



TEXAS RACING COMMISSION
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AUSTIN, TEXAS 78711-2080
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Texas Racing Commission
Tuesday, August 8, 2007
10:30 a.m.
Texas Animal Health Commission
2105 Kramer Lane
Auditorium
Austin, Texas 78758

AGENDA

I. CALL TO ORDER

Roll Call

II. PUBLIC COMMENT

III. GENERAL BUSINESS

Discussion, consideration and possible action on the following matters:

- A. Selection of Vice Chair
- B. Budget and Finance Update Tab 1
- C. Report on Racetrack Inspections Tab 2
- D. Report and Update by the Executive Director and Staff Regarding Administrative Matters Tab 3
- E. Approval of Contract Extension with Internal Auditor
- F. Approval of Self Evaluation Report (Texas Sunset Act, Chapter 325 of the Texas Government Code) for submission to the Sunset Advisory Commission

IV. PROCEEDINGS ON RACETRACKS

Discussion, consideration and possible action on the following matters:

- A. Request by Retama Partners for Approval of Change of Ownership Tab 4
- B. Request by LRP Group, Ltd., for Approval of Change of Ownership Tab 5

- C. Request by Valle de los Tesoros, Ltd., for Approval of Change of Ownership Tab 6
- D. Request by Corpus Christi Greyhound Racing Associates for Approval of Change to Board of Directors Tab 7
- E. Request by Gulf Greyhound for Approval of Amendment to Totalisator Contract with United Tote Tab 8
- F. Request by Corpus Christi Greyhound Racing Associates to Modify its 2007 Live Racing Schedule Tab 9
- G. Update by Saddle Brook Park Tab 10
- H. Allocation by the Texas Greyhound Association of interstate cross-species purse money Tab 11
- I. Application by Laredo Race Park for a Class 2 Horse Racetrack License in Webb County Tab 12
- J. Approval of Security Bond for Laredo Race Park Tab 13

V. PROCEEDINGS ON RULEMAKING

Discussion, consideration and possible action on the following rules:

Adoptions

- A. Adoption of Amendment to § 309.6, Security for Compliance Tab 14
- B. Adoption of Amendment to § 303.41, Allocation of Race Dates Tab 15

Rule Proposals

- C. Proposed Amendment to Rule 321.505, Allocation Of Purses And Funds for Texas Bred Incentive Programs Tab 16
- D. Proposed Amendment to Rule 321.509, Escrowed Purse Account Tab 17
- E. Proposal by Texas Thoroughbred Association to Amend Rule 303.92, Thoroughbred Rules Tab 18

VI. EXECUTIVE SESSION

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

- A. Under Government Code Sec. 551.071, the Commission may open an executive session to confer with its attorney regarding pending or contemplated litigation on any matter listed in this agenda.
- B. Under Government Code Sec. 551.071(2), the Commission may open an executive session to discuss all matters identified in this agenda where the commission seeks the advice of their attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and to discuss the Open Meetings Act and the Administrative Procedures Act.
- C. Under Texas Racing Act, Art. 179e, Sec. 6.03, Vernon's Texas Civil Statutes, the Commission may open an executive session to review a plan for the security of a racetrack facility, or a copy of a management, concession, or totalisator contract.
- D. Under Government Code Sec. 551.071, the Commission may open an executive session to confer with its attorney regarding litigation by Trinity Meadows Raceway, Inc., against the Commission in Bankruptcy Case No. 97-41302, Adversary No. 06-04165.
- E. Under Government Code Sec. 551.071, the Commission may open an executive session to confer with its attorney regarding contemplated litigation by the Commission against Longhorn Downs, Inc.
- F. Under Government Code Sec. 551.074(a)(1), the Commission may open an executive session to discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Secretary.

VII. OLD/NEW BUSINESS

Schedule next Commission Meeting

VIII. ADJOURN

Texas Racing Commission

LBB-4

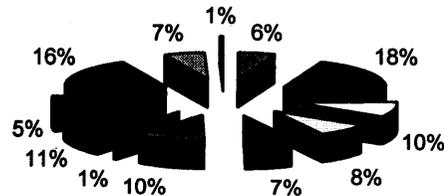
FYE 08/31/2007
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2007 Annual Budget	FY 2007 Expended Thru 6/30/2007	FY 2007 Unexpended Bal 6/30/2007	With 83.33% of Year Lapsed % of Budget Expended
\$ 0	FTE's = 76.40				
	Sum Of All Strategies other than A.2.1				
	1001 Salaries and Wages	3,702,915	2,896,873	806,041	78.23%
	1002 Other Personnel Cost	146,720	77,947	68,773	53.13%
	2001 Prof Fees and Services	86,593	39,158	47,435	45.22%
	2003 Consumables	28,695	15,443	13,252	53.82%
	2004 Utilities	22,500	16,572	5,928	73.65%
	2005 Travel	204,390	147,722	56,668	72.27%
	2006 Rent Building	105,314	98,577	6,737	93.60%
	2007 Rent Machine	13,500	10,655	2,845	78.92%
	2009 Other Operating Cost	289,346	191,868	97,478	66.31%
	CB Computer Equipment	32,250	30,053	2,198	93.19%
\$ 4,632,223	Total Operating Budget	4,632,223	3,524,868	1,107,355	76.09%
\$ 5,418,494	Strategy A.2.1. TX Bred Incentive	5,418,494	4,272,593	1,145,901	78.85%
\$10,050,717	Total All Strategies	10,050,717	7,797,461	2,253,256	77.58%

Expended Operational Budget By Strategy

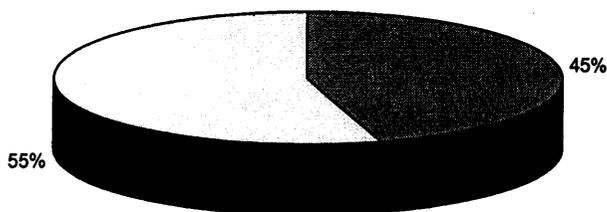
Regulate Racetrack Owners	\$	203,933
Supervise Racing	\$	654,265
Monitor Licensee Activities	\$	336,478
Inspect & Provide Emergency Care	\$	291,705
Administer Drug Test	\$	263,099
Occupational Licensing Program	\$	386,485
Texas On-Line Program	\$	18,902
Monitor Pari-Mutuel Wagering	\$	371,227
Wagering & Compliance Inspection	\$	162,543
Central Administration	\$	587,793
Information Resources	\$	229,204
Other Support Services	\$	19,234

Expended Operational Budget



- Regulate Racetrack Owners
- Monitor Licensee Activities
- Administer Drug Test
- Texas On-Line Program
- Wagering & Compliance Inspection
- Information Resources
- Supervise Racing
- Inspect & Provide Emergency Care
- Occupational Licensing Program
- Monitor Pari-Mutuel Wagering
- Central Administration
- Other Support Services

Expended Appropriations



■ Operational Budget □ ATB Budget

Expended Appropriations

Operational Budget	\$	3,524,868
ATB Budget	\$	4,272,593

Texas Racing Commission

LBB-1

FYE 08/31/2007
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2007 Annual Budget	FY 2007 Expended Thru 6/30/2007	FY 2007 Unexpended Bal 6/30/2007	With 83.33% of Year Lapsed % of Budget Expended
	FTE's = 4.00				
A.1.1.	Regulate Racetrack Owners				
	1001 Salaries and Wages	229,440	191,194	38,245	83.33%
	1002 Other Personnel Cost	4,820	3,980	840	82.57%
	2001 Prof Fees and Services	5,000	2,192	2,808	43.84%
	2003 Consumables	250	21	229	8.38%
	2004 Utilities	-	-	-	
	2005 Travel	5,150	3,275	1,875	63.59%
52.41%	2006 Rent Building	-	-	-	
\$ 10,356	2007 Rent Machine	-	-	-	
\$ 157,718	2009 Other Operating Cost	6,075	3,271	2,804	53.85%
\$ 82,661	CB Computer Equipment	-	-	-	
\$ 250,735	Total Strategy A.1.1.	250,735	203,933	46,801	81.33%
	FTE's = 0				
A.2.1.	Texas Bred Incentive				
	ATB Money Expended	5,418,494	4,272,593	1,145,901	78.85%
\$ 5,418,494	Total Strategy A.2.1.	5,418,494	4,272,593	1,145,901	78.85%
	FTE's = 12.90				
A.3.1.	Supervise Racing and Licensees				
	1001 Salaries and Wages	752,765	568,237	184,528	75.49%
	1002 Other Personnel Cost	20,752	7,380	13,372	35.56%
	2001 Prof Fees and Services	13,593	5,782	7,811	42.53%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	44,875	39,812	5,063	88.72%
6.61%	2006 Rent Building	-	-	-	
\$ 42,500	2007 Rent Machine	-	-	-	
\$ 775,378	2009 Other Operating Cost	4,875	3,002	1,873	61.58%
\$ 51,232	CB Computer Equipment	32,250	30,053	2,198	93.19%
\$ 869,110	Total Strategy A.3.1.	869,110	654,265	214,845	75.28%
	FTE's = 7.00				
A.3.2.	Monitor Occupational Licensee Act.				
	1001 Salaries and Wages	382,062	310,046	72,016	81.15%
	1002 Other Personnel Cost	9,690	6,200	3,490	63.98%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	5	(5)	
	2004 Utilities	-	-	-	
	2005 Travel	24,450	17,433	7,017	71.30%
-3.66%	2006 Rent Building	-	-	-	
\$ 23,299	2007 Rent Machine	-	-	-	
\$ 411,845	2009 Other Operating Cost	3,875	2,794	1,081	72.11%
\$ (15,067)	CB Computer Equipment	-	-	-	
\$ 420,077	Total Strategy A.3.2.	420,077	336,478	83,599	80.10%
	FTE's = 6.80				
A.4.1.	Inspect and Provide Emerg. Care				
	1001 Salaries and Wages	381,897	252,897	128,999	66.22%
	1002 Other Personnel Cost	9,980	7,050	2,930	70.64%
	2001 Prof Fees and Services	23,000	13,235	9,765	57.54%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	14,100	11,386	2,714	80.75%
-10.39%	2006 Rent Building	-	-	-	
\$ 21,807	2007 Rent Machine	-	-	-	
\$ 462,355	2009 Other Operating Cost	7,125	7,136	(11)	100.16%
\$ (48,061)	CB Computer Equipment	-	-	-	
\$ 436,102	Total Strategy A.4.1.	436,102	291,705	144,397	66.89%

Texas Racing Commission

LBB-2

FYE 08/31/2007
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2007 Annual Budget	FY 2007 Expended Thru 6/30/2007	FY 2007 Unexpended Bal 6/30/2007	With 83.33% of Year Lapsed % of Budget Expended
	FTE's = 6.50				
A.4.2.	Administer Drug Testing				
	1001 Salaries and Wages	283,898	237,038	46,860	83.49%
	1002 Other Personnel Cost	11,580	4,620	6,960	39.90%
	2001 Prof Fees and Services	-	240	(240)	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	20,190	16,526	3,664	81.85%
4.34%	2006 Rent Building	-	-	-	
\$ 15,850	2007 Rent Machine	-	-	-	
\$ 293,465	2009 Other Operating Cost	6,375	4,675	1,700	73.33%
\$ 12,728	CB Computer Equipment	-	-	-	
\$ 322,043	Total Strategy A.4.2.	322,043	263,099	58,944	81.70%
	FTE's = 12.80				
B.1.1.	Occupational Licensing				
	1001 Salaries and Wages	419,920	320,678	99,242	76.37%
	1002 Other Personnel Cost	32,880	10,944	21,936	33.29%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	1,500	430	1,070	28.66%
	2004 Utilities	-	-	-	
	2005 Travel	34,250	23,583	10,668	68.85%
3.18%	2006 Rent Building	-	-	-	
\$ 34,121	2007 Rent Machine	11,000	8,791	2,209	79.92%
\$ 484,646	2009 Other Operating Cost	34,625	22,059	12,566	63.71%
\$ 15,408	CB Computer Equipment	-	-	-	
\$ 534,175	Total Strategy B.1.1.	534,175	386,485	147,690	72.35%
	FTE's = -				
B.1.2.	Texas OnLine				
	1001 Salaries and Wages	-	-	-	
	1002 Other Personnel Cost	-	-	-	
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	-	-	-	
	2006 Rent Building	-	-	-	
\$ 23,250	2007 Rent Machine	-	-	-	
\$ -	2009 Other Operating Cost	23,250	18,902	4,348	81.30%
\$ -	CB Computer Equipment	-	-	-	
\$ 23,250	Total Strategy B.1.2.	23,250	18,902	4,348	81.30%
	FTE's = 9.00				
C.1.1.	Monitor Wagering and Audit				
	1001 Salaries and Wages	404,259	336,882	67,377	83.33%
	1002 Other Personnel Cost	10,740	8,820	1,920	82.12%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	21,944	16,111	5,833	73.42%
-7.76%	2006 Rent Building	-	-	-	
\$ 28,160	2007 Rent Machine	-	-	-	
\$ 464,031	2009 Other Operating Cost	19,235	9,413	9,822	48.94%
\$ (36,013)	CB Computer Equipment	-	-	-	
\$ 456,178	Total Strategy C.1.1.	456,178	371,227	84,951	81.38%
	FTE's = 4.00				
C.1.2.	Wagering & Compliance Inspections				
	1001 Salaries and Wages	173,527	144,606	28,921	83.33%
	1002 Other Personnel Cost	5,800	4,800	1,000	82.76%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	21	(21)	
	2004 Utilities	-	-	-	
	2005 Travel	16,431	9,135	7,296	55.60%
-11.00%	2006 Rent Building	-	-	-	
\$ 11,457	2007 Rent Machine	-	-	-	
\$ 211,710	2009 Other Operating Cost	4,125	3,981	144	96.52%
\$ (23,284)	CB Computer Equipment	-	-	-	
\$ 199,883	Total Strategy C.1.2.	199,883	162,543	37,340	81.32%

Texas Racing Commission

LBB-3

FYE 08/31/2007
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2007 Annual Budget	FY 2007 Expended Thru 6/30/2007	FY 2007 Unexpended Bal 6/30/2007	With 83.33% of Year Lapsed % of Budget Expended
D.1.1.	FTE's = 7.00 <u>Central Administration</u>				
	1001 Salaries and Wages	375,004	306,361	68,642	81.70%
	1002 Other Personnel Cost	29,320	12,170	17,150	41.51%
	2001 Prof Fees and Services	25,000	17,709	7,291	70.84%
	2003 Consumables	26,945	14,947	11,998	55.47%
	2004 Utilities	22,500	13,979	8,521	62.13%
	2005 Travel	20,000	9,146	10,854	45.73%
-1.32%	2006 Rent Building	105,314	95,877	9,437	91.04%
\$ 19,647	2007 Rent Machine	2,500	1,863	637	74.53%
\$ 768,354	2009 Other Operating Cost	171,286	115,740	55,546	67.57%
\$ (10,132)	CB Computer Equipment	-	-	-	
\$ 777,869	Total Strategy D.1.1.	777,869	587,793	190,076	75.56%
D.2.1.	FTE's = 5.00 <u>Information Resources</u>				
	1001 Salaries and Wages	276,660	214,923	61,737	77.68%
	1002 Other Personnel Cost	7,738	6,758	980	87.34%
	2001 Prof Fees and Services	20,000	-	20,000	0.00%
	2003 Consumables	-	19	(19)	
	2004 Utilities	-	2,594	(2,594)	
	2005 Travel	3,000	1,316	1,684	43.86%
-2.04%	2006 Rent Building	-	2,700	(2,700)	
\$ 16,829	2007 Rent Machine	-	-	-	
\$ 305,291	2009 Other Operating Cost	8,500	894	7,606	10.52%
\$ (6,222)	CB Computer Equipment	-	-	-	
\$ 315,898	Total Strategy D.1.2.	315,898	229,204	86,694	72.56%
D.1.3.	FTE's = 1.00 <u>Other Support Services</u>				
	1001 Salaries and Wages	23,484	14,010	9,474	59.66%
	1002 Other Personnel Cost	3,420	5,224	(1,804)	152.75%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	-	-	-	
0.00%	2006 Rent Building	-	-	-	
\$ 1,884	2007 Rent Machine	-	-	-	
\$ 25,020	2009 Other Operating Cost	-	-	-	
\$ -	CB Computer Equipment	-	-	-	
\$ 26,904	Total Strategy D.1.3.	26,904	19,234	7,670	71.49%
\$ 249,159	Estimated 4% & 3% appropriation rider				
\$ 4,383,063	Operating Budget regular appropriations	4,632,223	3,524,868	923,124	76.09%
\$ 5,418,494	Strategy A.2.1. TX Bred Incentive	5,418,494	4,272,593	1,145,901	78.85%
\$10,050,716	Total M.O.F.				
\$10,050,717	Total All Strategies	10,050,717	7,797,461	2,069,025	77.58%

Texas Racing Commission
Report on Racetrack Inspection Activities
August 8, 2007

Date of Inspection	Track	Type of Inspection	Number of Unsatisfactory Items	Track Remediation Complete	Inspection resolved
11/21/06	Valley	Pari-mutuel	1		
2/13/07	Gulf	Pari-mutuel	1		
2/28/07	Corpus Christi	Veterinary	3	3 resolved	5/29/07
4/5/07	Lone Star	Enforcement	1	0 resolved 4/13/07 0 resolved 5/11/07	5/24/07
4/12/07	Manor	Administrative	4		
4/25/07	Corpus Christi	Racing-Judges	0		
5/1/07	Retama	Pari-mutuel	1		
5/5/07	Retama	Enforcement	0		
5/14/07	Retama	Pari-mutuel	0		
6/22/07	Sam Houston	Enforcement	0		
6/27/07	Sam Houston	Pari-mutuel	1		
6/27/07	Sam Houston	Administrative	1		
6/27/07	Sam Houston	Racing-Stewards	0		
6/28/07	Corpus Christi	Racing-Judges	1		
6/29/07	Corpus Christi	Veterinary	4		
7/1/07	Corpus Christi	Enforcement	2	2 resolved	7/8/07
7/3/07	Corpus Christi	Administrative	5		
7/3/07	Corpus Christi	Pari-mutuel	0		
7/6/07	Gillespie	Administrative	0		
7/6/07	Gillespie	Pari-mutuel-Barn	1		
7/6/07	Gillespie	Pari-mutuel	0		
7/6/07	Gillespie	Racing-Stewards	0		
7/6/07	Gillespie	Veterinary	0		
7/11/07	Sam Houston	Veterinary	4		

AN ACT

relating to the regulation of horse and dog racing.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1.03, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended by amending Subdivisions (36) and (53) and adding Subdivision (79) to read as follows:

(36) "Trainer" means a person who is licensed by the commission to train racehorses or greyhounds.

(53) "Judge" means a racing official with general authority and supervision over:

(A) the conduct of a licensed race meeting; and

(B) all licensees at a racetrack during a race meeting [~~an executive official of a greyhound racetrack~~].

(79) "Executive director" means the executive secretary of the Texas Racing Commission.

SECTION 2. Section 2.12, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended by adding Subsection (a-1) to read as follows:

(a-1) The commission and the executive secretary may use the title "executive director" for any purpose in referring to the

office of executive secretary.

SECTION 3. Section 3.16(b), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) The commission [~~may require prerace testing and~~] shall require [~~postrace~~] testing to determine whether a prohibited substance has been used. The testing may be prerace or postrace as determined by the commission. The testing may be by an invasive or noninvasive method. The commission's rules shall require state-of-the-art testing methods.

SECTION 4. Section 5.01, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended by adding Subsection (d) to read as follows:

(d) The commission by rule shall set fees in amounts reasonable and necessary to cover the commission's costs of regulating, overseeing, and licensing live and simulcast racing at racetracks.

SECTION 5. Section 5.03(b), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) If a complete set of fingerprints is required by the commission, the commission shall, not later than the 10th business [~~next~~] day after the date the commission receives [~~receiving~~] the prints, forward the prints to the Department of Public Safety or the Federal Bureau of Investigation. If the prints are forwarded to the Department of Public Safety, the department shall classify

the prints and check them against its fingerprint files and shall report to the commission its findings concerning the criminal record of the applicant or the lack of such a record. A racetrack license may not be issued until the report is made to the commission. A temporary occupational license may be issued before a report is made to the commission.

SECTION 6. Section 6.06, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended by amending Subsection (h) and adding Subsections (j) and (k) to read as follows:

(h) A person may not own more than a five percent interest in more than three [~~two~~] racetracks licensed under this Act.

(j) Notwithstanding any other law, a person who owns an interest in two or more racetracks licensed under this Act and who also owns an interest in a license issued under Subtitle B, Title 3, Alcoholic Beverage Code, may own an interest in the premises of another holder of a license or permit under Title 3, Alcoholic Beverage Code, if the premises of that other license or permit holder are part of the premises of a racetrack licensed under this Act.

(k) The commission shall review the ownership and management of a license issued under this article every five years beginning on the fifth anniversary of the issuance of the license. In performing the review, the commission may require the license holder to provide any information that would be required to be

provided in connection with an original license application under Article 5 of this Act or this article. The commission shall charge fees for the review in amounts sufficient to implement this subsection.

SECTION 7. Section 6.09(c), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended to read as follows:

(c) On each racing day, the association shall pay[+
[~~(1)~~] the fee due the state to the comptroller[~~;~~ and
[~~(2)~~] ~~the 50 percent of the breakage due the state to the~~
~~commission~~].

SECTION 8. Section 6.091(a), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) An association shall distribute from the total amount deducted as provided by Sections 6.08(a) and 6.09(a) of this Act from each simulcast pari-mutuel pool and each simulcast cross-species pool the following shares:

(1) [~~(A) until January 1, 1999, an amount equal to 0.25 percent of each simuleast pari-mutuel pool and each simuleast cross-species simuleast pool as the amount set aside to reimburse the general revenue fund for amounts that are appropriated for the administration and enforcement of this Act and that are in excess of the cumulative amount of funds deposited in the Texas Racing Commission fund, until the excess amount and interest on the excess amount are fully reimbursed;~~

~~[(B)]~~ an amount equal to one percent of each simulcast pool as the amount set aside for the state; ~~[and]~~

(2) ~~[(C)]~~ an amount equal to 1.25 percent of each simulcast cross-species ~~[simuleast]~~ pool as the amount set aside for the state;

~~[(2) an amount equal to 0.25 percent of each pool set aside to reimburse the general revenue fund for amounts that are appropriated for the administration and enforcement of this Act and that are in excess of the cumulative amount of funds deposited in the Texas Racing Commission fund, until the excess amount and interest on the excess amount are fully reimbursed;]~~

(3) if the association is a horse racing association, an amount equal to one percent of a multiple two wagering pool or multiple three wagering pool as the amount set aside for the Texas-bred program to be used as provided by Section 6.08(f) of this Act;

(4) if the association is a greyhound association, an amount equal to one percent of a multiple two wagering pool or a multiple three wagering pool as the amount set aside for the Texas-bred program for greyhound races, to be distributed and used in accordance with rules of the commission adopted to promote greyhound breeding in this state; and

(5) the remainder as the amount set aside for purses, expenses, the sending association, and the receiving location pursuant to a contract approved by the commission between the

sending association and the receiving location.

SECTION 9. Section 6.13(b), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) Each transaction that involves an acquisition or a transfer of a pecuniary interest in the association must receive prior approval from the commission. A transaction that changes the ownership of the association requires submission of updated information of the type required to be disclosed under Subsection (a) of Section 6.03 of this Act and payment of a fee to recover the costs of the criminal background check.

SECTION 10. Section 6.16(a), Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) An association may not employ any person who has been a member of the commission, the executive secretary of the commission, or an employee employed by the commission in a position in the state employment classification plan of grade 12 or above, or any person related within the second degree by affinity or the third degree by consanguinity, as determined under Chapter 573, Government Code [~~Article 5996h, Revised Statutes~~], to such a member or employee, during the one-year [~~two-year~~] period immediately preceding the employment by the association.

SECTION 11. Section 11.07, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) A person who claims to be entitled to any part of a distribution from a pari-mutuel pool [~~and who fails to claim the money due the person before the completion of the race meeting at which the pool was formed~~] may, not later than the first anniversary of the [60th] day the ticket was purchased [after the closing day of the meeting], file with the association a claim for the money together with a substantial portion of the pari-mutuel ticket sufficient to identify the association, race, and horse or greyhound involved and sufficient to show the amount wagered and the type of ticket.

(a-1) A person who claims to be entitled to money from a pari-mutuel voucher may before the first anniversary of the day the voucher was issued file with the association a claim for the money together with a substantial portion of the pari-mutuel voucher sufficient to identify the association, the serial number, the date issued, and the amount of the voucher.

SECTION 12. Sections 6.19 and 11.08, Texas Racing Act (Article 179e, Vernon's Texas Civil Statutes), are repealed.

SECTION 13. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I certify that H.B. No. 2701 was passed by the House on May 11, 2007, by the following vote: Yeas 117, Nays 22, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2701 on May 25, 2007, by the following vote: Yeas 111, Nays 25, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2701 was passed by the Senate, with amendments, on May 23, 2007, by the following vote: Yeas 29, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor



TEXAS RACING COMMISSION

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

July 3, 2007

TO: Ms. Charla Ann King
Executive Director

FROM: Thomas Neely *TN*
Director of Investigation

RE: Proposed Ownership Changes for Retama Partners Ltd.

On April 23, 2007 the Commission received a written request from Retama Partners Ltd. to approve the transfer of ownership interest from the Estate of Vaughn B. Meyer (10 interest) as follows:

- Beverly Vaughan Meyer Trust 5 interest units (.1245% ownership)
- Catherine Meyer Lange Trust 5 interest units (.1245% ownership)

Retama Partners Ltd. also made a request to approve the transfer of ownership interest from the Estate of Alice K. Meyer (40 interests) as follows:

- Alice K. Meyer Testamentary Trust
FBO Michael M. Reynolds 13.33 interest units (.3319% ownership)
- Alice K. Meyer Testamentary Trust
FBO CoYoTe Phoenix 13.33 interest units (.3319% ownership)
- Alice K. Meyer Testamentary Trust
FBO Katherine B. Reynolds 13.33 interest units (.3319% ownership)

Background information forms for Less Than 5% were received for each individual and forwarded to DPS for investigation.

On May 1, 2007 the Commission received a written report from DPS that a background check on the above applicants was conducted with negative results.

It is therefore recommended that the ownership changes above be approved.

Received TXRC

APR 25 2007

Retama Partners Ltd.
P. O. Box 47535
San Antonio, TX 78265-7535
210-651-7120 Fax 210-651-7097

April 23, 2007

Ms. Charla Ann King
Executive Director
Texas Racing Commission
PO Box 12080
Austin, TX 78711-2080

Dear Charla Ann:

Enclosed are the documents required for transfer of the following ownership interests/units in Retama Partners Ltd.

- Estate of Vaughan B. Meyer transferred 10 interests (effective January 1, 2007) as follows:
 - Beverlyly Vaughan Meyer Trust 5 interests/units (.1245% ownership)
 - Catherine Meyer Lange Trust. 5 interests/units (.1245% ownership)

- Estate of Alice K. Meyer transferred 40 interests (effective January 1, 2007) as follows:
 - Alice K. Meyer Testamentary Trust
FBO Michael M. Reynolds 13.33 interests/units (.3319% ownership)
 - Alice K. Meyer Testamentary Trust
FBO CoYoTe Phoenix 13.33 interests/units (.3319% ownership)
 - Alice K. Meyer Testamentary Trust
FBO Katherine B. Reynolds 13.33 interests/units (.3319% ownership)

Please let me know if you need any further information for approval of this transfer by the Texas Racing Commission. Thanks for your help.

Sincerely,



Sharolyn Grammer

Enclosures



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

July 31, 2007

TO: Charla Ann King
Executive Director

FROM: Thomas J. Neely 
Director of Investigations

RE: Mr. Tyler Graham – Request for Less Than 5% Ownership in LRP Group, Ltd.

On July 10, 2007 the Commission received a request from LRP Group, Ltd. to approved Mr. Tyler Graham (DOB: 11/14/83) for less than 5% ownership participation. The background disclosure form and fingerprints submitted by Mr. Graham were forwarded to the Texas Department of Public Safety Criminal Intelligence Division for investigation (DPS/CIS).

On July 30, 2007 the Commission received a letter from DPS/CIS dated July 19, 2007 reporting that a check through the criminal law enforcement indices was conducted with negative results.

It is therefore recommended that Mr. Tyler Graham be approved for less than 5% ownership participation in LRP Group, Ltd.

Enc: Supporting documents

JUL 05 2007

MOLTZ | MORTON | O'TOOLE
LLP

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

The Littlefield Building
106 East 6th Street, Suite 700
Austin, TX 78701
(512) 439-2170
Facsimile (523) 439-2165

July 5 , 2007

Charla Ann King, Commission Secretary
Texas Racing Commission
8505 Cross Park Dr., Suite #110
Austin, Texas 78754

Via Hand Delivery

RE: Approval of Ownership and Percentages for licensee LRP Group, Ltd.

Dear Ms. King:

In response to and in compliance with your correspondence dated June 8, 2007, as well as pursuant to several telephone conversations with TRC staff, LRP Group, Ltd. ("LRP") hereby submits the attached updated ownership and management information. We also hereby request the approval of the Texas Racing Commission ("TRC") pursuant to TRC Rule 309.151 (change in ownership) of the "new" LRP ownership percentages as shown on the attached information. (Attachment 1)

As I am sure you know, the Commissioners recently entered a final Order granting LRP a Class 2 horse racetrack license. That Order includes findings which sets forth the general and limited partners and their approximate ownership percentages as they existed during the licensing proceedings. Those ownership percentages are shown as the "Old %" on the attached TRC forms

The percentage ownerships in LRP needs to be adjusted somewhat, primarily to reflect capital calls made by that partnership. Such capital calls and fluctuations in ownership percentages are contemplated in the LRP partnership agreement which the TRC has as part of LRP's Application materials. The current ownership percentages for LRP are shown on both the "Ownership Structure" form and as the "New %" on the "Ownership Change List" form. Those documents reflect the owners and percentages for which LRP requests TRC approval.

Ms. Charla Ann King
July 5, 2007
Page 2

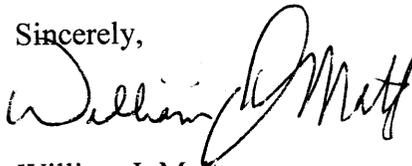
For your convenience, we note a few of the changes. First, Mr. Larry Martin and Mr. William Allen will no longer have an interest in LRP. Second, Mr. Nick Serafy, Jr. will now have an interest in LRP in addition to his previously approved ownership interest in Valle de los Tesoros, Ltd.. Mr. Serafy will hold less than a 5.0% interest in LRP and was recently the subject the appropriate background check as part of the recently completed licensing proceedings for Valle de los Tesoros, Ltd.. You will also note that the birth date and driver's license numbers for a few of the persons with ownership interests are not included on the attached forms. Although the TRC already has this information in its files, we are attempting to get this information and will forward it in the near future.

As explained in detail during the licensing proceedings, LRP is a limited partnership (LP) made up of a number of limited partners and a single limited liability company, LRP GP, LLC, acting as the general partner. That LLC general partner is beneficially owned by the same limited partners and in the same proportion as their limited partnership interest. For your convenience, I have also enclosed as part of Attachments 1 a table showing the total beneficial interest (LP plus LLC) of each person or entity holding an ownership interest.

Finally, Mr. Tyler Graham is seeking to hold an interest in LRP. He has not previously held an ownership interest in LRP and, to our knowledge, has not previously been the subject of a TRC background check. Accordingly, LRP hereby seeks TRC approval for his application to become an owner of a 0.1566% total beneficial interest in LRP. (This total interest is comprised of a 0.1550% limited partnership interest in LRP Group, Ltd. and a 0.1566% membership interest in its general partner, LRP GP, LLC.) Attached in a separate envelope marked "Confidential" are the necessary background check documents and other application documents for Mr. Graham. (Attachment 2) (Please note that we have corrected the % ownership interest on Mr. Graham's form. The precise request is stated above.)

If we can be of further assistance, please feel free to contact me.

Sincerely,



William J. Moltz
Attorney for LRP Group, Ltd.

WJM/pjp
Attachments

cc: Mark Fenner (w/attachments, except confidential background check documents)
Rhonda Fritsche (w/attachments, except confidential background check documents)

Ms. Charla Ann King
July 5, 2007
Page 3

bcc: Greg La Mantia
Steve La Mantia

ATTACHMENT 1

Please identify each individual or entity that has either gained or lost an ownership interest in the association since the date of your 2006 Ownership Structure Report.

OWNERSHIP CHANGE		Full Legal Name of Owner	IF OWNER IS AN ENTITY Full Legal Name of Individual Owners/ Representatives of Entity
OLD%	NEW%		
3.28	1.1481	Bryan P. Brown	
4.74	4.9005	Charles W. Graham, DVM	
0.00	0.1550	Tyler Graham	
4.74	3.6974	Christopher J. Hall	
1.29	0.5917	Douglas Vair	
0.99	0.2879	Gary Wolff	
3.75	3.2114	George A. Wolff	
1.98	3.2626	Gordon R. Johnson	
4.74	0.6760	James E. Helzer	
1.29	0.0689	Larry Craft	
4.74	1.0119	Larry J. Christopher	
1.29	0.1165	Lisa L. Medrano	
1.00	1.0000	LRP GP, LLC	Muy Buena Suerte, Ltd., Staus 2003 Irrevocable Trust, Paul W. Bryant, Jr., Sam M. Phelps, Christopher J. Hall, Thomas R. Johnson, William M. Allen, Charles W. Graham, DVM, James E. Helzer, Ted G. Abrams, George A. Wolff, Gary Wolff, Larry J. Christopher, Siler Creek Racing, Ltd., Larry J. Martin, Lisa L. Medrano, Robert W. Pollock, Steven M. Ross, Douglas B. Vair, Larry A. Craft, Robert Johnson, Gordon R. Johnson, Bryan P. Brown
23.27	44.1946	Muy Buena Suerte, Ltd.	Joseph V. LaMantia, Jr., Joseph V. LaMantia, III, Stephen L. LaMantia, Gregory LaMantia, Anthony LaMantia, Verna Ann Peisen,

5-6

Information provided by: Gregory LaMantia Date: 6/26/2007

OWNERSHIP CHANGE		Full Legal Name of Owner	IF OWNER IS AN ENTITY Full Legal Name of Individual Owners/ Representatives of Entity
OLD%	NEW%		
4.74	4.8510	Paul W. Bryant, Jr.	
1.98	3.2626	Robert Johnson, Jr.	
1.29	0.1180	Robert W. Pollock	
4.74	4.8510	Sam M. Phelps	
4.74	4.9005	Silver Creek Racing, Ltd.	Holt Hickman
1.29	0.1165	Steven M. Ross	
7.92	9.7347	Straus 2003 Irrevocable Trust	Joe R. Straus, Jr.
4.74	1.8264	Ted G. Abrams	
4.74	1.1658	Thomas R. Johnson	
1.98	0	William M. Allen	
0.00	4.8510	Nick Serafy Jr.	
4.74	0	Larry Martin	
100%	100%		

5-7

LAREDO DOWNS

TOTAL BENEFICIAL INTEREST

(Limited Partnership Interest. plus LRP GP, LLC)

Bryan P. Brown	1.1597%
Charles W. Graham, DVM	4.9500%
Tyler Graham	0.1566%
Christopher J. Hall	3.7347%
Douglas B. Vair	0.5977%
Gary Wolff	0.2908%
George A. Wolff	3.2438%
Gordon R. Johnson	3.2956%
James E. Helzer	0.6828%
Larry A. Craft	0.0696%
Larry J. Christopher	1.0221%
Lisa L. Medrano	0.1177%
LRP GP, LLC	0.0000%
Muy Buena Suerte, Ltd.	44.6410%
Paul W. Bryant, Jr.	4.9000%
Robert Johnson	3.2956%
Robert W. Pollock	0.1192%
Sam M. Phelps	4.9000%
Silver Creek Racing, Ltd.	4.9500%
Steven M. Ross	0.1177%
Straus 2003 Irrevocable Trust	9.8330%
Ted G. Abrams	1.8448%
Thomas R. Johnson	1.1776%
William M. Allen	0.0000%
Nick Serafy, Jr.	4.9000%
Totals	100.0000%

JUL 05 2007

MOLTZ | MORTON | O'TOOLE
LLP

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

The Littlefield Building
106 East 6th Street, Suite 700
Austin, TX 78701
(512) 439-2170
Facsimile (523) 439-2165

July 5, 2007

Charla Ann King, Commission Secretary
Texas Racing Commission
8505 Cross Park Dr., Suite #110
Austin, Texas 78754

Via Hand Delivery

RE: Approval of Ownership and Percentages for licensee Valle de los Tesoros, Ltd.

Dear Ms. King:

In response to and in compliance with your correspondence dated June 8, 2007, as well as pursuant to several telephone conversations with TRC staff, Valle de los Tesoros, Ltd. ("VDLT") hereby submits the attached updated ownership and management information. We also hereby request the approval of the Texas Racing Commission ("TRC") pursuant to TRC Rule 309.151 (change in ownership) of the "new" VDLT ownership percentages as shown on the attached information. (Attachment 1)

As I am sure you know, the Commissioners recently entered a final Order granting VDLT a Class 2 horse racetrack license. That Order includes findings which sets forth the general and limited partners and their approximate ownership percentages as they existed during the licensing proceedings. Those ownership percentages are shown as the "Old %" on the attached TRC forms

The percentage ownerships in VDLT needs to be adjusted somewhat, primarily to reflect capital calls made by that partnership. Such capital calls and fluctuations in ownership percentages are contemplated in the VDLT partnership agreement which the TRC has as part of VDLT's Application materials. The current ownership percentages for VDLT are shown on both the "Ownership Structure" form and as the "New %" on the "Ownership Change List" form. Those documents reflect the owners and percentages for which VDLT requests TRC approval.

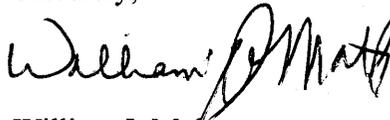
Ms. Charla Ann King
July 5, 2007
Page 2

For your convenience, we note a few of the changes. First, Mr. Larry Martin will no longer have an ownership interest in VDLT. Second, both Mr. Paul Bryant, Jr. and Mr. Sam Phelps will now have an interest in VDLT in addition to their previously approved ownership interest in LRP Group, Ltd. Mr. Bryant and Mr. Phelps each hold less than a 5.0% interest in VDLT and were recently the subject the appropriate background check as part of the recently completed licensing proceeding for LRP Group, Ltd.. You will also note that the birth date and driver's license numbers for a few of the persons with ownership interests are not included on the attached forms. Although the TRC already has this information in its files, we are attempting to get this information and will forward it in the near future.

As explained in detail during the licensing proceedings, VDLT is a limited partnership (LP) made up of a number of limited partners and a single limited liability company, Valle de los Tesoros LLC, acting as the general partner. That LLC general partner is beneficially owned by the same limited partners and in the same proportion as their limited partnership interest. For your convenience, I have also enclosed as part of Attachments 1 a table showing the total beneficial interest (LP plus LLC) of each person or entity holding an ownership interest.

If we can be of further assistance, please feel free to contact me.

Sincerely,



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

WJM/pjp

Attachments

cc: Mark Fenner (w/attachments, except confidential background check documents)
Rhonda Fritsche (w/attachments, except confidential background check documents)

Ms. Charla Ann King
July 5, 2007
Page 3

bcc: Greg La Mantia
Steve La Mantia

Information provided by: Gregory LaMantia Date: 6/26/2007

Please identify each individual or entity that has either gained or lost an ownership interest in the association since the date of your 2006 Ownership Structure Report.

OWNERSHIP CHANGE		Full Legal Name of Owner	IF OWNER IS AN ENTITY Full Legal Name of Individual Owners/ Representatives of Entity
OLD%	NEW%		
38.37	59.0657	Muy Buena Suerte, Ltd. – Hidalgo	Joseph V. LaMantia, Jr., Joseph V. LaMantia, III, Stephen L. LaMantia, Greg LaMantia, Anthony LaMantia, Verna Ann Peisen,
4.04	2.5497	Charles W. Graham, DVM	
0.72	0.0472	Douglas Vair	
3.20	1.4975	George A. Wolff	
19.47	16.6359	Nick Serafy Jr.	
4.04	2.4823	Silver Creek Racing, Ltd.	Holt Hickman
4.46	0.2304	Straus 2003 Irrevocable Trust	Joe R. Straus, Jr.
3.33	3.3255	Robert Johnson, Jr.	
3.33	3.3255	Gordon R. Johnson	
1.00	1.0000	Valle de los Tesoros, LLC	Muy Buena Suerte, Ltd. – Hidalgo, Charles W. Graham, DVM, Douglas Vair, George A. Wolff, Nick Serafy Jr., Silver Creek Racing, Ltd., Straus 2003 Irrevocable Trust, Robert Johnson, Gordon R. Johnson, Christopher J. Hall, Thomas R. Johnson, Bryan P. Brown, Paul W. Bryant, Jr., Sam M. Phelps
2.66	0.0776	Christopher J. Hall	
1.11	0.0325	Thomas R. Johnson	
0.55	0.0282	Bryan P. Brown	
0	4.8510	Paul W. Bryant, Jr.	
0	4.8510	Sam M. Phelps	
13.72	0	Larry Martin	
100%	100%		

6-4

TESOROS RACE PARK

TOTAL BENEFICIAL INTEREST

(Limited Partnership Interest plus Valle de los Tesoros, LLC)

Muy Buena Suerte, Ltd. - Hidalgo	59.6623%
Charles W. Graham, DVM	2.5755%
Douglas Vair	0.0477%
George A. Wolff	1.5126%
Nick Serafy Jr.	16.8039%
Silver Creek Racing, Ltd.	2.5074%
Straus 2003 Irrevocable Trust	0.2327%
Robert Johnson	3.3591%
Gordon R. Johnson	3.3591%
Valle de los Tesoros, LLC	0.0000%
Christopher J. Hall	0.0784%
Thomas R. Johnson	0.0328%
Bryan P. Brown	0.0285%
Paul W Bryant, Jr.	4.9000%
Sam M. Phelps	4.9000%
Total	100.0000%



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

July 3, 2007

TO: Charla Ann King
Executive Director

FROM: Thomas Neely 
Director of Investigation

RE: Corpus Christi Greyhound Racing Associates Request for Change In Board of
Director/Management Committee – Addition of Ms. Barbara Havernick

On April 19, 2007 the Commission received a written request from Corpus Christi Greyhound Racing Associates to approve a change in the Board of Directors/ Management Committee. The change reflects the appointment of Ms. Barbara Havernick to Vice Chairman of the Management Committee. The request included the necessary background disclosure forms, which were forwarded to the Texas Department of Public Safety (DPS) for investigation.

On June 1, 2007 the Commission received a written report from the DPS advising that the background investigation had been completed. The primary objectives of the investigation were to verify the legitimacy and integrity of the applicant to verify the financial and business background of the applicant and examine personal and business records supporting the applicant's soundness to hold the position. The DPS found no adverse or derogatory information regarding Ms. Havernick, which would preclude licensing by the Commission.

Therefore, it is recommended that the request be approved.

CORPUS CHRISTI GREYHOUND RACING ASSOCIATES

P. O. BOX 350940 ■ MIAMI, FLORIDA ■ 33135-0940 ■ (305) 649-3000

April 19, 2007

Received TxRC

APR 20 2007

Mr. Mark Fenner
General Counsel
Texas Racing Commission
P.O. Box 12080
Austin, Texas 78711-2080

Dear Mr. Fenner:

Attached is the Request for Changes Pursuant to Section 309.151(c) Change of Board of Directors or Management Committee, the DPS Personal Disclosure form and the fingerprint cards in connection with our request for approval of Barbara Havenick to the Corpus Christi Greyhound Racing Associates Management Committee in place of her deceased husband, Fred Havenick.

Also attached is an updated ownership list for Corpus Christi Racing Corporation, Southwest Florida Enterprises, Inc., the Hecht family and the Minority Interest in Southwest as you requested. Please review this information and contact me with any questions. My email address is leitnauer@flaglerdogs.com and my direct line number is (305) 625-4517. My cell number is (305) 613-5012.

Once the information is reviewed, please arrange to have the Commission consider the request as soon as possible. The DPS information is in a sealed envelop marked strictly confidential. Please make certain that this information remains as confidential as possible.

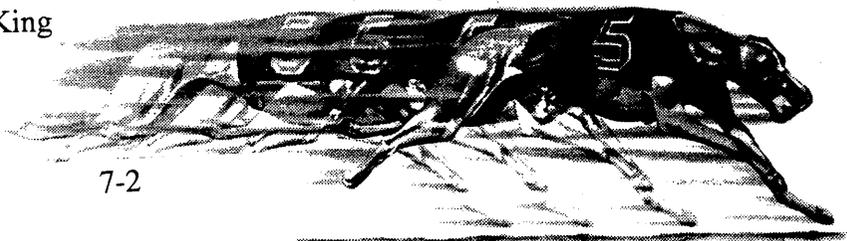
Thank you for your assistance in this matter.

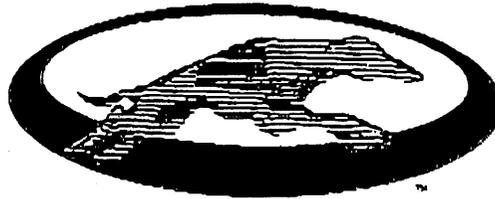
Very truly yours,



Leon P. Reitnauer
Member of Management Committee
Corpus Christi Greyhound Racing Associates

cc w/o enclosures: Ms. Charla Ann King





GULF GREYHOUND PARK

July 9, 2006

Charla Ann King
Executive Director
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080
Fax # 512-833-6907

VIA FAX

Dear Mrs. King,

Please let this letter serve as a request by Gulf Greyhound Park to amend its' current contract with United Tote to allow the Central Totalisator Hub System to be located at one of United Tote's Data Centers. The following is the signed addendum between Gulf Greyhound Partners, LTD and United Tote that shows the change in the language of Section 1.3 (A) that would allow for this. Please add this to the agenda items for the July 24, 2007 Texas Racing Commission meeting.

Both United Tote and myself have been in contact with Carol Olewin about this change. United Tote received a request by Carol Olewin that outlined the necessary information and plans the Texas Racing Commission would require in order to approve this change.

Upon receiving the Texas Racing Commission's approval, we are planning on implementing this change as soon as possible provided that United Tote has supplied the Texas Racing Commission with the appropriate documentation and information that was previously requested concerning this Central Totalisator Hub System relocation.

I appreciate your time on this and please feel free to contact me at your convenience should you have any questions concerning this matter.

Sincerely,

Scott Sherwood
Director of Pari-Mutuel Development

cc: Eric Wilson
Sally Briggs

CORPUS CHRISTI GREYHOUND RACE TRACK

P.O. Box 9087 • Corpus Christi, Texas 78469 • (512) 289-9333 WATTS/1-800-580-RACE

July 31, 2007

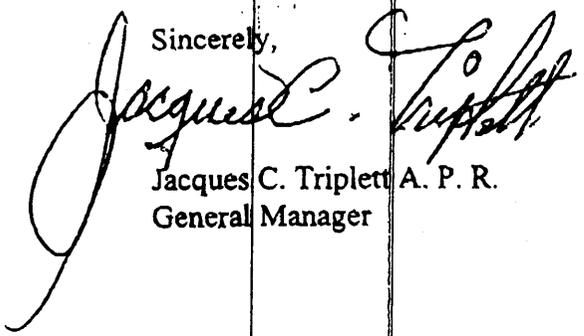
Mr. Sammy Jackson
Deputy Director of Finance & Regulatory Control
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Dear Sammy,

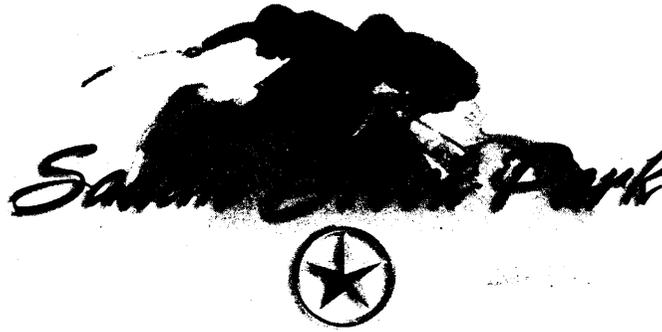
Corpus would ask to be placed on the agenda for the forthcoming commission meeting. Our request would be due to the lack of kennels and racing greyhounds that Corpus Christi Greyhound Race Track be allowed to cancel the abbreviated four race performances through the end of 2007, (December 31, 2007). We would, of course continue with our regular six full performances per week.

Thank you for your consideration.

Sincerely,



Jacques C. Triplett A. P. R.
General Manager



Received TxRC
JUL 23 2007

July 20, 2007

Mark Fenner
Texas Racing Commission
PO Box 12080
Austin, TX 78711-2080

Re: August 8, 2007 Texas Racing Commission Meeting Agenda

Dear Mark Fenner:

Saddle Brook Park requests to be placed on the August 8, 2007 Texas Racing Commission meeting agenda.

Sincerely,

Drew Alexander
President



Texas Greyhound Association

Representing the Greyhound Breeding and Racing Industry in Texas

Mr. Sammy Jackson
Texas Racing Commission
PO Box 12080
Austin, Tx 78711-2080

July 30, 2007

Dear Sammy:

The Texas Racing Commission, pursuant to rule Sec. 303.102(d)(2), requested the Texas Greyhound Association to submit the proposed formula for allocation of interstate cross-species simulcasting purses received under §6.091(d)(2) of the Texas Racing Act for consideration by the Commissioners on the August 8 agenda.

Since the 2008 race dates have not yet been determined, the TGA requests that the current allocation of cross-species simulcasting purses, as follows, be kept in place through Valley Race Park's 2007-2008 meet. Should the current 2007-2008 granted race dates change significantly, the TGA respectfully requests permission to change this allocation.

FORMULA WHILE VRP RUNNING LIVE

The formula proposed to determine the allocation of purses, after allowable TGA administrative expenses, to the three greyhound tracks is as follows:

Horse handle at Gulf Greyhound Park (GGP)	\$ xx,xxx
Horse handle at Corpus Christi Greyhound Park (CCGT)	xx,xxx
Horse handle at Valley Race Park (VRP)	<u>xx,xxx</u>
Total horse handle all tracks	<u>\$xxx,xxx</u>
GGP horse handle/Total horse handle	xx%
CCGT horse handle/Total horse handle	xx%
VRP horse handle/Total horse handle	<u>xx%</u>
	<u>100%</u>

Post Office Box 40; Lorena, TX 76655-0040 * (254) 857-4377 * (254) 857-4299 Fax

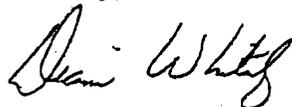
Email: txga@texasgreyhoundassociation.com * Website: www.texasgreyhoundassociation.com

FORMULA WHILE VRP NOT RUNNING LIVE

For the period beginning after the last day of VRP's Fall 2006-Spring 2007 live meet, through the day preceding the beginning date of VRP's Fall 2007-Spring 2008 Meet, VRP will receive an amount equal to 55% of its share which is determined in the formula for the distribution of purse funds generated on wagering on greyhounds at Texas horse racetracks. For the same period, the remaining 45% will be divided between GGP and CCGT in proportion to each of those greyhound racetracks' respective share of horse handle at those racetracks.

Please contact me if you have questions or comments.

Sincerely,



Diane Whiteley
Executive Director

cc: Sally Briggs
Jacques Triplett
Milt Roth

SOAH NO. 476-04-5361

IN THE MATTER OF AN	§	TXRC 2004-R1-01
APPLICATION FOR A CLASS 2	§	
HORSE RACETRACK LICENSE	§	BEFORE THE
IN WEBB COUNTY, TEXAS	§	
BY LAREDO RACE PARK LLC	§	TEXAS RACING COMMISSION

**DECISION AND FINAL ORDER ON THE APPLICATION OF
LAREDO RACE PARK LLC**

Laredo Race Park LLC (Laredo Race Park) is an Applicant for a Class 2 Pari-mutuel license for mixed horse racing in Webb County, Texas. On July 24, 2007, the Texas Racing Commission convened to consider the application. The Commission granted the application and adopted the findings of fact and conclusions of law as set forth below.

PARTIES OF RECORD

For Laredo Race Park, Applicant

Rex D. VanMiddlesworth, Legal Counsel
Meghan E. Griffiths, Legal Counsel

For the Commission

Rhonda Fritsche, Legal Counsel

PROCEDURAL HISTORY OF THE CASE

Date Application filed:	January 24, 2004
Date Application certified:	February 11, 2004
Date of Hearing before SOAH:	March 27, 2006 - April 7, 2006
Commission Meeting:	July 24, 2007

JURISDICTIONAL: PROCEDURAL

1. From December 1, 2003, through January 29, 2004, the Texas Racing Commission ("Commission") accepted applications for one or more Class 2 horse racetrack licenses in Webb County, Texas.
2. On January 29, 2004, Applicant Laredo Race Park submitted an application for a Class 2 horse racetrack license to the Commission.
3. The Commission's Executive Secretary certified Laredo Race Park's application as complete on February 11, 2004.
4. On May 3, 2004, Staff of the Commission filed a request to docket this case for hearing before the State Office of Administrative Hearings.
5. On May 21, 2004, the Commission, Laredo Race Park, and LRP Group, Ltd. ("LRP Group") were named as parties at a prehearing conference.
6. On March 13, 2006, Staff issued notices of hearing to all parties, advising them of a hearing on each application for a Class 2 horse racetrack license.
7. The hearing on the merits convened on March 27, 2006, and concluded on April 7, 2006. All parties appeared and participated in the hearing.
8. The record finally closed on August 25, 2006.
9. A Proposal for Decision was issued by the Administrative Law Judges on September 19, 2006.
10. The Commission severed consideration of the applications submitted by LRP Group and Laredo Race Park into two separate proceedings on March 20, 2007.
11. On April 30, 2007, the LRP Group stated its support for Laredo Race Park's application and submitted a motion to withdraw its opposition to the Laredo Race Park license,

which was granted. Accordingly, there is no competing applicant for the license sought by Laredo Race Park.

OWNERSHIP AND BACKGROUND INFORMATION

12. Laredo Race Park is a Texas limited liability company.
13. Laredo Race Park is a for-profit corporation incorporated under the laws of Texas.
14. Laredo Race Park is 100% owned by Laredo GP LLC (GP), a Delaware limited liability company.
15. GP is a wholly-owned subsidiary of MAXXAM, Inc. (MAXXAM), a publicly-traded company.
16. MAXXAM is the parent company of SHRP Valley LLC (SHRP Valley), the entity that owns and operates Sam Houston Race Park in Houston, Texas and Valley Race Park in Harlingen, Texas.

EXPERIENCE OF EMPLOYEES

17. Laredo Race Park's management team has extensive experience in the racing industry.
18. Laredo Race Park will be managed by Sam Houston Race Park, Ltd. (SHRP).
19. SHRP's management team is comprised of individuals with experience in the management and promotion of racing facilities.
20. Robert L. Bork is the President and General Manager of SHRP.
21. Mr. Bork will be the President and General Manager of Laredo Race Park.
22. Mr. Bork has thirty-seven years' experience in the racing business.
23. Mr. Bork has served as Vice-President/General Manager and Chief Operating Officer of Arlington Race Course in Arlington Heights, Illinois.
24. Mr. Bork was the Vice-President and General Manager of Philadelphia Park in Bensalem, Pennsylvania and Garden State Park in Cherry Hill, New Jersey.
25. Mr. Bork is currently the Vice-Chair and General Manager of SHRP.
26. Mr. Bork is the President of Valley Race Park.
27. Mr. Bork serves as Director and Secretary of the Thoroughbred Racing Association of America.

28. Mr. Bork is a Director of the Thoroughbred Racing Protective Bureau, Chairman of the Thoroughbred Racing Association (TRA) Technology Committee, and a Director of the Cy-Fair Chamber of Commerce.
29. Mr. Bork served as President of the TRA's 1995 Committee, which created the framework for simulcasting.
30. In his duties as President and General Manager of Philadelphia Park, Mr. Bork was responsible for construction of the racetrack.
31. Ann McGovern is the Vice-President of Operations of Laredo Race Park.
32. Ms. McGovern is the Vice-President of Operations of Sam Houston Race Park and Valley Race Park.
33. Ms. McGovern has over 20 years' experience in the racing industry.
34. Ms. McGovern worked in public relations and marketing for Louisiana Downs.
35. Ms. McGovern served as Director of Operations of Remington Park prior to joining Sam Houston Race Park in 1994.
36. Ms. McGovern serves on the boards of several animal welfare organizations, including the Adopt-A-Horse program which places retired racehorses with new owners for recreation, show jumping and pleasure riding.
37. Ms. McGovern is the Vice-President of the Houston Equine Research Organization.
38. Ms. McGovern completed the Racetrack Industry Program at the University of Arizona.
39. Kim Pomposelli will be the Director of Mutuels for Laredo Race Park.
40. Ms. Pomposelli has worked in the racing industry for over 20 years.
41. Ms. Pomposelli worked with Birmingham Race Course, Trinity Meadows, Remington Park, and Bandera Downs prior to assisting with the opening of Sam Houston Race Park in March, 1994.
42. Ms. Pomposelli has experience overseeing simulcast and live wagering.
43. Ms. Pomposelli has experience overseeing money rooms and simulcasting departments.
44. Ms. Pomposelli oversees the Mutuels Department at Valley Race Park.
45. Eric Johnston will be Laredo Race Park's Racing Secretary.
46. Mr. Johnston has served as Racing Secretary of SHRP since 1994.

47. Mr. Johnston has experience overseeing racing offices, the starting gate, and jockey room operations.
48. Mr. Johnston has experience designing competitive stakes schedules, writing condition books, forecasting and balancing purse funds, as well as experience communicating with horsemen.
49. Mr. Johnston has also worked at Maryland Jockey Club and Timonium Race Course.
50. Dwight Berube will serve as Laredo Race Park's Director of Food Service.
51. Mr. Berube has experience managing the food and beverage operations at Sam Houston Race Park.
52. Mr. Berube has more than 30 years' experience in the food service industry.
53. David Hawes will be Laredo Race Park's Director of Marketing.
54. Mr. Hawes has experience in strategic planning, marketing, financial management, and business development.
55. Mr. Hawes has served as Director of Marketing for SHRP since June 2005.
56. Laredo Race Park's management team has experience marketing racing products along the U.S.- Mexico border region and into Mexico.
57. Laredo Race Park submitted a management agreement attached to the application.
58. The individuals that will manage Laredo Race Park have all been licensed by the Texas Racing Commission and are in good standing.

FACILITIES FOR PATRONS AND OCCUPATIONAL LICENSEES

FACILITIES FOR PATRONS

59. Laredo Race Park's architectural drawings submitted with its application fully and accurately describe the proposed facilities for patrons, race animals, and occupational licensees.
60. Laredo Race Park's grandstand building is approximately 120,000 square feet.
61. Laredo Race Park's grandstand provides air-conditioned viewing of live and simulcast races.

62. The grandstand's track level serves as the public entry point.
63. Two concession areas and five bars are situated along the length of the public area on the track level.
64. A VIP lounge of about 600 square feet is situated in a private area off the main lobby.
65. Large restrooms are located at either end of the track level for easy access by patrons.
66. The track level will feature a large TV lounge with over 1,500 square feet of floor space and a 50 foot long video/TV wall.
67. The grandstand's second level has a clubhouse level, which will accommodate group events such as trade shows and civic events.
68. The clubhouse level will be equipped with mutuel facilities and television displays.
69. Laredo Race Park will provide 30 water closets for women, 13 water closets for men, 17 urinals for men, 24 lavatories for women, and 16 lavatories for men.
70. Service areas, the money room, and commissary functions will be located at the northern end of the building.
71. Administration offices, a first-aid station, mutuel admission accounting racing, and Texas Racing Commission offices will be located on the track level.
72. Operational areas such as mechanical and electrical rooms, a loading dock, service bay, and commissary functions will be accessible from the track level.
73. The track level will allow access to the racetrack paddock and other outdoor areas.
74. Designated areas above the track and clubhouse levels will be monitored by the security department via a closed circuit video system.
75. The third level will house a press box, announcer's booth, placing judges, and steward offices.
76. The placing judges' offices will house the photo finish and timing equipment.
77. All areas of the facility will be designed to meet or exceed federal, state, and local building code requirements including federal ADA requirements.
78. Laredo Race Park's grandstand includes a simulcast area.
79. Laredo Race Park's grandstand is attractive and designed for comfort.
80. Laredo Race Park's grandstand is modeled after Valley Race Park.

81. Laredo Race Park's grandstand and simulcast building is sized appropriately for the market and the crowds expected.
82. Laredo Race Park's multi-purpose facility is designed to serve as an entertainment destination for local residents and tourists.
83. Access to the public parking lot will be from two primary entrance points on Mines Road.
84. Each driveway entrance will include two inbound lanes and two outbound lanes during arrival and departure times.
85. A third separate entrance to the racetrack is available for the entry and exit of horsemen.
86. A gate will secure all three entrances after operational hours.
87. Entry and exit from the racetrack is reasonable from a traffic safety perspective.
88. A paved parking lot located on the southwest portion of the property will accommodate 3,500 vehicles.
89. An additional 240 employee vehicles will be accommodated in a separate paved lot near the grandstand building.
90. Three entry and exit driveways allow for loading and unloading of the parking area.
91. Valet and drop-off traffic are designed to be at the main entry point of the grandstand building.
92. The parking area can be expanded by about another 1,500 spaces should demand dictate it.
93. A manned entrance to the stable area will be located within the property at the west side of the general parking area.

FACILITIES FOR OCCUPATIONAL LICENSEES

94. Laredo Race Park will provide sleeping accommodations for up to 300 grooms and other licensees.
95. Laredo Race Park will provide dormitories for grooms or other licensees who tend to horses racing at the racetrack.
96. Providing dormitories for grooms or other licensees who tend to horses racing at a racetrack is a standard industry practice.
97. Laredo Race Park's living quarters for licensees will be equipped with windows that open, have heating, hot and cold water, showers, toilets, and sinks.
98. Laredo Race Park's saddling barn is adjacent to the paddock.

99. The west half of the saddling barn will house jockeys, colors, laundry, scales, a jockey's lounge, a shower, toilets, and a dressing area.
100. Jockey facilities will be segregated by gender with a common lounge and access to the color storage and laundry in accordance with Commission rules.
101. The scales are immediately adjacent to the exits in the jockey area into the paddock.
102. The east section of the saddling barn incorporates a kitchen for horsemen, a dining and recreation area, a horsemen's lounge, entries and judges' offices, a first-aid area, a horseman's foot keeper, an Horsemen's Benevolence & Protective Association office, a horse identifier office, and a licensing office.
103. The saddling barn is approximately 17,000 square feet.

FACILITIES FOR RACEHORSES

104. Laredo Race Park's proposed facility will sufficiently provide for the comfort, needs and care of the horses and licensees.
105. The track's racing surface will be 28-inches deep.
106. The track's base will consist of 12 inches of compacted fill material.
107. An intermediate layer will consist of 6 inches of compacted limestone screening.
108. A 10-inch track cushion consisting of select sand, silt and clay will top the track.
109. The track's depth and composition is safe.
110. The track's inside rail will be Fontana Safety Panel Rail.
111. The outside rail will be Fontana Tilt Rail.
112. The track will have three video towers, one at each end of the homestretch and one at each end of the back stretch.
113. The track oval will be 7/8th of a mile.
114. The track is 100-feet wide with a radius at each turn of 420 feet.
115. The length of each stretch is 990 feet.
116. The distance from the last turn to the finish line is 790 feet.
117. The backside shoot length is six furlongs.
118. The front side shoot is 550 yards.

119. Banking for the track stretches will be 3%.
120. The maximum banking in the turns will be 5.5%. The banking will gradually increase from 3% to 5.5%, beginning at a point 200 feet before the start of the turn.
121. Laredo Race Park's racing surface will be maintained daily both for training in the morning hours and during the racing program.
122. Laredo Race Park will have 20 main barns with 40 stalls in each barn.
123. Laredo Race Park will have additional stabling, including a holding and testing barn with 19 stalls, a stakes barn with 16 stalls, two receiving barns with 40 stalls each, a treatment barn with a treatment area, two treatment stalls, two recovery stalls, a four-stall isolation building with a treatment area, and a postmortem barn.
124. A covered area for the horse ambulance is located within 150 feet of the racing surface at the eastern end of the grandstand chute.
125. The barns will be constructed of steel and open on all sides.
126. Stalls in each barn will be constructed of fire-retardant treated lumber for the sides.
127. The lumber will be secured in steel pipe frames.
128. The stalls will be 10 feet deep by 12 feet deep.
129. Laredo Race Park's plan for each barn allows for covered aisles that are 12-feet wide at the perimeter and a covered aisle in the center that is 16-foot wide.
130. A central cross aisle will be 10 feet wide.
131. Aisle widths are ten feet or more.
132. Laredo Race Park will have a stakes barn that has 16 stalls at 152-square feet each.
133. Two wash racks along with tack storage, press area, racing secretary area, and an aisle exceeding 14 feet in width are included in the backside area.
134. Each barn in the proposed design will have 12 hanging feet storage areas.
135. The storage at the end of each barn is less than 120 feet from any stall. A pre-race holding area will be provided in accordance with Commission rules.
136. The pre-race holding area will have at least 12 stalls and an office for the horse identifier.
137. The track includes a testing barn, which houses an office for the Commission's veterinarian.

138. The testing barn has at least four enclosed stalls with Dutch doors, a two horse wash rack and a restroom for test barn employees.

FINANCIAL STABILITY

FINANCING STRUCTURE

139. Laredo Race Park's financing structure calls for \$25 million in capital contributions from MAXXAM, Inc. and \$10 million in loans.
140. Laredo Race Park's application proposes a \$29.7 million facility, including the cost of land.
141. MAXXAM, Inc. is a publicly-held corporation that is debt-free at the corporate level and has \$150 million in cash and marketable securities.
142. MAXXAM, through its historical financial support of SHRP and Valley Race Park, has a long history of supporting Texas racing.
143. Laredo Race Park's combination of \$35 million in debt and equity financing presents a financially-sound and well-capitalized project.
144. Laredo Race Park will have \$5 million available to finance cost overruns, pre-opening expenses, and other contingencies.
145. Laredo Race Park will have \$1 million in working capital available for the opening of racetrack operations as well as a \$5 million line of credit.
146. Laredo Race Park has the financial resources to meet its funding needs.
147. The debts of MAXXAM's forest product subsidiaries will not affect funding for Laredo Race Park.
148. MAXXAM has contributed more than \$50 million to Texas racing since 1994.
149. Laredo Race Park has sufficient funds available to supplement purses.

FINANCIAL FORECASTS

150. Laredo Race Park's application submitted revenues and expenses for the years 2006 through 2010.
151. Laredo Race Park's financial forecasts anticipate attendance of 90,000 for 30 live races during its first year of operations.
152. Laredo Race Park's financial forecasts anticipate attendance of 88,000 over 364 simulcast race days.

153. Laredo Race Park's projections result in an average live attendance of 3,000 per day and an average simulcast attendance of 242 per day.
154. A comparison of Laredo Race Park's average attendance figures with those of existing racetracks operating in Texas indicates the attendance figures in Laredo Race Park's forecasts are reasonable, although high.
155. In order to achieve its financial projections, Laredo Race Park will need to attract patrons both from Laredo and from the Nuevo Laredo metropolitan area.
156. Laredo Race Park's application anticipates that during its first year of operation, there will be \$4.95 million in live on-track handle, \$3 million in live export handle over 30 live race days, and \$24.24 million in same species simulcast handle and cross-species simulcast handle over 364 simulcast race days.
157. The live race projections result in an average live on-track handle of \$165,000 per race day and an average live export handle of \$100,000 per race day.
158. The simulcast projections result in an average same species and cross-species simulcast handle of \$66,550 per race day.
159. Laredo Race Park's average handle figures are reasonable when compared with those of existing race tracks operating in Texas.
160. Because of the lack of entertainment venues in the area, the handle figures are reasonable.
161. Laredo Race Park's per capita wager for the applicant's initial year of operation is \$163.82 per on-track attendance.
162. Laredo Race Park's per capita wager ratio is conservative.
163. Laredo Race Park's financial forecasts accurately account for statutory expenses and contractual purse expenses.
164. Laredo Race Park's projections of revenue return to the racetrack per \$1.00 wager are consistent with those of other horse racetracks operating in Texas.

SIMULCASTING

165. Laredo Race Park will conduct simulcasting and send out its signal in accordance with its simulcast agreement.
166. Laredo Race Park's simulcast plans submitted with the application are consistent with racetracks that are successful in North America.
167. A significant portion of Laredo Race Park's projected revenue will come from simulcasting.

168. Because of the lack of entertainment venues in the area and because simulcast is new in the area and may attract more wagers, the handle figures are reasonable.
169. Laredo Race Park's projected revenues from simulcasting are reasonable so long as Laredo Race Park can attract patrons from the Nuevo Laredo area.

TOTALISATOR

170. Laredo Race Park will be subject to the totalisator contract with SHRP.
171. Laredo Race Park's totalisator operations and totalisator contracts are consistent with other totalisator contracts approved by the Commission.
172. Laredo Race Park's totalisator contract with SGI-Auto Tote referenced in the application has satisfactory compliance history and vendor license status with the Commission.

CONSTRUCTION, RENOVATION, AND OPERATION OF RACETRACK FACILITIES

173. Construction costs, including land, are estimated at \$29.7 million.
174. Laredo Race Park's estimates are derived from the expertise of racetrack operators, architects and engineers who have experience in the development, design and financing of racetracks.
175. Laredo Race Park's construction costs are realistic in comparison to costs at recently built racetracks around the country.

LOCATION

SITE

176. Laredo Race Park is located on Mines Road, a four-lane divided highway in Laredo, Webb County, Texas.
177. Laredo Race Park is approximately 11 miles from Loop 20 near the World Trade Center Bridge in Laredo and five miles from the Camino Colombia Toll Road.
178. Laredo Race Park is located on a 200-acre tract of unimproved property.
179. The 200-acre parcel is part of a 1,316-acre tract known as the Old Laredo Feed Lot.
180. Laredo Race Park has an option to purchase the 200-acre tract.
181. Laredo Race Park's acreage provides sufficient size to accommodate the proposed facility.
182. A Phase I environmental study for the site was prepared, no known defects were found.
183. The racetrack site is not located within the 100-year flood plain.

184. A title commitment prepared by Border Title Company has been procured for the site.
185. Laredo Race Park submitted an aerial photograph of the racetrack site with its application in accordance with Commission requirements.

SURROUNDING DEVELOPMENT

186. Laredo Race Park is located on Mines Road near the El Primero Training Center (El Primero), a nationally-recognized training center.
187. El Primero has been in business for 27 years.
188. El Primero has trained world champion horses.
189. Because of its proximity to El Primero, horses that train at El Primero are likely to race at Laredo Race Park.
190. Laredo Race Park, a racetrack, and El Primero, a training facility, complement one another.
191. There is no organized opposition to locating the track on Mines Road.
192. Laredo Race Park is compatible with present and future development along Mines Road.

CATTLE TICKS

193. Preventing the spread of fever ticks (also referred to as "cattle ticks") in the United States is important because of their potential deadliness to livestock and ruinous effects on the cattle industry.
194. Fever ticks are capable of producing a protozoa, a minute animal parasite, that is injected into the bloodstream of cattle when a fever tick preys upon it.
195. Fever ticks carry diseases that can infect and kill livestock.
196. Fever ticks can spread diseases to livestock that may result in acute anemia, an enlarged spleen and liver, and a fast brutal death for as many as 90% of the affected livestock.
197. Presently, all cattle in the United States are vulnerable to the disease carried by the fever tick.
198. In the case of horses, fever ticks are carriers of a debilitating illness called piroplasmosis.
199. If a fever tick is found on a premise, the Texas Animal Health Commission (TAHC) quarantines the premise, as well as the areas adjacent to the infested premise.
200. Fever ticks can infest a premise through various means, including being brought onto a premise by a carrier animal, such as a stray or smuggled deer, cow or horse.

201. Fever ticks can be transported from one area to another by smaller, rodent-like animals in a process called "hitchhiking."
202. Fever ticks can be brought onto a premise by people when the tick attached to a person's clothing while he or she is walking in or through an infested area.
203. If a premise is quarantined, any livestock, including horses, entering and exiting the premise must undergo an inspection by government inspectors.
204. If a premise is quarantined, then feed, hay, trailers, barns and equipment must be inspected.
205. The inspections and restrictions of a fever-tick quarantine can disrupt schedules and other operations at a horse racetrack.
206. A horse infected with a cattle tick that travels to a horse racetrack elsewhere can cause the other racetrack to be quarantined.
207. El Primero Training Center is located on Mines Road and across the highway from the permanent Tick Eradication Quarantine Area (TEQA).
208. El Primero has always been in a tick-free zone.
209. No quarantine measures have ever been required at El Primero.
210. El Primero maintains double fencing on one portion of his training area as a precaution against cattle ticks and to avoid being designated as an adjacent premise.
211. Laredo Race Park will be surrounded entirely by a game-proof double fence with 20 feet of crushed granite in between the double fences.
212. Laredo Race Park will install cattle guards to prevent animals from entering the front gate.
213. A game-proof double fence will keep stray livestock and wild game animals from entering the Laredo Race Park site.
214. A developed site is not a suitable environment for the survival and reproduction of cattle ticks.
215. Because of high temperatures and low relative humidity, the man-made environment of a racetrack is not conducive to the survival of cattle ticks or their larvae.
216. The past or present quarantine status of the proposed undeveloped Laredo Race Park site will not determine whether the developed site is at risk of a future designation by the TAHC that would mandate quarantine measures.
217. The TAHC designates quarantine areas based on known boundary lines.

218. From time to time, the Old Laredo Feed Lot has been subject to quarantine measures and then released from quarantine when it was determined to be appropriate to do so.
219. The 200-acre tract of Laredo Race Park presently has no distinct boundary lines delineating its location on the Old Laredo Feed Lot.
220. If Laredo Race Park is built, the site will be developed and known boundary lines will be established.
221. Laredo Race Park will be able to seek a re-designation of its property when the facility is constructed.
222. The Laredo Race Park site is currently designated as a cattle fever tick "check" premise.

UTILITIES

223. Electrical and telephone service utilities are available to Laredo Race Park.
224. The City of Laredo is capable of providing adequate and sufficient electrical services to Laredo Race Park in amounts necessary to handle the development of Laredo Race Park.
225. Improvements are necessary in order to adequately serve Laredo Race Park with water and wastewater service.
226. Laredo Race Park would receive water and wastewater services from the Pinto Valle wastewater and water treatment facilities.
227. Physical access to the Pinto Valle water and wastewater treatment facilities exists via existing easements and rights-of-way.
228. Wastewater service will be provided by installing a lift station and a force main to connect to the Pinto Valle wastewater treatment facility.
229. Access to potable water will be provided by installing and connecting to an existing 12-inch water line, which connects to the Pinto Valle water treatment facility.
230. The Pinto Valle water and wastewater treatment facilities are owned by the City of Laredo.
231. The City of Laredo has access to the Pinto Valle water and wastewater treatment facilities via existing easements and rights-of-way.
232. The Pinto Valle water and wastewater treatment facilities are adjacent to the Needmore Ranch.
233. If Laredo Race Park is unable to access water and wastewater service from the Pinto Valle facilities, there are economically feasible engineering alternatives for Laredo Race Park to secure adequate water and wastewater service.

EMERGENCY RESPONSE SERVICES AND SECURITY PLAN

234. Laredo Race Park will contract with a local company to provide on-site emergency medical and ambulance services.
235. Laredo Race Park will have one ambulance dedicated to racing operations and responding to emergencies on the racing surface. The ambulance will have a paramedic, an EMT, and equipment necessary to handle emergency medical situations.
236. A second ambulance will be located on the property during racing hours to provide transport for facility emergencies. The facility ambulance staff will consist of one paramedic, one EMT, and the necessary equipment to handle emergency medical situations. This team will patrol the facility during racing hours.
237. Laredo Race Park will have a first-aid room located in the facility for the general public. The first-aid room will be used by ambulance staff to address minor medical emergencies when transport is not necessary.
238. Members of Laredo Race Park's security force will receive CPR training.
239. Laredo's 911 system will provide fire protection to the racetrack.
240. Minor scrapes and injuries will be treated by paramedics in the on-site first-aid rooms.
241. For serious but non-life threatening injuries, an individual will go to Doctor's Hospital located approximately 12 miles from the racetrack.
242. If a serious life-threatening injury occurs, the patient would be life-flighted to one of the major medical facilities in San Antonio.
243. Laredo Race Park's security staff will include one roving position that will patrol the facility, including the stable area, 24 hours per day, 7 days per week.
244. The grandstand as well as the barns and other buildings will be equipped with a state-of-the-art fire detection system and 24-hour monitoring located in the main security office.
245. Surveillance cameras with monitors in the security office will view all mutuel windows as well as selected areas of the facility.
246. An access control system will be installed in high risk areas of the facility, limiting access to those authorized.
247. Laredo Race Park's emergency response plan will include, but not be limited to, patron evacuation, use of the public address system, equine evacuation, horsemen training, vehicle traffic control, local emergency coordination and responses to fire, bomb threats, natural disasters, power failure, crowd disturbances, severe weather, and acts of terrorism.

248. The Director of Security will lead a safety committee comprised of additional members of Laredo Race Park's management team. That committee will develop and implement a safety program including, but not limited to, investigation of all safety related incidents, recognizing and reporting potentially hazardous situations, and responding to hazardous situations.
249. The requirements of the National Fire Protection Association, Occupational Safety and Health Administration, and state and local governments will be met or exceeded.
250. The grandstand, barns, and ancillary buildings will be equipped with state-of-the-art fire detection systems and will be monitored 24 hours a day, 7 days a week by Laredo Race Park security staff.
251. The grandstand and paddock buildings will be equipped with state-of-the-art fire suppression systems.
252. Laredo Race Park security staff will be trained in protecting and evacuating patrons and controlling traffic in case of an emergency.
253. Laredo Race Park's Director of Security will develop and implement an in-house fire inspection program in accordance with Commission rules.
254. Laredo Race Park will have policies and procedures in place for fire safety in the stable area.
255. Laredo Race Park will have procedures in place to familiarize local emergency service professionals with the Laredo Race Park facility.
256. Locations of fire hydrants will be determined following the completion of architectural drawings and will comply with all state and local codes and requirements.
257. The security plan describes security equipment such as fences, locks, alarms, and monitoring equipment for the racetrack facilities including, but not limited to, the perimeter, stables or kennels, paddock or lockout, cash room and vault, mutuel ticket windows, tote room, pre-race holding area, test barn, and parking area.
258. Laredo Race Park's security plan describes safety procedures to be used to admit individuals to restricted areas of the racetrack.
259. Laredo Race Park's security plan describes the number of security personnel at the racetrack and whether or not they will be employed by the facility or by independent contractors.
260. Laredo Race Park's security plan depicts an organization chart of the security force with a job description at each level.
261. Laredo Race Park's security plan describes training requirements for the personnel.

262. Laredo Race Park's security plan describes whether the security personnel are bonded and, if so, the amount and conditions of the bond, and the name and address of the surety company that issued the bond.
263. Laredo Race Park's security plan describes alternative sources of power in the event of a power failure and the length of time the alternate source is capable of providing power.
264. Laredo Race Park has demonstrated reasonable access to emergency response service.
265. Laredo Race Park's fire safety and security plan is adequately designed to protect patrons and animals.

EFFECT ON TRAFFIC FLOW

266. Laredo Race Park's application included a traffic flow study performed by Civil Engineering Consultants (CEC).
267. Laredo Race Park's traffic flow study was timely submitted with its application.
268. The traffic flow study analyzed existing access to Laredo Race Park's proposed site.
269. The traffic flow study found that access to the site for both horsemen and patrons is reasonable.
270. The CEC traffic study was independently analyzed by a traffic expert with Alliance Transportation.
271. Laredo Race Park's application is reasonable from a traffic safety perspective.
272. Laredo Race Park's site provides adequate and reasonable parking.
273. Laredo Race Park's site is safe and accessible to horsemen and patrons.
274. Existing roadways provide adequate access to the site for the anticipated traffic.

EFFECT OF RACE MEET ON THE STATE AND LOCAL ECONOMY FROM TOURISM, INCREASED EMPLOYMENT, AND OTHER SOURCES

275. Laredo Race Park's track and training center will have a positive economic impact on Webb County and the State of Texas.
276. Laredo Race Park's investment in construction and development, excluding land, is projected to be \$24.7 million.
277. Laredo Race Park's training facility will create over 100 new jobs.
278. During the live racing season, Laredo Race Park will generate approximately 400 new jobs.

- 279. Laredo Race Park's economic impact from construction is projected to be \$34 million.
- 280. Laredo Race Park's economic impact from operations over the first five years is projected to be \$28.28 million.
- 281. Laredo Race Park is designed to attract tourists.

EFFECT OF RACE MEETINGS ON HORSE BREEDING INDUSTRY

- 282. Laredo Race Park's contributions to purses and operations of a pari-mutuel racetrack will have a positive effect on the horse breeding industry in Texas.
- 283. Laredo Race Park's year-round training facility will have a positive effect on the horse breeding industry.

POTENTIAL FOR CONFLICT WITH OTHER LICENSED RACE MEETINGS

- 284. Laredo Race Park proposes a mixed thoroughbred and quarter horse meet of four thoroughbred races per day and six quarter horse races per day.
- 285. Laredo Race Park proposes three days of racing per week in a 10-week meet.
- 286. Laredo Race Park proposes to conduct live racing during late spring or early fall.
- 287. Laredo Race Park will accommodate its live racing schedule based on live race dates at other Class 1 and Class 2 racetracks in the state.
- 288. Laredo Race Park will coordinate a racing schedule with the Class 1 and Class 2 racetracks in the state that will fully utilize the horse population in Texas and consider the racing schedule of other racetracks.

PUBLIC INTEREST

- 289. Laredo Race Park's proposed facility is in the public interest.
- 290. Laredo Race Park is financially stable, the facility will have a positive effect on the economy and the horse breeding industry, and would promote live racing.

COMPLIANCE WITH ZONING REQUIREMENTS

- 291. The first 500 feet from the centerline of old FM 1472 right-of-way is zoned AG (agricultural district).
- 292. The remainder of the tract is not zoned and is outside the city limits. No zoning variance is required.
- 293. No zoning or special use permits are required.

294. Local and county governments have encouraged Laredo Race Park.
295. There is no organized opposition to the racetrack in the community.

COMPLIANCE WITH CRIMINAL LAWS

296. The Department of Public Safety (DPS) conducted a background investigation of Laredo Race Park's management team.
297. No information was received by the DPS that would preclude Laredo Race Park from being considered for approval for a racetrack owner's license.

CERTIFICATION OF ELECTION

298. On November 7, 2000, Webb County conducted a local election, which included two propositions for pari-mutuel wagering.
299. True and correct copies of the official ballot, including Proposition No. 1 and No. 2 related to pari-mutuel wagering and the canvass of the General Election, were signed by Mercurio Martinez, County Judge of Webb County, dated November 14, 2000.
300. The Webb county election precinct returns were forwarded to the Secretary of State.
301. The Texas Secretary of State sent correspondence dated May 27, 2004, addressed to the Texas Racing Commission, stating that Webb County submitted precinct by precinct results for its November 7, 2000 election.
302. The precinct by precinct results reflect that the voters of Webb County passed both pari-mutuel propositions at the November 7, 2000 election.
303. The precinct returns were forwarded to the Secretary of State within the 10 day statutory deadline found at § 16.12(a) of the Act.
304. On August 17, 2004, the Commission requested an opinion from the Texas Attorney General related to the certification of the Webb County, Texas election.
305. On December 20, 2004, the Texas Attorney General issued his opinion responding to the Commission's request.

CONCLUSIONS OF LAW

JURISDICTION AND NOTICE

1. The Texas Racing Commission has jurisdiction over the application filed by Laredo Race Park. TEX. REV. CIV. STAT. ANN. 179e (Racing Act) § 6.03 (Vernon Supp. 2005).
2. The State Office of Administrative Hearings has jurisdiction to conduct a hearing and issue a proposal for decision. TEX. GOV'T CODE ANN. Ch. 2003 (Vernon Supp. 2005).

3. Laredo Race Park received proper notice of the hearing, pursuant to TEX. GOV'T CODE ANN §§ 2001.051 and 2001.052 (Vernon Supp. 2005) and 16 TEX. ADMIN. CODE (TAC) § 307.
4. This proceeding is governed by the Texas Racing Act, the Texas Racing Commission Rules, the Texas Administrative Procedure Act, and the State Office of Administrative Hearing rules.
5. The Texas Racing Commission may issue a racetrack license only to a qualified applicant. Texas Racing Act § 6.04.
6. The applicant bears the burden of proving that it complies with the Texas Racing Act and the rules of the Commission. Texas Racing Act § 6.03(g).
7. The Commission may deny a racetrack license pursuant to the criteria in Section 6.06 of the Act.
8. The Texas Racing Act, policies of the Commission, and prior administrative decisions of the Commission do not provide for the denial of a Class 2 racetrack application on the basis that the local market will not support more than one racetrack.
9. It is appropriate to sever the application of Laredo Race Park into a separate proceeding for the purposes of a final decision by the Commission.
10. Laredo Race Park's license application is uncontested, and there is no competing applicant for the license.

OWNERSHIP AND BACKGROUND INFORMATION

11. Laredo Race Park is an applicant for a Class 2 Horse Track License in Webb County under the terms of Texas Revised Civil Statutes Annotated Article 179(e) (the Racing Act).

COMPLIANCE WITH THE RACING ACT, COMMISSION RULES, AND OTHER LAWS

12. Laredo Race Park's application is in compliance with the rules of the Commission, the Texas Racing Act, and the laws of the State.
13. Prior to September 1, 2007, the Texas Racing Act limits a person's right to own more than a five percent interest in more than two racetrack facilities licensed under the Act. Effective September 1, 2007, the Texas Racing Act limits a person's right to own more than a five percent interest in more than three racetrack facilities licensed under the Act.

EXPERIENCE OF EMPLOYEES

14. Laredo Race Park's officers and employees are qualified to serve in the positions they hold.

FACILITIES FOR PATRONS AND OCCUPATIONAL LICENSEES

15. Laredo Race Park's application included architectural drawings of facilities for patrons, race animals, and occupational licensees in accordance with the application's requirements.
16. Laredo Race Park's facilities for patrons comply with Commission rules.
17. Laredo Race Park's proposed multi-purpose, air-conditioned grandstand is in the best interest of horse racing, the citizens of Texas, and the public interest.
18. Laredo Race Park's parking lot complies with Commission Rule 309.120.
19. Laredo Race Park's living quarters for licensees comply with Rule 309.282.
20. Laredo Race Park's quarters for jockeys comply with Rule 309.281.

FACILITIES FOR HORSES

21. Laredo Race Park has proposed facilities for race animals that will meet the requirements of the Act and the Commission Rules.
22. Laredo Race Park's rail specifications comply with Commission Rule 309.206.
23. Laredo Race Park's track dimensions comply with Commission Rules 309.203(3), 309.202(e), 309.202(d), and 309.202(c)(1).
24. Laredo Race Park's track maintenance program complies with Rule 309.207.
25. Laredo Race Park backside facilities comply with the Commission Rules 309.241 - 309.254 regarding facilities for horses.
26. Laredo Race Park's training center is in the best interest of horsemen, the citizens of Texas, and the public interest.

FINANCIAL STABILITY

27. Laredo Race Park is financially stable.
28. Laredo Race Park's financial forecasts are reasonable.
29. Laredo Race Park's projected revenues and expenses are reasonable.
30. Laredo Race Park's simulcast plan is reasonable.

31. Laredo Race Park's totalisator contract and totalisator operations are reasonable.
32. Laredo Race Park's construction costs are reasonable.

LOCATION

33. Laredo Race Park's location on a 200-acre tract of land along Mines Road in Webb County is in the public interest.
34. There is no reasonable scientific or historical basis to assume that the proposed Laredo Race Park site is at risk of future cattle tick infestation or quarantine.
35. TAHC Rule 41.2(a) provides that TAHC will re-designate an area when a change in circumstances warrants reclassification.
36. Laredo Race Park has legal access to electrical, water, and wastewater services.

EMERGENCY RESPONSE SERVICES

37. Laredo Race Park's site is reasonable from a safety perspective.
38. Laredo Race Park's confidential security plan attached as Exhibit T to its application is in compliance with the application sections of Chapter 309 relating to the operation of racetracks and requirements of the Texas Racing Act.
39. Laredo Race Park's confidential security plan includes adequate information regarding the description of local law enforcement services that are available to the racetrack.

EFFECT OF TRACK ON TRAFFIC FLOW

40. Laredo Race Park timely submitted a traffic study with its application.
41. Laredo Race Park's effect on existing traffic flow along Mines Road is minimal.
42. Laredo Race Park's traffic study meets Commission requirements.

POTENTIAL FOR CONFLICT WITH OTHER LICENSED RACE MEETINGS

43. Laredo Race Park's application complies with the Commission's statutory directive to consider the potential for conflict with other licensed race meetings.

RESOURCES FOR SUPPLEMENTING PURSES

44. Funds for Laredo Race Park's purse accounts will be provided in accordance with Rule 309.297 and the requirements of the Racing Act.

PUBLIC INTEREST

45. Laredo Race Park's application, which promotes both live and simulcast racing, is in the public interest.

COMPLIANCE WITH ZONING REQUIREMENTS

46. Laredo Race Park has complied with all relevant zoning laws.

COMPLIANCE WITH CRIMINAL LAWS

47. Clear and convincing evidence exists to conclude that Laredo Race Park will comply with all criminal laws of the State of Texas, the Texas Racing Act, and the Commission's rules.

APPLICATION OF TEXAS RACING ACT SECTION 6.06 (RACETRACK LICENSE; GROUNDS FOR DENIAL, REVOCATION, AND SUSPENSION)

48. Laredo Race Park is in compliance with Section 6.06 of the Act and none of the criteria enumerated within that section of the Act should result in the denial of the license requested by Laredo Race Park.

CERTIFICATION OF ELECTION

49. With respect to the election held in Webb County, Texas on November 7, 2000, on Proposition Nos. 1 and 2, Webb County officials have complied with the timing and certification requirements of § 16.12(a) of the Texas Racing Act.
50. The results of the election held in Webb County on November 7, 2000, on Proposition Nos. 1 and 2 were certified to the Secretary of State in accordance with § 16.01(a) of the Texas Racing Act prior to the filing of Applicants' applications with the Commission on January 29, 2004.

CONCLUSION

51. The application of Laredo Race Park satisfies the minimum statutory and regulatory requirements for licensure.
52. Laredo Race Park is qualified to perform the duties required by a licensee and its license should be GRANTED.

SOAH NO. 476-04-5361

IN THE MATTER OF AN	§	TXRC 2004-R1-01
APPLICATION FOR A CLASS 2	§	
HORSE RACETRACK LICENSE	§	BEFORE THE
IN WEBB COUNTY, TEXAS	§	
BY LAREDO RACE PARK, LLC	§	TEXAS RACING COMMISSION

FINAL ORDER

After due consideration of the record, matters officially noticed, and the foregoing Findings of Fact and Conclusions of Law, in our capacity as Texas Racing Commissioners, it is hereby ordered, adjudged and decreed that Laredo Race Park be GRANTED a Class 2 horse racetrack license.

Pursuant to its authority under the Texas Racing Act, Section 6.06(e), the license is conditioned upon the Applicant's compliance with all Rules of the Texas Racing Commission as promulgated and as amended in the future.

The costs of the Application shall be paid by Laredo Race Park in accordance with Commission Rule 309.7(b).

This order shall become effective on September 1, 2007.

Signed the _____ day of _____, 2007.

Jesse R. Adams, Chair
Texas Racing Commission

ENTERED AND FILED THIS _____ day of _____, 2007.

SOAH DOCKET NO. 476-04-5361

IN THE MATTER OF AN	§	TXRC 2004-R1-01
APPLICATION FOR A CLASS 2	§	
HORSE RACETRACK LICENSE	§	BEFORE THE
IN WEBB COUNTY, TEXAS	§	
BY LAREDO RACE PARK LLC	§	TEXAS RACING COMMISSION

DECISION ON SECURITY FOR COMPLIANCE

On August 8, 2007, the Texas Racing Commission met in open meeting and considered the issue of security requirements of Laredo Race Park LLC pursuant to § 6.04 of the Texas Racing Act, Tex. Rev. Civ. Stat. Art. 179e, and Commission Rule 309.6. The Staff of the Texas Racing Commission and representatives of Laredo Race Park LLC presented this Order for the submission of adequate security to ensure compliance with the Act and the rules of the Commission.

After considering the Staff's recommendations and the comments of Laredo Race Park, LLC the Commission, by unanimous vote of all the members present at the meeting, adopted the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. § 6.04 of the Texas Racing Act requires each association to post security in an amount determined by the Commission to adequately ensure the association's compliance with the Act and rules of the Commission. The security is to be returned to the association when the conditions of the security have been satisfied.
2. Commission Rule 309.6 requires an applicant for a racetrack license to post security in an amount determined by the Commission to adequately ensure the association's

compliance with the Act and the Rules and the association's completion of the racetrack facilities and the start of racing on the date approved by the Commission. The amount of the security must be reasonable in relation to the amount of revenue that will be lost if the association fails to start racing on the date approved by the Commission.

3. Commission Rule 309.6 requires that security be posted no later than 10 business days after the Commission's order issuing a racetrack license to an applicant becomes final and unappealable.
4. The Order granting the Class 2 license to Laredo Race Park LLC becomes final on the day signed, and all parties in opposition to the issuance of that license have withdrawn their opposition and are now in support of issuance. The license issued to Laredo Race Park LLC is therefore uncontested.
5. The Commission finds that the opening of the association's racetrack and simulcast facility by the scheduled opening days are conditions the security is intended to secure.
6. Adequate funding for the construction of the Laredo Race Park racetrack and simulcast facility is available to Laredo Race Park LLC.
7. The date on which Laredo Race Park's racetrack will be ready for live racing may be reasonably estimated to be no later than December 1, 2009.
8. Laredo Race Park LLC has proposed to conduct live racing 30 days per year.

9. Laredo Race Park LLC has proposed that the annual live handle at Laredo Race Park will be approximately \$4,950,000.
10. If Laredo Race Park LLC fails to conduct live racing on the scheduled opening date as subsequently approved by the Commission, \$983 in revenue to the Accredited Texas Bred Incentive Program will be lost for each day of live racing that is not conducted due to the failure to open timely.
11. The live racing fee for a Class 2 horse racing association is established under Commission Rule 309.8, and is currently set at \$2,075 per day.
12. The opening date for Laredo Race Park's simulcast facility may be reasonably estimated to be no later than July 15, 2009.
13. Laredo Race Park LLC has proposed to conduct simulcast racing 364 days per year.
14. Laredo Race Park LLC has proposed that the annual simulcast handle at Laredo Race Park will be approximately \$24,224,200.
15. If Laredo Race Park LLC fails to begin conducting simulcast racing on the scheduled opening date, \$468 in revenue to the Accredited Texas Bred Incentive Program will be lost for each day of simulcasting that is not conducted due to the failure to open timely.
16. If Laredo Race Park LLC fails to begin conducting simulcast racing on the scheduled opening date, \$665 in revenue to the state's general revenue fund will be

lost for each day of simulcasting that is not conducted due to the failure to open timely.

17. The simulcast fee for a Class 2 horse racetrack is established under Commission Rule 309.8, and is currently set at \$410 per day.
18. The Texas Racing Commission will incur costs in reviewing the construction plans, monitoring the construction, and inspecting the completed facilities of Laredo Race Park.

CONCLUSIONS OF LAW

1. The Texas Racing Commission has jurisdiction over this matter under § 3.02 and § 6.04 of the Texas Racing Act, Tex. Rev. Civ. Stat. Art. 179e. All notice and hearing requirements have been met.
2. Because Laredo Race Park LLC has adequate funding to construct Laredo Race Park, the Commission and Laredo Race Park LLC may reasonably estimate the dates by which Laredo Race Park will begin conducting simulcast racing and be capable of conducting live racing.
3. It is in the best interest of racing to require Laredo Race Park LLC to provide the security required by § 6.04 of the Texas Racing Act and Commission Rule 309.6.

It is the intent of the Commission that Findings of Fact that are properly Conclusions of Law and Conclusions of Law that are properly Findings of Fact be so construed.

ORDER

It is therefore ORDERED that on or before September 12, 2007, Laredo Race Park LLC must submit \$140,000 in approved security to the Commission in any form authorized by § 6.04 of the Texas Racing Act, Tex. Rev. Civ. Stat. Art. 179e.

It is further ORDERED that on or before July 1, 2008, Laredo Race Park LLC shall request live race dates in accordance with Commission Rule 303.41. The first live race date granted by the Commission shall constitute the Opening Day for Live Racing for purposes of this Order.

It is further ORDERED that if Laredo Race Park LLC fails to open on the scheduled Opening Day for Live Racing, \$1,190.50 of the security shall be forfeited for each live race date that is not run due to the failure to open timely, with \$983 of that amount to be deposited in the Commission's General Revenue Dedicated Account for live wagering pools and breakage for the Accredited Texas Bred Incentive Programs, and \$207.50, constituting ten percent (10%) of the live racing fee, to be deposited in the Texas Racing Commission Fund to compensate for costs incurred by the Commission.

It is further ORDERED that if Laredo Race Park LLC fails to begin conducting simulcast racing by July 15, 2009, \$1,174 of the security shall be forfeited for each simulcast race date that is not run due to the failure to open timely, with \$468 of that amount to be deposited in the Commission's General Revenue Dedicated Account for simulcast wagering pools and breakage for the Accredited Texas Bred Incentive Programs, \$665 of that amount to be deposited in the

State of Texas' General Revenue Fund as lost revenue to the state, and \$41, constituting ten percent (10%) of the simulcast fee, to be deposited in the Texas Racing Commission Fund to compensate for costs incurred by the Commission.

It is further ORDERED that the required security shall not be subject to forfeiture under this order if the delay in performing is caused by conditions that are beyond the control of Laredo Race Park LLC and which are not due to an act, omission, negligence, recklessness, willful misconduct, or breach of contract or law by Laredo Race Park LLC. Such conditions include, but are not limited to, natural disasters, war, riots, crime, issuance of injunction or other court order, issuance of an order by an environmental or other agency, or strike.

It is further ORDERED that after Laredo Race Park LLC completes its initial live race meeting, the Commission shall return the remaining security to the association.

It is further ORDERED that the Commission expressly retains jurisdiction over this matter until such time as Laredo Race Park LLC completes its initial live race meeting.

This Order takes effect on the date it is entered.

Signed the _____ day of _____, 2007.

Chair, Texas Racing Commission

ENTERED AND FILED THIS _____ day of _____, 2007.

APPROVED AS TO FORM:

Rex D. VanMiddlesworth
Andrews Kurth LLP
Counsel for Laredo Race Park LLC
State Bar No. 20449400

Mark Fenner
General Counsel
Texas Racing Commission
State Bar No. 00787460

1 **§ 309.6. Order for Security for Compliance.**

2
3 (a) An association must post security in an amount determined by
4 the Commission to adequately ensure:

5 (1) the association's compliance with the Act and the Rules;

6 (2) the association's completion of the racetrack facilities
7 on or before the date approved by the Commission;

8 (3) the start of simulcast racing on or before the date
9 approved by the Commission; and

10 (4) the start of live racing on or before the date approved by
11 the Commission.

12 [~~Not later than 10 business days after the Commission's order~~
13 ~~issuing a racetrack license to an applicant under this chapter~~
14 ~~becomes final and unappealable, the applicant must post security~~
15 ~~in an amount determined by the Commission to adequately ensure~~
16 ~~the association's compliance with the Act and the Rules and the~~
17 ~~association's completion of the racetrack facilities and the~~
18 ~~start of racing on the date approved by the Commission. The~~
19 ~~amount of the security must be reasonable in relation to the~~
20 ~~amount of revenue that will be lost if the association fails to~~
21 ~~start racing on the date approved by the Commission.]~~

22
23 (b) Not later than 10 business days after the Commission issues
24 its security order, the association must submit the security
25 amount as directed.

26 [~~Cash, cashier's checks, surety bonds, irrevocable bank letters~~
27 ~~of credit, United States Treasury bonds that are readily~~
28 ~~convertible to cash, or irrevocable assignments of federally~~
29 ~~insured deposits in banks, savings and loan institutions, and~~
30 ~~credit unions are acceptable as security for purposes of this~~
31 ~~section.]~~

32
33 (c) If an association has not posted security, either because
34 the Commission did not originally require the association to
35 post security or because the association has already forfeited
36 its security, and the association has not completed its
37 racetrack facilities or has failed to conduct live racing in the
38 previous calendar year, the Commission may:

39 (1) approve a new date by which the association must complete
40 its racetrack facilities;

41 (2) approve a date by which the association must begin
42 simulcast racing;

43 (3) approve a date by which the association must begin live
44 racing; and

45 (4) require the association to post security in amount
46 determined by the Commission.

1 ~~[If an association fails to start racing on the date approved~~
2 ~~by the Commission, the Commission may forfeit any portion of~~
3 ~~the security that is appropriate for the amount of revenue~~
4 ~~lost due to the failure to start racing.]~~
5

6 (d) In determining the amount of the security that the
7 association shall post, the Executive Secretary shall prepare a
8 security estimate proposal to be submitted to the Commission for
9 consideration. In preparing the security estimate proposal the
10 Executive Secretary shall:

11 (1) make security estimate calculations using wagering and
12 operations data from:

- 13 (A) the association's application if the site location is
14 the same as that provided in the original application; or
15 (B) updated data provided by the association at the request
16 of the Executive Secretary. ~~if the site location is~~
17 ~~different from that included within the original~~
18 ~~application.~~

19 (2) make security estimate calculations based on the following
20 criteria:

21 (A) pari-mutuel tax due the general revenue fund from live
22 wagering pools;

23 (B) pari-mutuel tax due the general revenue fund from
24 simulcast same species wagering pools;

25 (C) pari-mutuel tax due the general revenue fund from
26 simulcast cross-species wagering pools;

27 (D) the Racing Commission's general revenue dedicated
28 account from live wagering pools and breakage;

29 (E) Texas Bred Incentive Program funds due the Racing
30 Commission's general revenue dedicated account from
31 simulcast same species wagering pools and breakage;

32 (F) Texas Bred Incentive Program funds due the Racing
33 Commission's general revenue dedicated account from
34 simulcast cross-species wagering pools and breakage;

35 (G) race day fees due the Racing Commission's general
36 revenue dedicated account from live wagering as detailed
37 under Section 309.8, Racetrack License Fees; and

38 (H) race day fees due the Racing Commission's general
39 revenue dedicated account from simulcast wagering as
40 detailed under Section 309.8, Racetrack License Fees.

41 ~~[After the association begins racing, the Commission shall~~
42 ~~return the remaining security to the association.]~~
43

44 (e) Cash, cashier's checks, surety bonds, irrevocable bank
45 letters of credit, United States Treasury bonds that are readily
46 convertible to cash, or irrevocable assignments of federally

1 insured deposits in banks, savings and loan institutions, and
2 credit unions are acceptable as security for purposes of this
3 section. Interest earned on a United States Treasury bond or on
4 an irrevocable assignment of a federally insured deposit is not
5 subject to the assignment and remains the property of the
6 association.

7
8 (f) If an association fails to conduct simulcast racing by the
9 date approved by the Commission, the Commission shall forfeit to
10 the state's general revenue fund and to the Texas Bred Incentive
11 Programs that portion of the security that is appropriate for
12 the amount of revenue lost to those funds. Exceptions to this
13 requirement may be allowed only if the delay in performing is
14 caused by conditions that are beyond the control of the
15 association and which are not due to an act, omission,
16 negligence, recklessness, willful misconduct, or breach of
17 contract or law by the association. Such conditions include, but
18 are not limited to, natural disasters, war, riots, crime,
19 issuance of injunction or other court order, issuance of an
20 order by an environmental or other agency, or strike. ~~the~~
21 ~~association's failure to conduct live racing by the date~~
22 ~~approved by the Commission was due to an emergency that the~~
23 ~~Commission determines was unforeseeable and beyond the~~
24 ~~association's control.~~

25
26 (g) If an association fails to conduct live racing by the date
27 approved by the Commission, the Commission shall forfeit to the
28 state's general revenue fund and to the Texas Bred Incentive
29 Programs that portion of the security that is appropriate for
30 the amount of revenue lost to those funds. Exceptions to this
31 requirement may be allowed only if the delay in performing is
32 caused by conditions that are beyond the control of the
33 association and which are not due to an act, omission,
34 negligence, recklessness, willful misconduct, or breach of
35 contract or law by the association. Such conditions include, but
36 are not limited to, natural disasters, war, riots, crime,
37 issuance of injunction or other court order, issuance of an
38 order by an environmental or other agency, or strike. ~~the~~
39 ~~association's failure to conduct live racing by the date~~
40 ~~approved by the Commission was due to an emergency that the~~
41 ~~Commission determines was unforeseeable and beyond the~~
42 ~~association's control.~~

43
44 (h) If an association is liable to the Commission for any
45 accrued fees, penalties or interest, the Commission may forfeit

1 any portion of the security that is appropriate for those fees,
2 penalties or interest.

3
4 (i) After the association completes its first live race meet
5 after posting security under this section, the Commission shall
6 return the remaining security to the association.

7



July 11, 2007

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

Re: *Comments Regarding Proposed Amendments to Rule 309.6*

Dear Commissioners:

We appreciate this opportunity to submit comments on the proposed amendments to Rule 309.6. By amending the rule, the Racing Commission (Commission) intends to encourage the construction of racetracks, to promote live and simulcast racing, and to support the state's breeding industry, and we endorse these goals. We provide the following comments to raise concerns regarding certain aspects of the proposed amendments. The following changes are intended (1) to provide the Commission with greater discretion and flexibility in administering the rule and (2) to reflect decisions in recent Commission orders.

- **The Commission should retain discretion to determine the appropriate security estimate.**

The Commission needs flexibility to exercise its judgment when setting security deposits. We are concerned about Section 309.6(d)'s rigidity regarding the methodology for calculating the security estimate and the Commission's source of data for the estimate. Accordingly, we propose that the word "shall" in Section 309.6(d) be changed to "may."

As proposed, the wording of the rule could create several problems. For example, the rule provides that the security estimate calculation *shall* be calculated using wagering and operations data from the association's application, if the site location is the same as that provided in the original application. It is possible that financial forecasts presented in an application may change, even if the association does not propose to move its site.

Houston's Best Bet!

14-5

SAM HOUSTON
7575 NORTH SAM HOUSTON PARKWAY

K, LTD.
5 77064-3417, (281) 807-8700

Texas Racing Commission
March 31, 2004
Page 2

The rule gives the Commission no flexibility to determine that financial forecasts have become stale and outdated or for the Commission to request forecasting data for any reason other than a changed location. The rule's language unnecessarily limits the Commission's discretion. By using the term "may," rather than "shall," the Commission will maintain a framework for calculating the security deposit, but will also retain the ability to make reasoned decisions about appropriate security estimates based on current economics of the racing industry.

- **The "emergency" exception should be modified to reflect the force majeure language adopted in recent Commission orders.**

Sections 309.6(f) - (g) set forth the provisions under which the Commission may excuse an association from a delayed live racing or simulcast start date and avoid forfeiture of the association's security deposit. Section 309.6(f) provides that "[e]xceptions to this requirement may be allowed *only if* the association's failure to conduct live racing by the date approved by the Commission was *due to an emergency* that the Commission determines was unforeseeable and beyond the association's control." (emphasis added). Section 309.6(g) sets forth a similar provision regarding failure to meet the association's simulcast start date.

In recent security orders, the Commission has adopted language that better reflects force majeure language.¹ These orders were issued after the Commission first addressed the rule amendment at its March open meeting. We propose that the Commission incorporate the language of these orders rather than use the term "emergency." The word "emergency" implies that the Commission can excuse a delayed start date only if there is some sort of catastrophe or disaster calling for immediate action.² We accordingly propose the following modification to Sections 309.6(f) - (g):

¹ See *In The Matter Of An Application For A Class 2 Horse Racetrack License in Webb County, Texas By LRP Group, Ltd.*, SOAH Docket No. 476-04-5361, "Decision of Commission" (May 21, 2007). See also *In The Matter Of An Application For A Class 2 Horse Racetrack License in Hidalgo County, Texas By Valle de los Tesoros, Ltd.* (May 21, 2007).

² See MERRIAM-WEBSTER'S COLLEGIATE DICTIONARY, 10th ed. at 377 (emergency: "1. an unforeseen combination of circumstances or the resulting state that calls for immediate action. 2. an urgent need for assistance or relief.").

Texas Racing Commission
 March 31, 2004
 Page 3

(f) If an association fails to conduct simulcast racing by the date approved by the Commission, the Commission shall forfeit to the state's general revenue fund and to the Texas Bred Incentive Programs that portion of the security that is appropriate for the amount of revenue lost to those funds. Exceptions to this requirement may be allowed ~~only~~ if the association's ~~delay failure to conduct~~ in conducting live racing by the date approved by the Commission was due to an emergency that the Commission determines was unforeseeable and beyond the association's control ~~was~~ caused by conditions that are beyond the control of the association, and which are not due to an act, omission, negligence, recklessness, willful misconduct, or breach of contract or law by the association. Such conditions include, but are not limited to, nature disasters, war, riots, crime, issuance of injunction or other court order, issuance of an order by an environmental or other agency, or strike.

(g) If an association fails to conduct live racing by the date approved by the Commission, the Commission shall forfeit to the state's general revenue fund and to the Texas Bred Incentive Programs that portion of the security that is appropriate for the amount of revenue lost to those funds. Exceptions to this requirement may be allowed ~~only~~ if the association's ~~failure to delaying in conducting~~ live racing by the date approved by the Commission was due to an emergency that the Commission determines was unforeseeable and beyond the association's control was caused by conditions that are beyond the control of the association, and which are not due to an act, omission, negligence, recklessness, willful misconduct, or breach of contract or law by the association. Such conditions include, but are not limited to, nature disasters, war, riots, crime, issuance of injunction or other court order, issuance of an order by an environmental or other agency, or strike.

The proposed changes clarify the force majeure language and reflect the language approved in the recent Commission security orders.³ The changes are also consistent with the Commissioners' desire to contain include force majeure language in the rule.⁴ Finally, the changes give the Commission discretion to determine the circumstances that constitute justified delay.

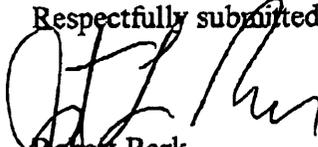
³ See *In The Matter Of An Application For A Class 2 Horse Racetrack License in Webb County, Texas By LRP Group, Ltd.*, SOAH Docket No. 476-04-5361, "Decision of Commission" (May 21, 2007). See also *In The Matter Of An Application For A Class 2 Horse Racetrack License in Hidalgo County, Texas By Valle de los Tesoros, Ltd.* (May 21, 2007).

⁴ See Commissioner comment from March 20, 2007 open meeting at Transcript, pages 446-450.

Texas Racing Commission
March 31, 2004
Page 4

We appreciate this occasion to offer comments and requests that the Commission make the afore-mentioned changes to its proposed revisions to Rule 309.6.

Respectfully submitted,



Robert Bork,
Vice Chairman, Sam Houston Race Park
President, Valley Race Park
President, Laredo Race Park

1 **Sec. 303.41. Allocation of Race Dates.**

2 (a) The commission shall allocate live race dates,
3 including charity days, to each association for such time
4 periods and at such racing locations as the commission
5 determines in accordance with the Act and this section.

6 (b) Upon its own motion or upon the request of any
7 association, the commission may designate an application
8 period during which the commission shall accept
9 applications for race dates.

10 (c) The commission shall establish the time period or
11 periods for which it will consider granting race dates.

12 (d) Upon designation by the commission of an application
13 period under this section, the executive secretary shall
14 publicize that application period to the affected greyhound
15 and horse racing associations at least 30 days before the
16 closing date of the period.

17 [~~An association shall apply to the commission not later~~
18 ~~than July 1 of each year for live race dates to be~~
19 ~~conducted in the next calendar year.]~~

20 (e) The application must be on a form prescribed by the
21 commission. After the request is filed, the executive
22 secretary may require the association to submit additional
23 information if the executive secretary determines the
24 additional information is necessary to effectively evaluate
25 the request.

26 (f) [~~(b)~~] In allocating race dates under this section, the
27 commission may consider the following factors and the
28 degree to which the association's proposed race meeting
29 will serve to nurture, promote, develop, or improve the
30 horse or greyhound industry in Texas:

31 (1) the association's current ability to pay all fees and
32 other amounts owed to the commission, to the state, and to
33 local governments;

34 (2) the association's willingness and ability to comply and
35 past performance in complying with the Rules and provisions
36 of the Act;

37 (3) the current condition of the association's racetrack
38 and facilities for patrons, race animals, and occupational
39 licensees;

1 (4) the anticipated effect of the proposed race meeting on
2 the continuity of racing during the year;

3 (5) the live race dates requested by other associations
4 licensed to conduct races for the same species of animal;

5 (6) the anticipated overall economic effect to the state
6 from the race meeting;

7 (7) the anticipated effect of the race meeting on the
8 greyhound or horse breeding industry in Texas;

9 (8) the anticipated effect of scheduled race meetings in
10 neighboring race states on the proposed race meeting; and

11 (9) the anticipated availability of race animals for the
12 race meetings.

13 (g) [~~(e)~~] The commission shall approve the actual days
14 awarded, and the total number of performances. The
15 commission may require a minimum number of races in a race
16 meet.

17 (h) [~~(d)~~] An association shall conduct pari-mutuel racing on
18 each race date granted under this section, and in
19 accordance with the race date calendar approved by the
20 Commission, unless the association receives the prior
21 approval of the executive secretary.

22 (i) [~~(e)~~] If circumstances beyond the control of the
23 association prevent the association from conducting a
24 performance, the commission may award a make-up
25 performance.

26 (j) [~~(f)~~] Change in Race Date Allocation.

27 (1) The executive secretary may permit an association to
28 request additional live race dates after its request under
29 this section has been acted on by the commission if the
30 executive secretary determines that:

31 (A) the request includes evidence that granting the
32 additional live race dates will enhance the breeding and
33 training industries for horses or greyhounds;

34 (B) the association's failure to request the live race
35 dates initially was not due to the association's neglect;
36 and

37 (C) if the request duplicates a request by the association
38 that has already been denied by the commission, changed

1 circumstances exist that necessitate additional
2 consideration by the commission.

3 (2) An association may request a change to the live race
4 dates granted by the commission provided the association
5 obtains the approval of all associations that are affected
6 by the proposed change. This subsection applies to any
7 proposed change to the number or format of live race dates.

1 **Sec. 321.505. Allocation Of Purses And Funds For Texas Bred**
2 **Incentive Programs.**

3 (a) Purses.

4 (1) An association shall recommend the percentages by
5 which it will divide the purse revenue generated from
6 simulcasting among the various breeds of horses. The
7 percentages are subject to the approval of the
8 Commission.

9 (2) Before recommending the percentages, the
10 association shall negotiate with ~~receive information~~
11 ~~from~~ the organizations recognized by the Commission or
12 in the Act as representatives of horse owners,
13 trainers, and/or breeders.

14 (3) When requesting Commission approval of the
15 percentages, the association shall present studies,
16 statistics, or other documentation ~~to~~ supporting the
17 association's application of the criteria in paragraph
18 (4) in its proposed division.allocation of funds.

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

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

- 25 (i) live handle by breed;
26 (ii) simulcast import handle by breed;
27 (iii) live attendance at the racetracks;
28 (iv) season seat sales;
29 (v) group sales activity;
30 (vi) sponsor interest; and
31 (vii) market surveys.

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

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

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

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

41 (5) If the Commission determines that the
42 association's proposed division of purse revenue is
43 inconsistent with the association's obligation to

1 accord reasonable access to races for all breeds of
2 horses, the Commission may:

3 (A) require the association to submit additional
4 information supporting its recommendation
5 for consideration at the next Commission
6 meeting;

7 (B) reject the association's recommendation and
8 require the association to submit a new
9 recommendation for consideration at the next
10 Commission meeting; or

11 (C) reject the association's recommendation and
12 approve an alternate division of purse
13 revenue as determined by the Commission.

14 (6) In lieu of the process outlined above in paragraphs
15 (a) (3) through (a) (5), the association may submit a
16 signed agreement between the association and the
17 organizations referenced in paragraph (a) (2) for the
18 Commission to consider for approval. For the
19 Commission to approve the agreement, the agreement
20 must:

21 (A) delineate the percentages by which the
22 association will divide the purse revenue
23 generated from simulcasting among the
24 various breeds of horses; and

25 (B) be signed by the association and all
26 organizations referenced in paragraph
27 (a) (2).

28 (b) Texas Bred Incentive Program Funds.

29 (1) The Commission shall determine the percentages by
30 which Texas Bred Incentive Program funds generated
31 from simulcasting are divided among the various breeds
32 of horses.

33 (2) In determining the percentages by which Texas Bred
34 Incentive Program funds generated from simulcasting
35 are divided, the Commission may consider the following
36 criteria:

37 (A) the amount of participation in live racing
38 by each of the breeds;

39 (B) the activities of the breed registries to
40 promote their breed for racing and breeding;

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

- 1 (D) the effect of the proposed allocation on the
2 state's agricultural racing horse breeding
3 industry;
4 (E) the effect of the proposed allocation on the
5 state's agricultural racing horse training
6 industry;
7 (F) the amount of Texas Bred Incentive Programs
8 funds from simulcasting generated by each
9 breed.

10 ~~(3)(2)~~ Before determining the percentages, the
11 Commission shall provide an opportunity for receive
12 ~~information from~~ the official horse breed registries
13 designated in the Act to present information regarding
14 the criteria specified in paragraph (b) (2) and any
15 other information that the registries believe may be
16 useful to the Commission. and the associations. In
17 ~~determining the percentages the Commission shall~~
18 ~~consider the effect of the proposed percentages on the~~
19 ~~state's agricultural horse breeding and horse training~~
20 ~~industry.~~

21 (4) In lieu of the process outlined in paragraphs
22 (b) (2) and (b) (3), a signed agreement between the
23 organizations referenced in paragraph (b) (3) may be
24 submitted to the Commission for consideration and
25 approval. For the Commission to approve the agreement,
26 the agreement must:

- 27 (A) delineate the percentages by which the Texas
28 Bred Incentive Program funds generated from
29 simulcasting are divided among the various
30 breeds of horses; and
31 (B) be signed by all organizations referenced in
32 paragraph (b) (3).
33

1 **Sec. 321.509. Escrowed Purse Account.**

2 (a) At least once a year, the Commission shall distribute
3 all funds accrued in the escrowed purse account created by
4 the Act, § 6.091(e). The executive secretary shall
5 establish a deadline for receiving requests for
6 distribution from the account and publicize that deadline
7 to the horse racetrack associations at least 30 days before
8 the deadline. The associations when requesting for
9 distribution from the account shall also recommend the
10 percentages by which it will divide the escrowed purse
11 account revenue among the various breeds of horses.

12 (b) The Commission shall determine the amount of the
13 distribution to each racetrack in accordance with the
14 standards set forth in the Act, § 6.091(e) and (f).

15 (c) The percentages by which an association will divide the
16 escrowed purse account revenue among the various breeds of
17 horses is subject to the approval of the Commission. When
18 requesting Commission approval of the percentages, the
19 association shall present studies, statistics, or other
20 documentation to support its proposed division of escrowed
21 purse account revenue. The Commission may consider the
22 following criteria when evaluating the association's
23 studies, statistics, or other documentation submitted to
24 support its proposed division of escrowed purse account
25 revenue before granting its approval:

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

29 (A) simulcast import handle by breed;

30 (B) live handle by breed; and

31 (C) live attendance.

32 (2) earnings generated by the association from each
33 breed;

34 (3) racetrack race date request and opportunities given
35 to each breed;

36 (4) statewide need by breed; and

37 (5) national public interest in each breed as
38 determined by the live simulcast export handle of each
39 Texas meet.

40 (d) If the Commission determines that the association's
41 proposed division of the escrowed purse account revenue is
42 inconsistent with the association's obligation to accord
43 reasonable access to races for all breeds of horses, the
44 Commission may:

- 1 (1) require the association to submit additional
2 information supporting its recommendation for
3 consideration at the next Commission meeting;
4 (2) reject the association's recommendation and require
5 the association to submit a new recommendation for
6 consideration at the next Commission meeting; or
7 (3) reject the association's recommendation and approve
8 an alternate division of the escrowed purse account
9 revenue as determined by the Commission.
10 (e) In lieu of the process outlined in paragraphs (c) and
11 (d) above, a signed agreement between the association and
12 the organizations recognized by the Commission or in the
13 Act as representatives of horse owners, trainers, and/or
14 breeders maybe submitted to the Commission for
15 consideration an approval. For the Commission to approve
16 the agreement, the agreement must:
17 (1) delineates the percentages by which the escrowed
18 purse account revenue received by the association
19 will be divided amongst the various breeds of
20 horses; and
21 (2) be signed by all organizations recognized by the
22 Commission or in the Act as representatives of horse
23 owners, trainers, and/or breeders.
24



Received TxRC

JUL 10 2007

July 10, 2007

Charla Ann King, Executive Director
Texas Racing Commission
PO Box 12080
Austin, TX 78711

Dear Ms. King,

On behalf of the Board of Directors of the Texas Thoroughbred Association, pursuant to Sec. 307.103 of the Rules of Racing, I would like to request that the Texas Racing Commission consider an amendment to paragraph (c) (1) (B) of Sec. 303.92 of the Thoroughbred Rules, as follows:

"Breeder's Awards will be paid only on an accredited Texas-bred Thoroughbred whose dam was accredited with the breed registry either prior to foaling the subject horse or within the same calendar year of foaling the subject horse and is covered by the definition set forth in §1.03(21) of the Act. A horse covered by §1.03(21)(C) of the Act is eligible for only one-half of the incentives awarded pursuant to §6.08(f) and (j) of the Act."

We request that this rule amendment become effective January 1, 2008.

Many participants that are new to the Accredited Texas-Bred Incentive Program may not be aware of the present rule requiring a mare to be accredited prior to the birth of her foal in order to qualify for ATB Breeders Awards and are, therefore, penalized. While maintaining a restricted period for accreditation by which to qualify for ATB Breeders Awards, the rule amendment will serve to encourage participation in the ATB Program and contribute to the improved quality of Texas-bred thoroughbred horses.

Please include this request as an agenda item for consideration at the Texas Racing Commission meeting scheduled for July 24, 2007.

If you have any questions, please contact me at 512.458.6133.

Best regards,

David E. Hooper
Executive Director