

Texas Racing Commission

LBB-4

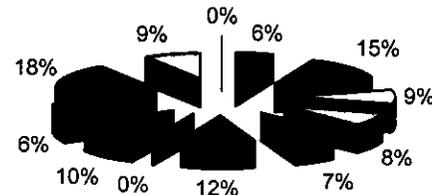
FYE 08/31/2009
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 2/28/2009	FY 2009 Unexpended Bal 2/28/2009	With 50.00% of Year Lapsed % of Budget Expended
\$ 125,191	FTE's = 72.25 Sum Of All Strategies other than A.2.1				
	1001 Salaries and Wages	3,696,109	1,672,718	2,023,391	45.26%
	1002 Other Personnel Cost	181,418	43,818	137,600	24.15%
	2001 Prof Fees and Services	194,221	59,080	135,141	30.42%
	2003 Consumables	30,500	7,804	22,696	25.59%
	2004 Utilities	24,500	12,045	12,455	49.16%
	2005 Travel	276,650	56,414	220,236	20.39%
	2006 Rent Building	108,014	63,878	44,135	59.14%
	2007 Rent Machine	15,900	6,699	9,201	42.13%
	2009 Other Operating Cost	291,440	99,200	192,240	34.04%
	CB Computer Equipment	35,340	292	35,048	0.83%
\$ 4,854,092	Total Operating Budget	4,854,092	2,021,948	2,832,143	41.65%
\$ 4,882,428	Strategy A.2.1. TX Bred Incentive	4,882,428	1,962,402	2,920,026	40.19%
\$ 9,736,520	Total All Strategies	9,736,520	3,984,350	5,752,169	40.92%

Expended Operational Budget By Strategy

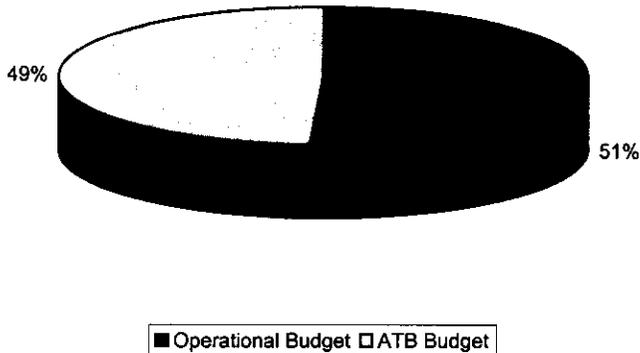
Regulate Racetrack Owners	\$	125,085
Supervise Racing	\$	283,257
Monitor Licensee Activities	\$	179,356
Inspect & Provide Emergency Care	\$	162,545
Administer Drug Test	\$	149,125
Occupational Licensing Program	\$	240,152
Texas On-Line Program	\$	6,800
Monitor Pari-Mutuel Wagering	\$	205,688
Wagering & Compliance Inspection	\$	131,130
Central Administration	\$	353,822
Information Resources	\$	184,988
Other Support Services	\$	-

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



Expended Appropriations

Operational Budget	\$	2,021,948
ATB Budget	\$	1,962,402

Texas Racing Commission

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FYE 08/31/2009

Cumulative Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 2/28/2009	FY 2009 Unexpended Bal 2/28/2009	With 50.00% of Year Lapsed % of Budget Expended
	FTE's = 4.00				
A.1.1.	<u>Regulate Racetrack Owners</u>				
	1001 Salaries and Wages	239,278	119,540	119,738	49.96%
	1002 Other Personnel Cost	4,540	2,259	2,281	49.76%
	2001 Prof Fees and Services	5,000	502	4,498	10.04%
	2003 Consumables	500	-	500	0.00%
	2004 Utilities	-	-	-	
	2005 Travel	10,200	1,649	8,551	16.16%
	2006 Rent Building	-	-	-	
\$ 8,076	2007 Rent Machine	-	-	-	
\$ 251,895	2009 Other Operating Cost	6,075	1,135	4,940	18.69%
\$ 5,622	CB Computer Equipment	-	-	-	
\$ 265,593	Total Strategy A.1.1.	265,593	125,085	140,508	47.10%
	FTE's = -				
A.2.1.	<u>Texas Bred Incentive</u>				
	ATB Money Expended	4,882,428	1,962,402	2,920,026	40.19%
\$ 4,882,428	Total Strategy A.2.1.	4,882,428	1,962,402	2,920,026	40.19%
	FTE's = 12.10				
A.3.1.	<u>Supervise Racing and Licensees</u>				
	1001 Salaries and Wages	752,833	264,995	487,837	35.20%
	1002 Other Personnel Cost	19,940	5,439	14,501	27.28%
	2001 Prof Fees and Services	16,721	-	16,721	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	67,250	10,009	57,241	14.88%
	2006 Rent Building	-	-	-	
\$ 25,819	2007 Rent Machine	-	-	-	
\$ 829,374	2009 Other Operating Cost	4,875	2,521	2,354	51.71%
\$ 41,766	CB Computer Equipment	35,340	292	35,048	0.83%
\$ 896,959	Total Strategy A.3.1.	896,959	283,257	613,702	31.58%
	FTE's = 6.00				
A.3.2.	<u>Monitor Occupational Licensee Act.</u>				
	1001 Salaries and Wages	340,936	170,337	170,599	49.96%
	1002 Other Personnel Cost	23,920	3,960	19,960	16.56%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	18	(18)	
	2004 Utilities	-	-	-	
	2005 Travel	25,500	1,399	24,101	5.49%
	2006 Rent Building	-	-	-	
\$ 13,214	2007 Rent Machine	-	-	-	
\$ 435,947	2009 Other Operating Cost	3,875	3,641	234	93.95%
\$ (54,930)	CB Computer Equipment	-	-	-	
\$ 394,231	Total Strategy A.3.2.	394,231	179,356	214,876	45.49%
	FTE's = 5.55				
A.4.1.	<u>Inspect and Provide Emerg. Care</u>				
	1001 Salaries and Wages	307,991	133,110	174,880	43.22%
	1002 Other Personnel Cost	20,560	2,700	17,860	13.13%
	2001 Prof Fees and Services	23,000	9,128	13,872	39.69%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	19,700	12,145	7,555	61.65%
	2006 Rent Building	-	-	-	
\$ 10,339	2007 Rent Machine	-	-	-	
\$ 437,982	2009 Other Operating Cost	7,125	5,462	1,663	76.66%
\$ (69,945)	CB Computer Equipment	-	-	-	
\$ 378,376	Total Strategy A.4.1.	378,376	162,545	215,831	42.96%

Texas Racing Commission

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FYE 08/31/2009

Cumulative Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 2/28/2009	FY 2009 Unexpended Bal 2/28/2009	With 50.00% of Year Lapsed % of Budget Expended
A.4.2.	FTE's = 6.50 <u>Administer Drug Testing</u>				
	1001 Salaries and Wages	294,884	135,730	159,154	46.03%
	1002 Other Personnel Cost	18,020	2,960	15,060	16.43%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	28,500	5,714	22,786	20.05%
	2006 Rent Building	-	-	-	
\$ 10,993	2007 Rent Machine	-	-	-	
\$ 326,803	2009 Other Operating Cost	6,375	4,721	1,654	74.06%
\$ 9,983	CB Computer Equipment	-	-	-	
\$ 347,779	Total Strategy A.4.2.	347,779	149,125	198,653	42.88%
B.1.1.	FTE's = 12.10 <u>Occupational Licensing</u>				
	1001 Salaries and Wages	416,322	209,285	207,037	50.27%
	1002 Other Personnel Cost	28,420	7,562	20,858	26.61%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	2,500	159	2,341	6.38%
	2004 Utilities	-	-	-	
	2005 Travel	33,500	7,748	25,752	23.13%
	2006 Rent Building	-	-	-	
\$ 16,097	2007 Rent Machine	13,400	5,325	8,075	39.74%
\$ 549,532	2009 Other Operating Cost	36,625	10,073	26,552	27.50%
\$ (34,862)	CB Computer Equipment	-	-	-	
\$ 530,767	Total Strategy B.1.1.	530,767	240,152	290,615	45.25%
B.1.2.	FTE's = - <u>Texas OnLine</u>				
	1001 Salaries and Wages	-	-	-	
	1002 Other Personnel Cost	-	-	-	
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	-	-	-	
	2006 Rent Building	-	-	-	
	2007 Rent Machine	-	-	-	
\$ 23,250	2009 Other Operating Cost	23,250	6,800	16,450	29.25%
\$ -	CB Computer Equipment	-	-	-	
\$ 23,250	Total Strategy B.1.2.	23,250	6,800	16,450	29.25%
C.1.1.	FTE's = 8.00 <u>Monitor Wagering and Audit</u>				
	1001 Salaries and Wages	382,013	191,006	191,007	50.00%
	1002 Other Personnel Cost	10,980	5,200	5,780	47.36%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	30,000	5,011	24,989	16.70%
	2006 Rent Building	-	-	-	
\$ 14,834	2007 Rent Machine	-	-	-	
\$ 457,938	2009 Other Operating Cost	19,235	4,470	14,765	23.24%
\$ (30,544)	CB Computer Equipment	-	-	-	
\$ 442,228	Total Strategy C.1.1.	442,228	205,688	236,540	46.51%
C.1.2.	FTE's = 5.00 <u>Wagering & Compliance Inspections</u>				
	1001 Salaries and Wages	235,624	117,812	117,812	50.00%
	1002 Other Personnel Cost	8,460	4,160	4,300	49.17%
	2001 Prof Fees and Services	75,000	-	75,000	0.00%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	28,500	6,730	21,770	23.61%
	2006 Rent Building	-	-	-	
\$ 8,097	2007 Rent Machine	-	-	-	
\$ 327,883	2009 Other Operating Cost	4,125	2,429	1,696	58.87%
\$ 15,729	CB Computer Equipment	-	-	-	
\$ 351,709	Total Strategy C.1.2.	351,709	131,130	220,579	37.28%

Texas Racing Commission

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FYE 08/31/2009

Cumulative Operating Budget Status
by LBB Expenditure Object/Codes

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 2/28/2009	FY 2009 Unexpended Bal 2/28/2009	With 50.00% of Year Lapsed % of Budget Expended
D.1.1.	FTE's = 8.00 <u>Central Administration</u>				
	1001 Salaries and Wages	435,273	213,409	221,864	49.03%
	1002 Other Personnel Cost	30,278	6,458	23,820	21.33%
	2001 Prof Fees and Services	28,000	4,526	23,475	16.16%
	2003 Consumables	25,500	6,323	19,177	24.80%
	2004 Utilities	24,500	11,758	12,742	47.99%
	2005 Travel	30,500	5,550	24,950	18.20%
	2006 Rent Building	105,314	61,178	44,135	58.09%
\$ 12,729	2007 Rent Machine	2,500	1,373	1,127	54.93%
\$ 760,898	2009 Other Operating Cost	106,857	43,247	63,610	40.47%
\$ 15,295	CB Computer Equipment	-	-	-	
\$ 788,722	Total Strategy D.1.1.	788,722	353,822	434,899	44.86%
D.2.1.	FTE's = 5.00 <u>Information Resources</u>				
	1001 Salaries and Wages	290,956	117,492	173,463	40.38%
	1002 Other Personnel Cost	16,300	3,120	13,180	19.14%
	2001 Prof Fees and Services	46,500	44,925	1,575	96.61%
	2003 Consumables	2,000	1,304	696	
	2004 Utilities	-	287	(287)	
	2005 Travel	3,000	459	2,541	15.30%
	2006 Rent Building	2,700	2,700	-	
\$ 10,096	2007 Rent Machine	-	-	-	
\$ 386,349	2009 Other Operating Cost	73,023	14,701	58,322	20.13%
\$ 38,033	CB Computer Equipment	-	-	-	
\$ 434,479	Total Strategy D.1.2.	434,479	184,988	249,490	42.58%
D.1.3.	FTE's = - <u>Other Support Services</u>				
	1001 Salaries and Wages	-	-	-	
	1002 Other Personnel Cost	-	-	-	
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	-	-	-	
	2006 Rent Building	-	-	-	
\$ -	2007 Rent Machine	-	-	-	
\$ -	2009 Other Operating Cost	-	-	-	
\$ -	CB Computer Equipment	-	-	-	
\$ -	Total Strategy D.1.3.	-	-	-	
\$ 130,293	Estimated 2% & 2% appropriation rider				
\$ 4,723,798	Operating Budget regular appropriations	4,854,092	2,021,948	2,181,586	41.65%
\$ 4,882,428	Strategy A.2.1. TX Bred Incentive	4,882,428	1,962,402	2,920,026	40.19%
\$ 9,861,711	Total M.O.F.				
\$ 9,736,520	Total All Strategies	9,736,520	3,984,350	5,101,612	40.92%

**Texas Racing Commission
Report on Racetrack Inspection Activities
April 7, 2009**

Date of Inspection	Track	Type of Inspection	Number of Unsatisfactory Items	Track Remediation	Unsatisfactory Items Remaining
Feb. 18, 2009	Manor	Veterinarian	0		0
Feb. 18, 2009	Manor	Stewards	2	2 Resolved Feb. 25, 2009	0
Feb. 19, 2009	Manor	Administrative	0		0
Feb. 20, 2009	Manor	Safety & Security	1	Resolved Feb. 20, 2009	0
Feb. 24, 2009	Manor	Pari-mutuel	0		0
Feb. 13, 2009	Retama	Safety & Security	0		0
Feb. 13, 2009	Retama	Pari-mutuel	0		0
Feb. 15, 2009	Valley	Safety & Security	0		0
Feb. 13, 2009	Valley	Pari-mutuel	0		0
Training Tracks					
Mar. 12, 2009	Delta	Training	0		0

Total Inspections: 10

Notes:

Staff conducted pre-meet inspections of Manor Downs. There are no outstanding items.

Staff conducted two unannounced inspections of Retama Park towards the end of its meet. There are no outstanding items.

Staff conducted an unannounced inspection of Valley Race Park. There are no outstanding items.

Staff inspected Delta Training Center, a new training track near Edcouch. Edcouch is in south Texas between Edinburg and Harlingen. There are no outstanding items.



March 25, 2009

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

Dear Ms. King:

On behalf of Sam Houston Race Park, I am pleased to update you on the progress being made as we move closer to return to live racing on May 1, 2009. Much has happened since our last report and the work continues in every area with completion to be consistent with all previous correspondence.

Simulcast Operations - While the Pavilion has proven to be a worthy alternative during the reconstruction, we plan to return our simulcast operations to the grandstand sometime between the weeks of April 6 or April 13. Our target date is highly sensitive to weather conditions that may prohibit work from occurring on certain days.

Grandstand Roof - Despite several lost construction days due to rain and wind in early March, the roof replacement is now 82% complete and remains on schedule. The majority of the "main deck" is now completed with the remaining work focused on the cupolas and dormers.

Other Grandstand Work - Projects throughout the interior of the grandstand are continuing as well. The Paddock level has received a fresh coat of paint and deep cleaning throughout. As the roof progresses we have been able to proceed to projects on the Club and Suite levels. A complete update of the Jockey Club has been completed.

Infield and Paddock Tote Boards - The structural steel work for this portion of the project will be completed this week. The control panels have been received and we anticipate delivery of the new LED and video boards on Monday, March 30, 2009. Installation will begin shortly thereafter. Completion is still scheduled for mid-April.

Barns and Stables - The dormitory and tack room work is now more than 80% complete. The stable area tack rooms have had the sheet rock ceiling replaced and are ready for occupancy. The installation of floor coverings, doors and HVAC systems are in progress. All work is expected to be complete for the stable area opening on April 15, 2009.

Track Surface and Lights - The track resurfacing has been completed. Track lights are currently being replaced and redirected. We anticipate this project to be completed by April 10.

SAM HOUSTON RACE PARK LTD.

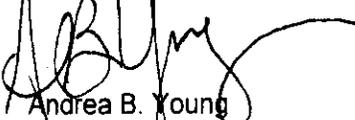
7575 North Sam Houston Parkway West, Houston, TX, 77064 • 281.807.8700 • shrp.com

1V-1

I would like to take this opportunity to express our sincere thanks to you and the entire industry for your support during this very challenging time. We are eager to put this chapter behind us and look forward to our Grand Re-Opening and the opportunity to celebrate fifteen years of racing at Sam Houston Race Park this summer.

If you or any of the Commissioners would like to tour the property, review the project or have any questions, please feel free to contact me directly at 281-807-8747.

Sincerely,



Andrea B. Young
President and Chief Operating Officer

CC: Sammy Jackson, TXRC
Tommy Azopardi, THP
Rob Werstler, TQHA



TEXAS RACING
COMMISSION



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July 11, 2008

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

Via E-mail: sammy.jackson@txrc.state.tx.us

Dear Mr. Jackson:

Enclosed please find a copy of the service agreement between Scientific Games Racing LLC and Sam Houston Race Park for the Commission's consideration.

Please let me know if you have any questions or concerns.

Sincerely,

Andrea B. Young
Chief Operating Officer

Enclosure

**IN THE MATTER OF AN
APPLICATION FOR A CLASS 2
HORSE RACETRACK LICENSE
IN WEBB COUNTY, TEXAS
BY LAREDO RACE PARK LLC**

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§
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§

**BEFORE THE
TEXAS RACING COMMISSION**

AMENDED 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. On August 8, 2007, the Commission entered and filed a Decision on Security for Compliance Order, whereby Laredo Race Park, LLC agreed to the submission of adequate security to ensure compliance with the Act and the rules of the Commission. The Order attached as "Exhibit A" is hereby incorporated by reference as if fully set out within this Amended Decision on Security for Compliance Order and is modified only to the extent set forth below.

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 Texas Racing Commission Fund 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 Texas Racing Commission Fund for simulcast wagering pools and breakage for the Accredited Texas Bred Incentive Programs, \$665 of that amount to be deposited in the Texas Racing Commission Fund as lost revenue to the State of Texas, 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 AMENDED ORDER takes effect on the date it is entered.

Signed the _____ day of _____, 2009.

Chair, Texas Racing Commission

ENTERED AND FILED THIS _____ day of _____, 2009.

APPROVED AS TO FORM:

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

In the Matter of an Application for a Class 2 Horse Racetrack
License in Webb County, Texas, by Laredo Race Park, LLC

EXHIBIT A

1V-6a

SOAH DOCKET NO. 476-04-5361

IN THE MATTER OF AN
APPLICATION FOR A CLASS 2
HORSE RACETRACK LICENSE
IN WEBB COUNTY, TEXAS
BY LAREDO RACE PARK LLC

§
§
§
§
§

TXRC 2004-R1-01
BEFORE THE
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

11-6d

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

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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 8th day of Aug., 2007.


Chair, Texas Racing Commission

ENTERED AND FILED THIS 8th day of August, 2007.

APPROVED AS TO FORM:

 w/ permission
Meghan Griffiths

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

**IN THE MATTER OF AN
APPLICATION FOR A CLASS 2
HORSE RACETRACK LICENSE
IN WEBB COUNTY, TEXAS
BY LRP GROUP, LTD.**

§
§
§
§
§

**BEFORE THE
TEXAS RACING COMMISSION**

AMENDED DECISION ON SECURITY FOR COMPLIANCE

On April 7, 2009, the Texas Racing Commission met in open meeting and considered the issue of security requirements of LRP Group, Ltd., 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 presented this Order for the submission of additional security to ensure compliance with the Act and the rules of the Commission.

After considering the Staff's recommendations and the comments of LRP Group, Ltd., the Commission, by majority vote of all the members present at the meeting, adopted the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. Section 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, the association's completion of the racetrack facilities

on or before the date approved by the Commission, the start of simulcast racing on or before the date approved by the Commission, and the start of 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 issues its security order.

4. 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.

5. Adequate funding for the construction of the Laredo Downs racetrack and simulcast facility is available to LRP Group, Ltd.

6. In its previous decision of May 14, 2007, the Commission determined that the date on which Laredo Downs' racetrack will be ready for live racing may be reasonably estimated to be no later than July 1, 2009.

7. LRP Group, Ltd. requested and has been granted 6 live racing days in 2009. These days begin on December 4, 2009. Therefore December 4, 2009, constitutes the opening day for live racing for purposes of this Order.

8. LRP Group, Ltd., has proposed that the annual live handle at Laredo Downs will be approximately \$3,442,250.

9. If LRP Group, Ltd., fails to conduct live racing on the scheduled opening date as subsequently approved by the Commission, \$760 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.

10. 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.

11. In its previous decision of May 14, 2007, the Commission determined that opening date for Laredo Downs' simulcast facility may be reasonably estimated to be no later than January 1, 2009.

12. LRP Group, Ltd., has proposed to conduct simulcast racing 364 days per year.

13. LRP Group, Ltd., has proposed that the annual simulcast handle at Laredo Downs will be approximately \$25,225,200.

14. LRP Group, Ltd. has failed to begin simulcasting by January 1, 2009.

15. Due to LRP Group, Ltd.'s failure to begin conducting simulcast racing on the scheduled opening date, \$503 in revenue to the Accredited Texas Bred Incentive Program has been and will continue to be lost for each day of simulcasting that is not conducted due to the failure to open timely.

16. Due to LRP Group, Ltd.'s failure to begin conducting simulcast racing on the scheduled opening date, \$693 in revenue to the State of Texas has been and will continue to 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 Downs.

19. The Texas Racing Commission has incurred costs and will continue to incur costs to enforce the terms of its security order.

20. In accordance with the terms of its Order of March 14, 2007, the Commission has forfeited \$111,330 of LRP Group, Ltd.'s security for failing to conduct simulcasting during the months of January, February, and March, 2009.

21. The amount of LRP Group, Ltd.'s security remaining with the Commission is insufficient to last until the next regularly scheduled Commission meeting if LRP Group, Ltd. fails to begin simulcasting promptly.

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 LRP Group, Ltd., has adequate funding to construct Laredo Downs, the Commission and LRP Group, Ltd., may reasonably estimate the dates by which Laredo Downs will begin conducting simulcast racing and be capable of conducting live racing.

3. It is in the best interest of racing to require LRP Group, Ltd. 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 April 21, 2009, LRP Group, Ltd., must submit an additional \$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 if LRP Group, Ltd., fails to open on December 4, 2009, the scheduled Opening Day for Live Racing, \$967.50 of the security shall be forfeited for each live race date that is not run due to the failure to open timely, with \$760 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 10% of the Commission's live racing fee, to be deposited in the Texas Racing Commission Fund.

It is further ORDERED that for each day that LRP Group, Ltd. fails to conduct simulcast racing, \$1,237 of the security shall be forfeited for each simulcast race date that is not run due to the failure to open timely, with \$503 of that amount to be deposited in the Commission's General Revenue Dedicated Account for simulcast wagering pools and

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breakage for the Accredited Texas Bred Incentive Programs, \$693 of that amount to be deposited in the Texas Racing Commission Fund for the revenue lost to the State of Texas, and \$41, constituting 10% of the Commission's simulcast fee, to be deposited in the Texas Racing Commission Fund.

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 LRP Group, Ltd., and which are not due to an act, omission, negligence, recklessness, willful misconduct, or breach of contract or law by LRP Group, Ltd.. 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 LRP Group, Ltd., 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 LRP Group, Ltd., completes its initial live race meeting.

This Order takes effect on the date it is entered.

Signed the _____ day of _____, 2009.

Rolando Pablos, Chair
Texas Racing Commission

ENTERED AND FILED THIS _____ day of _____, 2009.

1V-12

APPROVED AS TO FORM:

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

**IN THE MATTER OF AN §
APPLICATION FOR A CLASS 2 §
HORSE RACETRACK LICENSE §
IN HIDALGO COUNTY, TEXAS §
BY VALLE DE LOS TESOROS, LTD. §**

**BEFORE THE
TEXAS RACING COMMISSION**

AMENDED DECISION ON SECURITY FOR COMPLIANCE

On April 7, 2009, the Texas Racing Commission met in open meeting and considered the issue of security requirements of Valle de los Tesoros, Ltd., 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 presented this Order for the submission of additional security to ensure compliance with the Act and the rules of the Commission.

After considering the Staff's recommendations and the comments of Valle de los Tesoros, Ltd., the Commission, by majority vote of all the members present at the meeting, adopted the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. Section 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, the association's completion of the racetrack facilities

on or before the date approved by the Commission, the start of simulcast racing on or before the date approved by the Commission, and the start of 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 issues its security order.

4. 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.

5. Adequate funding for the construction of the Valle de los Tesoros racetrack and simulcast facility is available to Valle de los Tesoros, Ltd.

6. In its previous decision of May 14, 2007, the Commission determined that the date on which Valle de los Tesoros' racetrack will be ready for live racing may be reasonably estimated to be no later than July 1, 2009.

7. Valle de los Tesoros, Ltd. requested and has been granted 6 live racing days in 2009. These days begin on December 19, 2009. Therefore December 19, 2009, constitutes the opening day for live racing for purposes of this Order.

8. Valle de los Tesoros, Ltd., has proposed that the annual live handle at Valle de los Tesoros will be approximately \$2,247,500.

9. If Valle de los Tesoros, Ltd., fails to conduct live racing on the scheduled opening date as subsequently approved by the Commission, \$744 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.

10. 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.

11. In its previous decision of May 14, 2007, the Commission determined that opening date for Valle de los Tesoros' simulcast facility may be reasonably estimated to be no later than January 1, 2009.

12. Valle de los Tesoros, Ltd., has proposed to conduct simulcast racing 364 days per year.

13. Valle de los Tesoros, Ltd., has proposed that the annual simulcast handle at Valle de los Tesoros will be approximately \$37,876,000.

14. Valle de los Tesoros, Ltd. has failed to begin simulcasting by January 1, 2009.

15. Due to Valle de los Tesoros, Ltd.'s failure to begin conducting simulcast racing on the scheduled opening date, \$731 in revenue to the Accredited Texas Bred Incentive Program has been and will continue to be lost for each day of simulcasting that is not conducted due to the failure to open timely.

16. Due to Valle de los Tesoros, Ltd.'s failure to begin conducting simulcast racing on the scheduled opening date, \$1,040 in revenue to the State of Texas has been and will continue to 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 Valle de los Tesoros.

19. The Texas Racing Commission has incurred costs and will continue to incur costs to enforce the terms of its security order.

20. In accordance with the terms of its Order of March 14, 2007, the Commission has forfeited \$163,080 of Valle de los Tesoros, Ltd.'s security for failing to conduct simulcasting during the months of January, February, and March, 2009.

21. The amount of Valle de los Tesoros, Ltd.'s security remaining with the Commission is insufficient to last until the next regularly scheduled Commission meeting if Valle de los Tesoros, Ltd. fails to begin simulcasting promptly.

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 Valle de los Tesoros, Ltd., has adequate funding to construct Valle de los Tesoros, the Commission and Valle de los Tesoros, Ltd., may reasonably estimate the dates by which Valle de los Tesoros will begin conducting simulcast racing and be capable of conducting live racing.

3. It is in the best interest of racing to require Valle de los Tesoros, Ltd. 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 April 21, 2009, Valle de los Tesoros, Ltd., must submit an additional \$180,000 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 if Valle de los Tesoros, Ltd., fails to open on December 19, 2009, the scheduled Opening Day for Live Racing, \$951.50 of the security shall be forfeited for each live race date that is not run due to the failure to open timely, with \$744 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 10% of the Commission's live racing fee, to be deposited in the Texas Racing Commission Fund.

It is further ORDERED that for each day that Valle de los Tesoros, Ltd. fails to conduct simulcast racing, \$1,812 of the security shall be forfeited for each simulcast race date that is not run due to the failure to open timely, with \$731 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, \$1,040 of that amount to be

deposited in the Texas Racing Commission Fund for the revenue lost to the State of Texas, and \$41, constituting 10% of the Commission's simulcast fee, to be deposited in the Texas Racing Commission Fund.

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 Valle de los Tesoros, Ltd., and which are not due to an act, omission, negligence, recklessness, willful misconduct, or breach of contract or law by Valle de los Tesoros, Ltd.. 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 Valle de los Tesoros, Ltd., 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 Valle de los Tesoros, Ltd., completes its initial live race meeting.

This Order takes effect on the date it is entered.

Signed the _____ day of _____, 2009.

Rolando Pablos, Chair
Texas Racing Commission

ENTERED AND FILED THIS _____ day of _____, 2009.

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APPROVED AS TO FORM:

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

*Courier delivered to
TRRC receptionist
11-03-08 /cuedas*

CORPUS CHRISTI GREYHOUND RACING

P. O. BOX 9087 ■ CORPUS CHRISTI, TEXAS ■ 78469-9087 ■ (361) 289-4305

October 30, 2008

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

Dear Ms. King:

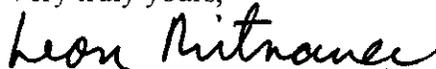
The purpose of this correspondence is to inform you that Corpus Christi Greyhound Racing Associates, Greyhound Investments, LTD. and Corpus Christi Racing Corp. have reached an agreement with 361 Muy Buena Suerte, LLC, a Texas limited liability company owned and controlled by the LaMantia family, to purchase a portion of the assets of Corpus Christi Greyhound Racing Associates and transfer certain of its other interests. Attached for your information is a copy of the agreement that has been reached. Please note that Article (6) of the agreement requires all parties to keep the information confidential and we would ask that the specific details of this agreement be treated as confidential to the extent possible.

Article (I) 1.1 and 1.2 on pages 2 and 3 of the attached agreement specify the transferors' names and the manner in which the transfers of interests are expected to be made. The transferee will be 361 Muy Buena Suerte, LLC., a newly formed entity owned by the LaMantia family. The owners of the Transferee have filed Department of Public Safety's Personal Information Disclosure Form for Racetrack Participants and Owners of 5% or more, FBI fingerprint forms and the Texas Racing Commission's fingerprint forms in connection with other license filings with the TRC.

Please arrange to have the matter placed on the Texas Racing Commission agenda for the December meeting. The transferees have committed to timely submit all required background information and other information as required to facilitate TRC approval of this transaction. If you have any questions in the interim, please do not hesitate to call either R.C. Allen, Barbara Havenick or me.

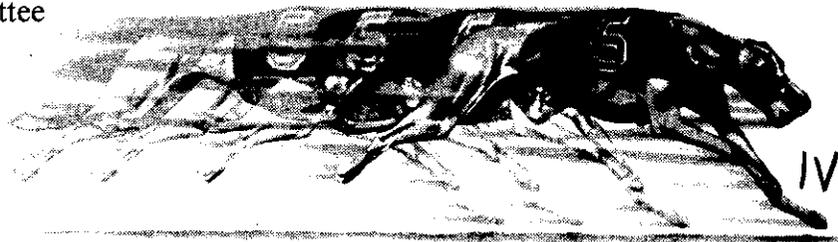
Thank you for your assistance with this matter.

Very truly yours,



Leon Reitnauer
Member of the Management Committee

cc: Mark Fenner, General Counsel
R.C. Allen
Barbara Havenick
Greg LaMantia



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TEXAS RACING COMMISSION
8505 Cross Park Dr. #110
Austin, Texas 78711
512-833-6699
512-833-6907 FAX

To: Texas Racing Commissioners
From: Charla Ann King, Executive Director
Date: March 31, 2009
Subject: Staff Review of Proposed Change of Ownership in Corpus Christi Greyhound Race Track

Commission staff has reviewed the application for the proposed change of ownership of Corpus Christi Greyhound Race Track (CCGRT). In conjunction with the substantive review of the application, Staff visited and inspected the site. Listed below are a summary of those findings.

On October 30, 2008, Corpus Christi Greyhound Racing Associates (CCGRA), the current license holder for CCGRT, submitted a request to the Commission to assign its interest in the license to a wholly owned subsidiary, Gulf Coast Racing, LLC (GCR). CCGRA then requested approval to transfer its interests in GCR to a group comprised of 361 Muy Buena Suerte, LLC, Paul W. Bryant, Jr., Sam M. Phelps, and Nicolas T. Serafy, Jr. This group would then own 100% of the interest in the CCGRT license.

Standards for Change of Ownership in a Racetrack License

The Texas Racing Act ("Act") governs the issuance of racetrack licenses. Each transaction that involves an acquisition or transfer of pecuniary interest in an association must receive approval from the Commission. A transaction that changes the ownership of an association requires the submission of the following types of information: identification of the proposed owners and ownership structure; the exact location at which a race meeting is to be conducted; whether the facility is leased or owned; identification of any other beneficial owner of shares that bear voting rights; a detailed statement of assets and liabilities of the applicant; the kind of racing to be

conducted and the dates requested; proof of residency; copies of the tote, management, and concession contracts; and, any other information required by the Commission.

Ownership and Location

The proposed buyer of Gulf Coast Racing, LLC (GCR), is a limited liability company comprised of the following members and interests: 361 Muy Buena Suerte, LLC – 85.3%, Paul W. Bryant, Jr. - 4.9%; Sam M. Phelps - 4.9%, and Nicolas T. Serafy, Jr. - 4.9%. 361 Muy Buena Suerte, LLC is comprised of Joseph V. LaMantia, Jr., Verna Ann LaMantia Peisen, Trustee for the Val Peisen Management Trust, Joseph V. LaMantia, III, Gregory LaMantia, Stephen LaMantia and Anthony LaMantia. All nine members are currently an existing interest holder in one or more Texas racetracks. Seven of the members, constituting 90.2% of the proposed ownership, are Texas residents.

It is the pecuniary interests in GCR that are being considered for transfer to the proposed buyer, also referred to as “applicant.” If the Commission approves the transfer of GCR to the proposed buyer, the buyer will simultaneously purchase all of the physical assets of CCGRA, including the real estate and the physical racetrack facilities, and contribute those assets to GCR. As a result, GCR would own the license, the facility, and the equipment. The association will remain in its current Nueces County facility at 5302 Leopard Street, Corpus Christi.

Management, Tote, and Concessions

The proposed management staff is Texas Pari-Mutuel Management, Inc. (TPM), headed by Sally Briggs, general manager of Gulf Greyhound Park. A copy of the Management Agreement is attached in the confidential portion of the Commission packet.

The applicant proposes using United Tote Company for totalisator services, which is the same company that provides totalisator services for TPM at Gulf Greyhound Park. TPM submitted a copy of a standard United Tote Service Contract Agreement, which is attached in the confidential portion of the Commission's meeting materials.

TPM will be responsible for managing and running the track's concessions.

Applicant's Liabilities and Assets

The applicant proposes to fund its project totally from equity contributions from its partners. The members would bridge any fiscal gaps at the racetrack and have sufficient resources to fund and sustain a racetrack for the first few years and supplement the purses. There have been no fluctuations in the ownership percentages since the filing of the application. The Department of Public Safety's background investigation found that each member has the financial means to complete his or her intended financial investment.

Department of Public Safety Investigation

The Department of Public Safety's report is attached in the confidential portion of the Commission's meeting materials.

ADDITIONAL INFORMATION

Condition of Facility

The proposed buyers have adopted CCGRT's schedule for construction and renovation of the facilities and have allocated \$300,000 for the repairs.

On February 5, 2009, Commission staff conducted an inspection of CCGRT's facilities to evaluate the progress of repairs and renovations made since the prior inspection on May 6, 2008. CCGRT has made significant progress in cleaning up and repairing the grandstand and kennel buildings. The facilities were clean and freshly painted, the grounds well-kept, kennel building roofs repaired, and the area was free of trash and abandoned vehicles. Refurbishments and repairs are being made to the grandstand in preparation of a September 1 opening for simulcast wagering.

According to the *Buyer's Proposal for Construction to Prepare Facility*, further work will begin in January of 2010 to bring the kennel buildings and track surface into compliance by May 22 for the resumption of live racing starting on July 2, 2010.

BUYER'S PROPOSAL FOR CONSTRUCTION TO PREPARE FACILITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

01/01-03/21: Clean and/or repair clubhouse carpet; foundation in administrative office area; exterior HVAC units; windows; sprinkler system; bar plumbing and millwork; lighting; roof. Power wash and paint exterior of building where needed.

04/06-06/20: Clean and/or repair kitchen areas. Inventory kitchen and housekeeping supplies. Strip and refinish tile floors on clubhouse side.

06/22-08/31: Purchase ice machines, vacuums and cleaning supplies. Service electrical generator. Obtain inspection permits. Install totalisator equipment.

07/13-08/15: Parking lot. Repair sinkholes; restripe and seal surface; repair fence around property.

09/01: OPEN for simulcasting.

01/01-03/20: Main Building and Clubhouse Lounge: Repair/replace (as needed) items of main building - carpet; ceiling tiles; plumbing in restrooms; paint.

04/01-05/29: Paddock and Lockout Areas: Repair sprinkler system; alarm system; inside and outside lighting; dog crates. Purchase washer, dryer, refrigerators, freezers, microwave, hot water heater. Perform general cleanup.

06/01-06/30: Paddock and Lockout Areas: Pass inspections.

07/02: OPEN for live racing.

01/01-03/27: Main Building and Clubhouse Lounge: Repair/replace items (as needed) in Paddock and Lockout areas - damaged drywall; entrance gate; ceiling tiles; doors and frames; latch hooks; hall sink cabinet; glass film in lounge; flooring in all areas, including vet's; plumbing; roof; HVAC units.

Walkways: Replace posts and awning. Replace lighting. Repair sidewalk.

04/03-05/22: Track Area: Replace track surface.

04/04-05/22: Kennel Buildings: Pass inspections.

Kennel Buildings: Repair/replace gates and posts. Replace all doors, damaged double-pane windows, ceiling grid, ceiling tiles, lighting and HVAC systems. Power wash floors.

01/01-04/17: Track Area: Purchase tractor, drag and rollers. Repair/replace plywood, fence pads, fencing and gates. Re-weld/repair track rails. Replace tote board. Replace one starting box and repair one starting box. Replace lure motors/arms/rabbits.

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Race Dates

The application proposes to begin live greyhound racing on July 2, 2010, and conduct live racing every Wednesday, Thursday, Friday, Saturday, and Sunday until August 28, 2010. Evening performances are proposed for Wednesday through Saturday and matinees on Sunday, for a total of 35 evening performances and 8 matinee performances. These are the same race dates that the Commission has approved for the track's current license holder.

BUSINESS PLANS

Management Team

The proposed management staff is TPM, headed by Sally Briggs, which also manages Gulf Greyhound Park. TPM will analyze operations of CCGRT and determine the overall staffing needs of CCGRT, including the hiring of a CCGRT-specific General Manager, Mutuel Manager and Racing Director.

Pre-Racing Activities

The *Buyer's Proposal for Managing & Promoting Racetrack* describes key events to re-opening for both simulcast wagering and live wagering. This schedule is the same as the schedule the Commission approved for the track's current license holder at the Commission meeting on February 25, 2009.

Financial and Pari-mutuel Analysis

Staff's review of the applicant's financial and pari-mutuel projections found the following:

Admissions

The applicant has estimated an average daily attendance of 438 patrons per simulcasting day in 2009, with an estimated increase to 494 per day by 2014. This prediction appears to be very high when it is compared to past history of attendance at this racetrack and when compared to Valley Race Park, which operates under a business model very similar to that proposed by the applicant. Based on a ratio analysis of the simulcast attendance to the available population, a more likely estimate is that 100 to 150 patrons will attend the track on simulcasting-only days.

The applicant has estimated an average daily attendance of 736 patrons per live racing day in 2010, with an estimated increase to 1,156 per day in 2014. This also appears to be very high when compared to CCGRT's prior live attendance of approximately 350 patrons per live racing day. While the applicant proposes to move from year-round racing to seasonal racing, with 43 race days in 2010, the double digit projected growth in live attendance may not be realistic when compared to past attendance at this racetrack.

Per Capita Wagering

The applicant has provided a mixture of both conservative and reasonable estimates for per capita wagering during each of the five years of the forecast. The applicant conservatively projects that patrons will wager \$19 per capita on live racing, less than half the amount previously wagered at CCGRT, and approximately a quarter of the amount wagered during live racing at Gulf Greyhound Park. The applicant reasonably projects that patrons will wager \$50 on same species simulcasting and \$50 on cross species simulcasting in 2009, and that these amounts will increase to \$61.19 each in 2014. These amounts are in line with the wagers previously placed at CCGRT and at other greyhound tracks.

The total on-track per capita wagering forecast appears to be very reasonable when compared to past history at this racetrack and at Gulf Greyhound Park and Valley Race Park.

Pari-Mutuel Handle

The pari-mutuel handle forecast is a result of multiplying the admissions forecast by the per capita wagering forecast. It is important because the handle determines a majority of a racetrack's income and expenses.

The applicant estimates that its live on-track handle per year will increase from \$602,000 in 2010 to \$946,000 in 2014. Although the applicant may have overestimated its attendance for live racing, its conservative estimate that patrons will wager only \$19.02 per capita renders the overall live handle forecast reasonable.

For same- and cross-species simulcasting, the applicant forecasts that the handle will increase from a combined total of \$50.8 million in 2010 to \$60.4 million in 2014. The applicant may have overestimated its simulcast attendance, but its per capita wagering estimate for simulcasting is reasonable without being conservative. As a result, the applicant's forecasted simulcasting handle is marginally reasonable.

Income

The income forecast provided by the applicant includes:

- Pari-Mutuel = 82.1%
- Food & Beverage = 13.6%
- Parking & Admissions = 3.9%
- Other = 0.4%

The applicant's income forecasts from pari-mutuel operations are marginally reasonable. For example, the applicant forecasts that its annual income from live on-track racing would increase from \$129,430 in 2010 to \$203,390 in

2014. While the increase in income from year to year is not a trend supported by recent history, the applicant's income rate is 3% to 4% lower than that earned by Texas greyhound tracks over the past five years. Similarly, the applicant projects a combined same- and cross-species simulcasting income of \$3.98 million in 2010, increasing to \$4.74 million in 2014. While the annual increase is not supported by recent history, the applicant's projected income rate is approximately 6% to 7% lower than that earned by other Texas greyhound tracks. As such, staff considers the applicant's income forecast overall to be marginally reasonable.

The applicant's forecasts for Food & Beverage Income, Parking & Admissions Income, and Other Income appear to be reasonable. For example, the projections showed that the average patron would spend approximately \$4.70 on Food and Beverage, Parking, and Admission.

Operating Expenses

The projected operating expenses provided by the application fell into two major categories: Track Costs and Operating Expenses. Track costs include purses, simulcasting contract fees, race day fees, Texas Bred costs from breakage and fees, pari-mutuel taxes, food and beverage costs, and parking and admissions costs. The operating expenses include costs of marketing, professional services, rent, repairs and maintenance, labor costs, taxes, utilities, and administrative expenses.

In reviewing the expense projections, staff found that while most were reasonable, two areas caused concern. The first was the amount set aside for purses. Based on the formulas in the statute and the applicant's estimated handle, staff forecasts that the purses for greyhounds and horses will total \$936,500 in 2010 and increase to \$1,124,500 in 2014. However, the applicant projects purses of \$676,200 in 2010, increasing to \$812,300 in 2014. The second area of expense that causes concern is the projected pari-mutuel tax on simulcasting. Based on the applicant's projected handle and the statutory formulas, staff projects an annual tax expense of \$208,100 in 2010, increasing

to \$247,500 in 2014. However, the applicant projects tax expenses of \$122,300 in 2010, rising to \$146,800 in 2014.

Offsetting these underestimations is the applicant's overestimation of the Texas Bred Program expense. The applicant estimated the Texas Bred expense at \$355,300 in 2010, rising to \$426,800 in 2014. Staff estimates that the actual Texas Bred expenses will be \$183,800 in 2010, increasing to \$218,800 in 2014.

Therefore, as a whole, staff believes that the applicant's projections of expenses are reasonable.

Profit / Loss Forecast

The following table shows the applicant's projected revenues and expenses for each the next five years.

Profit/Loss Statement Forecast Per Year (\$ In Thousands)					
Year	2010	2011	2012	2013	2014
Revenues:					
Pari-Mutuel	\$4,106.9	\$4,232.9	\$4,466.4	\$4,699.9	\$4,933.4
Parking & Admission	\$196.7	\$202.8	\$213.9	\$225.2	\$236.3
Food & Beverage	\$681.9	\$702.9	\$741.6	\$780.4	\$819.2
Other	\$19.1	\$19.7	\$20.8	\$21.8	\$22.9
Total Revenues:	\$5,004.7	\$5,158.2	\$5,442.7	\$5,727.3	\$6,011.8
Expenses:					
Track Cost of Goods Sold	\$2,309.3	\$2,374.8	\$2,496.3	\$2,617.7	\$2,739.2
Operating Expenses	\$4,300.9	\$4,323.9	\$4,366.4	\$4,408.9	\$4,451.5
Total Expenses:	\$6,610.2	\$6,698.7	\$6,862.7	\$7,026.6	\$7,190.7
Net Profit / (Loss):	(\$1,605.5)	(\$1,540.4)	(\$1,419.9)	(\$1,299.4)	(\$1,178.9)

The proposed buyer states that the goal is to return the track to profitability, return more money to greyhound owners and encourage more live racing. The applicant states that although the financial projections show a continuing loss, a detailed strategy to return the track to profitability is still being developed. Once the change in ownership is approved, TPM will proceed with development of an overall recommendation to the new owners.

The application included a partial list of potential options that may be utilized to meet the proposed buyer's stated goals and return the track to profitability:

1. Using additional on-site entertainment to attract members of the public who may otherwise fall outside the demographic of the traditional patron;
2. Partnering with various community and civic groups as well as public officials in Nueces County and the City of Corpus Christi to find a more suitable location;
3. Making significant upgrades to the existing facility to make it more attractive to families and patrons;
4. Partnering with Gulf Greyhound Park to make greyhound racing more attractive in Texas; and
5. Continuous consulting with the Texas Greyhound Association to develop new fans to greyhound racing.

Impact on Greyhound Breeding

The Texas Greyhound Association (TGA) reports the following regarding greyhound racing at CCGRT in 2007:

- There were about 3,800 races run with approximately 500 active greyhounds.
- 78%, or 390, of the races were won by Texas-bred greyhounds.
- TGA estimates that the winning greyhounds represent a \$975,000 annual investment by the greyhound industry.
- Total purses paid were \$930,476, plus \$279,000 in owner awards.
- 35% of the purses and 100% of owner awards are paid to the owners and breeders and 65% of the purses are paid to the kennel.
- The closure of CCGRT resulted in the displacement of 400-500 greyhounds.

Impact on the Local Economy

The proposed buyer estimates that it will spend \$300,000 on repairs and upgrades to the facility, and another \$130,000 in pre-simulcast marketing. Using a multiplier effect of seven times the direct input of dollars, the buyer estimates that these

investments will have a total impact to the local economy in 2009 of approximately \$3,000,000. The buyer also estimates that its operations will create 27 new jobs. For 2010, the buyer estimates that CCGRT will have annual operation expenditures of \$4,500,000, of which \$1,500,000 will be on direct employee payroll. The buyer projects that it will pay out live purses of approximately \$900,000. It projects a total economic impact of \$7,450,000 and 67 new jobs in 2010.

Letters of Support

The Commission has received letters in support of the application. (See Appendix). To date, the Commission has not received any letters of opposition.

Order for Security for Compliance

If the Commission approves the change in ownership, staff identifies the opportunity for the Commission to condition the transfer on the applicant's compliance with the proposed Order for Security for Compliance (See Appendix D) under Commission Rule 309.6. The proposed Order requires GCR to post \$100,000 in security to ensure that Corpus Christi Greyhound Race Track opens for simulcasting by September 1, 2009, and opens for live racing on July 2, 2010. For each day that the track fails to conduct simulcasting, it would forfeit \$1,115. For each live race day that the track has been granted, the track will forfeit \$575 if it fails to conduct that live racing.

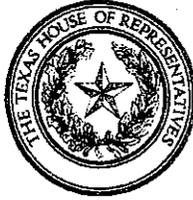
Summary

Staff reviewed the applicant's proposal for reasonableness and compliance with state law and provides the following:

- The proposed change in ownership of the track is adequately described and is consistent with the Act.
- The location of the track has already been approved for racing through its current ownership.
- The proposed management team, Texas Pari-Mutuel Management, Inc., is qualified to operate a greyhound racetrack and the proposed contract is acceptable.

- The proposed totalisator company, United Tote Company, is qualified to provide totalisator services and the proposed contract is acceptable.
- Texas Pari-Mutuel Management, Inc., is qualified to provide concession services for the racetrack.
- The applicant has sufficient financial resources to fund the improvements necessary to reopen and operate the racetrack.
- The Department of Public Safety's background investigation report has been provided to the Commission.
- The facility is in need of repair. The applicant's proposed schedule to bring the facility up to acceptable standards is the same as the schedule that the Commission approved at its meeting on February 25, 2009.
- The applicant's financial and pari-mutuel projections are reasonable when viewed as a whole.
- The applicant projects that the track will operate at a loss of \$1.6 million during 2010, and that the annual loss will decrease to \$1.18 million in 2014.
- If the Commission approves the change in ownership, staff proposes that the Commission condition the approval on the applicant's compliance with the proposed Order for Security for Compliance, which requires \$100,000 in security to ensure that the racetrack opens for simulcasting and live racing.

APPENDIX – LETTERS OF SUPPORT



ABEL HERRERO

STATE REPRESENTATIVE
DISTRICT 34

P.O. Box 2910
AUSTIN, TEXAS 78768-2910
(512) 463-0462
(512) 463-1705 (FAX)
(866) 861-0806 (TOLL FREE)

606 N. CARANCAHUA
SUITE 103A
CORPUS CHRISTI, TX 78476-2001
(361) 882-2277
(FAX) (361) 882-6706

January 15, 2009

Rolando Pablos, Chair
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Dear Commissioner Pablos,

As State Representative of District 34, it is with great enthusiasm that I support approval of the permit to re-establish the Corpus Christi Greyhound Race Track. If approved, the race track would once again be a catalyst for employment and economic development in Corpus Christi. Prior to the track closing, after 17 years of operation, it provided over 100 jobs to citizens of the Gulf Coast region. I am hopeful that you will allow the Corpus Christi Greyhound Race Track to once again serve as a valued employer and as a good corporate partner in our community.

I respectfully encourage the Texas Racing Commission to support the LaMantia efforts to reopen the Corpus Christi Greyhound Race Track. Thank you for your time and consideration.

Yours truly,

A handwritten signature in cursive script that reads "Abel Herrero".

Abel Herrero
State Representative, District 34

cc: G. Kent Carter, D.V.M.
Jesse R. Adams
Ronald F. Ederer
Gloria Hicks
Robert Schmidt, M.D.
Charles L. Sowell

rjc

E-MAIL: ABEL.HERRERO@HOUSE.STATE.TX.US

1V-36

SAMUEL L. NEAL, JR.

2007 JAN 19 AM 1:36



Claudia Lobell
Chief Executive
claudia.lobell@co.nueces.tx.us

Bill Roberts, E.M.C.
(361) 888-0513
bill.roberts@co.nueces.tx.us

Marie Carrales
Secretary
marie.carrales@co.nueces.tx.us

December 31, 2008

Rolando Pablos
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Dear Mr. Pablos:

As County Judge of Nueces County, Texas, I am writing to strongly encourage you to give prompt approval to the ownership transfer in the Corpus Christi Greyhound Race Track. It is in the best interests of the taxpayers of Nueces County that the track be permitted to reopen as soon as possible.

Prior to its closing last year, the Corpus Christi Racetrack provided good jobs and other benefits to the citizens of Nueces County. At one point over 100 persons were employed by the track, which was a significant economic benefit to the region. When the track closed after 17 years it was a disheartening blow to this part of the State.

I have met with representatives of the LaMantia Family, the group wishes to purchase some of the controlling interests in the racetrack. I have discussed with them their plan to return the track to profitability. Based on our discussions, I am convinced they will be good corporate citizens and – most importantly – will make a positive contribution to the economic vitality of this County and the Gulf Coast region.

I urge you to remove any unnecessary bureaucratic roadblocks in approving what I believe to be best for the citizens of my county. Thank you for your kind attention. If you have any questions or concerns, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Samuel L. Neal, Jr.".

Samuel L. Neal, Jr.
County Judge



City of
Corpus
Christi

January 14, 2009

RECEIVED
TEXAS RACING
COMMISSION

2009 JAN 20 PM 3:57

Rolando Pablos
Texas Racing Commission
P. O. Box 12080
Austin, Texas 78711-2080

OFFICE OF
THE MAYOR
Henry Garrett

Dear Mr. Pablos:

As the Mayor of the city of Corpus Christi, I would like to express my strong support of the reopening of the Corpus Christi Greyhound Racetrack. The LaMantia family proposes to purchase some of the controlling interests in the racetrack in an attempt to bring the track to its full profitable potential which will contribute to the economic development of the Coastal Bend. The project will not only create jobs, but will encourage corporate investment in our region, and particularly contributing to the growth of our economy.

In closing, I would like to strongly encourage the Texas Racing Commission to assist the LaMantia family's project for the betterment of the Coastal Bend area.

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

Sincerely,


Henry Garrett
Mayor

HG:lal



1V-38



CORPUS CHRISTI HISPANIC CHAMBER OF COMMERCE
A NEW WAVE OF OPPORTUNITY

January 13, 2009

Rolando Pablos
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Hon. Chairman Pablos:

For over seventy years the Corpus Christi Hispanic Chamber of Commerce (CCHCC) has committed its efforts to creating a profitable business environment for Hispanics in the community. The CCHCC serves as an economic development business resource, which provides quality service to members and advocates the economic benefits of diversity. Our organization advocates opportunities for business development, economic growth, and education.

In accordance with our goals and purpose, the Corpus Christi Hispanic Chamber of Commerce supports the reopening of the Corpus Christi Greyhound Racetrack under its new ownership.

Sincerely,

Chad Magill
Chairman of the Board
Corpus Christi Hispanic Chamber of Commerce



Corpus Christi
PADRE LAND MUSTANG ISLANDS

CONVENTION & VISITORS BUREAU

January 5, 2009

Rolando Pablos
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Chairman Pablos,

The Corpus Christi Convention & Visitors Bureau mission is "to drive overnight visitors to the Corpus Christi area", for the purpose of expanding economic development in our city and region.

The CVB views the re-opening of the Greyhound Racetrack as an important addition to our tourism "product" for selling to our primary markets. We support the new ownership in its efforts to bring a high quality venue to our city, and look forward to promoting it to the state of Texas and beyond.

Thank you for your consideration.

Sincerely Yours,



Keith E. Arnold
CEO



CORPUS CHRISTI
CHAMBER OF COMMERCE

Prosperity. Together.

January 7, 2009

Rolando Pablos
Texas Racing Commission
PO BOX 12080
Austin, TX 78711-2080

Hon. Chairman Pablos,

For almost 90 years the Corpus Christi Chamber of Commerce has been an advocate for business, economic growth, and education. It has come to our attention that there is the possibility of reopening the Corpus Christi Greyhound Racetrack. We wholeheartedly support the re-opening of the track under the leadership of the Lamantia family.

Since Tony Lamantia and his family moved to Corpus Christi several years ago, they have been an extremely positive force in the community. They are active in the Chamber of Commerce, the Economic Development Corporation, and countless other civic endeavors. Additionally, their business acumen is excellent.

Thank you for adding to the quality of life and tourism in Corpus Christi.

Thank you,

Foster Edwards
President & CEO
Corpus Christi Chamber of Commerce
361.944.2404 cell
foster@theccchamber.org

TODD A. HUNTER

445 CAPE HENRY
CORPUS CHRISTI, TEXAS 78412
361/884-8777

January 7, 2009

Rolando Pablos
Texas Racing Commission
PO Box 12080
Austin, TX 78711-2080

Dear Mr. Pablos:

I am writing to you to support prompt approval to the ownership transfer in the Corpus Christi Greyhound Race Track. I believe that it is in the best interest of our area that this track be permitted to reopen as soon as possible.

I know the LaMantia family and I have visited with members of the LaMantia family as well. They provide a good foundation and support base for the Greyhound Race Track. I think it would be a great asset to our community and the State of Texas for the permit to be approved as soon as possible. They would be a tremendous help in making the track a success.

The LaMantia family are great people and they certainly help our area.

Please let me know if I can provide you any other information. We certainly hope that we can help in getting prompt approval of the ownership transfer of the Corpus Christi Greyhound Race Track. We think that this would be a great asset for our area.

If you have any questions, please feel free to contact me. My home telephone is 361/993-1970 and my cell phone is 361/548-2805.

Again, I support any and all prompt approval to the ownership transfer of the Corpus Christi Greyhound Race Track with the LaMantia family.

Very truly yours,



Todd A. Hunter

TAH:gd

1V-42



Corpus Christi
REGIONAL ECONOMIC
DEVELOPMENT CORPORATION

January 9, 2009

Chairman Rolando Pablos
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Honorable Chairman Pablos:

The Corpus Christi Regional Economic Development Corporation (CCREDC) would like to extend its support for the re-opening of the Corpus Christi Greyhound Racetrack under new ownership of the LaMantia family. CCREDC was established with a focus to create more wealth in the Coastal Bend. The creation of jobs and encouragement of corporate capital investment in our region is our sole focus. This project does both.

In a time when the majority of the United States is facing a recession, the State of Texas has remained strong economically. Diversification of our industry base is part of the reason for our current economic success.

Thank you for your time and consideration of this matter.

Sincerely,

David P. Engel, Chairman
Board of Directors



City of
Corpus
Christi

CITY COUNCIL

PO Box 9277
Corpus Christi
Texas 78469-9277
Phone 361-880-3105
Fax 361-880-3113
www.cctexas.com

January 9, 2009

Rolando Pablos
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Dear Mr. Pablos:

It has come to my attention that the LaMantia family is seeking to reopen the Corpus Christi Greyhound Race Track. This is a business that is located in an economically challenged portion of the district I represent on the council. In the past this facility had functioned much the way an anchor tenant does in a large shopping center. By operating in this neighborhood it helps support other business activity in that area and it's loss has been felt throughout the district. While I do not have access to the financial records of the facility, it is my observation that it suffered from the lack of capitalization and would benefit from being owned by the LaMantia family which has the expertise and resources to make it a successful operation once again.

In my capacity as a City Council person I have gotten familiar with the LaMantia family on a professional and personal level and I have no hesitation recommending them to you for this license. They have already demonstrated themselves as individuals with a strong sense of civic responsibility and their businesses have consistently behaved as good corporate citizens looking after the community in numerous and profoundly positive ways.

As the City Council representative for the district in which the racetrack is located I would request that you do everything that you can to expedite this license to allow the LaMantia's to open up this business and help revitalize the community. Thank you for your kind attention in this matter. If you have any questions or concerns please do not hesitate to give me a call.

Sincerely,

Bill Kelly
City Council, District 1



1V-44

**DECISION ON ORDER FOR
SECURITY FOR COMPLIANCE
GULF COAST RACING, LLC**

§
§
§
§
§

**BEFORE THE
TEXAS RACING COMMISSION**

DECISION OF THE COMMISSION

On April 7, 2009, the Texas Racing Commission met in open meeting and considered the issue of security requirements of Gulf Coast Racing, 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 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 review and the comments of Gulf Coast Racing, LLC, the Commission, by a majority vote of all the members present at the meeting, adopted the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. At its Commission meeting on April 7, 2009, the Commission approved a merger by Corpus Christi Greyhound Racing Association (CCGRA) under § 5.01 of the Texas Business Corporation Act (TBCA).

2. By the terms of § 5.06A(2) of the TBCA, all rights, title and interests in the racing license held by Corpus Christi Greyhound Racing Associates are now vested in Gulf Coast Racing, LLC, without any transfer or assignment having occurred, but subject to any existing encumbrances thereon.

1V-45

3. Section 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.
4. Commission Rule 309.6 provides that the Commission may require security from an association that does not have security posted and that has failed to conduct live racing in the previous calendar year.
5. Gulf Coast Racing, LLC, has no security posted with the Commission.
6. Gulf Coast Racing, LLC, conducted no live racing in calendar year 2008.
7. Commission Rule 309.6 requires that security be posted no later than 10 business days after the Commission issues its security order.
8. The Commission finds that the opening of the racetrack for live racing and for simulcast racing, each by the scheduled opening day, are conditions the security is intended to secure.
9. Adequate funding for the renovation and opening of the Corpus Christi Greyhound Race Track racetrack and simulcast facility is available to Gulf Coast Racing, LLC.
10. In its Request for Approval, Gulf Coast Racing, LLC determined that the date on which Corpus Christi Greyhound Race Track's racetrack will be ready for live racing may be reasonably estimated to be no later than June 30, 2010.

11. Corpus Christi Greyhound Racing Association requested and has been granted 43 live racing performances in 2010. These days begin on July 2, 2010, and are now granted to Gulf Coast Racing, LLC, as successor to CCGRA. Therefore July 2, 2010, constitutes the Opening Day for Live Racing for purposes of this Order.

12. Gulf Coast Racing, LLC, has proposed that the annual live handle at Corpus Christi Greyhound Race Track will be approximately \$602,000.

13. If Gulf Coast Racing, LLC, fails to conduct live racing on the scheduled opening date as subsequently approved by the Commission, \$25 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.

14. The live racing fee for a greyhound racing association is established under Commission Rule 309.8, and is currently set at \$550 per day.

15. In its decision of April 7, 2009, the Commission determined that completion date for renovations to Corpus Christi Greyhound Race Track's simulcast facility may be reasonably estimated to be no later than August 31, 2009.

16. Gulf Coast Racing, LLC, has proposed to conduct simulcast racing 364 days per year, beginning on September 1, 2009. Therefore September 1, 2009, constitutes the Opening Day for Simulcast Racing for purposes of this Order.

17. Gulf Coast Racing, LLC, has proposed that the annual same-species simulcast handle at Corpus Christi Greyhound Race Track will be approximately \$9,250,000.

1V-47

18. Gulf Coast Racing, LLC, has proposed that the annual cross-species simulcast handle at Corpus Christi Greyhound Race Track will be approximately \$9,250,000.

19. If Gulf Coast Racing, LLC, fails to begin conducting simulcast racing on the opening day for simulcast racing, \$502 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.

20. If Gulf Coast Racing, LLC, fails to begin conducting simulcast racing on the opening day for simulcast racing, \$572 in revenue to the State of Texas will be lost for each day of simulcasting that is not conducted due to the failure to open timely.

21. The simulcast fee for a greyhound racetrack is established under Commission Rule 309.8, and is currently set at \$410 per day.

22. The Texas Racing Commission will incur costs in reviewing the construction plans, monitoring the renovation, and inspecting the completed facilities of Corpus Christi Greyhound Race Track.

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, and Commission Rule 309.6. All notice and hearing requirements have been met.

2. Because Gulf Coast Racing, LLC, has adequate funding to repair and renovate Corpus Christi Greyhound Race Track, the Commission and Gulf Coast Racing, LLC, may

reasonably estimate the dates by which Corpus Christi Greyhound Race Track will begin conducting simulcast racing and be capable of conducting live racing.

3. It is in the best interest of racing to require Gulf Coast Racing, 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 April 21, 2009, Gulf Coast Racing, LLC, must submit \$100,000 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 if Gulf Coast Racing, LLC, fails to begin live racing on July 2, 2010, the scheduled opening day for live racing, \$575 of the security shall be forfeited for each live race performance that is not run due to the failure to open timely, with \$25 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 \$550 constituting the Commission's live racing fee, to be deposited in the Texas Racing Commission Fund.

It is further ORDERED that for each day that Gulf Coast Racing, LLC fails to conduct simulcast racing by September 1, 2009, the opening day for simulcast racing, \$1,115 of the

security shall be forfeited for each simulcast performance that is not run due to the failure to open timely, with \$502 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, \$572 of that amount to be deposited in the Texas Racing Commission Fund for the revenue lost to the State of Texas, and \$41, constituting the Commission's simulcast fee, to be deposited in the Texas Racing Commission Fund.

It is further ORDERED that if Gulf Coast Racing, LLC, fails to conduct live racing on July 2, 2010, the scheduled opening day for live racing, or on any subsequent live racing day in 2010 that has been granted to the association by the Commission, the Executive Director may deny the association's requests to conduct wagering on simulcast import races. If the Executive Director denies such requests due to the association's failure to conduct live racing, \$1,115 of the security shall be forfeited for each simulcast performance that is not run, with \$502 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, \$572 of that amount to be deposited in the Texas Racing Commission Fund for the revenue lost to the State of Texas, and \$41, constituting the Commission's simulcast fee, to be deposited in the Texas Racing Commission Fund.

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 Gulf Coast Racing, LLC, and which are not due to an act, omission, negligence, recklessness, willful misconduct, or breach of contract or law by Gulf Coast Racing, 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 Gulf Coast Racing, 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 Gulf Coast Racing, LLC, completes its initial live race meeting.

This Order takes effect on the date it is entered.

Signed the _____ day of _____, 2009.

Rolando Pablos, Chair
Texas Racing Commission

ENTERED AND FILED THIS _____ day of _____, 2009.

APPROVED AS TO FORM:

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

1V-51