive and establish a renewal process for inactive track license holders by September 1, 2012. An inactive track will have to apply for annual renewal until it becomes active or the Commission refuses to renew the license.

The agency's structure consists of two divisions and an Executive group. The Executive group is headed by the Executive Director; a Racing Oversight Division is directed by a Deputy Director for Racing Oversight; and a Wagering and Racing Review Division is directed by a Deputy Director for Wagering and Racing Review.

A. Executive Group

- i. **Executive Director** - The Executive Director supervises agency activities as a whole and manages the agency's two divisions and its information technology team. The Executive Director oversees development of agency operating policies and procedures and ensures that the agency's regulatory responsibilities are carried out. The Executive Director represents the agency before the Legislature and other governmental agencies and serves a primary

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

role in external relations with industry stakeholders, regulators in other states, and a national regulatory association.

The Executive Director, with the assistance of the General Counsel's staff oversees coordination of the evaluation of racetrack license applications, the race date allocation process, and assesses administrative penalties against racetrack licensees. The Executive Director's office is also responsible for other administrative functions including responding to public information and media requests.

- ii. **General Counsel** – The General Counsel advises the Commissioners and staff on legal and regulatory enforcement issues affecting the agency. The General Counsel coordinates all aspects of Commission meetings and rulemaking proceedings and also represents the agency before the State Office of Administrative Hearings when prosecuting appeals from decisions made by the Board of Stewards/Judges and disciplinary cases initiated by the Executive Director.

- iii. **Department of Information Technology (IT)**
The IT division develops and maintains the agency's network, database and Web site. This division recommends and supports all hardware and software necessary for the day-to-day activities of the Commission. The Commission's custom programs and database operate twenty-four hours a day, seven days a week, providing staff, licensees, the Department of Public Safety (DPS), the Texas A&M Veterinary Medical Diagnostic Laboratory and the general public with up-to-date information regarding all aspects of the Commission's regulatory programs.

B. Divisional Information

The Agency's staff is organized into two operating divisions which have specific duties and responsibilities in carrying out the overall mission of the Agency. The two operating divisions are the Racing Oversight Division and the Finance and Wagering Division.

- i. **Racing Oversight Division** – This division is focused on enforcement and oversight of day-to-day racetrack operations. The members of this division make up the agency's presence at Texas tracks. The Deputy Director supervises personnel directly responsible for regulating the conduct of live racing and is responsible for the following teams: Licensing, Investigations, Stewards/Judges, and Veterinarians/Drug Testing.

- Licensing

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

Staff in licensing issue occupational licenses to all people in positions that afford the person an opportunity to influence pari-mutuel wagering and to those who will likely have significant access to the restricted areas of a racetrack. Licensing staff at each racetrack help maintain the integrity of the industry by ensuring that all appropriate participants licensed and in good standing.

To ensure that that all participants in racing are properly licensed, the Commission has more than fifty categories of occupational licenses. Stable and kennel area occupations – jockeys, owners, kennel owners, trainers and grooms – must secure licenses, as must racetrack employees.

- **Investigations**

The investigators, who must be licensed peace officers, coordinate enforcement of the Commission's Rules and the Texas Racing Act.

Investigations are conducted on animal drug positives, criminal histories returned on license applicants, illegal wagering, use and possession of contraband, drug abuse and narcotics trafficking, and other illicit activities that could affect the integrity of pari-mutuel racing.

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

- **Stewards/Judges**

The division includes stewards at horse tracks and judges at greyhound tracks. The judges and stewards monitor the conduct of live races and enforce the Racing Act and the Commission's Rules of Racing. The stewards and judges have broad authority to resolve matters arising during a race meeting. They may redistribute purses, issue fines up to \$5,000 and suspend licensees for up to one year.

- **Veterinarians / Drug Testing**

The Chief Veterinarian oversees this division, supervising the veterinarians and test barn supervisors working at the racetracks.

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

Employees in this division inspect all race animals before a competition to ensure they are sound to compete, inspect the stable and kennel areas for animal health and safety issues, and implement the Commission's race animal drug testing program.

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

- ii. **Finance and Wagering Division** – This division is focused on protecting the interests of the wagering public and industry participants by assuring the proper collection and distribution of funds in accordance with the Racing act, providing reliable information on wagering, and responding to public inquiries about wagering. The division is responsible for agency finance and administrative functions to include budget, accounting, purchasing, personnel, human resources, travel coordination and related administrative functions.

The Deputy Director supervises the agency's pari-mutuel and compliance auditors and staff dedicated to accounting, purchasing, and human resources.

- **Pari-mutuel Auditors**

The pari-mutuel auditors protect the interest of the wagering public and industry participants by assuring the proper collection and distribution of funds in accordance with the Act and providing reliable information on wagering. The auditors review, verify and report all live and simulcast wagering activity at the racetracks to ensure the public is paid the correct amount on each winning wager. On-site pari-mutuel auditors perform daily audits and verifications of handle, earned purse, paid purse, outs balances, deposit reports and requests for simulcast approval in compliance with the Interstate Horse Racing Act (IHA). The audit staff ensure the daily collection of the escrowed horse purse funds earned from interstate cross-species wagers placed at greyhound racetracks and the allocation of these funds to the various horse racetracks based on Commission-approved formulas

- **Compliance Auditor**

The compliance auditor deals primarily with issues related to the Texas-bred Incentive Program and computer testing. The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhound and horses to encourage agriculture and the horse and greyhound breeding industries. The agency collects this money and then allocates it to

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

the various recognized breed registries based on formulas approved by the Commission. This program accounts for approximately 50 percent of the agency's appropriation. The compliance auditor works to ensure that funds are collected and allocated appropriately.

The compliance auditor also tests the totalisator (tote) systems that racetracks use to process pari-mutuel wagers. The hardware, software, and related peripheral devices are all subject to testing and ongoing monitoring.

- **Administration and Finance**
 Staff members prepare the biennial Legislative Appropriations Request (LAR), the operating budget, the annual financial report, reports on performance measures, and other administrative reports. Staff members in this area are responsible for the agency's purchasing, personnel, human resources and travel coordination activities.

C. The Agency's General Appropriations Act authority for fiscal years 2012 and 2013 is as follows:

| | <u>2012</u> | <u>2013</u> |
|-----------------------------------------|---------------------|---------------------|
| License and Regulate Racetracks | \$ 274,176 | \$274,176 |
| Texas Bred Incentive Program | 4,125,000 | 4,125,000 |
| Supervise & Conduct Live Races | 684,148 | 684,148 |
| Monitor Occupational License Activities | 304,965 | 304,965 |
| Inspect & Provide Emergency Care | 316,729 | 316,729 |
| Administer Drug Tests | 335,633 | 335,633 |
| Occupational Licensing Program | 699,146 | 699,146 |
| TEXASONLINE | 23,250 | 23,250 |
| Monitor Wagering and Audit | 322,342 | 322,342 |
| Wagering Compliance Inspections | 236,715 | 236,715 |
| Central Administration | 724,247 | 724,247 |
| Information Resources | 302,208 | 302,208 |
| Supplemental Appropriation | 635,637 | 635,637 |
| Total | <u>\$ 8,984,196</u> | <u>\$ 8,984,196</u> |

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

III. Internal Audit Plan Methodology

This section summarizes the methodology used in preparing the fiscal year 2013 internal audit plan. In order to understand the Agency and develop our risk assessment process, we reviewed the Agency's

- Enabling Legislation
- Strategic plan
- Legislative appropriations request/operating budget
- Prior internal audit reports
- Reports from the State Auditor's Office
- Sunset Commission Report
- Other documents available to us

In planning internal audit procedures, financial, operational, as well as compliance issues are considered in determining processes/systems of interest. Functional areas that cross many divisions and the interaction between divisions are key criteria in the process of identifying areas of interest. Agency financial reports, planning documents, laws, rules, and regulations, in addition to soliciting input from management and commission members, were all considered in developing the list of areas of interest. Upon completion of this list, each area was subjected to our risk analysis process.

The following Agency processes/systems have been considered during the development of the areas of interest list:

- Cash receipts and fee processing
- Cash disbursements
- Travel
- Payroll & Personnel Processes
- Reporting – Key Performance Measures
- Budgeting and Reporting
- Licensing application and registrations
- Complaints/Investigation process
- Pari-mutuel Auditing Process
- EDP Wagering Reviews/Audits
- Business Continuity/Disaster Recovery
- Information Systems - Security
- Information Technology System Development
- Drug testing
- Inspection Program
- Racing Administration
- Texas Bred Incentive Program – Associations
- Texas Bred Incentive Program – Policies and Procedures
- Equine Research
- Historically Underutilized Businesses (HUB)
- Fixed Asset Management

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

There are numerous other areas that may be identified during the process of performing internal audit procedures during the year. Continuing input from both the Commissioners and management will be essential in identifying additional or new areas of risk that should be considered in the future.

Our risk assessment was performed through the consideration of various factors, including:

1. Exposure Level (Adverse impact of errors within the process/unit)
2. Complexity of unit (Volatility of activities)
3. Materiality (Financial and Non Financial Impact)
4. Results of last audit (Positive, Some Findings, Negative)
5. Extent of other coverage or oversight (More coverage, Some coverage, No coverage)
6. Quality of internal controls/adherence to laws (Excellent, Good, Fair, & Poor controls)
7. Changes in systems and processes (More changes, Some changes, No changes)
8. Normal audit interval (Audited in last 1 year, 2-5 years, >5 years or Never)

All of the above factors were considered in assessing risk and were taken into consideration for each process/system as to their impact on the Agency. Once each area of interest was evaluated, it was assigned a risk factor of high, moderate or low. The following is the result of our risk assessment process.

Processes Identified as High Overall Risk

Complaints/Investigation Process
Licensing Applications and Registrations
Cash Disbursements (excluding travel)
Information Systems – Security
Reporting – Key Performance Measures
EDP Wagering Reviews/Audits
Drug Testing
Travel

Processes Identified as Moderate Overall Risk

Business Continuity/Disaster Recovery
Information Technology System Development
Budgeting and Reporting
Cash Receipts and Fee Processing
Inspection Program
Pari-mutuel Auditing Process
Texas Bred Program – TxRC's Policies and Procedures
Historically Underutilized Businesses (HUB)
Texas Bred Incentive Program – Associations
Racing Administration

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

Fixed Asset Management
Equine Research

Processes Identified as Low Overall Risk
Payroll & Personnel Processes

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

IV. Internal Audit Plan

The internal audit plan is designed to provide a review of all areas considered risky. Although the plan is structured in this manner, it should not prevent the review of areas on a more frequent basis, in the case of future restructuring or development of new processes/systems. Also, special reviews might be added in the future as requested by the Commissioners or when deemed necessary by the internal audit function after performance of in-depth review of the specific divisions/systems and approval by the Commission.

Internal audit activities will be primarily concerned with documenting, testing and evaluating each division or system's internal control policies and procedures and the quality of performance in carrying them out. This will include reporting conditions and suggestions to management and evaluating management's response and plans for corrective actions. Opportunities for improved efficiency identified as a result of performing internal activities will be communicated to management and the Commissioners as part of the reporting process.

Internal Audit reviews for the fiscal year ending 2013 are planned for the following processes/systems:

Fiscal Year 2013

Complaints / Investigation Process

This audit will take place from October 2012 through August 2013 with final reporting occurring in September 2013. The above plan does not preclude the internal audit function from identifying and assessing risk relating to new divisions or systems added to the Agency.

These processes/systems were identified for review through risk assessment methodology. As discussed above, this methodology included personnel inquiries, identifying financial and non-financial risk, identifying interaction of divisions amongst each other, identifying rules and regulations various divisions must comply with and identifying the volume of transactions and personnel involved with each division.

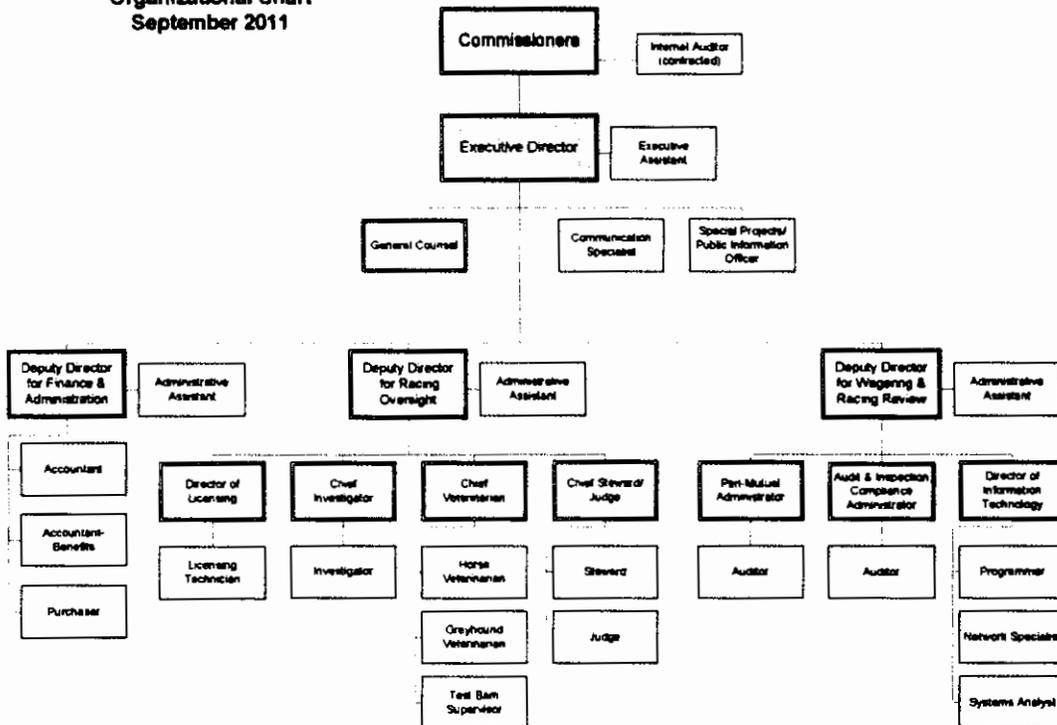
V. Reporting

In compliance with the Texas Internal Auditing Act, the annual internal audit report will be filed with the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the State Auditor, the Commissioners of the Agency, and the Agency's Executive Director by November 1, 2013. The annual internal audit report will be in the form specified by the State Auditor.

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

Appendix A: Organizational Chart

TEXAS RACING COMMISSION
Organizational Chart
September 2011



TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2013

Appendix B: Risk Assessment

High = 38 and up
Med = 30-37
Low = less than 30

| | <u>Weighed Risk</u> |
|-----------------------------------------------------|---------------------|
| Complaints/Investigation Process | 43 |
| Licensing Applications and Registrations | 41 |
| Cash Disbursements (excluding travel) | 41 |
| Information Systems – Security | 40 |
| Reporting – Key Performance Measures | 39 |
| EDP Wagering Reviews/Audits | 39 |
| Drug Testing | 39 |
| Travel | 38 |
| Business Continuity/Disaster Recovery | 37 |
| Information Technology System Development | 36 |
| Budgeting and Reporting | 36 |
| Cash Receipts and Fee Processing | 35 |
| Inspection Program | 35 |
| Pari-mutuel Auditing Process | 34 |
| Texas Bred Program – TxRC’s Policies and Procedures | 34 |
| Historically Underutilized Businesses (HUB) | 33 |
| Texas Bred Incentive Program – Associations | 32 |
| Racing Administration | 32 |
| Fixed Asset Management | 32 |
| Equine Research | 31 |
| Payroll & Personnel Processes | 29 |

CHAPTER 311. OTHER LICENSES
SUBCHAPTER B. SPECIFIC LICNESES
Division 1. Occupational Licenses

Sec.311.1. Occupational Licenses.

(a) License Required.

(1) A person other than a patron may not participate in racing at which pari-mutuel wagering is conducted unless the person has a valid license issued by the Commission. Any individual who enters an animal is deemed to be a participant in racing.

(2) A licensee may not employ a person to work at a racetrack at which pari-mutuel wagering is conducted unless the person has a valid license issued by the Commission.

(3) An association may not employ a person who works in an occupation that affords the employee an opportunity to influence racing with pari-mutuel wagering, or who will likely have significant access to the backside or restricted areas of a racetrack, unless the person has a valid license issued by the Commission.

(b) - (d) (No change).

CHAPTER 311. OTHER LICENSES
SUBCHAPTER B. SPECIFIC LICNESES
Division 1. Occupational Licenses

Sec.311.2. Application Procedure.

(a) (No change).

(b) Application Site.

(1) Except as provided in subsection (b)(2) and (b)(3) of this section, an applicant for an occupational license must file the appropriate application form and related documents at the licensing office at a licensed racetrack.

(2) An applicant for the following occupational license types may file the appropriate application form and related documents by mail to the main office of the Commission in Austin; kennel owner, kennel owner/owner, kennel owner/owner/trainer, kennel owner/trainer, owner, owner/trainer, trainer, multiple owner/stable/farm registration, training facility employee, and training facility general manager/CEO.

(3) An applicant for ~~who is eligible to renew~~ an occupational license that is available through the Texas OnLine portal may submit ~~file~~ the required application information through the Texas OnLine portal.

(c)-(e) (No change).

CHAPTER 311. OTHER LICENSES
SUBCHAPTER A. LICENSING PROVISIONS
Division 1. Occupational Licenses

Sec.311.3. Information for Background Investigation.

(a) Fingerprint Requirements and Procedure.

(1)-(4) (No change).

~~(5) Waiver.~~

~~— (A) Pursuant to Texas Civil Statutes, Article 179c, §7.10, the Commission will waive the fingerprint requirements in this section for an applicant for an owner or trainer license if:~~

~~— (i) the individual presents proof of a valid owner or trainer license issued in a racing jurisdiction that requires the submission of fingerprints to the Federal Bureau of Investigation and the Commission verifies that fingerprints were submitted by that jurisdiction for the applicant within the three years preceding the date of the application in Texas, and~~

~~— (ii) the applicant's permanent residence is outside the State of Texas.~~

~~— (B) This subsection does not apply to an applicant who:~~

~~— (i) has a criminal history in another state, as revealed by a report by the Federal Bureau of Investigation or other reliable criminal information sources;~~

~~— (ii) maintains a residence or is employed, whether self-employed or otherwise, in Texas; or~~

~~— (iii) obtains a license badge issued by the Commission which gives the applicant access to a restricted area on association grounds.~~

~~— (C) Notwithstanding a waiver of the fingerprint requirements under this subsection, the Commission reserves the right, at its sole discretion, to require the submission of fingerprints after a license has been issued.~~

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

(b) Criminal History Record.

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

CHAPTER 311. OTHER LICENSES
 SUBCHAPTER A. LICENSING PROVISIONS
 Division 1. Occupational Licenses

Sec.311.5.License Categories and Fees.

(a) - (c) (no change).

(d) The fee for an occupational license is as follows:

Figure: 16 TAC §311.5(d)

| Type of License | 1 Year Fee | 2 Year Fee | 3 Year Fee |
|-------------------------------------|------------|------------|------------|
| Adoption Program Personnel | \$25 | | |
| Announcer | \$35 | | |
| Apprentice Jockey | \$75 | | |
| Assistant Farrier/Plater/Blacksmith | \$25 | | |
| Assistant Starter | \$25 | | |
| Assistant Trainer | \$100 | | |
| Assistant Trainer/Owner | \$100 | | |
| Association Assistant Management | \$50 | | |
| Association Management Personnel | \$75 | | |
| Association Officer/Director | \$100 | | |
| Association Other | \$75 | | |
| Association Staff | \$35 | | |
| Association Veterinarian | \$75 | | |
| Authorized Agent | \$15 | | |
| Chaplain | \$25 | | |
| Chaplain Assistant | \$25 | | |
| Exercise Rider | \$25 | | |
| Farrier/Plater/Blacksmith | \$75 | | |
| Groom/Hot Walker | \$25 | | |
| Jockey | \$100 | \$200 | \$300 |
| Jockey Agent | \$100 | | |
| Kennel | \$75 | | |
| Kennel Helper | \$25 | | |
| Kennel Owner | \$100 | \$200 | \$300 |
| Kennel Owner/Owner | \$100 | \$200 | \$300 |
| Kennel Owner/Owner-Trainer | \$100 | \$200 | \$300 |
| Kennel Owner/Trainer | \$100 | \$200 | \$300 |
| Lead-Out | \$25 | | |

| | | | |
|-----------------------------------|-------|-------|----------|
| Maintenance | \$35 | | |
| Medical Staff | \$35 | | |
| Miscellaneous | \$25 | | |
| Multiple Owner | \$35 | \$70 | \$105100 |
| Mutuel Clerk | \$35 | | |
| Mutuel Other | \$35 | | |
| Owner | \$100 | \$200 | \$300 |
| Owner-Trainer | \$100 | \$200 | \$300 |
| Pony Person | \$25 | | |
| Racing Industry Representative | \$100 | | |
| Racing Industry Staff | \$30 | | |
| Racing Official | \$50 | | |
| Security Officer | \$30 | | |
| Stable Foreman | \$50 | | |
| Tattooer | \$100 | | |
| Test Technician | \$25 | | |
| Tooth Floater | \$100 | | |
| Trainer | \$100 | \$200 | \$300 |
| Training Facility Employee | \$30 | | |
| Training Facility General Manager | \$50 | | |
| Valet | \$25 | | |
| Vendor Concessionaire | \$100 | | |
| Vendor/Concessionaire Employee | \$30 | | |
| Vendor Totalisator | \$500 | | |
| Vendor/Totalisator Employee | \$50 | | |
| Veterinarian | \$100 | \$200 | \$300 |
| Veterinarian Assistant | \$30 | | |

CHAPTER 311. OTHER LICENSES
SUBCHAPTER B. SPECIFIC LICNESES

Sec.311.101. Horse Owner.

(a)-(f) (No change).

(g) Emergency License.

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

(4) If an owner submits an incomplete application for an owner's license, the application will remain in pending status until:

(A) the owner submits any additional information required to process the application;

(B) the application expires in accordance with the term of the applied-for license; or

(C) a horse is entered in the owner's name or in the name of a multiple owner of which the owner is a member, in which case the pending license will be presumed to be a request for an emergency license.

~~An application for an owner's license submitted to the Commission's main office in Austin that is incomplete will be presumed to be a request for an emergency license and an emergency license may be granted.~~

(5) A license issued under this section expires on the 21st day after the date the emergency owner's license is issued. An owner may obtain only one emergency license per year. An emergency license cannot be issued if the owner failed to complete the prior licensing process.

(6) (No change).

CHAPTER 311. OTHER LICENSES
SUBCHAPTER B. SPECIFIC LICNESES

Sec.311.102. Greyhound Owner.

(a)-(b) (No change).

(c) Emergency License.

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

(4) If an owner submits an incomplete application for an owner's license, the application will remain in pending status until:

(A) the owner submits any additional information required to process the application;

(B) the application expires in accordance with the term of the applied-for license; or

(C) a greyhound is entered in the owner's name or in the name of a multiple owner of which the owner is a member, in which case the pending license will be presumed to be a request for an emergency license.

~~An application for an owner's license submitted to the Commission's main office in Austin that is incomplete will be presumed to be a request for an emergency license and an emergency license may be granted.~~

(5) A license issued under this section expires on the 21st day after the date the emergency owner's license is issued. An owner may obtain only one emergency license per year. An emergency license cannot be issued if the owner failed to complete the prior licensing process.

(d) (No change).

CHAPTER 321. PARI-MUTUEL WAGERING
SUBCHAPTER A. MUTUEL OPERATIONS
Division 3. MUTUEL TICKETS AND VOUCHERS

Sec.321.29. Mutuel Tickets.

Each mutuel ticket issued must have printed on its face:

- (1) the name of the racetrack facility where the wager was placed;
- (2) the name of the racetrack where the race was conducted;
- (3) the number of the race;
- (4) the unique computer-generated ticket number;
- (5) the date the ticket was issued;
- (6) the date of the race for which the ticket was issued;
- (7) the number of the ticket-issuing machine;
- (8) the type of pool;
- (9) the number of each entry on which the wager was placed;
- (10) the dollar amount of the wager; and
- (11) appropriate language to indicate the expiration date of the ticket shall be the first anniversary of the day the ticket was purchased.

CHAPTER 321. PARI-MUTUEL WAGERING
SUBCHAPTER A. MUTUEL OPERATIONS
Division 3. MUTUEL TICKETS AND VOUCHERS

Sec.321.31. Vouchers.

Each voucher issued must have printed on its face:

- (1) the name of the racetrack facility where the voucher was issued;
- (2) the unique computer-generated voucher number;
- (3) the date the voucher was issued;
- (4) the number of the ticket-issuing machine;
- (5) the dollar amount of the voucher; and
- (6) appropriate language to indicate the expiration ~~date~~ of the voucher

shall be the first anniversary of the day the voucher was issued.

CHAPTER 321. PARI-MUTUEL WAGERING
SUBCHAPTER A. MUTUEL OPERATIONS
Division 3. MUTUEL TICKETS AND VOUCHERS

Sec.321.46. Payment on No Ticket Issue.

When a ticket issuing machine does not produce a paper ticket due to a mechanical failure, the mutuel manager may validate the wager through totalisator logs. If the transaction is a winning wager and the mutuel manager pays the patron, then the mutuel manager shall report the transaction to the Commission within 24 hours on a form prescribed by the ~~Commission~~ association and approved by the executive secretary. The form must contain, at the minimum, the following:

- (1) Association name;
- (2) Date and time of the machine failure;
- (3) Terminal number;
- (4) Bet description to include:
 - (a) racetrack;
 - (b) race number;
 - (c) animal number;
 - (d) bet type;
 - (e) amount wagered;
 - (f) total ticket cost;
 - (g) winning amount; and
 - (h) ticket serial number.
- (5) Patron's name and phone number;
- (6) Signature of the patron;
- (7) Description of the incident;
- (8) Date and time of the report; and
- (9) Signature of the mutual manager.

CHAPTER 321. PARI-MUTUEL WAGERING
SUBCHAPTER C. REGULATION OF LIVE WAGERING
Division 1. GENERAL PROVISIONS

Sec.321.215. Multiple Wagers.

(a) The following wagers are considered to be multiple two wagers for all purposes:

- (1) daily double;
- (2) quinella;
- (3) exacta; and
- (4) quinella double.

(b) The following wagers are considered to be multiple three wagers for all purposes:

- (1) trifecta;
- (2) twin trifecta;
- (3) pick (n);
- (4) select three, four, or five;
- (5) superfecta; ~~and~~
- (6) tri-superfecta;
- (7) fortune pick (n); and
- (8) super hi-five.

CHAPTER 321. PARI-MUTUEL WAGERING
SUBCHAPTER C. REGULATION OF LIVE WAGERING
Division 2. DISTRIBUTION OF PARI-MUTUEL POOLS

Sec.321.320. Super Hi-Five

(a)-(g) (No change).

(h) If on the final day of a race meeting or on a designated mandatory payout date the pool has not been distributed under subsection (b) or (c) of this section, then the net pool for that performance plus any carryover from previous performances shall be paid out in the following manner: ~~is canceled or the super hi five pool has not been distributed, the pool shall be deposited in an interest bearing account approved by the executive secretary. The pool plus all accrued interest shall then be carried over and added to the super hi five pari mutuel pool in the following race meeting on a date and performance designated by the executive secretary.~~

(1) To those who selected first-place, second-place, third place, and fourth-place finishers in order. If there are no such wagers, then

(2) To those who selected first-place, second-place, and third-place finishers in order. If there are no such wagers, then

(3) To those who selected first-place and second-place finishers in order. If there are no such wagers, then

(4) To those who selected the first-place finisher.

(i) If the final or designated mandatory payoff performance is canceled or the pool has not been distributed under subsection (h) of this section the pool shall be deposited in an interest-bearing account approved by the executive secretary. The pool plus all accrued interest shall then be carried over and added to the super hi-five pari-mutuel pool in the following race meeting on a date and performance designated by the executive secretary.

(j)-(i) If an animal is scratched or declared a nonstarter, no further tickets may be issued designating such animal and all super hi-five tickets previously issued designating such animal shall be refunded and the money deducted from the gross super hi-five pool.

(k)-(j) For purposes of statutory deductions and commissions, the net amount does not include any amounts carried over from any previous super hi-five pool.

(l) The association may select a distinctive name for the super hi-five, with prior approval of the executive secretary.

CHAPTER 321. PARI-MUTUEL WAGERING
SUBCHAPTER C. REGULATION OF LIVE WAGERING
Division 2. DISTRIBUTION OF PARI-MUTUEL POOLS

Sec.321.321. Fortune Pick (n).

(a)-(f) (No change).

(g) Fortune pick (n) with minor pool and carryover with unique wager:

(1) the entire net fortune pick (n) pool and carryover, if any, shall be distributed to the holder of a unique wager selecting the first place finisher in each of the selected fortune pick (n) contests, based upon the official order of finish. If there is no unique wager selecting the first place finisher in all fortune pick (n) contests, the minor share of the net fortune pick (n) pool shall be distributed as a single price pool to those who selected the first place finisher in the greatest number of fortune pick (n) contests; and the major share shall be added to the carryover.

(2) if the fortune pick (n) minor pool cannot be distributed in accordance with (g)(1) of this subsection, the minor pool shall be combined with the major pool and added to the previous day's carryover. The entire pool plus carryover shall be carried forward to the next fortune pick (n) pool.

(h)-(p) (No change).

CHAPTER 321. PARI-MUTUEL WAGERING
SUBCHAPTER A. MUTUEL OPERATIONS
Division 1. GENERAL PROVISIONS

Sec.321.15. License to Provide Totalisator Services.

(a) To provide totalisator services to an association in Texas, a totalisator company must be licensed by the Commission as a Totalisator Vendor. The license application must include:

(1) (No change.)

(2) a list of all totalisator personnel assigned to work in Texas, or on behalf of an association operating in Texas, as described in Subchapter B §321.123 of this title (relating to Totalisator Requirements and Operating Environment Personnel Requirements);

(3)-(4) (No change.)

(b) (No change.)

CHAPTER 321. PARI-MUTUEL WAGERING

SUBCHAPTER B. TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT

Sec. 321.101. Totalisator Requirements and Operating Environment.

Each association shall conduct wagering using a pari-mutuel system approved by the Commission. The pari-mutuel system shall operate in accordance with applicable laws and rules and meet the technical standards set forth in the Association of Racing Commissioners International Totalisator Technical Standards as amended in July 2012. Copies of the Totalisator Technical Standards are available at the Texas Racing Commission, P.O. Box 12080, Austin, Texas 78711, or at the Commission office at 8505 Cross Park Dr., #110, Austin, Texas 78754.

**The Association of Racing Commissioners International
Totalisator Technical Standards**

**PARI-MUTUEL WAGERING
TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT**

Sections – Index

SECTION 1. FACILITIES AND EQUIPMENT

- Sec. 1.1 Purpose, Structure & Definitions
- Sec. 1.2 General Systems Requirements
- Sec. 1.3 System Baseline
- Sec. 1.4 Peripheral Devices/Systems
- Sec. 1.5 Change Control Process
- Sec. 1.6 Certification & Submission

SECTION 2. OPERATIONAL REQUIREMENTS

- Sec. 2.1 General Management Requirements
- Sec. 2.2 Internal Control Systems
- Sec. 2.3 Personnel Requirements
- Sec. 2.4 Waivers for Technological Advancement or Off-site Processing
- Sec. 2.5 Totalisator Network
- Sec. 2.6 Data Transmission Protocols
- Sec. 2.7 System Resilience & Integrity

SECTION 3. REPORTING, MONITORING & DATA RETENTION

- Sec. 3.1 General Requirements
- Sec. 3.2 Pre-Wagering Reports
- Sec. 3.3 Race-by-Race Reports
- Sec. 3.4 End-of Day Reports
- Sec. 3.5 Ad Hoc Reports
- Sec. 3.6 Special Reports
- Sec. 3.7 Logs
- Sec. 3.8 Wagering Monitoring System

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
SECTION 1 FACILITIES AND EQUIPMENT
RULE §1.1 PURPOSE, STRUCTURE & DEFINITIONS

- (a) A pari-mutuel wagering system can be relied upon only if it has an adequate system of internal controls. The Commission adopts these rules for totalisator companies and their operations on behalf of racing associations to increase the Commission's level of reliance on the totalisator facilities, equipment, and operations in the respective jurisdiction and to ensure all totalisator operations maintain the integrity of pari-mutuel wagering.
- (b) Rules are descriptive, not prescriptive, and establish the concept of 'baselines' for software and equipment involved in critical operational activities and use the concept of 'defined interfaces' for operations/devices not directly connected to the central server of the totalisator vendor's wagering system.
- (c) In adopting these Rules, the Commission is aware of the use of contemporary technology and telecommunications facilities in providing the totalisator wagering operation and that these facilities are not all necessarily present at the racing association's location and therefore, may be physically located outside the geographic jurisdiction of the Commission.
- (d) A totalisator company retained under commercial agreement by an association is deemed for the purpose of these Rules to be the 'totalisator vendor' of the wagering system.
- (e) An Independent Testing Laboratory (ITL) may be utilized for:
- (1) verification of system;
 - (2) assessment of documented control procedures; and
 - (3) assessment of monitoring system (if any).
- (f) Wagering Monitoring Systems (WMS) can be considered for real-time operational monitoring.
- (g) Internal Control Systems (ICS) are defined to cover auditable operational procedures, i.e. operations and procedural manuals.
- (h) Definitions. The following definitions are to be used in reading and following The Association of Racing Commissioners International Totalisator Technical Standards.
- (1) Baseline envelope – the production operations environment that includes all software, hardware, and network components that are approved by the Commission.
 - (2) Baseline hardware – the minimum specification for hardware approved by the Commission for use in the production operations infrastructure.
 - (3) Baseline network – the network infrastructure and logical control software approved by the Commission and currently used in production operations.
 - (4) Baseline software – the version of software approved by the Commission and currently operating in production computers.
 - (5) Change Control Process – the Commission's process by which changes to a totalisator vendor's baseline is to be executed, evaluated, and approved.
 - (6) Direct Control Device – a device in a wagering network that is operated and controlled directly by the totalisator vendor for generating/displaying data, i.e. teller/cash terminals; self-serve kiosks; display devices; control/admin devices.
 - (7) Independent Testing Laboratory (ITL) – an entity recognized, or deemed acceptable, by the Commission to provide an independent evaluation of a totalisator vendor's baseline system and certify its compliance with these Rules.

(8) Intelligent Terminal – a direct control or peripheral device which contains code extending beyond that which is necessary to allow the device to communicate with the central controlling device to which it is directly attached or to control the presentation of data on the display unit of the device.

(9) Network security document – the document that describes in topographical format the network infrastructure, minimum engineering specifications, and security used for local and remote Device-to-Tote, Tote-to-Tote, and Data Center connection operations.

(10) Totalisator vendor – the company responsible for conducting wagering operations on behalf of an association; may be a system vendor/developer.

(11) Remote Device – a device under the control of a third party or individual not directly related to the totalisator vendor, but connecting into the totalisator vendor's operations, i.e., Internet devices, file transfer devices, wireless connection devices; "Odds" generating device not directly connected to the central server of the totalisator wagering system.

(12) System baseline document – the document that records and tabulates the elements of the baseline envelope, hardware, network, and software.

(13) Telecommunications Services – data communications facilities and carrier services provided via either wide or local area network facilities, including those operated by public carriers.

(14) Local Area Network (LAN) – a network (wireless or cable) that is finite in its reach and restricted to local wagering operations and typically deployed by, and under control of, a wagering totalisator vendor.

(15) Wide Area Network (WAN) – a network that traverses a public telecommunications carrier service - terrestrial, satellite, or wireless.

(16) Wagering Monitoring System (WMS) – a reporting process or software package that captures wagering operational activity in a format consistent with the Commission's audit, testing, and inspection requirements.

(17) Demilitarized Zone (DMZ) – a network configuration for securing an association's local area internal (totalisator) network. DMZ is a firewall configuration for securing local area networks (LANs) whereby a DMZ computer outside the firewall intercepts all incoming traffic and brokers a request for all computers on the LAN before being routed through the firewall, providing extra protection for computers behind the firewall.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
SECTION 1 FACILITIES AND EQUIPMENT
RULE §1.2 GENERAL SYSTEM REQUIREMENTS

- (a) The following requirements relate to all wagering systems and shall be considered generic to the Commission's requirements for any totalisator vendor's computer system.
- (b) System Requirements. The Commission requires that the totalisator vendor implement a computerized wagering system capable of meeting the following broad functions:
- (1) efficiently perform all tasks associated with providing the specific wagering operation;
 - (2) ability to support the technical and operational requirements of these Rules;
 - (3) ability to support the Rules in force at the time for each offered product;
 - (4) ability to support the predicted system load requirements;
 - (5) ability to provide adequate system audit and security requirements;
 - (6) ability to provide adequate financial verification and audit capabilities; and
 - (7) ability to provide monitoring and reports as required by the Commission.
- (c) A wagering system is deemed to extend from the central system to the point at which:
- (1) a customer's transaction is presented; or
 - (2) system generated information is delivered to/from the central system interface, in an approved format.
- (d) General Requirements.
- (1) The wagering system shall be able to:
 - (A) sell, calculate, and cash according to the pool profile, current Rules, and number of races;
 - (B) produce the required reports and logs described in Section 3, Sec. 3.1 through Sec. 3.7 Reporting, Monitoring & Data Retention;
 - (C) accept advanced wagers;
 - (D) network with the remote wagering sites;
 - (E) offer simultaneous wagering cards;
 - (F) allow access to operational functions and identification of each user of those functions based on the totalisator vendor's access security policy;
 - (G) automatically maintain all carry-over data required for the next performance on a rotating basis, including system date and time, without operator/user intervention;
 - (H) be subject to modification only by authorized individuals who have secure access to the operating system;
 - (I) be subject to a change control process consistent with Sec. 1.5 Change Control Process of these Rules;
 - (J) detect abnormal system operation and the cause, such as a validation problem, communication difficulty, and computer downtime, and immediately notify the operator/user;
 - (K) generate data usable across two major revisions, and within all minor revisions or retrieve archived data reports requested by the Commission within twenty-four hours;

- (L) include a utility program that backs up the wagering system and schedules these backups at regular intervals; and
- (M) operate on a standard time (e.g. atomic clock) .
- (2) The operating system must be:
 - (A) separated from the application software;
 - (B) based on identified individual users; and
 - (C) able to maintain auditable records of those users.
- (e) Hardware Requirements
 - (1) A totalisator vendor must define a central system configuration that will meet the minimum specification required to ensure the wagering system:
 - (A) will support approved system functionality;
 - (B) is secure from unauthorized access;
 - (C) can scale to meet peak load expectations;
 - (D) demonstrates resilience to unplanned interruptions without loss of data and integrity; and
 - (E) delivers minimal risk for single point of failure scenarios.
 - (2) This configuration will be deemed the baseline configuration for pari-mutuel wagering system operations.
 - (3) A wagering system shall be consistent with multi-processor architecture with inherent degrees of:
 - (A) independence in the transaction processing and system control functions; and
 - (B) redundancy and resilience in the event of processor failure.
- (f) Software Requirements
 - (1) Cash/Sell System.
 - (A) A totalisator vendor shall provide a cash/sell totalisator wagering system.
 - (B) The system must comply with these Rules regardless of the location of the central server for the wagering system.
 - (2) The Commission will approve the software configuration (baseline) of the wagering system host.
 - (3) All software for all components of the totalisator vendor's wagering system must be maintained under an appropriate software version control system. See Sec.1.5 Change Control Process of these Rules.
 - (4) The totalisator vendor shall have in place procedures for virus protection and detection, where a material risk of virus infection exists.
 - (5) The operational control of the wagering system must be administered in accordance with the relevant internal control system. See Sec. 2.2 Internal Control System of these Rules.
 - (6) Only approved application files may reside on storage media or be loaded into the memory of the wagering system host computers.
- (g) Security Requirements
 - (1) The central system shall be located in a data center that is a secure area where only authorized personnel may enter. This facility shall have an electronic locking system that provides monitoring information relating to the entry/exit of personnel.

(2) Procedures shall be maintained to ensure that only authorized personnel are given access and there shall be a detection system that provides a log entry as well as an alert when unauthorized entry is attempted.

(3) The data center shall have an environmental monitoring system with stand-by power facilities including an uninterrupted power supply.

(4) At a central server site, all network devices, network control devices, and hosts associated with a production network must be located inside an area that only persons with a valid authorization clearance can enter.

(5) All network access to the data center shall be the subject of appropriate firewall and other logical network access security features.

(6) The Commission requires adequate security over the approved wagering system to ensure continued system integrity and audit ability.

(7) The operating system of the computer's wagering application files and database, if applicable, must provide comprehensive access security. The Commission requires that the totalisator vendor's published access security policy be complied with, including password security policies.

(8) The Commission requires that storage of passwords/PINs be in compliance with the totalisator vendor's security policy, e.g. in an encrypted, non-reversible form. This implies that, if a person, authorized or not, reads the file that stores the password/PIN data, he/she must not be able to reconstruct the password/PIN from that data even if the creation algorithm is known.

(9) The Commission requires that the totalisator vendor have formal internal reporting and that follow-up procedures exist for security breaches. For example:

- (A) unauthorized attempts to access a system (sign-on);
- (B) unauthorized attempts to access system resources; and
- (C) unauthorized attempts to view or change system security definitions or

rules.

(10) The Commission requires that there be adequate security policies and configuration management procedures in place relating to any media library administration and any off-site storage of data. It is required that all software and critical data are only to be accessed by authorized personnel.

(11) A facility/report must be available that will list all registered users on the system including their privilege level and this list must be kept current.

(h) Physical Requirements.

(1) Power to devices inside and on the boundary of the baseline envelope shall be provided from a filtered, dedicated power circuit.

(2) Cabling used in production networks shall be protected against unauthorized physical access and malicious damage.

(i) Network Requirements

(1) The Commission requires that a totalisator vendor have a documented policy on network topography, minimum engineering specification, and security – the '*Network Security Document*'.

(2) The Network Security Document:

- (A) will be evaluated, assessed, and approved by the Commission;

(B) is essentially a matrix that describes the network topology of the system, details the interconnection of modules within the network, and the type of connection between the modules that is permitted;

(C) will describe the totalisator vendor's network policies for system firewalls, network connections that are inside a baseline envelope (the core area defined by the Commission as to being under baseline control), and network connections from the baseline envelope to external devices/systems;

(D) will describe the network control devices located at the boundary or inside the baseline envelope;

(E) will describe how all cabling and devices are to be clearly labeled by function;

(F) must be kept in a form that can be viewed in the event of total network destruction. Documentation must include patch records, device configuration, device location, cable location, and fault procedures. See Sec.2.7 System Resilience & Integrity of these Rules.

(j) Computer Monitoring and Network Management Systems

(1) The Commission requires that the totalisator vendor will have in place adequate monitoring tools and management functions to alert the operator/user and the Commission (if a real-time wagering monitoring system is operational) were any abnormal activity to occur.

(2) The monitoring and management systems may include:

(A) help desk/technical/operational support facility;

(B) computer hardware and systems software monitoring systems that monitor hosts inside or on the boundary of a wagering system baseline envelope;

(C) network monitoring systems that monitor network devices and network control devices inside or on the boundary of a wagering system baseline envelope; or

(D) totalisator operations real-time monitoring system to allow the operator/user and/or the Commission to monitor, evaluate and report on betting, pools and revenue data held in the wagering system.

(3) These monitoring systems must be demonstrated to and evaluated as to their integrity by the Commission.

(k) Verification tools. Upon request, the Commission must be provided a means by which to verify the configuration of all devices inside and on the boundary of the wagering system baseline envelope.

(l) Totalisator Rooms.

(1) Association Facilities. An association shall provide a totalisator room to house the main computing and communications equipment or the operator/user's terminal at the association's facility, whichever is applicable. The room must include:

(A) air conditioning with humidity control to maintain a stable environment that meets the specifications of the computer equipment manufacturer;

(B) a master power switch that allows all or part of the equipment housed in the room to be turned off in an emergency;

(C) a smoke/fire alarm system that sounds locally and is tied into the association's master alarm system;

(D) fire extinguishers to deal with minor electrical fires; and

(E) an internal communication system connecting the totalisator operator/user with:

- (i) the stewards or racing judges;
- (ii) the mutuel manager;
- (iii) each betting line;
- (iv) the pari-mutuel auditor's office, if applicable; and
- (v) a private outside line for communication with supervisors,

programmers, or totalisator personnel at other sites.

(2) **Totalisator Room Security.** The totalisator room housing the CPU or operator/user's terminal that processes wagers made at an association's facility must be secured at all times. The association shall submit to the authorizing jurisdiction for approval a security plan, and any changes to the security plan, for the totalisator room housing the CPU or operator/user's terminal that processes wagers made at the association's facility. The security plan must include:

(A) a security system covering the totalisator room and any other related service, electrical, or equipment room that consists of locking closed doors and detecting unauthorized entry; and

(B) a system of controlled entry to the totalisator room and other related rooms, using:

- (i) locking devices on all doors or entry points;
- (ii) controlling the distribution of keys or codes necessary to unlock

the doors; and

(iii) a sign-in log for visitors to include signature of person authorizing access.

(3) **Tote Room Access.** If the totalisator room housing the CPU or operator/user's terminal processing wagers made at the association's facility is located on property owned or controlled by the association, the association shall limit entry into the totalisator room to totalisator, association, and Commission personnel approved by the authorizing jurisdiction.

(A) The association shall submit a list of the individuals to be approved for totalisator room access at least two weeks before the first day of each live race meeting and each time a personnel change necessitates a change to the list.

(B) Personnel entering the tote room that are not on the authorized list must sign in on a visitor log maintained in the tote room.

(4) **Central Processing Location.** An association may contract with a totalisator vendor that uses a central processing location off the association's grounds. The central processing location shall ensure that:

(A) its on-site totalisator room meets the facility, security and access requirements in paragraph (1) Totalisator Rooms section above;

(B) the totalisator vendor's central processing location satisfies the requirements of these Rules; and

(C) the totalisator vendor's central processing location has a communications system connecting the central processing location with:

- (i) the totalisator vendor's representatives at the association's facility;

and

(ii) a private outside line for the communication with supervisors and operations support personnel at other sites.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
SECTION 1 FACILITIES AND EQUIPMENT
RULE §1.3 SYSTEM BASELINE

(a) System Baseline

(1) A wagering system baseline envelope is defined in co-operation with the totalisator vendor and the Commission and will include hardware, software, and network components that interoperate to deliver the critical operational functions of the wagering system entitled the *System Baseline Document*.

(2) The system baseline envelope is to consist of system software, hardware components, and network components that enable the system to operate in a secure environment and be consistent with these Rules.

(3) For the purposes of these Rules, all software and equipment, including central servers, communications devices, peripherals, and direct control devices, which are being utilized in a licensed operation for a racing association at the effective date of these Rules, will be considered to be:

- (A) included in the initial System Baseline; and,
- (B) approved for operation by the Commission.

(4) The following shall be included in the *System Baseline Document*:

(A) all system components which represent the core components of the wagering system ;

(B) application files such as those associated with transactions, account access, event control, and revenue reporting;

(C) operating systems which provide a secure environment;

(D) interface modules with databases used by the system application;

(E) interface software that interacts with any remote outlet or third party services;

(F) central systems communication devices that interface with any remote operation or third party equipment;

(G) the facility/method used to verify that the system is operating in an approved state;

(H) a system network document – the *Network Security Document* - that clearly identifies the core areas of the wagering system network. This document shall describe the network topology of the system, detailing the interconnection of modules within the network, and the type of connection between the modules that is permitted; and

(I) any other operations or procedures that are relevant to securing control of the system, i.e. the Internal Control System Document (see Sec.2.2 Internal Control Systems).

(5) Any changes to those components, including the emergency changes, are subject to approval by the Commission with regard to the Change Control Process (See Sec.1.5);

(6) Any WAN and Internet communication links will be generally deemed to be outside the wagering system baseline envelope approved by the Commission.

(7) An ITL recommendation may be required for all changes to the System Baseline Document; See Sec.1.6 Certification & Submission of these Rules.

(b) Software Baseline

(1) The Commission shall approve the software configuration (baseline) of the central system host.

(2) Any changes to the baseline software for the wagering system must be submitted to the Commission and be subject to the Commission's Change Control Process in Sec.1.5 Change Control Process of these Rules.

(c) Hardware Baseline

(1) The Commission shall approve the hardware configuration which will be deemed the baseline configuration for wagering system operations.

(2) Any changes to the baseline hardware configuration must be submitted to the Commission and be consistent with the Change Control Process outlined at Sec 1.5 Change Control Process of these Rules.

(d) Network Baseline. During the approval stage of a system network, the Commission will confirm the core areas of the system network over which verification control must be maintained and this will be defined and approved in the Network Security Document. See 1.2 General System Requirements (Network Requirements).

(e) Inspection tools

(1) All security logs must be reviewed and relevant entries that put the integrity of the operation or outcome of an event at risk should be followed-up by the operator/user in a timely manner.

(2) All accounting and any security event data must be held and be able to be accessed or retrieved (from back-up) for:

(A) Significant events - at least two [2] years

(B) Financial data - at least seven [7] years.

(3) There must be a procedure provided by the totalisator vendor whereby significant events will be reported to the Commission in a format to be determined by the Commission.

(4) Typical significant events to be reported on are as follows:

(A) situations where the system is incapable of supporting the Rules;

(B) significant software, hardware or network system failures;

(C) instances where there has been unauthorized access to the system;

(D) instances where internal control system procedures were unable to be followed;

(E) situations where system hardware or software version roll-backs were carried out;

(F) instances where significant work-arounds were carried out by the operator/user;

(G) instances where a system verification test result came out incorrect;

(H) instances where late event/draw closures were identified;

(I) instances where incorrect payout calculations were identified; and

(J) any other events as required by the Commission.

(f) System Baseline Auditing Requirements

(1) The totalisator vendor, with assistance from an ITL when applicable, must document all system components and identify those that are core to the system operations (*the system baseline*) to be submitted as part of the request for system approval.

(2) The approved wagering system will be subject to a condition that the totalisator vendor must not undertake any changes to the system baseline without approval by the Commission as outlined in Section 1.5 Change Control Process.

(3) The totalisator vendor must ensure there is a method in place to verify the software on which the evaluation was performed is the same as the software submitted for approval and live operation. To this end the following goals are to be met:

(A) the testing entity must be able to verify and confirm that all the system software being submitted for approval is the same as that which was evaluated. Only the system baseline files are required to be included with the submission approval;

(B) a procedure is available which outlines the method for verifying that the executable software on the production system is operating in an approved state. Where redundant production systems are used, the redundant systems shall operate the same version of software with the same configurations; and

(C) a procedure is available which outlines the method for detecting unapproved programs, command files, fixed data files, etc. that reside on any modules in the wagering system.

(4) There is a requirement for an agreement to be reached between the totalisator vendor, the testing entity, and Commission, relating to the directories in which application files will be located on the central system computers in order to establish a baseline document. Files that cannot be verified because they change frequently are not expected to include functionality that would be in the baseline, nor be stored in system application directories.

(5) There shall be adequate procedures in place to ensure that portions of the system outside the wagering system baseline envelope, as approved by the Commission, are checked regularly to ensure that unauthorized activities are not taking place on the overall wagering system.

(6) It is expected that the totalisator vendor will implement and maintain the following matters in regards to system audit:

(A) ensure that adequate system security procedures and policies are in place and that critical issues are actioned upon by management in a timely and accurate manner;

(B) all significant audit logs must be monitored and non-conformance with policy acted upon, with a record kept of the noncompliance and any resulting action;

(C) there shall be satisfactory security and control over database applications and critical configurable parameters to ensure the integrity of the system;

(D) there is to be a method to verify the integrity of the software on the host and any associated peripheral equipment operating in the production environment;

(E) all applicable user accesses shall be restricted via menu options;

(F) all remote or dial-in access shall be strictly monitored and any relevant security related logs are to be followed-up in a timely manner;

(G) network and communications security procedures are to be established, enforced and maintained;

(H) all interfaces to any subsystems are to be managed securely, and security reviews are to be performed at intervals defined by totalisator vendor policy;

(I) preventive and detective control measures shall be established with respect to the security of the production central system environment;

(J) the totalisator vendor shall ensure that adequate internal software change control procedures exist in line with its change management processes; and

(K) the Commission requires that adequate emergency change control procedures are in place.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
SECTION 1 FACILITIES AND EQUIPMENT
RULE §1.4 PERIPHERAL DEVICES/SYSTEMS

(a) The purpose of this Section is to describe the technical and operational requirements for peripheral devices and systems which may be connected to the central wagering system in either a local or remote manner and under the direct control of the totalisator vendor or under the control of individuals or other operator/users.

(b) General Requirements

(1) Wagering devices that are managed by the totalisator vendor shall be secure in both physical and software perspectives.

(2) Internal access to totalisator vendor managed device hardware shall be gained through secure measures.

(3) Connecting ports, switches, and other interfaces shall be tamper resistant to ensure the security of the totalisator vendor managed device.

(4) Functionally, a wagering device, regardless of whether it is a totalisator vendor managed or personal device, shall:

(A) be restricted to providing a user interface with the patron(s); and

(B) not include intelligence to validate or secure a transaction.

(5) Control measures shall be in place for device software updates and documentation. See Sec.1.5 Change Control Process of these Rules.

(6) Methods and procedures shall be included in an internal control system to describe how device settings and configurations can only be amended through a secure process. See Sec.2.2 Internal Control System of these Rules.

(7) Functionality and recoverability of a device during operational conditions such as loss of power or system connectivity shall be assessed, e.g. the device shall demonstrate the capability to resume operation and complete any transaction in progress at the time of a power failure to the device. See Sec.2.7 System Resilience & Integrity of these Rules.

(c) Scope of Peripheral Devices & Telecommunications Services, for example, but not limited to:

(1) Direct Control Devices (under full control of the totalisator vendor):

(A) Teller/cash terminals;

(B) Self-service kiosks;

(C) Display devices (Tote Boards, Display Boards, Video displays);

(D) Control/admin devices; and

(E) Call center terminals.

(2) Remote Devices (not under control of totalisator vendor):

(A) Internet connected devices;

(B) File transfer devices (PCs);

(C) Wireless connection devices/Personal devices; and

(D) Systems used to calculate "Odds" that are not otherwise directly connected

to the central server of the totalisator vendor's wagering system.

(3) Telecommunications Services

(A) Technology

(i) leased data line (wide area network-WAN); and

- (ii) local area networks (data cable or wireless).
 - (B) Operation
 - (i) between terminal and hub;
 - (ii) between hubs;
 - (iii) between hub and central server;
 - (iv) between central server and hub;
 - (v) between central servers, e.g. ITSP; and
 - (vi) between central server and display boards/devices.
- (d) Security for Peripheral Devices
 - (1) Software Security
 - (A) The Commission requires adequate security over the approved software to ensure continued system integrity and audit ability, including, but not limited to:
 - (i) The programming of intelligent direct control devices must be limited to communication with the main computer, maintenance routines, and dynamic device configuration routines.
 - (ii) A direct control device, whether intelligent in its configuration, or “smart” or “dumb” in its functionality, shall include programming consistent with the technical requirements for the main computer communication, maintenance routines, and dynamic device configuration routines.
 - (iii) Software related to the production or verification of the wager identification number, e.g. ticket number, printed on a pari-mutuel ticket or assigned by the main computer shall not reside in any peripheral device.
 - (iv) A direct control device may not access, alter, change, or manipulate the wagering database except to conduct the wagering or cashing functions necessary to serve the public.
 - (B) The Commission requires that formal internal reporting and follow-up procedures exist within the totalisator operation for security breaches to these Rules.
 - (2) Hardware Security
 - (A) The Commission requires that, at a minimum, adequate security is incorporated into the design/build of the device/peripheral hardware to ensure overall system integrity is maintained.
 - (B) This scope of such security would typically include:
 - (i) microprocessor boards;
 - (ii) USB/serial or other communication ports for peripheral devices;
 - (iii) power supplies and power on/off switches;
 - (iv) communications hubs;
 - (v) hardware storage racks; and
 - (vi) device intrusion sensors.
 - (3) Access Control Security
 - (A) The Commission requires that, in the design/build of peripheral devices, adequate access controls are integrated into each type of device to ensure that the integrity of the overall system is maintained.
 - (B) The scope of these access controls shall cover:
 - (i) access to money stackers/bill acceptors;
 - (ii) access to operating systems (e.g. Windows);

- (iii) access through USB/serial or other communication ports; and
 - (iv) malicious intent prevention.
 - (C) Access to critical software files or software configuration options on the peripheral device without authorized access codes/keys must be restricted.
- (e) Functionality
 - (1) The Commission requires that direct control devices:
 - (A) operate with read/print/display accuracy and integrity, for example:
 - (i) bill acceptors shall be capable of properly accepting and crediting applicable currency;
 - (ii) ticket printers shall print valid mutuel tickets. Each valid mutuel ticket must have printed on its face:
 - I. the name of the racetrack facility where the wager was placed;
 - II. the name of the racetrack where the race was conducted;
 - III. the number of the race;
 - IV. the unique computer-generated ticket number;
 - V. the date the ticket was issued;
 - VI. the date of the race for which the ticket was issued;
 - VII. the number of the ticket-issuing machine;
 - VIII. the type of pool;
 - IX. the number of each entry on which the wager was placed;
 - X. the dollar amount of the wager; and
 - XI. the expiration date of the ticket.
 - (iii) ticket printers shall print valid vouchers. Each valid mutuel voucher must have printed on its face:
 - I. the name of the racetrack facility where the voucher was issued.
 - II. the unique computer-generated voucher number;
 - III. the date the voucher was issued;
 - IV. the number of the ticket-issuing machine;
 - V. the dollar amount of the voucher; and
 - VI. the expiration date of the voucher.
 - (iv) ticket readers shall be able to read, validate, and properly credit vouchers and tickets;
 - (v) devices shall be evaluated as to their methods for validating tickets, including capture of valid tickets by the device and branding marks;
 - (vi) not allow nil, partial, or duplicate print of a ticket; and
 - (vii) access correct functions as labeled on a keypad;
 - (B) will detect and inform as to:
 - (i) paper jams/paper out; and
 - (ii) other consumable exhaustion/defect situations;
 - (C) can be uniquely identified under software/firmware control in the wagering system network;
 - (D) utilize a secure software download process (if any);

- (E) display with reliability any information disseminated by the wagering system;
- (F) allow an authorized official to post the order of finish, the official sign, inquiry sign, objection sign, or dead heat sign;
- (G) are located in or near the authorized officials in a location approved by the executive secretary in order to issue the stop wagering command during normal operations and activate the "off bell";
- (H) any "back up" device shall be installed in the totalisator room to allow the tote system operator/user to issue the stop wagering command if a system malfunction or human error prevents the wagering system from activating the stop wagering function at the appropriate time; and
- (I) have resilience to, and maintain integrity throughout, external service faults, for example:
 - (i) loss of telecommunications;
 - (ii) loss of power;
 - (iii) generation of error messages;
 - (iv) devices shall be evaluated for handling of failed ticket printing and accounting for credits or bets made on tickets;
 - (v) printers shall be able to properly handle paper outages and paper jams; and
 - (vi) devices shall have the ability to recover from a loss of power or network disconnection while idle, while a transaction is in progress, and/or when money is owed to the patron or teller.

(2) The Commission requires that remote devices:

- (A) comply with the totalisator vendor's published and approved wagering system interface;
- (B) cannot access critical software files on the wagering system; and
- (C) cannot initiate malicious intent activity beyond the baseline interface (firewall).

(3) The Commission requires that every transaction generated by or displayed upon a peripheral device includes a unique transaction serial number derived by the wagering system.

(f) Regulatory Compliance

(1) The Commission requires that all peripherals and direct control devices included in the wagering operations, whether at the associations' premises or at a central server location or other approved site:

- (A) are defined in the system baseline as being 'smart' or 'dumb' devices.
 - (i) A device is defined as 'smart' if it has software functionality that decides/influences outcomes of the wager; such software, if in existence, must be adequately secured within the relevant device's hardware configuration, e.g. a secured, tamper proof cabinet/cage.
 - (ii) A device is defined as 'dumb' if its functionality is restricted to:
 - (I) interpreting data input activity to develop a data packet that is consistent with a specified interface to be received and processed as a transaction, administrative or wagering, by the central server; and

(II) receiving a transmission data packet from the central server and using that data packet to print/display a wagering transaction; display a wagering pool and odds; display other wagering operational information.

(B) include verifiable software versions:

- (i) with critical system files locked in software; and
- (ii) under version control;

(C) include verifiable identification in the network:

- (i) with a unique serial number;
- (ii) accurate in system registration;
- (iii) able to be tracked in accounting of terminal transactions; and
- (iv) with controlled configuration changes;

(D) be approved by the Commission for any amendments to configuration of devices in the network or to the device itself in advance by the totalisator vendor; See Sec. 1.5 Change Control Process.

(2) The Commission requires that the following direct control devices to be physically and functionally evident in the operation and will have been assessed and approved for deployment:

(A) Control Workstations/Printers

(i) a *log printer* for each computer if the system is unable to reproduce the logs upon request;

(ii) a *master control terminal* that allows the tote system operator/user to execute routine maintenance and operational functions based on individual operator/user identification/authentication;

(iii) *user terminals* that allow restricted system access to the mutuel manager, money room personnel, and the stewards or racing judges;

(iv) *wagering information screen displays*;

(v) *data storage devices* to record necessary system data; and

(vi) *backup devices* capable of recording complete system information on removable media for storage and restoration.

(B) Stop Wagering Devices. The totalisator vendor shall install two separate devices that activate the stop wagering function of the totalisator system. The stop wagering devices shall be the judge's console and a tote system backup located at the racing association.

(C) Multi-purpose Displays (Tote Board). The multi-purpose displays, including the tote board, must update the odds on each betting interest in the relevant betting pools at intervals of not more than sixty [60] seconds.

(D) Cash/sell terminal/kiosk. A local area cash/sell teller terminal or a self-service kiosk is not required to be intelligent, but must have an individual identity within the network.

(E) Ticketless Electronic Wagering (E-wagering). A totalisator vendor may not use E-wagering devices unless approved by the Commission as required by Subchapter E of this Chapter.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
SECTION 1 FACILITIES AND EQUIPMENT
RULE §1.5 CHANGE CONTROL PROCESS

(a) The purpose of this Section is to describe a risk based change control process the Commission requires to be used for scheduled critical, essential and desirable changes, as well as emergency changes, to the system baseline.

(b) The Commission requires that totalisator vendors utilize the Commission's change control process related to the wagering products and systems to ensure compliance of the totalisator vendor's wagering system with these Rules.

(c) The Commission requires a totalisator vendor to comply with these processes:

(1) regardless of the source of the system software used by the totalisator vendor for its pari-mutuel wagering system; and,

(2) in conjunction with the totalisator vendor's internal change management process.

(d) The Commission has determined a risk-based change control process is consistent with the Commission's requirements and may include the involvement of an independent testing laboratory (ITL) or other testing entity approved by the Commission.

(e) The objective of the risk-based change control process is to:

(1) put in place an agreed process and mechanism to gain approval from the Commission for changes to wagering software and equipment that is under change control;

(2) define the responsibilities of totalisator vendors in the change control process, to deliver appropriate documentation to enable assessment of the risks and impacts of the changes, to test the changes in an approved manner, and to submit test results to the Commission;

(3) define the responsibilities of an ITL in the change control process to assess the risks and impacts of the changes, to evaluate and test the changes, to update the baseline documentation, and to submit a certification report to the Commission for approval;

(4) assess changes to wagering software and equipment under change control based on agreed criteria to determine impact and potential risk to the operation and integrity of totalisator vendor's systems; and

(5) be complementary to the totalisator vendor's business product development process and not be evident as a roadblock to innovation and enhancement of wagering operations.

(f) The change control process is based on a risk classification system of red, amber, and green. Each systems' components under change control will be classified by a consultative group made up of the Commission, totalisator vendor, and testing entity representatives, and documented in a wagering software and equipment spreadsheet maintained by the totalisator system provider.

(1) System components shall be put into the respective classifications based on the component's impact on the fairness, audit ability, and security of wagering, wagering rules, cancellation rules, and financial reporting. See Diagram A: Baselines and Interfaces Classification Guide.

(A) Red – Major potential impact on the above classifying criteria;

(B) Amber – Significant but not major potential impact on the above classifying criteria; and

- (C) Green – Minor potential impact on the above classification criteria.
- (2) Based on the classification of the component, testing and deployment of the change shall be done as follows:
- (A) Red changes shall be independently tested starting immediately after the totalisator vendor has submitted the change request. The change shall not be deployed until after the testing is complete and the Commission approves the change.
- (B) Amber changes shall be independently tested as designated by the Commission. The change may be deployed either before or after testing.
- (C) Green changes shall be randomly tested at the direction of the Commission. The change is deployed prior to testing. Amber/Green testing will be designated by the Commission.
- (g) The outline of the change control process is:
- (1) The Commission will obtain a list of the totalisator vendor's systems and applications that will be classified as wagering software and equipment and may, therefore, require change approval from the Commission.
- (2) Changes to wagering software and equipment under change control are to comply with this change control process, which is based on the technical risk classification of the change which is to occur.
- (3) Amber and Red changes to wagering software and equipment deemed to be under change control will need pre-approval from the Commission before implementation.
- (4) Under the change control process, the testing entity recommends changes for approval to the Commission depending on the risk classification of the change.
- (5) A change to a system component under change control will assume the same classification as assigned to the system component itself.
- (6) A different classification for some changes will be considered by the Commission in consultation with the testing entity, provided the totalisator vendor submits a satisfactory justification for the variation from the default risk classification.
- (7) Associations and totalisator vendors shall present new products/major updates for any change that is seen as potentially contentious to the Commission for an approval in principle before any project is initiated.
- (10) This pre-compliance assessment is to ensure projects are deemed "compliant in principle" by the time work commences on the project.
- (11) The testing entity will raise any direct non-compliance with the Commission and the relevant totalisator vendor as early as possible while reviewing the documentation and change requests.
- (12) Having visibility of this compliance depends on the nature of the change and the level of information provided.
- (13) Shall the non-compliance not be obvious, the testing entity may only be able to accurately assess this during the later stages of the change control process and this will immediately be flagged with both the Commission and the relevant totalisator vendor.
- (h) Emergency Changes
- (1) Any wagering system update that meets the Commission's definition of an emergency release may be released into production in accordance with the Commission's emergency release process.

- (2) An emergency release may be initiated without Commission review.
- (3) The Commission's definition of an emergency release is when a totalisator vendor's system would be at serious risk, left vulnerable to attack, or where an urgent and important repair is required for an unexpected failure.
- (4) The Commission's emergency release process is:
 - (A) Totalisator vendor identifies that an emergency system change is required.
 - (B) At all times, prior to implementing the change, totalisator vendors will send an e-mail to the Commission to advise that the change is to be deployed.
 - (C) An ITL may also be copied on this email.
 - (D) Totalisator vendors shall also phone an authorized officer of the Commission to inform them about the emergency release, if available.
 - (E) The change can be deployed to production once this notification email and follow-up phone call has been sent.
- (5) Totalisator vendors will list all affected applications immediately following the deployment of the emergency release and will submit the list to the Commission at the same time as the relevant change request.
- (6) Totalisator vendors will submit a change request including risk classification to the Commission within 24 hours, or, the next working day.
- (7) Totalisator vendors will advise the Commission within three working days if the system change was successfully implemented and the problem resolved.
- (8) The emergency change is then integrated into the agreed change control process, and the risk classification is verified by the testing entity.
- (i) Wagering Baseline Spreadsheet
 - (1) A testing entity will assist in the definition of a wagering system baseline. See Sec. 1.3 System Baseline of these Rules.
 - (2) The testing entity's recommendation is required for all changes to the system baseline document; any changes, including the emergency changes, are subject to approval by the Commission.
 - (3) The spreadsheet will list the totalisator vendor's current wagering software and equipment lists, with all components identified and details of the status of each component as wagering software and equipment or not.
 - (4) Any item categorized as wagering software and equipment is further characterized as falling under change control or not.
 - (5) Wagering software and equipment under change control is subject to the change control process outlined in this Section.
 - (6) Testing entities are responsible for notifying the Commission in regard to:
 - (A) any new components that are added to the wagering software and equipment spreadsheet; and
 - (B) any modifications that are made to the wagering software and equipment spreadsheet, such as:
 - (i) re-categorization of wagering software and equipment;
 - (ii) adding or removing components from change control; and/or;
 - (iii) classifying items under change control as red, amber or green.

(7) A change to a system component under change control will assume the same classification as assigned to the system component itself in the wagering software and equipment spreadsheet.

(8) A different classification for some changes can be considered by a testing entity and the Commission provided totalisator vendors submit a satisfactory justification for the variation from the default risk classification.

(9) The testing entity will notify the Commission and totalisator vendors about any additions or modifications to the wagering software and equipment spreadsheet as soon as they become apparent during the change control process for each release.

(10) A final version of the revised wagering software and equipment spreadsheet will be submitted by the testing entity to the Commission for approval along with the testing entity's certification report.

(11) Although a totalisator vendor is responsible for maintaining its wagering software and equipment spreadsheet, the Commission has the final say in the classification of any system component under change control.

(j) Methodology

(1) Traffic light system ("red"; "amber"; "green").

(2) "Red", "amber", and "green" system components (software & equipment) are agreed at initial point (baseline).

(3) If a system change involves a "red" component, then the system must be evaluated by the testing entity before being put into production.

(4) If a system change involves an "amber" component, then the system update can go into production but must be evaluated by the testing entity within six months.

(5) If a system change involves a "green" component, then the system update can go into production without a recommendation from the testing entity or Commission approval.

(6) The Commission can do random audits of "green" and "amber" changes for consistency with process definitions/parameters.

(7) Emergency fixes are allowed on the spot subject to a formal notification being sent to the Commission at the time and then the emergency fix, as categorized under traffic light system, is picked up in the next round of testing.

(8) The Commission acknowledges that this methodology should not be used as a roadblock to the totalisator vendor's business product development or day-to-day operations.

(k) Data Changes:

(1) A data update in any wagering system database or data file related to baseline systems that is required may be applied in accordance with the following release process:

(A) at all times, totalisator vendors will notify the Commission about the data change by e-mail prior to implementation of the change; and

(B) the data change can be made once this notification e-mail has been sent.

(2) Review of the data change is not required by a testing entity.

(3) Identified issues that subsequently require a software change to a component under change control must have that change submitted for assessment by the Commission in accordance with the change control process.

(4) For each data change, totalisator vendors will provide a detailed analysis report describing the reason for modification, an analysis of the modification, and the proposed resolution.

(5) This report will be emailed to the Commission and a copy may be sent to the testing entity.

(l) Random Sampling

(1) The Commission requires a testing entity to independently test randomly selected green changes to confirm that the changes are compliant, the risk classification is accurate, and to validate correct operation.

(2) This random sampling ensures that the testing entity and the Commission are both comfortable with the risk classification that a totalisator vendor is establishing for green changes.

(3) This random sampling of green changes should occur every six months.

(4) The Commission will select the green changes that will be independently sampled.

(5) The number of changes to be sampled is not a definitive number and it may be that the number of changes put through by totalisator vendors warrants a greater (or lesser) number of changes being selected for sampling.

(6) The selection also depends on the number of changes that are classified as green.

(7) As part of the sampling process, the testing entity will review the change to confirm that the change is correctly classified as green.

(8) The testing entity will also conduct independent testing of the changes selected by the Commission for sampling.

(9) If any sampled green changes are found to be non-compliant, the risk classification is inaccurate, and/or the testing entity has been unable to validate the correct operation of the change, the testing entity must inform the Commission that the changes have failed independent testing within two working days after identifying the issue.

(10) The testing entity will copy the relevant totalisator vendor on the report about the non-compliant changes.

(11) The Commission will determine the course of action following the report of a non-compliant change.

(m) System Changes

(1) Red Process

(A) Totalisator vendor submits a change request to the testing entity.

(i) This change request will:

(I) provide details about each proposed change that will be made to wagering software and equipment under change control to support the functionality defined within the requirements specifications;

(II) include details about additional and/or modified software that will be introduced to the baseline systems since the last approved version;

(III) include details about baseline files that have been removed since the last approved version; and

(IV) include totalisator vendor's risk classification and a justification of the risk classification for each change.

(ii) Submission of change requests to the testing entity will be performed on an as-needed basis within a timeframe agreed to by both parties.

(iii) The Commission will be copied on all change requests submitted to the testing entity.

(B) Totalisator vendor will provide any further information and documentation that the testing entity requires to make a comprehensive assessment of the change request.

- (i) The testing entity:
 - (I) will review the change request and confirm that the change request encompasses the scope of the project for wagering software and equipment under change control;
 - (II) will assess the risk classifications submitted for each change for technical accuracy;
 - (III) will raise with the totalisator vendor any items requiring re-classification and seek agreement on the change;
 - (IV) will submit to the Commission for a ruling any risk classifications that cannot be agreed upon; and
 - (V) will review the change request for adherence to the Commission's compliance requirements.
- (ii) Any items that are considered to be non-compliant are raised for discussion between the testing entity and totalisator vendor.
- (iii) Any items that cannot be agreed upon are submitted to the Commission for a ruling.
- (iv) The Commission will be copied on all correspondence between totalisator vendor and the testing entity.
- (v) The certification report that the testing entity submits to the Commission for approval will reference the final version of the request that is submitted.

(C) Totalisator vendor will submit a copy of the test plan to the testing entity for the whole project.

- (i) The test plan is to include:
 - (I) formal identification of requirements and applications affected by the changes;
 - (II) a list of testing areas that are/are not in scope for the project;
 - (III) pass/fail criteria;
 - (IV) exit criteria;
 - (V) the definition of suspension and resumption criteria;
 - (VI) testing resources including roles and responsibilities and environmental requirements;
 - (VII) testing risks;
 - (VIII) the testing schedule;
 - (IX) faults and issue reporting process;
 - (X) the process for scope changes that need to be made after the start of the testing cycle; and
 - (XI) a list of test cases that will be executed for the project.
- (ii) The testing entity will review the test plan for changes classified as red to ensure that it sufficiently addresses the scope of the changes.
- (iii) Any areas identified as insufficient or missing based on rules compliance criteria will be raised with totalisator vendor for consideration.

(iv) The testing entity will send the final version of the test plan to the Commission.

(D) Totalisator vendor will submit the testing exit report to the testing entity.

(i) The testing exit report is to include:

(I) all final test results for each of the test scripts executed for red changes;

(II) a list of testing areas that were not tested as identified in the 'out of scope' section of the test plan;

(III) a list of defects that were raised and resolved as part of the project (for the purpose of ensuring no oversight of critical defects);

(IV) a list of defects that were raised and not resolved as part of the project, e.g. acceptable failures and expected behavior; and

(V) where a defect is marked as an acceptable failure and a manual procedure or workaround exists, details about the procedure or workaround are detailed in the testing exit report.

(ii) The testing entity:

(I) audits the test results to ensure all relevant test cases are executed and have a satisfactory outcome;

(II) assesses any manual workarounds for completeness and correct operation to confirm that the solution addresses the issue and to ensure that the workaround is feasible; and

(III) sends the final version of the testing exit report to the Commission.

(iii) Any manual workarounds occurring as a result of an acceptable failure will be documented in the totalisator vendor's operations manual and these are to be reviewed by both the testing entity and the Commission for compliance.

(iv) Approval of the manual workarounds will be required from the Commission before these may be used in production.

(v) The testing entity will raise any procedural deficiencies or potential issues with the totalisator vendor and the Commission for review.

(vi) Once a solution is agreed upon between the testing entity, totalisator vendor, and the Commission, the totalisator vendor will resubmit the updated operational manuals to the testing entity and the Commission for final review.

(E) Changes classified as red should also be subjected to independent testing by a testing entity to validate the implementation of the red change prior to deployment of the change into production.

(i) This independent testing is not an exhaustive test of all operational conditions, but rather a test to verify correct implementation of the red changes for compliance and usability.

(ii) The testing entity will have visibility of totalisator vendor's test scripts and results for reference purposes (from Sec.1.5 (m)(1)(D)(ii) above).

(F) The testing entity will develop a complete baseline for any new wagering software and equipment under change control (baseline systems).

(i) For existing wagering software and equipment under change control that has been modified, the testing entity will update the relevant baseline document and highlight any changes made since the last approved version.

(ii) In conjunction with the totalisator vendor, the testing entity will devise a method of verifying that the tested version of software is the version to be put into production by the totalisator vendor.

(iii) The final version of all baseline documents will be provided to the Commission and the totalisator vendor.

(G) Upon successful completion of the assessment, the testing entity will generate a Commission report reflecting the scope of evaluation for red changes and the test results.

(i) The report will highlight any changes since the last approved baseline.

(ii) The testing entity will submit the report to the Commission and the totalisator vendor is to be copied on the report.

(iii) The compliance report is prepared against the final version of the change request that is submitted by the totalisator vendor and reviewed by the testing entity.

(iv) The Commission provides a notice following the submission of the testing entity compliance report and this notice indicates whether the change is approved or refused.

(H) Totalisator vendor can implement changes once approval from the Commission has been granted.

(2) Amber Process

(A) Changes classified as amber require independent testing by a testing entity to validate the implementation of the amber change.

(B) This independent testing is not an exhaustive test of all operational conditions, but rather a test to verify correct implementation of the amber changes for compliance and usability.

(C) The testing entity will have visibility of the totalisator vendor's test scripts and results for reference purposes.

(D) Although flexibility exists in the amber process for the testing entity to test amber changes in arrears within six months of the change being deployed to production, it may be the totalisator vendor's preference for independent testing to take place prior to deployment of the amber changes into production in order to maintain player experience and ensure that players are protected from risk.

(E) The steps in the change control process for amber changes are consistent with Sec. 1.5(m) (1) Change Control Process above.

(3) Green Process

(A) The steps in the change control process for green changes are consistent with Sec. 1.5(m) (1): (A), (B), (F) and (G) Change Control Process above.

(B) Upon successful completion of a totalisator vendor's internal testing and quality assurance process, the totalisator vendor may deploy the green changes into production.

(C) At a later date and based on a random selection of changes by the Commission, the testing entity will generate a Commission report reflecting the scope of evaluation for green changes.

(D) The testing entity will submit the report to the Commission and the totalisator vendor will be copied on the report.

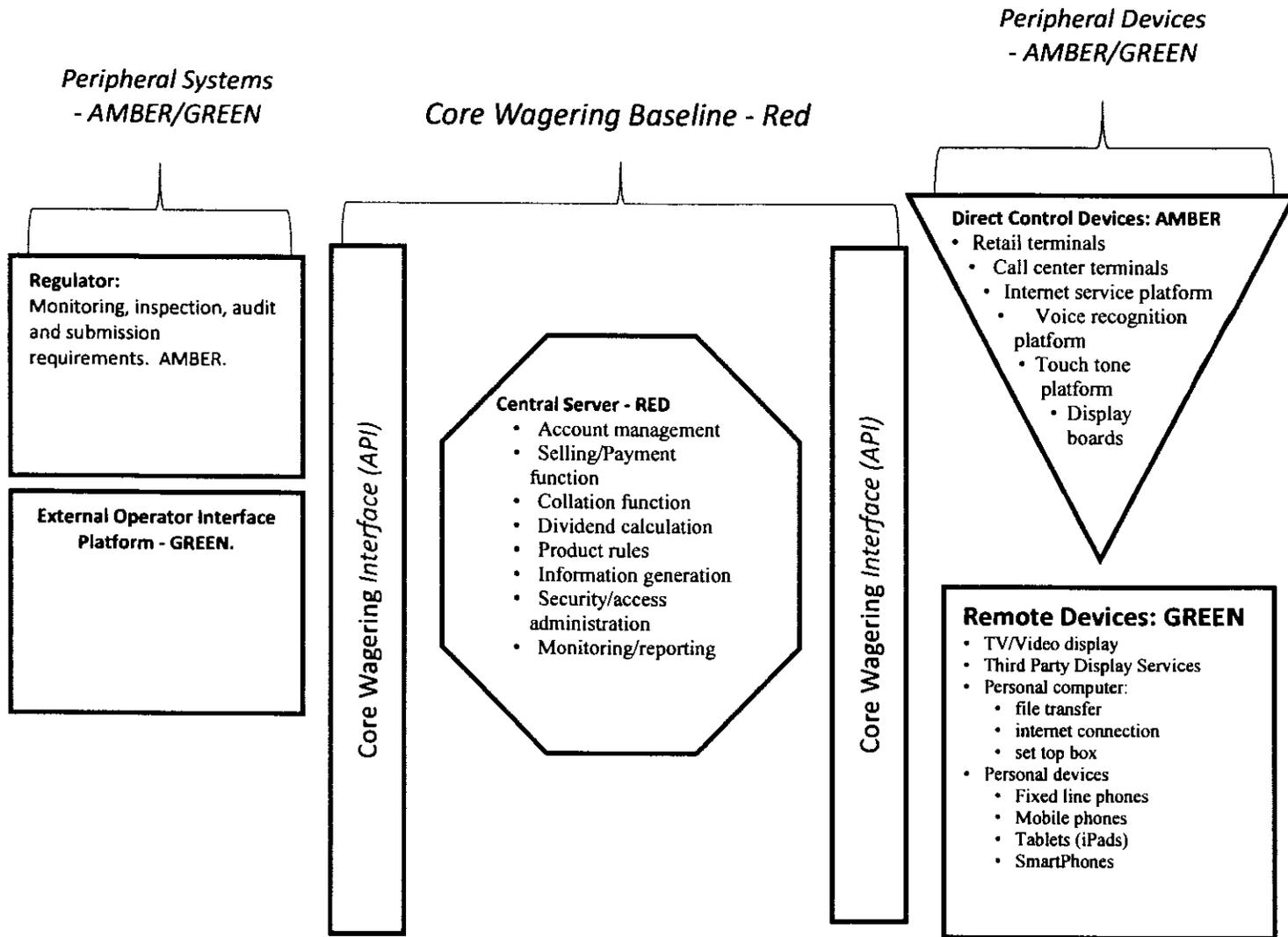
(n) Configuration Changes

(1) Configuration changes to all direct control devices inside and on the boundary of the wagering system baseline envelope must only be permitted in line with the totalisator vendor's access security policy.

(2) An audit log must be maintained for all changes to the configuration of any network devices inside and on the boundary of the wagering system baseline envelope.

(3) The audit trail must not be modifiable by persons authorized to make the configuration changes.

Diagram A: Baselines and Interfaces Classification Guide



187

188

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TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
SECTION 1 FACILITIES AND EQUIPMENT
RULE §1.6 CERTIFICATION & SUBMISSION

(a) Certification & Submission

(1) Purpose

(A) This section outlines the requirements for the evaluation and assessment for compliance and approval of a totalisator vendor's wagering system and internal control system.

(B) The process includes the use of an independent testing entity for evaluation against these Rules prior to a submission to the Commission for approval to permit a wagering system version to be introduced into a racing association's production operation.

(2) The process takes into account the following documents:

- (A) System Baseline Document;
- (B) Network Security Document; and
- (C) ITL Certification Recommendation.

(b) System Testing Requirements

(1) Testing Requirements and testing entity recommendation

(A) The security and controls, functional and operational requirements of the system are to be evaluated and recommended by an independent testing entity.

(B) The testing entity's recommendation is required on:

- (i) the system integrity and reliability;
- (ii) whether the system is consistent with these Rules;
- (iii) whether the controls and procedures required exist and are effective; and

(iv) the System Baseline, Network Security, and Internal Control

System Documents.

(c) Associated Systems Requirements

(1) All software and equipment for devices/peripherals associated with the wagering system are required to be tested for reliability in processing and delivering all transactions for the wagering system.

(2) There shall be adequate security arrangements and controls between the approved wagering system and the associated equipment.

(3) These security arrangements must form part of the independent assessment and the testing entity recommendation.

(d) Submissions Requirements

(1) The submission to the Commission for approval, at the minimum, should include the following:

- (A) background of the wagering system;
- (B) purpose of this submission – system/operational changes description;
- (C) testing entity recommendation of the wagering system in accordance with above requirements;
- (D) totalisator vendor's comments on any conditions included in the testing entity's recommendation;

- any;
- (E) list of all software versions and associated software check algorithms, if
 - (F) list of all relevant hardware and operating systems – product names, models and versions;
 - (G) associated systems that are connected to the wagering system;
 - (H) a *System Baseline Document*;
 - (I) a *Network Security Document*; and
 - (J) an *Internal Control Systems Document*.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
SECTION 2 OPERATIONAL REQUIREMENTS
RULE §2.1 GENERAL MANAGEMENT REQUIREMENTS

(a) The Commission requires the totalisator vendor to maintain and follow appropriate and adequate operational documentation covering:

- (1) Software Selection
 - (A) Software functionality specification;
 - (B) Software change control process;
 - (C) System testing process; and
 - (D) System commissioning;

- (2) Totalisator Operations Personnel
 - (A) Delegated Authorities;
 - (B) Duties;
 - (C) Responsibilities;
 - (D) Lines of communication; and
 - (E) System operations manual.

- (3) Information to Commission

(A) A totalisator vendor's wagering system must have the capability of providing to the Commission, pari-mutuel wagering data on electronic media acceptable to the Commission.

(B) The totalisator vendor shall also provide documentation about the structure of the data.

(4) Business Contingency Plan. A totalisator vendor must submit and obtain approval for a business contingency plan (see Sec. 2.7 System Resilience & Integrity).

(b) Compliance. A totalisator vendor is subject to licensing, inspection, and regulation by the Commission to ensure the integrity of:

- (1) the information obtained by use of the totalisator vendors wagering system;
- (2) its employees;
- (3) its Internal Control System (see Sec. 2.2 Internal Control System);
- (4) its adherence to the Commission's Change Control Process (see Sec. 1.5 Change Control Process); and
- (5) its engagement of an independent testing entity for evaluation of systems and changes to systems (see Sec. 1.3 System Baseline).

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 2 OPERATIONAL REQUIREMENTS
RULE §2.2 INTERNAL CONTROL SYSTEM

(a) The Commission requires that the totalisator vendor of a wagering system maintain an Internal Control System which documents a system of internal controls for wagering operations conducted on behalf of an association, as well as administrative and accounting procedures.

(b) The Commission, in its assessment or inspection of a totalisator vendor's activities and functions, may require a totalisator vendor's company to provide documented output from an accredited audit process where that process has included a review of internal control systems, for example a Statement of Audit Standards 70 (SAS 70) or Statement on Standards for Attestation Engagements 16 (SSAE 16) or equivalent audit conducted by an accredited party under the American Institute of Certified Public Accounts (AICPA) standards.

(c) An Internal Control System shall include:

(1) Software documentation.

(2) A system operations manual describing the authority, duties, responsibilities, and lines of communication for operations and support personnel. The manual shall include:

(A) sufficient detail to ensure operations personnel perform their job duties effectively;

(B) complete documentation for operation of the totalisator system and its software, including:

(i) the duties described in Sec. 2.3, Personnel Requirements, of these Rules;

(ii) clearly defined restrictions for totalisator room access;

(iii) general block diagrams of function options (menu tree) available to operations personnel;

(iv) a glossary of terms used in reports, including formulas for calculating the displayed results;

(v) the relationship, if any, between information contained in reports;

(vi) start-up and shutdown procedures;

(vii) general operating procedures;

(viii) restart and recovery procedures; and

(ix) emergency procedures, including a list of individuals to notify if a system requires an emergency revision.

(3) A systems development lifecycle manual. This manual shall include an outline of:

(A) system functionality specification;

(B) software vendor selection process, if any;

(C) internal change request management;

(D) change assessment process;

(E) internal testing and quality assurance process;

(F) system acceptance by the totalisator vendor; and

(G) commission to production process.

(4) A totalisator vendor shall develop and follow internal procedures that manage all system changes. The procedures shall:

(A) establish controls to prevent unauthorized and potentially inaccurate software changes from being incorporated into the production environment;

(B) regulate both scheduled and emergency changes to ensure the integrity of the wagering system;

(C) require software changes to be developed and tested only in a test environment that is not connected to a production environment; and

(D) require all system changes to be evaluated and certified as being consistent with the Commission's Change Control Process. (See Sec.1.5 Change Control Process).

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 2 OPERATIONAL REQUIREMENTS
RULE §2.3 PERSONNEL REQUIREMENTS

(a) General Requirements.

(1) A totalisator vendor must provide necessary personnel to perform the duties described in the Rules.

(2) The totalisator vendor shall employ a sufficient number of personnel to ensure an adequate segregation of duties between the personnel performing the respective critical duties.

(3) The totalisator vendor may use job titles different from those in these Rules.

(4) The totalisator vendor must have job descriptions containing the experience, education, and organization training requirements for each of the following critical duties:

(A) network manager;

(B) software specialist;

(C) systems analyst;

(D) totalisator operator; and

(E) technician.

(5) The totalisator vendor must certify in writing to the Commission that its personnel are properly trained to carry out their respective duties.

(6) The totalisator vendor is responsible for the actions of its personnel relating to the operations and use of the wagering system.

(7) The totalisator vendor shall designate an individual to act as a point of contact for communications between the Commission and the totalisator vendor.

(8) The Commission may determine which totalisator vendor's personnel must be licensed.

(9) The totalisator vendor must provide the Commission:

(A) a list of all totalisator personnel assigned to work in pari-mutuel operations;

(B) the list must indicate the position for which each person is qualified; and

(C) if a new employee is assigned to work in pari-mutuel operations, the totalisator vendor must update the list of personnel and provide it to the Commission.

(10) A totalisator vendor's employee may not hold a position of software specialist and totalisator operator simultaneously unless approved by the Commission.

(11) A totalisator vendor's employee is prohibited from wagering while on duty.

(12) Network Manager. A network manager shall:

(A) coordinate the totalisator vendor's wagering systems operations;

(B) ensure that each operations personnel follow proper procedures when operating the wagering system;

(C) determine the on-site and off-site storage locations for the back-up media;

(D) provide information and prepare any report requested by the mutuel manager or pari-mutuel auditor; and

(E) ensure:

(i) a current list of operations personnel is maintained;

(ii) all operations personnel are qualified; and

(iii) the appropriate pari-mutuel accounts are maintained within the wagering system.

(13) Totalisator operator. A totalisator operator shall:

(A) maintain the communication links to the locations to and from which the racetrack facility is simulcasting and ensure data is transmitted accurately;

(B) consult with the mutuel manager and/or pari-mutuel auditor when a problem occurs in determining a pool or calculation and suggests alternatives for continued operation, including possible temporary restrictions on or suspension of the communication links;

(C) perform necessary daily performance testing, system initialization, monitoring of wagering operations, and system shutdown;

(D) execute established procedures to shutdown system software and hardware in emergency situations including:

(i) loss of communication between computers or peripheral devices;

(ii) power surges or failures;

(iii) operating with a partial system; and

(iv) restarting the system during a performance.

(E) perform necessary system maintenance;

(F) perform daily back-ups as outlined in Sec. 2.7 of these Rules;

(G) ensure information is entered in the tote maintenance log detailing all repairs or modifications to the totalisator system;

(H) immediately notify the mutuel manager and pari-mutuel auditor, via e-mail, of an incident and follow up with a written report no later than 24 hours after the time of the incident, addressing each unusual occurrence during totalisator system operations including a description of the probable cause of the occurrence and the corrective action taken;

(I) maintain a copy of the incident report or enter information about the occurrence in the system incident log for each unusual occurrence during totalisator system operations; and

(J) consult with the mutuel manager and/or pari-mutuel auditor regarding any other operational issues encountered.

(b) Technician. The totalisator vendor may provide technicians to service and maintain the wagering systems equipment.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 2 OPERATIONAL REQUIREMENTS
RULE §2.4 WAIVERS FOR TECHNOLOGICAL ADVANCEMENT OR OFF-SITE PROCESSING

- (a) The Commission recognizes that technology and the locations for processing wagers will change due to technology advancement. Therefore, an association or totalisator vendor may petition the Commission for a waiver of the Rules under this Chapter.
- (b) To petition for a waiver under this section, the association or totalisator vendor must submit to the Commission a written application describing in detail the purpose, nature, duration, and extent of the requested waiver. The application must also include the process by which existing requirements of the system will be properly maintained.
- (c) The Commission shall not grant the waiver unless the Commission determines the requested waiver will not decrease the efficiency, speed, or accuracy of either the existing pari-mutuel wagering system or the Commission's audit function.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
SECTION 2 OPERATIONAL REQUIREMENTS
RULE §2.5 TOTALISATOR NETWORK

(a) Purpose

(1) This section outlines the Commission's requirements for the entire totalisator network, including central server, local hubs, and remote operations.

(2) There are two types of sub-networks within a Totalisator Network:

(A) Device-to-Tote Network – a network restricted to local totalisator operations, conducted by a totalisator vendor on behalf of an association, to include selling and administrative terminals/devices as well as 'stop betting' and display devices.

(B) Tote-to-Tote Network – a network, whereby a central server acts as the common pooling computer for co-mingling of pari-mutuel wagers, connected to server hubs controlling other Device-to-Tote networks located at other wagering outlets.

(b) Inter-systems Communications

(1) A totalisator vendor may use a totalisator system that operates in Tote-to-Tote network and/or Device-to-Tote mode.

(2) The wagering system network must, without regard to the location of the central server:

(A) meet the requirements of this chapter;

(B) comply with the Rules;

(C) use the current version of a Tote-to-Tote message communications protocol, e.g. Inter-Tote Systems Protocol; and

(D) use the current version of Standardized Track codes recognized by the Commission.

(3) Data exchanged with computer systems and devices outside the wagering system baseline envelope must pass through at least one network control device (firewall).

(4) The network control devices must implement the controls as defined in the *Network Security Document*.

(c) Common Pooling

(1) An association's use of the totalisator vendor's wagering system to common pool is subject to the systems and equipment requirements of these Rules and that the wagering systems are in an approved location.

(2) Common pools must be merged and calculated at the site the totalisator vendor designates as the central server.

(3) The host racetrack for which a common pool is created must also provide a wagering system that:

(A) directs each wagering system involved with the common pool regarding:

(i) the pools offered;

(ii) live and scratched race animals;

(iii) common pool totals;

(iv) network odds and probable payout;

(v) start and stop wagering commands;

(vi) official orders of finish; and

(vii) deduction and payout calculations.

(B) produces reports showing the amount wagered on each race animal and pool from each site, in accordance with the approved Inter-Tote Systems Communications Protocol.

(d) Help Desk

(1) If the central server wagering system network consists of one or more remote sites, a "Help Desk" facility shall be provided to assist participating operations with problems, disputes, and maintenance calls.

(2) The Help Desk system shall enable direct access to multiple operators via a call to a dedicated number.

(3) There shall be sufficient capacity on this dedicated number for normal operation.

(4) The "Help Desk" shall maintain an e-mail contact address.

(5) All calls or e-mails to the "Help Desk" shall be answered or acknowledged within 24 hours.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 2 OPERATIONAL REQUIREMENTS
RULE §2.6 DATA TRANSMISSION PROTOCOLS

- (a) A totalisator vendor's wagering system using a direct connection Device-to-Tote network may use whatever communications protocol is adequate to serve the purpose of these Rules.
- (b) Approval for information exchange with computer systems and devices outside the wagering system baseline envelope will be considered on a case-by-case basis by the Commission taking into account, at a minimum, the following:
 - (1) the requirements of Sec.2.5, Totalisator Network;
 - (2) the message authentication scheme utilized;
 - (3) physical security of the network (including intervening hubs, bridges and routers);
 - (4) connections to the external devices;
 - (5) the sensitivity of the information being transferred;
 - (6) whether the computer system inside the baseline envelope or outside the baseline envelope initiates information transfer;
 - (7) audit information recorded on the central server pertaining to the transfer of files and information; and
 - (8) intrusion detection utilized and immunity from unauthorized computer access or system software attacks.
- (c) A remote site is considered part of a Tote-to-Tote network and is subject to the requirements of Sec. 1.2 General System Requirements of these Rules.
- (d) If the failure to compile pools or payout winning prices is isolated to a remote site:
 - (1) the stopping of wagering or the manual cashing and accounting of tickets need only occur at the affected site; and
 - (2) the relevant information must be transmitted between the central server and the remote site through the normal communication link or facsimile machine and must be verified by the voice link.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 2 OPERATIONAL REQUIREMENTS
RULE §2.7 SYSTEM RESILIENCE & INTEGRITY

(a) System Backup

(1) The wagering system must be backed-up to removable electronic media. Before conducting pari-mutuel wagering, the totalisator vendor shall submit a backup procedure plan to the Commission for approval.

(2) There must be periodic back-ups (at least daily) of each variable database file on the wagering system's storage media.

(3) Copies of all daily database backups shall be retained at a location other than the central server site. The method used to backup and retrieve the information must ensure that the information is secure and cannot be used or obtained in an unauthorized manner.

(b) Disaster Recovery

(1) A totalisator vendor must have a disaster recovery plan to allow an association to continue to conduct pari-mutuel wagering in the event of a disaster at the central server location.

(2) In the event of a disaster, e.g. a flood/fire, there must be a method of ensuring that data related to customer entitlements and government revenue, since the last backup and the transaction log, can be rebuilt up to the point of the disaster.

(3) Network documentation must:

(A) be kept in a form that can be viewed in the event of total network destruction; and

(B) include patch records, device configuration, device location, cable location, and fault procedures.

(c) Business Continuity

(1) All wagering system equipment must be able to adequately recover to the point of failure following an interruption. For example, some typical tests that shall, at a minimum, be conducted to assess compliance with these Rules are:

(A) failure of central system local area network (LAN) interfaces;

(B) failure of central LAN;

(C) failure of central data communication interface devices;

(D) failure of single data communication interface;

(E) high data communications error rates on line;

(F) a foreign or additional device placed on a LAN;

(G) a foreign or additional device placed between LAN bridges, communications controllers, or on data communication lines between sites;

(H) single data communication port failure on Remote Controller (if any); and

(I) LAN failure on Regional or Local Controller (if any).

(2) The Commission requires that, in the event of a failure whereby the system cannot be restarted in any other way, it must be possible to reload the database from the last backup point (the previous night) and fully recover vital transactions via the transaction log up to the point of the failure.

(3) Certain database update information of a non-critical nature may not be required to be automatically recovered. Exceptions of this nature would need first to be agreed with the Commission.

(d) Emergency Procedures

(1) The wagering system must be supported by an uninterruptible power supply (UPS).

(2) A totalisator vendor must have emergency procedures to address a wagering system failure.

(3) The procedures will apply whether the system is operating as a stand-alone wagering site for separate pool wagering or as a satellite in a common pool network.

(4) In a Tote-to-Tote network, if system failure occurs at either the remote site or the host:

(A) the Commission and the network's mutual and system managers shall establish the pools for the unaffected sites;

(B) the failure site shall cease wagering; and

(C) the Commission shall then determine when the failed pari-mutuel system may resume operation.

(e) Communications within a Wagering System Baseline Envelope

(1) The Commission requires that all communications services within, and external to, the system baseline envelope:

(A) are of sufficient bandwidth capacity to manage sustained load;

(B) are secure in their technology configuration; and

(C) are resilient to unplanned interruption.

(2) There is to be no loss of information due to a failure of a redundant communications network within a wagering system baseline envelope.

(3) In this sense all information traversing the network between remote equipment and the host shall be recoverable once communications is restored.

(f) Connection of External Devices to Networks inside a Wagering System Baseline Envelope

(1) Unused ports on network devices and network control devices inside and on the boundary of the wagering system baseline envelope shall be disabled.

(2) Host computer systems, network devices, and network control devices inside and on the boundary of the wagering system baseline envelope must be immune from high loads (broadcast storms) or faults on any part of the network outside the baseline envelope.

(g) Communications between Separate Wagering System Baseline Envelopes

(1) Information flowing between different baseline envelopes in a Tote-to-Tote network should be subject to authentication and encryption, unless the intervening network is physically secure and under the complete control of the totalisator vendor. Note that wide area network communication links will be generally deemed to be outside a baseline envelope.

(2) There is to be no loss of information due to a failure of a redundant communications network between wagering systems in a Tote-to-Tote network.

(3) Communication between devices in a Tote-to-Tote network should be immune from computer/network attacks.

(h) Communication to Devices outside a Wagering System Baseline Envelope (Firewall)

(1) Network control devices shall be configured to discard all traffic other than that which is specifically permitted by the *Network Security Document*.

(2) Configurations that discard specific traffic types and allow everything else are not acceptable as a security approach.

(3) Computer systems within the wagering system baseline envelope must not be affected by computer/network attacks emanating from outside the baseline envelope.

(4) Operational procedures for network control devices must include the capturing and regular review and follow-up of all significant access violations.

(5) Approval for information exchange with computer systems and devices outside the wagering system baseline envelope will be considered on a case-by-case basis by the Commission taking into account, at a minimum, the following:

(A) the message authentication scheme utilized;

(B) physical security of the network including intervening hubs, bridges, and routers;

(C) connections to the external devices;

(D) the sensitivity of the information being transferred;

(E) whether the computer system inside the baseline envelope or outside the baseline envelope initiates information transfer;

(F) audit information recorded on the central system pertaining to the transfer of files and information; and

(G) intrusion detection utilized and immunity from computer attacks.

(i) Internet Connections

(1) Internet connections, if any, must demonstrate adequate network based and host based intrusion detection capabilities. This includes the automatic alerts in the event that a security breach occurs.

(2) The wagering system at the point where it is connected to the Internet service provider must incorporate a Demilitarized Zone (DMZ) like architecture.

(3) The internal and external firewalls must be of a type to ensure that any weakness in one firewall structure is not duplicated in the other firewall.

(4) The operator/user must have the ability to terminate a remote customer's session.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 3 REPORTING, MONITORING AND DATA RETENTION
REQUIREMENTS
RULE §3.1 GENERAL REQUIREMENTS

(a) Monitoring

(1) Computer hardware and systems software monitoring packages supplied by third party manufacturers/software vendors which are used to monitor hosts inside or on the boundary of a wagering system baseline envelope must be demonstrated to and approved by the Commission.

(2) Network monitoring systems supplied by third party manufacturers/software vendors and which monitor network devices and network control devices inside or on the boundary of a wagering system baseline envelope must be demonstrated to and approved by the Commission.

(3) The configuration of central system monitoring tools and network management systems must not be changed without formal authorization consistent with the totalisator vendor's access and security procedures.

(4) A device outside a wagering system baseline envelope must not be able to affect the configuration of network devices or network control devices through use of malicious practices such as:

(A) imitating the IP address of a host monitoring system or a network management system;

(B) imitating the hardware address (Ethernet address) of a host monitoring system or a network management system; or

(C) replaying previously captured communications.

(5) A device outside a wagering system baseline envelope must not be able to:

(A) affect the operation of the central system; and

(B) read or modify critical data.

(b) Reporting

(1) A wagering system must be able to produce hard copy reports and logs necessary to audit pari-mutuel activity and to recreate any given day of wagering in its entirety.

(2) A totalisator vendor shall retain the information needed to produce these reports and logs on storage devices for at least 365 days after the date the wagering occurred.

(3) A totalisator vendor shall provide information requested by the Commission no later than 48 hours after the totalisator vendor receives the request.

(4) A printed report for the Commission must have consecutively numbered pages and each page of the report must be headed with:

(A) the name of the race track;

(B) the date and time in hours, minutes, and seconds the report was produced;

(C) the performance number, if applicable;

(D) the wagering site to which the report refers;

(E) the version of software in use; and

(F) the parameters of the data provided.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 3 REPORTING, MONITORING AND DATA RETENTION
REQUIREMENTS
RULE §3.2 PRE-WAGERING REPORTS

- (a) On request by an authorized officer, before starting wagering each day, the operations personnel shall print any of the following reports:
- (1) a System Initialization Report showing:
 - (A) the date and time the system was initialized;
 - (B) the identity of the operations personnel initializing the system; and
 - (C) the software version in use;
 - (2) a Configuration Parameter Report showing:
 - (A) the pools that may be offered and that are currently operational in the wagering system;
 - (B) the display cycle frequency, pools, any minimum pool required, minimum wagers, and means of display of any approximate odds or will-pays produced;
 - (C) the minimum and maximum value of wagers for every pool that a direct control device may accept;
 - (D) which direct control devices are activated;
 - (E) which remote sites may input into the wagering system;
 - (F) the split percentages and payout parameters for each multi-leg pool offered;
 - (G) verification of all operational locking devices;
 - (H) the amount of delay between locking switch activation and actual stop betting or cancelling;
 - (I) the canceling parameters for regular and supervisory direct control devices;
 - (J) configurations placed on each direct control device;
 - (K) the method of breakage and rounding used in calculating the payout;
 - (L) takeout percentages for each host site and for the live races; and
 - (M) federal tax withholding rates and parameters;
 - (3) a Race Information Report showing for each live race and simulcast performance to be offered:
 - (A) the pools to be opened, indicating totals starting at zero and totals starting with money from advance wagering;
 - (B) pool summaries of all advance wagering;
 - (C) money added due to overages;
 - (D) underpayments or money added due to carry-overs; and
 - (E) the race animals for each race, showing entries and scratched animals;
 - (4) an Odds Report showing the opening line of odds for the Win pool; and
 - (5) a teller/cash terminal report listing the teller's name and location.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 3 REPORTING, MONITORING AND DATA RETENTION
REQUIREMENTS
RULE §3.3 RACE-BY-RACE REPORTS

For each race offered, the wagering system must be capable of printing the following reports and have them available for review by authorized officers:

- (1) a Scratch Report showing the time each late scratch was entered into the wagering system and the amount of money to be refunded in each pool;
- (2) a Betting Report, produced immediately on activation of the stop betting command and final merge of wagering information from all sites showing:
 - (A) the amount wagered and to be refunded for each betting interest or combination in each pool offered, and the net amount for each pool to be used for calculating the payout;
 - (B) the final dollar odds for the Win pool; and
 - (C) time of stop betting and time of each pool transmission;
- (3) a Calculating Price Report, produced before each race is declared official, showing for each pool:
 - (A) the winning betting interests or combinations;
 - (B) the winning wagers;
 - (C) the minimum payout prices;
 - (D) the breakage;
 - (E) the amount paid to the public;
 - (F) the total amount wagered;
 - (G) the total amount refunded;
 - (H) the amount added to the pool, when applicable;
 - (I) the actual pool total; and
 - (J) the takeout in total dollars;
- (4) a Probable Payout Report showing the payouts for multiple and exotic pools, subject to scratches, cancellations, and dead heats;
- (5) a Scan Report for multi-leg pools of four or more legs, showing:
 - (A) the total wagered in the pool;
 - (B) the amounts of any carryover;
 - (C) the winners of completed legs;
 - (D) the amount of possible winning wagers, based on paying the winner of completed legs combined with every betting interest entered in subsequent legs; and
 - (E) late scratches in each leg;
- (6) a Race Summary Report, produced before and after the race results are official, showing as the sum for all pools paid out in that race:
 - (A) the amount wagered;
 - (B) the amount refunded;
 - (C) the net amount to be used for calculating the payout;
 - (D) any money added to the pool;
 - (E) the actual pool total;
 - (F) the total commissions;

- (G) the breakage;
 - (H) the amount paid to the public;
 - (I) the carryover balances; and
 - (J) the liabilities (due to/due from);
- (7) a Daily Summary Report, produced with the Race Summary Report, showing the cumulative totals, for each pool and for all pools combined, of the items listed under the Race Summary Report.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 3 REPORTING, MONITORING AND DATA RETENTION
REQUIREMENTS
RULE §3.4 END-OF-DAY REPORTS

After wagering has ceased each day, the totalisator system must be capable of producing and printing the following reports and have them available for review by the mutuel manager and/or the pari-mutuel auditor, as requested;

- (a) a Wagering Device Balance Report showing for every direct control device terminal operated on that day including:
 - (1) the teller's name or identification number, or a patron activated designation;
 - (2) the total value and number of tickets sold, cancelled, and cashed, separating the outs from the current day's tickets;
 - (3) the total amount of money drawn from the money room, including the beginning draws;
 - (4) the total amount of money returned to the money room; and
 - (5) a listing of adjustments made to each wagering device balance after each teller/cash terminal has been individually balanced;
- (b) a Wagering Summary Report showing:
 - (1) by wagering site, the amount wagered, refunded, and added for every pool and for each race;
 - (2) the time of day each race's pools closed;
 - (3) the commissions deducted, breakage calculated, and amount paid out for every pool in each race;
 - (4) the total value of outstanding tickets before the pools were opened for the performance, the value of tickets cashed during the performance, the value of tickets to be added to the outstanding ticket total, and the new outstanding ticket total; and
 - (5) the total value of outstanding vouchers before the pools were opened for the performance, the value of vouchers cashed during the performance, the value of vouchers to be added to the outstanding voucher total, and the new outstanding voucher total;
- (c) a System Balance Report comparing the pool and paid-out totals obtained by processing the transaction files with the pool and paid-out totals obtained from the actual calculations;
- (d) a Money Room Balance Report showing cash added and subtracted from the beginning day's balance resulting from the day's wagering and cashing transactions; and
- (e) a IRS Report showing the winner's social security number, the ticket number, amount won, and taxes withheld for each transaction requiring a Form W2-G.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 3 REPORTING, MONITORING AND DATA RETENTION
REQUIREMENTS
RULE §3.5 AD HOC REPORTS

When requested by an authorized officer, the totalisator operations personnel shall produce the following reports:

- (a) an Odds Progression Report showing each successive line of odds for the Win pool and the time it was displayed to the public;
- (b) a Ticket and Transaction History Report showing the appropriate portion of the ticket history log for the requested ticket identification numbers;
- (c) a Wagering Device History Report showing the portion of the wagering device log requested;
- (d) an Outstanding Ticket Report showing the following information for uncashed winning tickets retained in the totalisator system:
 - (1) the ticket identification number;
 - (2) the wagers on the ticket;
 - (3) the date and performance for which the ticket is outstanding;
 - (4) the value of the winning wagers; and
 - (5) the direct control device location and number;
- (e) an Outstanding Tickets Cashed Report, for a performance, race, or pool, showing each outstanding ticket cashed that day, in the form of the Outstanding Ticket Report, including the identity of the direct control device that cashed the ticket and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read;
- (f) a Manually Cashed Tickets Report, for a performance, race, or pool, showing every ticket cashed that day in the form of the Ticket History Report, the identity of the direct control device that cashed the ticket, and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read;
- (g) a Cancelled Tickets Report, for a performance or race, showing each ticket canceled that day in the form of the Ticket History Report, the identity of the direct control device that cashed the ticket, and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read;
- (h) a Network Balance Report summarizing the activity and liabilities for each site within a Tote-to-Tote network;
- (i) a Scan Report for each multi-leg pool over four legs, showing the amount bet on every combination of the pool and the total amount bet; and
- (j) an Account Activity Report showing the following information for each E-wagering account:
 - (1) the unique account number;
 - (2) the date and time of each transaction;
 - (3) the unique identification number of each transaction;
 - (4) the location of each wager;
 - (5) the amount of each transaction;
 - (6) the type of pool, animal number, and amount of each wager;
 - (7) the account balance; and

- (8) the account holders name;
- (k) a Stop Payment Report showing the identity of the wager that has been stopped and when that wager is released for payment; and
- (l) an Exchange Rate report that identifies the currency of sites participating in a network.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 3 REPORTING, MONITORING AND DATA RETENTION
REQUIREMENTS
RULE §3.6 SPECIAL REPORTS

(a) A totalisator vendor shall produce any special report requested by the Commission no later than 72 hours after receiving the request. The wagering system must be able to produce a special report that filters data by:

- (1) performance;
- (2) race;
- (3) pool;
- (4) betting interest;
- (5) direct control devices;
- (6) date;
- (7) sites; or
- (8) any combination of the indicia in this section.

(b) Report heading must contain the criteria outline in Section 3.1(b) (4), General Requirements, for a report.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 3 REPORTING, MONITORING AND DATA RETENTION
REQUIREMENTS
RULE §3.7 LOGS

(a) On-Line Logs

(1) The wagering system must produce various daily on-line logs. The totalisator operations personnel shall provide a printed copy of a daily log to an authorized officer(s) on request.

(2) The wagering system must produce the following logs:

(A) a Teller/Wagering Machine History Log showing for every direct control device operated during a performance:

(i) the time the direct control device was opened and closed;
(ii) for each wagering transaction, the wagers made, tickets issued, and total value of the transaction;

(iii) for each cashing, cancelling, or refunding transaction, the identification numbers of the tickets processed, the wagers paid out, and the value of the wagers paid out;

(iv) for each cashing transaction, an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read;

(v) the amount of each cash draw and return;

(vi) any special function, including Teller Balance, accessed through the direct control device; and

(vii) the times of day each of the transactions listed in this subdivision was made;

(B) a Ticket History Log showing for every ticket issued:

(i) the identification number of each cashed/canceled ticket;

(ii) the direct control device location and number;

(iii) the wagers and their values;

(iv) the cashing/canceling machine location and number;

(v) the amount paid out;

(vi) the time of day each transaction occurred; and

(vii) an indication as to whether each transaction was manual or automatic;

(C) a User Terminal Log showing the time of day of each entry for:

(i) each terminal other than a wagering machine operating during a day:

(I) each log-on/log-off and the operator/user's ID code;

(II) each command or transaction entered;

(III) each Stop Betting, Order of Finish, Official, and Sales Open command and the device that issued it;

(IV) each occurrence of loss/restoration of communication between computers or sites; and

(V) each occurrence of discrepancy between computers or sites when comparing databases;

- (ii) each direct control device operated during a performance:
 - (I) each log-on/log-off and the teller's ID code, if applicable;
 - (II) each instance of loss/restoration of communication and the direct control device;
- (D) a System Error Log showing the date and time of each error;
- (E) a System Journal Log with date and time of each entry, including remote access, showing every day the system is operated for wagering, maintenance, or other purposes:
 - (i) System shutdown commands, the device from which they were issued, and the user ID of the individual issuing the commands;
 - (ii) the individual user ID and the originating device for every attempt successful or unsuccessful, to access the operating system;
 - (iii) the individual user ID and the originating device for every attempt, successful or unsuccessful, to access the application programs;
 - (iv) all commands that affect the operating environments issued from the operating system command line;
 - (v) all commands issued from within the application program in an attempt to access the operating system; and
 - (vi) a listing of every operational or operating terminal during computer operation;
- (F) an Account Activity Log showing the following information for each E-wagering account:
 - (i) the unique account number;
 - (ii) the date and time of each transaction;
 - (iii) the location of each wager;
 - (iv) the amount of each transaction;
 - (v) the type of pool, animal number, and amount of each wager;
 - (vi) the account balance; and
 - (vii) the account holder's name.
- (b) Off-line Log
 - (1) The totalisator operations personnel must maintain a system incident log and make it available on request for review by an authorized officer(s).
 - (2) The system incident log must include a description of each incident involving the wagering system, including system failures, their causes, and corrective actions taken.

TOTALISATOR REQUIREMENTS AND OPERATING ENVIRONMENT
DIVISION 3 REPORTING, MONITORING AND DATA RETENTION
REQUIREMENTS
RULE §3.8 WAGERING MONITORING SYSTEM

(a) Notwithstanding any other reporting and data retention requirements of this Section 3, the Commission may, at a future point in time, give consideration to the use of a real time wagering monitoring system (WMS).

(b) The Commission may use the WMS to enhance its audit and inspection capabilities through access to, and assessment of, information on totalisator activity held in the totalisator vendor's wagering systems.

(c) WMS information would, at a minimum, consist of bet and pool calculation records and betting and revenue statistics, as well as operational activity alerts.

(d) A WMS would enable the Commission to monitor the totalisator vendors' wagering operations in real-time and thereby enhance its compliance program designed to protect the interests of players by independently ensuring the integrity of the wagering system.

(1) The information from the totalisator vendor's wagering systems would ideally be sent to a tamper-proof WMS data store (the WMS Vault).

(A) The Commission would have online access to the WMS Vault and could access the data in it using standard office software tools, e.g. Microsoft Excel.

(B) A WMS Vault shall be backed up at regular intervals to enable complete restoration in a disaster recovery situation.

(C) The data monitoring and collection software will only have permissions to insert data into the WMS Vault. There shall be no module with permission to update or modify the data.

(D) The report generator modules shall only have permission to read data from the WMS Vault.

(E) The Commission shall have online access to the WMS Vault and be able to view data using standard and customized reporting tools.

(F) The Commission shall be able to view the data recorded by the WMS using standard and customized reports. This information shall be provided or made available upon request in the following format:

(i) *Monitor Entity*: name and description of the particular data recorded, e.g. Advertised Off Time, Scratching, Pool Betting Close Time, etc.

(ii) *When*: time the Monitor Event was generated.

(iii) *Systems*: indicates the system(s) that generates the Monitor Event, e.g. name of totalisator system provider.

(iv) *Event, Pool, or Bet*: *Monitor Entity* is generated at either an event, pool, or bet level using commission approved racing codes.

(v) *Specific Data*: data specific to this Monitor Event only, e.g. pool type, late scratching, cancellation etc.

(vi) *Common Data*: data that is common to all Monitor Events.

(G) On each event the Commission shall be able to:

(i) view all the data as it comes into the WMS Vault; or

(ii) run a report with particular specifications for further analysis on an event, a meeting, and all events on a particular day, or period.

Revision History

| Version Number | Date | Rule Number | Page | Change Description |
|----------------|-----------|------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.01 | July 2012 | Section 1, Rule 1.1(h) | 15 | <p>(e) Functionality</p> <p>(1) The Commission requires that direct control devices:</p> <p>(A) operate with read/print/display accuracy and integrity, for example:</p> <p>(i) bill acceptors shall be capable of properly accepting and crediting applicable currency;</p> <p>(ii) ticket printers shall print valid wagering mutuel tickets. <u>Each valid mutuel ticket must have printed on its face:</u></p> <p style="padding-left: 40px;"><u>I. the name of the racetrack facility where the wager was placed;</u></p> <p style="padding-left: 40px;"><u>II. the name of the racetrack where the race was conducted;</u></p> <p style="padding-left: 40px;"><u>III. the number of the race;</u></p> <p style="padding-left: 40px;"><u>IV. the unique computer-generated ticket number;</u></p> <p style="padding-left: 40px;"><u>V. the date the ticket was issued;</u></p> <p style="padding-left: 40px;"><u>VI. the date of the race for which the ticket was issued;</u></p> <p style="padding-left: 40px;"><u>VII. the number of the ticket-issuing machine;</u></p> <p style="padding-left: 40px;"><u>VIII. the type of pool;</u></p> <p style="padding-left: 40px;"><u>IX. the number of each entry on which the wager was placed;</u></p> <p style="padding-left: 40px;"><u>X. the dollar amount of the wager; and</u></p> <p style="padding-left: 40px;"><u>XI. the expiration date of the ticket.</u></p> <p>and vouchers containing requirements in Sec. 321.29 Mutuel Tickets and Sec. 321.31 Vouchers;</p> <p>(iii) <u>ticket printers shall print valid vouchers. Each valid mutuel voucher must have printed on its face:</u></p> <p style="padding-left: 40px;"><u>I. the name of the racetrack facility where the voucher was issued.</u></p> <p style="padding-left: 40px;"><u>II. the unique computer-generated voucher number;</u></p> |

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|------|-----------|------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | <p><u>III. the date the voucher was issued;</u> <u>IV. the number of the ticket-issuing machine;</u> <u>V. the dollar amount of the voucher;</u> and <u>VI. the expiration date of the voucher.</u></p> <p><u>(iv) ticket readers shall be able to read, validate, and properly credit vouchers and tickets;</u> <u>(iv) devices shall be evaluated as to their methods for validating tickets, including capture of valid tickets by the device and branding marks;</u> <u>(vi) not allow nil, partial, or duplicate print of a ticket; and</u> <u>(vii) access correct functions as labeled on a keypad;</u></p> |
| 1.01 | July 2012 | Section 1, Rule 1.1(h) | 2 | <p><u>(h) Definitions. The following definitions are to be used in reading and following the Rules in Section 321, Subchapter B The Association of Racing Commissioners International Totalisator Technical Standards.</u></p> |
| 1.00 | July 2011 | Original Document Published | | |