



TEXAS RACING COMMISSION

P. O. Box 12080

Austin, TX 78711-2080

(512) 833-6699

Fax (512) 833-6907

Texas Racing Commission
Tuesday, September 15, 2009
10:30 a.m.
John H. Reagan Building
105 W. 15th Street, Room 120
Austin, Texas

AGENDA

I. CALL TO ORDER

Roll Call

II. PUBLIC COMMENT

III. GENERAL BUSINESS

Discussion and consideration of the following matters:

- A. Budget and Finance Update
- B. Report on Racetrack Inspections
- C. Report and Update by the Executive Director and Staff Regarding Legislative and Administrative Matters
 - 1. Report on Racetrack Meets
 - 2. State Legislation Enacted by the 81st Legislature During the 1st Special Session and the Application of the Sunset Act under Texas Racing Act § 18.01
 - 3. Report on Interagency Cooperation Contract with the Office of Attorney General Regarding Child Support
 - 4. Report on the Association of Racing Commissioners International (RCI)

- D. Report by Safety and Medication Working Group
- E. Report by Rules Committee

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

- F. Designation of New Members on the Committee on Rules
- G. Designation of New Members on the Committee on Finance

IV. PROCEEDINGS ON RACETRACKS

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

- A. Request by Longhorn Downs/Austin Jockey Club for Approval of Change of Ownership
- B. Request by Longhorn Downs for Approval of Change of Location
- C. Order for Security for Compliance for Longhorn Downs
- D. Request by LRP Group, Ltd., (Laredo Downs) for Approval of Change of Ownership
- E. Request by Valle de los Tesoros for Approval of Change of Ownership
- F. Allocation of Live Race Dates for Greyhound Racetracks under Commission Rule 303.41 for the Period beginning January 1, 2010, and ending August 31, 2011
- G. Request by Valley Race Park to Modify its 2009 Live Racing Schedule
- H. Request by Gulf Coast Racing (Corpus Christi) to Modify its 2010 Live Racing Schedule
- I. Allocation by the Texas Greyhound Association of Interstate Cross-Species Purse Money
- J. Allocation of Live Race Dates for Horse Racetracks under Commission Rule 303.41 for the Period beginning January 1, 2010, and ending August 31, 2011, including Staff Recommended Race Dates
- K. Request by Lone Star Park to Modify its 2009 Live Racing Schedule
- L. Request by Sam Houston Race Park to Modify its 2009 Live Racing Schedule
- M. Allocation of Texas Bred Incentive Program Funds under Commission Rule 321.505(b) for:
 - 1. Valle de los Tesoros
 - 2. Laredo Downs

3. Laredo Race Park

V. PROCEEDINGS ON RULEMAKING

A. Rule Proposals

1. Proposal to Amend § 311.104, Trainers
2. Proposal to Amend § 313.41, Racing Secretary
3. Proposal to Amend § 313.101, Entry Procedure
4. Proposal to Amend § 313.106, Closing Entries
5. Proposal to Amend § 313.301, Eligibility to Claim
6. Proposal to Amend § 313.406, Colors and Number
7. Proposal to Amend § 313.441, The Start
8. Proposal to Amend § 313.505, Workout Requirements
9. Proposal to Amend § 313.507, Employees of Training Facilities

B. Rule Adoptions

1. Adoption of Amendment to § 309.355, Grading System
2. Adoption of Amendment to § 309.363, Official Program
3. Adoption of Amendment to § 309.307, Lures
4. Adoption of Amendment to § 315.43, Track Superintendent
5. Adoption of Amendment to § 315.44, Brakeman

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 management, concession, and totalisator contracts.

- D. Under Government Code Sec. 551.074(a)(1), the Commission may open an executive session to discuss the appointment, employment, evaluation, and duties of the Executive Director.

VII. OLD/NEW BUSINESS

Schedule next Commission Meetings

(October Meeting: Tuesday, October 20, 2009)

(December Meeting: Wednesday, December 2, 2009)

VIII. ADJOURN

Texas Racing Commission

LBB-4

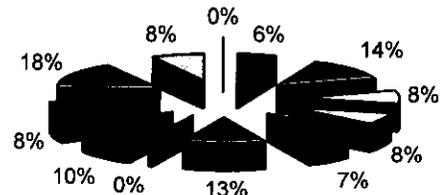
FYE 08/31/2009
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 7/31/2009	FY 2009 Unexpended Bal 7/31/2009	With 91.67% 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	3,058,124	637,985	82.74%
	1002 Other Personnel Cost	180,418	99,809	80,609	55.32%
	2001 Prof Fees and Services	194,221	139,362	54,859	71.75%
	2003 Consumables	31,000	21,461	9,539	69.23%
	2004 Utilities	24,500	24,812	(312)	101.27%
	2005 Travel	276,150	131,497	144,653	47.62%
	2006 Rent Building	108,014	107,579	435	99.60%
	2007 Rent Machine	15,900	10,623	5,277	66.81%
	2009 Other Operating Cost	292,440	239,316	53,124	81.83%
	CB Computer Equipment	35,340	292	35,048	0.83%
\$ 4,854,092	Total Operating Budget	4,854,092	3,832,874	1,021,218	78.96%
\$ 4,882,428	Strategy A.2.1. TX Bred Incentive	4,882,428	3,962,143	920,285	81.15%
\$ 9,736,520	Total All Strategies	9,736,520	7,795,016	1,941,503	80.06%

Expended Operational Budget By Strategy

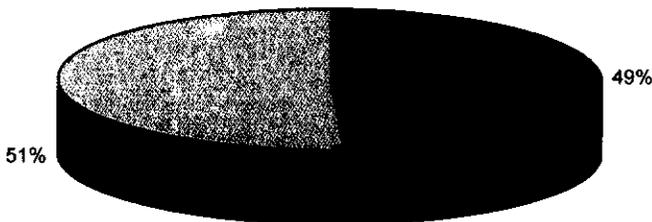
Regulate Racetrack Owners	\$	232,871
Supervise Racing	\$	531,035
Monitor Licensee Activities	\$	315,698
Inspect & Provide Emergency Care	\$	293,485
Administer Drug Test	\$	286,418
Occupational Licensing Program	\$	503,094
Texas On-Line Program	\$	16,346
Monitor Pari-Mutuel Wagering	\$	385,313
Wagering & Compliance Inspection	\$	312,777
Central Administration	\$	635,835
Information Resources	\$	320,003
Other Support Services	\$	-

Expended Operational Budget



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

Expended Appropriations



■ Operational Budget ■ ATB Budget

Expended Appropriations

Operational Budget	\$	3,832,874
ATB Budget	\$	3,962,143

III.A.1

Texas Racing Commission

LBB-1

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

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 7/31/2009	FY 2009 Unexpended Bal 7/31/2009	With 91.67% of Year Lapsed % of Budget Expended
A.1.1.	FTE's = 4.00 <u>Regulate Racetrack Owners</u>				
	1001 Salaries and Wages	239,278	219,239	20,039	91.63%
	1002 Other Personnel Cost	4,540	4,159	381	91.61%
	2001 Prof Fees and Services	5,000	817	4,183	16.34%
	2003 Consumables	1,000	864	136	86.41%
	2004 Utilities	-	-	-	
	2005 Travel	10,200	4,920	5,280	48.23%
	2006 Rent Building	-	-	-	
\$ 8,076	2007 Rent Machine	-	-	-	
\$ 251,895	2009 Other Operating Cost	5,575	2,872	2,703	51.51%
\$ 5,622	CB Computer Equipment	-	-	-	
\$ 265,593	Total Strategy A.1.1.	265,593	232,871	32,723	87.68%
A.2.1.	FTE's = <u>Texas Bred Incentive</u> ATB Money Expended				
\$ 4,882,428	Total Strategy A.2.1.	4,882,428	3,962,143	920,285	81.15%
A.3.1.	FTE's = 12.10 <u>Supervise Racing and Licensees</u>				
	1001 Salaries and Wages	752,833	487,041	265,792	64.69%
	1002 Other Personnel Cost	19,940	8,539	11,401	42.82%
	2001 Prof Fees and Services	16,721	-	16,721	0.00%
	2003 Consumables	-	17	(17)	
	2004 Utilities	-	-	-	
	2005 Travel	67,250	32,618	34,632	48.50%
	2006 Rent Building	-	-	-	
\$ 25,819	2007 Rent Machine	-	-	-	
\$ 829,374	2009 Other Operating Cost	4,875	2,527	2,348	51.83%
\$ 41,766	CB Computer Equipment	35,340	292	35,048	0.83%
\$ 896,959	Total Strategy A.3.1.	896,959	531,035	365,924	59.20%
A.3.2.	FTE's = 6.00 <u>Monitor Occupational Licensee Act.</u>				
	1001 Salaries and Wages	340,936	298,718	42,219	87.62%
	1002 Other Personnel Cost	23,920	7,260	16,660	30.35%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	18	(18)	
	2004 Utilities	-	-	-	
	2005 Travel	25,000	5,973	19,027	23.89%
	2006 Rent Building	-	-	-	
\$ 13,214	2007 Rent Machine	-	-	-	
\$ 435,947	2009 Other Operating Cost	4,375	3,729	646	85.23%
\$ (54,930)	CB Computer Equipment	-	-	-	
\$ 394,231	Total Strategy A.3.2.	394,231	315,698	78,533	80.08%
A.4.1.	FTE's = 5.55 <u>Inspect and Provide Emerg. Care</u>				
	1001 Salaries and Wages	307,991	249,723	58,268	81.08%
	1002 Other Personnel Cost	19,560	5,000	14,560	25.56%
	2001 Prof Fees and Services	23,000	13,705	9,295	59.59%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	19,700	17,277	2,423	87.70%
	2006 Rent Building	-	-	-	
\$ 10,339	2007 Rent Machine	-	-	-	
\$ 437,982	2009 Other Operating Cost	8,125	7,781	344	95.76%
\$ (69,945)	CB Computer Equipment	-	-	-	
\$ 378,376	Total Strategy A.4.1.	378,376	293,485	84,890	77.56%

III.A.2

Texas Racing Commission

LBB-2

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

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 7/31/2009	FY 2009 Unexpended Bal 7/31/2009	With 91.67% of Year Lapsed % of Budget Expended
A.4.2.	FTE's = 6.50 <u>Administer Drug Testing</u>				
	1001 Salaries and Wages	294,884	261,420	33,464	88.65%
	1002 Other Personnel Cost	18,020	5,540	12,480	30.74%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	28,500	14,628	13,872	51.32%
	2006 Rent Building	-	-	-	
\$ 10,993	2007 Rent Machine	-	-	-	
\$ 326,803	2009 Other Operating Cost	6,375	4,831	1,544	75.78%
\$ 9,983	CB Computer Equipment	-	-	-	
\$ 347,779	Total Strategy A.4.2.	347,779	286,418	61,360	82.36%
B.1.1.	FTE's = 12.10 <u>Occupational Licensing</u>				
	1001 Salaries and Wages	416,322	378,714	37,608	90.97%
	1002 Other Personnel Cost	28,420	22,101	6,319	77.77%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	2,500	2,295	205	91.80%
	2004 Utilities	-	-	-	
	2005 Travel	33,500	15,944	17,556	47.59%
	2006 Rent Building	-	-	-	
\$ 16,097	2007 Rent Machine	13,400	8,299	5,101	61.94%
\$ 549,532	2009 Other Operating Cost	36,625	75,741	(39,116)	206.80%
\$ (34,862)	CB Computer Equipment	-	-	-	
\$ 530,767	Total Strategy B.1.1.	530,767	503,094	27,673	94.79%
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	16,346	6,904	70.31%
\$ -	CB Computer Equipment	-	-	-	
\$ 23,250	Total Strategy B.1.2.	23,250	16,346	6,904	70.31%
C.1.1.	FTE's = 8.00 <u>Monitor Wagering and Audit</u>				
	1001 Salaries and Wages	382,013	350,178	31,835	91.67%
	1002 Other Personnel Cost	10,980	10,000	980	91.07%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	56	(56)	
	2004 Utilities	-	-	-	
	2005 Travel	30,000	15,288	14,712	50.96%
	2006 Rent Building	-	-	-	
\$ 14,834	2007 Rent Machine	-	-	-	
\$ 457,938	2009 Other Operating Cost	19,235	9,790	9,445	50.90%
\$ (30,544)	CB Computer Equipment	-	-	-	
\$ 442,228	Total Strategy C.1.1.	442,228	385,313	56,915	87.13%
C.1.2.	FTE's = 5.00 <u>Wagering & Compliance Inspections</u>				
	1001 Salaries and Wages	235,624	215,988	19,636	91.67%
	1002 Other Personnel Cost	8,460	7,720	740	91.25%
	2001 Prof Fees and Services	75,000	75,000	-	100.00%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	28,500	11,640	16,860	40.84%
	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	312,777	38,932	88.93%

Texas Racing Commission

LBB-3

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

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 7/31/2009	FY 2009 Unexpended Bal 7/31/2009	With 91.67% of Year Lapsed % of Budget Expended
	FTE's = 8.00				
D.1.1.	Central Administration				
	1001 Salaries and Wages	435,273	381,871	53,402	87.73%
	1002 Other Personnel Cost	30,278	23,729	6,549	78.37%
	2001 Prof Fees and Services	28,000	4,526	23,475	16.16%
	2003 Consumables	22,500	13,467	9,033	59.86%
	2004 Utilities	24,500	24,504	(4)	100.02%
	2005 Travel	30,500	11,727	18,773	38.45%
	2006 Rent Building	105,314	104,879	435	99.59%
\$ 12,729	2007 Rent Machine	2,500	2,324	176	92.94%
\$ 760,698	2009 Other Operating Cost	106,857	68,808	38,049	64.39%
\$ 12,295	CB Computer Equipment	-	-	-	
\$ 785,722	Total Strategy D.1.1.	785,722	635,835	149,887	80.92%
	FTE's = 5.00				
D.2.1.	Information Resources				
	1001 Salaries and Wages	290,956	215,232	75,724	73.97%
	1002 Other Personnel Cost	16,300	5,760	10,540	35.34%
	2001 Prof Fees and Services	46,500	45,315	1,185	97.45%
	2003 Consumables	5,000	4,743	257	94.85%
	2004 Utilities	-	307	(307)	
	2005 Travel	3,000	1,482	1,518	49.41%
	2006 Rent Building	2,700	2,700	-	100.00%
\$ 10,096	2007 Rent Machine	-	-	-	
\$ 386,349	2009 Other Operating Cost	73,023	44,463	28,560	60.89%
\$ 41,033	CB Computer Equipment	-	-	-	
\$ 437,479	Total Strategy D.1.2.	437,479	320,003	117,476	73.15%
	FTE's = -				
D.1.3.	Other Support Services				
	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	3,832,874	835,488	78.96%
\$ 4,882,428	Strategy A.2.1. TX Bred Incentive	4,882,428	3,962,143	920,285	81.15%
\$ 9,861,711	Total M.O.F.				
\$ 9,736,520	Total All Strategies	9,736,520	7,795,016	1,755,774	80.06%

**Texas Racing Commission
Report on Racetrack Inspection Activities
September 15, 2009**

Date of Inspection	Track	Type of Inspection	Number of Unsatisfactory Items	Track Remediation	Unsatisfactory Items Remaining
May 8, 2009	Gillespie-Race Barn	Pari-mutuel	0		
July 3, 2009	Gillespie	Safety & Security	0		
July 3, 2009	Gillespie	Pari-mutuel	0		
July 3, 2009	Gillespie	Administrative	0		
July 3, 2009	Gillespie	Stewards	0		
July 3, 2009	Gillespie	Veterinary	0		
August 8, 2009	Gillespie	Pari-mutuel	0		
August 23, 2009	Gillespie	Safety & Security	0		
July 1, 2009	Gulf Coast	Administrative	0		
July 2, 2009	Gulf Coast	Pari-mutuel	3	Resolved July 30	0
July 9, 2009	Gulf Coast	Safety & Security	1	Resolved Sept. 3	0
May 28, 2009	Gulf Greyhound	Safety & Security	0		
June 17, 2009	Gulf Greyhound	Veterinary	0		
June 19, 2009	Gulf Greyhound	Judges	3	1 Resolved July 23, 2 Resolved Sept. 4	0
July 23, 2009	Gulf Greyhound	Pari-mutuel	3	Resolved July 30	0
July 23, 2009	Gulf Greyhound	Administrative	0		
August 26, 2009	Gulf Greyhound	Safety & Security	0		
June 14, 2009	Lone Star	Safety & Security	0		
June 25, 2009	Lone Star	Veterinary	0		
July 26, 2009	Lone Star	Stewards	0		

Date of Inspection	Track	Type of Inspection	Number of Unsatisfactory Items	Track Remediation	Unsatisfactory Items Remaining
June 17, 2009	Manor	Pari-mutuel	2	Resolved August 7	0
August 19, 2009	Retama	Safety & Security	1	Resolved August 28	0
August 25, 2009	Retama	Administrative	0		
August 25, 2009	Retama	Pari-mutuel	0		
June 13, 2009	Sam Houston	Safety & Security	1		1-Fire Marshal Report
June 18, 2009	Sam Houston	Veterinary	0		
June 26, 2009	Sam Houston	Stewards	0		
August 20, 2009	Sam Houston	Pari-mutuel	0		
July 22, 2009	Valley	Pari-mutuel	0		
July 22, 2009	Valley	Administrative	0		
Training Tracks					
June 16, 2009	Delta	Training	0		0

Total Inspections: 31

Notes: Sam Houston Race Park received a Conditional Approval from the Harris County Fire Marshal's office. Deficiencies remain in the Barn areas.

III B.2



Texas Racing Commission

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

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

www.txrc.state.tx.us

MEMORANDUM

TO: Texas Racing Commissioners

FROM: Charla Ann King, Executive Director

DATE: September 2, 2009

SUBJECT: Staff Review of Proposed Change of Ownership and Location for Longhorn Downs, Inc.

On July 25, 2008, staff received a request from the Austin Jockey Club, Ltd., the parent company of Longhorn Downs, Inc. (Longhorn Downs, or LD), for Commission approval to transfer its interest in Longhorn Downs' Class 2 horse racetrack license to Dallas City Limits Property, LP, (DCLP). In connection with that request, DCLP submitted an application for change of ownership and location, as well as background disclosure forms for the Department of Public Safety's background investigations. Listed below is a summary of the findings developed by staff as a result of its review.

STANDARDS FOR CHANGE OF OWNERSHIP AND LOCATION 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.

Upon request of an association, the Commission shall amend a racetrack license to change the location of the racetrack if the Commission finds that: the conduct of race meetings at the proposed track at the new location will be in the public interest; there was not a competing applicant for the original license; and the association's desire to change location is not the result of a subterfuge in the original licensing proceeding.

In determining whether a particular new location will be in the public interest, the Commission has previously looked for guidance to the eleven factors set out in § 6.04(a) of the Texas Racing Act. These factors include: the applicant's financial stability and resources for supplementing purses; the location of the proposed track and its effect on traffic flow; the proposed facilities for patrons, occupational licensees, and race animals; the availability of support and emergency services; the experience of the applicant's employees; the potential for conflict with other licensed race meetings; the anticipated effect of the race meeting on the greyhound or horse breeding industry in this state; and the anticipated effect of the race meeting on the state and local economy from tourism, increased employment, and other sources.

Staff's review of Longhorn Downs' files revealed that there was not a competing applicant for the license and that there is no evidence that the request to change location is the result of subterfuge in the original licensing proceeding.

OWNERSHIP

The application states that the buyer, DCLP, is a limited liability company comprised of one general partner, Orange Obsidian GP LLC (1% interest), and two limited partners, AtlanGroup LLC (94% interest) and YD Associates LLC (5% interest).

- Orange Obsidian GP LLC, is a Texas limited liability company owned by Dr. David M. Alameel.
- AtlanGroup LLC is a Texas limited liability company owned by Dr. David M. Alameel and Martha M. Alameel.
- YD Associates LLC is a Texas limited liability company owned by Yvonne Davis.

However, there is litigation in Dallas County District Court between DCLP and a group of investors representing Dallas Founders at Trinity Crossing, Ltd. (DFTC), with which Dr. Alameel was formerly associated. That case is styled *Dallas City Limits Property Company, LP, v. Russell Serafin, Philip Adams, Mike Gallagher and Galena Park Investments, Ltd.* The original contract to purchase Longhorn Downs from the Austin Jockey Club was made by a wholly-owned subsidiary of DFTC, Dallas City Limits Property Co., Ltd. (DCLPC). The ownership of DFTC included the named defendants as limited partners. The case arose after DCLP acquired the assets of DCLPC, including the contract to purchase Longhorn Downs, through a foreclosure sale. DCLP is seeking a declaratory judgment that the defendants have no ownership interests or rights in DCLP. The defendants have filed a counterclaim and third-party claims

asserting that the foreclosure sale was invalid and that the ownership of DCLP's assets should remain with the Dallas Founders at Trinity Crossing, Ltd. The case is set for trial on November 9, 2009.

LOCATION

The applicant, DCLP, has requested to locate the facility on a 165 acre site approximately fifteen miles south of Dallas and twenty miles southeast of Lone Star Park at Grand Prairie. The site is approximately two miles south of Lancaster and three miles east of IH 35 East in Dallas County, at a location one mile east of the intersection of Bear Creek Road and State Highway 342 and approximately one-half mile north of Reindeer Road and one-half mile west of Nokomis Road. The site is east of, and immediately adjacent to, the Bear Creek Ranch residential subdivision. The property itself is currently being used as farmland. With the exception of Bear Creek Ranch, the surrounding properties are used primarily as farm and pastureland.

The contract to purchase the 165 acre tract expired on June 1, 2009. Since June 1, 2009, the landowner's son, Casey Hargrove, has contacted the agency with information regarding the status of the sales agreement. According to Mr. Hargrove, the contract has expired and the parties have not entered into a new contract regarding the property. To date, the applicant has not submitted to the Commission any supplemental or updated documentation indicating that the applicant has any contract in effect for the purchase of the property.

EFFECT ON TRAFFIC FLOW

The applicant intends to enhance the existing roadways to accommodate the facility-related traffic. The applicant states improvements to Reindeer and Nokomis Roads will be required to adequately service the anticipated traffic volume. The applicant also states the facility is in close proximity to the proposed Loop 9 roadway project and that this will provide sufficient access to the facility. The applicant further states that should Loop 9 not be approved or if no improvements are made by any governmental agencies, then the costs of improvements to the existing local roadways would need to be paid for, either in full or proportionally, by Longhorn Downs. According to the application, the cost of constructing a four-lane divided concrete roadway section is approximately \$5 million, and the sections of Reindeer and Nokomis Roads affected by the site are approximately five miles in length. If the applicant were to bear the cost of providing direct access to Reindeer and Nokomis Roads, and upgrading those roads to four-lane roads, the additional cost could exceed \$25 million. This does not include the cost of engineering and design, or of construction management.

According to the Loop 9 Project's website, the Texas Department of Transportation (TxDOT) is currently preparing a Draft Environmental Impact Statement for Loop 9. As part of the draft, TxDOT will consider two proposed alternative routes for Loop 9, as well as a "no build" option. Both of the alternatives are relatively close to the proposed

racetrack site and would connect to State Highway 342. If approved, the Loop 9 Project could be constructed and open to traffic as early as 2015.

Staff's review of area maps show that the site is not directly accessible from Reindeer Road, Nokomis Road, or State Highway 342. The most direct access to the site is by turning off of State Highway 342 onto Edgewater Way, a residential street that runs through the Bear Creek Ranch subdivision. From Edgewater Way, access to the site is by turning left onto McBride Road, another residential road that leads to the perimeter of Bear Creek Ranch and then dead ends at the edge of the site. There is no direct paved access to either Reindeer or Nokomis Roads, both of which are approximately 0.4 miles from the site or more.

In reviewing the materials submitted by the applicant, TxDOT reported that insufficient information had been provided to determine whether auxiliary lanes would be needed if access were provided from State Highway 342. TxDOT refrained from commenting on the adequacy of any streets leading from State Highway 342 to the site, observing that these were city-owned streets.

COMPLIANCE WITH ZONING

The property is located just outside the city limits of Lancaster and currently is not zoned. However, the site is within Lancaster's extraterritorial jurisdiction (ETJ) and the city has adopted a Three-Year Annexation Plan for all areas within its ETJ, with the exception of the Bear Creek Ranch subdivision. The proposed racetrack is within the area of the city's annexation plan and, therefore, would require city approval. An approval of the application would require the city and the applicant to enter into discussions about the proposed zoning for the site.

COMPLIANCE WITH CRIMINAL LAWS

The applicant is in compliance with all criminal laws at this time.

MANAGEMENT, TOTE, AND CONCESSIONS

The proposed management staff is Retama Entertainment Group, Inc. (REG), headed by Bryan Brown, general manager of Retama Park. A copy of the Management Agreement is attached in the confidential portion of the Commission's meeting materials.

The applicant proposes using AmTote Company for totalisator services, which is the same company that provides totalisator services at Retama Park. DCLP has provided a copy of a letter of intent agreement from AmTote to provide totalisator services to Longhorn Downs. The letter is attached in the confidential portion of the Commission's meeting materials.

Breckenridge Entertainment Corp. (BEC), Bryan Brown, President, will be responsible for managing and running the track's concessions. A copy of the contract is attached in the confidential portion of the Commission's meeting materials.

APPLICANT'S LIABILITIES AND ASSETS

The applicant proposes to fund its project primarily from the sale of Dr. Alameel's dental health services company located in the Dallas area, and proposes to bridge any fiscal gaps at the racetrack with personal financial resources. The Department of Public Safety reviewed the applicant's financial information and the specifics are provided in the background report.

DEPARTMENT OF PUBLIC SAFETY INVESTIGATION

The Department of Public Safety's (DPS) Report is attached in the confidential portion of the Commission's meeting materials.

The background investigation revealed a number of unresolved issues regarding the applicant and the proposed sales transaction:

- As of the date of the report, the proposed sale of Dr. Alameel's dental services company has not been finalized. The applicant did not submit any supporting documentation to DPS regarding the proposed sale.
- Litigation continues in Dallas County District Court between DCLP and a group of investors representing Dallas Founders at Trinity Crossing, Ltd., of which Dr. Alameel was formerly associated. The case is set for trial on November 9, 2009.
- The contract to purchase the proposed 165 acre site near Lancaster expired on June 1, 2009. At this time, the applicant does not have any agreement in place with the landowner for the purchase of the property.
- The applicant has not contacted the City of Lancaster regarding the construction of the proposed facility.

FACILITIES

Patrons and Licensees

With the exception of failing to include certain required buildings in the schematic drawings, the facilities for patrons and licensees generally appear to be suitable. The site is located approximately three miles east of Interstate 35 and just south of Lancaster on a 165 acre semi-rural tract. The proposed open-air grandstand will seat 3,000 patrons and the 25,000 square foot, air-conditioned simulcast facility will accommodate 350-400 patrons. A lighted asphalt parking area accommodating 1,200

vehicles will be located near the simulcast building. There will be 25 AmTote terminals and 15 self-service wagering machines.

There are inconsistencies between the schematic drawings and the text description of the facilities provided by the applicant. For example, the drawings do not provide for the required stewards' tower, nor do they identify the location of the test barn, the holding barn, or the racing office building. The written documents do express the intent to provide those facilities and the applicant has not requested any waivers of the relevant rules.

Race Animals

The facilities proposed by the applicant for race animals are sufficient to ensure the health, safety, and welfare of the race animals. The plan proposes 15 horse barns with 40 stalls per barn, for a total of 600 stalls. This meets the requirement of Commission Rule 309.243, which requires enough stalls to house twice the anticipated number of starters per week of races. In addition, the stakes, pre-race, and paddock areas will each house 12 covered and ventilated stalls and the test barn will have 6 stalls. Each stall will be 120 square feet in size. The racetrack itself will be designed by Joe King, a recognized expert in track design, and will include a one-mile oval which will be 90 feet wide and have a 550 yard and 7 furlong chute. The inside rail will be an aluminum safety rail and the outside rail will be tubular aluminum.

AVAILABILITY OF SUPPORT SERVICES AND EMERGENCY SERVICES

The proposed site is approximately twelve miles away from the nearest hospital, Charlton Methodist Medical Center, located at 3500 Wheatland Road in Dallas. The facility is a full-service hospital offering 24-hour emergency care and a level 2 trauma center.

EXPERIENCE OF EMPLOYEES

The applicant will use Retama's management group, REG, to operate the facility. Bryan Brown will act as the CEO and General Manager. Steve Ross will direct the simulcast activities and Doug Vair will handle publicity. Lisa Medrano will act as the Chief Financial Officer for the racetrack. A mutuel manager has not been selected at this time. Each of REG's employees has spent a significant amount of time in the racing industry and each has an established working relationship with the Commission. All of the employees are licensed and in good standing with the Commission.

TIMELINE FOR OPENING FACILITIES

The applicant plans to have the simulcast facility completed and operational within 18 months (76 weeks) of the Commission's approval of change of ownership and location. The applicant forecasts the live racing facility would be complete and operational within 38 months of the Commission's approval date.

RACE DATES AND POTENTIAL FOR CONFLICT WITH OTHER LICENSED RACE MEETINGS

The applicant proposes to begin live horse racing in 2012, running from September 7, 2012, to October 14, 2012. The applicant proposes one live mixed meet per year that will span 18 days with 10 races per day and 3 race days per week. While the proposed live schedule would overlap with the current 2009 live racing schedules at Lone Star Park and Retama Park, the Commission would review and approve the actual race dates awarded. Simulcasting will be conducted 363 days per year.

BUSINESS PLANS

Management Team

The proposed management staff is REG, which is led by Bryan Brown. REG also manages Retama Park. REG will determine the overall staffing needs of Longhorn Downs, including the hiring of a LD-specific Mutuel Manager and Racing Secretary.

Financial and Pari-mutuel Analysis

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

Admissions

For calendar year 2010, the first year of opening, the applicant has forecasted 225,060 in attendance over 363 simulcast racing days. The applicant has estimated an average daily attendance of 620 patrons per simulcasting day in 2010, with an estimated increase to 698 per day by 2014. This attendance projection is similar to or identical to the current simulcasting attendance at Lone Star Park at Grand Prairie.

For calendar year 2012, the first year of live racing operations, the applicant has forecasted 43,200 in attendance over 18 live race days. This results in an average daily live attendance of 2,400. The applicant has forecasted continued growth in live attendance during each of the subsequent years although the number of live race days remains constant.

Per Capita Wagering

For calendar year 2012, the first year of live racing operations, the applicant has forecasted \$210 in total on-track per capita wagers per attendee. Over a five-year period, the applicant has forecasted no growth in the second year and then projects a 11.5% decrease in the third year, with the remaining two years staying at the same level as the third year.

Pari-mutuel Handle

The applicant has provided what initially appear to be reasonable estimates for pari-mutuel handle during each of the five years of the forecast. However, because the applicant's proposed operations will be under a business model that relies on simulcast operations for 100% of the business for the first two years and approximately 95% of the business for each subsequent year, the accuracy of the applicant's overall handle forecast depends upon the accuracy of its projected simulcasting handle.

Overview of Attendance and Handle Projections

In reviewing the applicant's attendance and pari-mutuel handle forecasts, staff found that the reasonableness of the projections relies heavily on the accuracy of the applicant's projected simulcasting attendance. These projections are similar or identical to the current simulcasting attendance at Lone Star Park at Grand Prairie. In reviewing these projections, the Commission may wish to consider the following issues:

- Whether a Class 2 racetrack two miles south of Lancaster is likely to generate the same level of attendance as Lone Star Park, a Class 1 racetrack that is within view of IH-30.
- Whether the applicant's forecasted increase in attendance over the course of the first five years is reasonable in light of the industry's recent experience of a steady decrease in attendance.
- Whether the applicant's overall pari-mutuel projections remain reasonable in light of the national economic decline and its impact on racing as whole. In particular, the Commission's year-over-year wagering statistics show that Lone Star Park's simulcasting pari-mutuel handle has declined approximately 15% to date in 2009, and that the average simulcasting handle of all the state's horse racetracks has declined by approximately 11%.

Nevertheless, many metropolitan areas in North America have two or more racetracks, and staff has not performed a thorough market analysis to test the applicant's projections.

The applicant did provide a 2006 study entitled "Dallas Area Simulcast Facility Market Study" by the Economics Research Associates; however, the report was done before the Lancaster site was chosen. The report is based on a target area for a stand-alone simulcast facility. The target area in the report extends in a wedge shape from downtown Dallas past Interstate 635 to the north. It is bound on the east by the North Central Expressway and on the west by IH 35E. In contrast, the Lancaster site is located approximately fifteen miles to the south of downtown Dallas.

Below is a table summarizing the applicant's projections.

ATTENDANCE AND HANDLE

Race Days	2010	2011	2012	2013	2014
Live	0	0	18	18	18
Simulcast	363	363	363	363	363
Average Daily Attendance					
Live	0	0	2,400	2,472	2,546
Simulcast	620	639	658	677	698
Attendance					
Live	0	0	43,200	44,496	45,831
Simulcast	<u>225,060</u>	<u>231,812</u>	<u>238,766</u>	<u>245,929</u>	<u>253,307</u>
Total Attendance	225,060	231,812	281,966	290,425	299,138
Per Capita Wagering	\$210.00	\$210.00	\$186	\$186	\$186
Pari-Mutuel Handle					
Live	\$0	\$0	\$2,246,400	\$2,313,792	\$2,383,206
Simulcast	<u>\$47,262,600</u>	<u>\$48,680,520</u>	<u>\$50,140,892</u>	<u>\$51,645,119</u>	<u>\$53,194,473</u>
Total Handle	\$47,262,600	\$48,680,520	\$52,387,292	\$53,958,911	\$55,577,679

Income

The income forecast provided by the applicant includes:

- Pari-mutuel 80.8%
- Food & Beverage 11.8%
- Parking & Admissions 5.2%
- Other 2.2%

Because the applicant's proposed business model relies on simulcast operations for 100% of the business for the first two years and then approximately 95% of the business for each subsequent year, the accuracy of the applicant's overall handle forecast depends upon the accuracy of its projected simulcasting handle. The reasonableness of that projected handle is discussed in the previous section.

Expenses

The applicant's projected expenses fell into two major categories: Statutory/Track Costs and Operating Expenses. Statutory/Track Costs included the 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 included costs of marketing, professional services, rent, repairs and maintenance, labor costs, taxes, utilities, and administrative expenses. As a whole, staff believes that the applicant's overall projections of expenses are reasonable.

Net Income Forecast

The following table shows the applicant's projected net income for each of the next five years.

Year	2010	2011	2012	2013	2014
Revenues:					
Pari-Mutuel	\$10,066,934	\$10,368,942	\$11,890,601	\$12,247,319	\$12,614,739
Parking & Admission	\$641,421	\$660,664	\$803,603	\$827,712	\$852,543
Food & Beverage	\$1,462,890	\$1,506,777	\$1,832,780	\$1,887,763	\$1,944,396
Stall Rental	\$0	\$0	\$450,000	\$463,500	\$477,405
Miscellaneous	<u>\$270,072</u>	<u>\$278,174</u>	<u>\$338,359</u>	<u>\$348,510</u>	<u>\$358,965</u>
TOTAL REVENUES:	\$12,441,317	\$12,814,557	\$14,976,984	\$15,426,294	\$15,889,083
Expenses					
Statutory Expenses	\$3,925,642	\$4,043,411	\$4,390,476	\$4,522,191	\$4,657,856
Food & Beverage Cost	\$468,125	\$482,169	\$586,490	\$604,084	\$622,207
Operations	\$3,850,814	\$3,966,338	\$5,037,397	\$5,188,519	\$5,344,175
General & Administrative	\$249,000	\$256,470	\$264,164	\$272,089	\$280,252
Taxes	\$87,089	\$89,702	\$104,839	\$107,984	\$111,224
Depreciation	<u>\$38,462</u>	<u>\$253,663</u>	<u>\$433,150</u>	<u>\$563,736</u>	<u>\$563,736</u>
TOTAL EXPENSES:	\$8,619,132	\$9,091,753	\$10,816,516	\$11,258,603	\$11,579,450
NET INCOME:	<u>\$3,822,185</u>	<u>\$3,722,804</u>	<u>\$4,160,468</u>	<u>\$4,167,691</u>	<u>\$4,309,633</u>

IMPACT ON HORSE BREEDING INDUSTRY

DCLP projects paying \$6 million in purses and awards to owners and trainers. According to the application, DCLP will also work to assist state and local breeders and horsemen in conjunction with the officially-recognized representatives of horse breeders, owners and trainers. The applicant states this significant level of purse money may help stop the exodus of quality horses from the state.

IMPACT ON THE STATE AND LOCAL ECONOMY

The applicant projects it will spend \$35.8 million on facility construction and the land purchase as follows:

Land	\$5,800,000
Simulcast	2,500,000
Racetrack	13,200,000
Track Rails(one mile)	2,500,000
Stable Area (stalls)	4,000,000
Roads & Parking	2,000,000
Grandstand/Holding & Test Offices	3,500,000
Utilities	1,000,000
Landscaping/Signage	200,000
Architectural/Engineering/Mgt.	1,100,000
TOTAL	\$35,800,000

The applicant estimates the first-year impact on the local economy to be \$70 million along with the creation of 1,000 jobs. Once operational, the facility will have an annual budget of approximately \$3.6 million, of which \$1 million is for direct payroll expense. The applicant estimates that the annual economic impact of the track is \$39 million with the creation of 520 annual jobs. The applicant projects that the LD simulcast facility will be operational within 18 months of licensure and that the live racing facility will be operational within 38 months of licensure.

LETTERS OF SUPPORT

The application contains letters of support from the Texas Horsemen's Partnership, Dallas County Commissioner John Wiley Price, and Clyde L. Hargrove, the owner of the land. The application also included a personal reference for Yvonne Davis from EN Consulting, Inc. (See Appendix). While the Commission has not received letters in opposition to the application, the applicant has not contacted the City of Lancaster or local residents regarding the proposed racetrack.

ORDER FOR SECURITY FOR COMPLIANCE

If the Commission approves the change in ownership and location, staff identifies the opportunity for the Commission to condition the transfer on the applicant's compliance with the proposed Order for Security for Compliance under Commission Rule 309.6. The proposed Order requires DCLP to post \$225,100 in security to ensure that the track opens for simulcasting by February 1, 2011, and opens for live racing during 2012. For each day that the track fails to conduct simulcasting, it would forfeit \$2,251 of the security. For each live race day that the track has been granted, the track will forfeit \$654.50 if it fails to conduct that live racing. The Order explicitly retains jurisdiction over

the matter and specifies that the Commission may require additional security if Longhorn Downs forfeits all of its security before completing its initial live race meeting.

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 contract to purchase the proposed location on a 165 acre site outside the city limits of Lancaster in Dallas County expired on June 1, 2009.
- TxDOT reported that the applicant provided insufficient information to determine whether auxiliary lanes would be needed if access were provided from State Highway 342. TxDOT did not address the adequacy of any other streets to the site, observing that these were owned by the city.
- REG is qualified to operate a horse racetrack and the proposed contract is acceptable.
- AmTote Company is qualified to provide totalisator services and the proposed letter of intent is acceptable.
- BEC is qualified to provide concession services for the racetrack and the proposed contract is acceptable.
- The DPS background investigation report has been provided to the Commission. The report raised a number of issues, including the applicant's: financial inability to presently fund a racetrack; involvement in ongoing litigation; and lack of a contract for the proposed site. Further, the applicant has not contacted the City of Lancaster or local residents regarding the construction of the facility.
- The facilities for patrons and licensees as described in the written application appear to be suitable, but there are deficiencies in the schematic drawings. The drawings do not identify the location of the stewards' tower, test barn, holding barn, or racing office building.
- The 2012 race dates as proposed would overlap with the current 2009 live racing schedules. However, the Commission would review and approve the actual race dates awarded.
- The reasonableness of the applicant's financial and pari-mutuel projections depend primarily upon the accuracy of the projected simulcasting attendance. The issues are: whether a Class 2 facility south of Lancaster will generate the

same level of simulcasting attendance as Lone Star Park; whether the projections of increasing attendance over the first five years is reasonable in light of recent industry experience; and whether the pari-mutuel projections remain reasonable in light of the national economic decline and its impact on racing as a whole. However, many metropolitan areas in North America have two or more racetracks, and staff has not performed a thorough market analysis to test the applicant's projections.

- The construction and opening of a new racetrack would have a positive impact on the horse breeding industry and the state and local economy.
- If the Commission approves the change in ownership, the Commission may elect to condition the approval on the applicant's compliance with the proposed Order for Security for Compliance, which requires \$225,100 in security to ensure that the racetrack opens for simulcasting and live racing.

Appendix

Table of Contents

1. Request by Austin Jockey Club for Approval of Change in Ownership and Location of Longhorn Downs, Inc.
2. Letters of Support
3. Maps of Site
4. Architectural Drawings
5. Order for Security for Compliance

REQUEST BY AUSTIN JOCKEY CLUB
FOR APPROVAL OF CHANGE IN
OWNERSHIP AND LOCATION OF
LONGHORNS DOWNS, INC.

**Austin Jockey Club, Ltd.
1 Retama Parkway
Selma, Texas 78154**

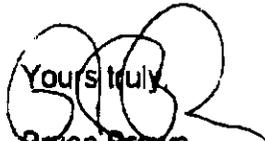
Via Fax (512) 833-6907
Mr. Mark Fenner
General Counsel
Texas Racing Commission
8505 Cross Park Drive #110
Austin, Texas 78754

Mark:

It is my understanding that a group representing the interests of Dallas City Limits Property, LP will be filing an application for transfer of ownership of the stock of Longhorn Downs, Inc. Provided that application is filed, we would like the following agenda item added to the August 5, 2008 Texas Racing Commission agenda:

Request by Austin Jockey Club, Ltd. for a Change in Ownership and Location of Longhorn Downs, Inc.

We also authorize Dallas City Limits Property, LP to make the \$15,000 fee payment for Austin Jockey Club, Ltd.
Please call me with any questions.


Yours truly,
Bryan Brown
Vice President

Cc: Joe Archer
Berry Madden

LETTERS OF SUPPORT

July 24, 2008

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

Dear Charla Ann,

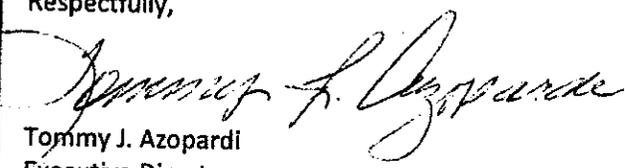
The Texas Horsemen's Partnership, as the officially recognized horsemen's organization by the Texas Racing Commission and on behalf of our entire membership of licensed owners and trainers, would like to go on record supporting Dallas City Limits' request to change the ownership of Longhorn Downs, Inc. and the relocation of its Class II racing license to Dallas County.

As you know, the Texas racing industry is at a critical juncture in our history. We are losing an ever-growing number of owners, trainers and horses each year to our surrounding states because we simply cannot compete with the more lucrative racing programs they offer. Texas racing desperately needs more purse money available to our industry. The Texas Horsemen's Partnership is confident that another track, strategically placed in the Dallas market, could add six to ten million dollars in purses generated from simulcasting.

Additionally, the project as presented by the Dallas City Limits team calls for an aggressive entertainment and marketing plan, which will attract more patrons and possibly develop more fans for live racing. Also, their live racing concept provides much needed opportunities for the quarter horse industry at a time when they are losing race days at our existing racetrack facilities. This positive action will greatly aid in the efforts to keep our horsemen interested in Texas racing.

We strongly encourage the Texas Racing Commission to approve the change of ownership and the relocation of Longhorn downs, Inc. as requested by Dallas City Limits.

Respectfully,


Tommy J. Azopardi
Executive Director

Cc: Dallas City Limits



John Wiley Price
DALLAS COUNTY COMMISSIONER
Road and Bridge District No. 3

June 25, 2008

Mr. Jesse R. Adams, Chair
Texas Racing Commission
State of Texas
P.O. Box 12080
Austin, TX 78711-2080

Dear Mr. Adams,

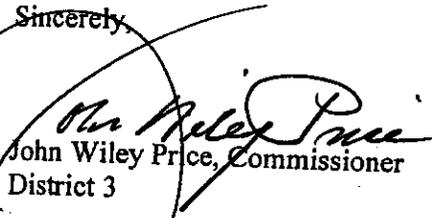
It is my understanding that Dallas City Limits Property, LP has submitted an application to the Texas Racing Commission to transfer ownership of an existing license to Longhorn Downs and relocate the facility to Southwest Dallas County. The proposed site for the racetrack would be located near the City of Lancaster which is within my county commissioners' district in Dallas County. This letter is being submitted in support of the pending application.

I am familiar with individuals associated with the application and have worked with them on other successful projects. I strongly believe that their character and business sense are above reproach.

This business venture would create jobs and generate much needed revenue for the communities in Dallas County. Longhorn Downs would generate considerable business for hospitality, agriculture, tourism and similar sectors for the county. In addition to accommodating local equine events and recreational riders, citizens would benefit from using the facility for multiple recreational and academic uses.

The park would play a major part in the county's efforts to recapture the outflow of local dollars to broader states. I urge the Commission to approve the proposed application.

Sincerely,


John Wiley Price, Commissioner
District 3

CC: Commissioners of the Texas Racing Commission

411 Elm Street, 2nd Floor
1506 E. Langdon Road

Dallas, Texas 75202
Dallas, Texas 75241

Admin Ofc (214) 653-6671
Satellite Ofc (972) 225-2378
www.dallascounty.org

Fax (214) 653-6622
Fax (972) 225-1848

IV. A. 19

SOUTH BETHANY DEVELOPEMENT, LLC.

May 30, 2007

Texas Racing Commission
8505 Cross Park Dr.
Suite #110
Austin, Texas 78754

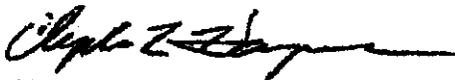
Commissioners:

As the Seller of the land to Dallas City Limits Property Co., Ltd. and adjacent property owner, I would like to express my support for the development of the proposed horse track, equestrian center and entertainment venues by Dallas City Limits. This project would be a wonderful addition to the southern sector of Dallas County and a tremendous source of new employment for our local residents.

Additionally, I would like to express my willingness to cooperate with Dallas City Limits in granting of easements and right-of-ways for the construction of roads in order to access the property.

If I can be of any further assistance to you or to this project, please do not hesitate to let me know.

Thank you,



Clyde L. Hargrove

101 Valley Ridge Dr. • Red Oak, TX 75154
Office: 872-817-1100 • Fax: 872-817-1104
clhargrove@abcglobal.net

IV. A. 20

EN Consulting, Inc.
2651 North Harwood Street, Suite 250
Dallas, TX 75201
214-880-0036

July 3, 2008

Mr. Jesse R. Adams, Chair
Texas Racing Commission
State of Texas
P. O. Box 12080
Austin, TX 78711-2080

Dear Mr. Adams:

This letter is intended as a personal reference for Yvonne Davis of Dallas, Texas. I have been closely acquainted with Yvonne Davis for many years and have worked with her on a variety of civic and policy initiatives.

Based upon my observations of Ms. Davis over the years and my knowledge of her reputation in this community, it is my opinion that she is an honest, honorable, and upstanding citizen. A person of strong principles, Yvonne is highly regarded by those with whom she works and interacts. She exemplifies very admirable personal traits and is forthright, responsible, and trustworthy.

I am pleased to provide this letter of reference for Yvonne Davis.

Sincerely,



Erle Nye

MAPS OF SITE



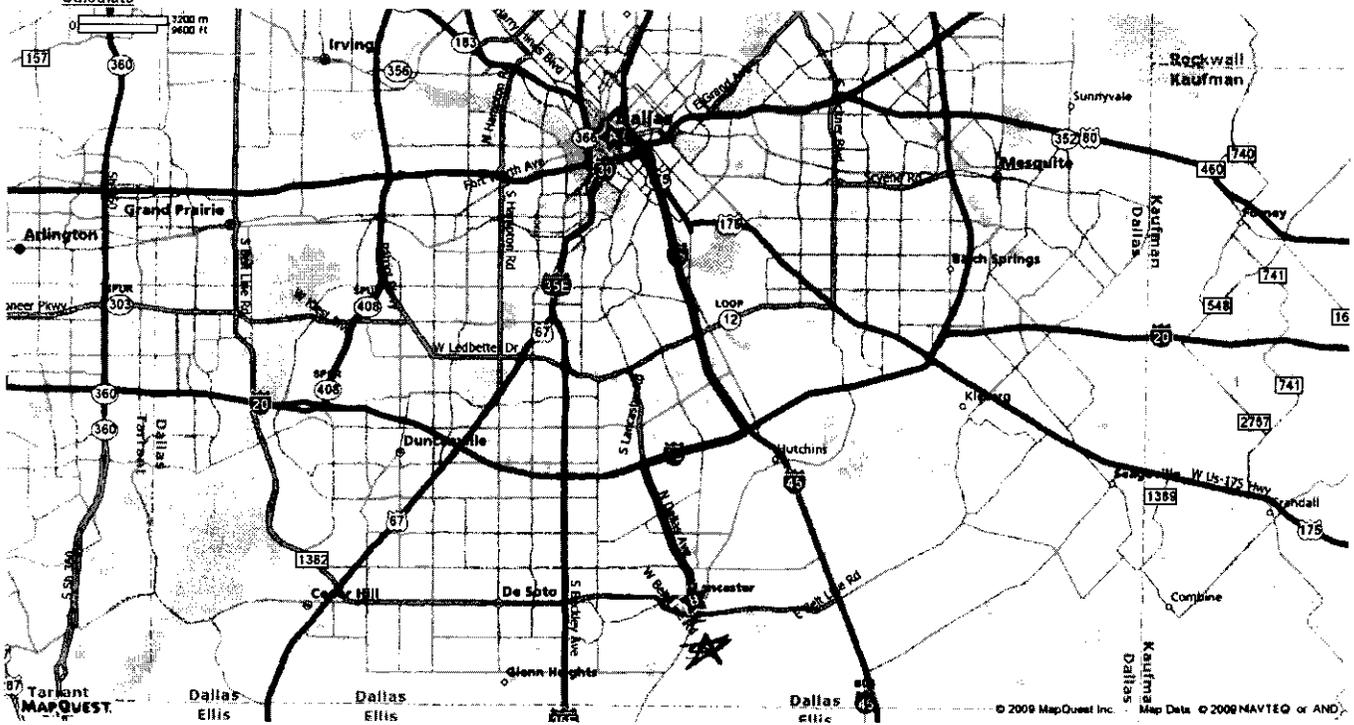
Sorry! When printing directly from the browser your directions or map may not print correctly. For best results, try clicking the Printer-Friendly button.

|||

We updated your Directions view.

Starting Location Dallas, TX Ending Location Lancaster, TX

Total Travel Estimates: Time: 26 minutes Distance: 17.68 miles Fuel Cost: Calculate



Directions from A to B:

- 1: Start out going NORTHEAST on FEDERAL ST toward N ERVAY ST. 0.1 mi
2: Turn RIGHT onto N ST PAUL ST. 0.3 mi
3: Turn LEFT onto COMMERCE ST. 0.3 mi
4: Merge onto I-45 S via the ramp on the LEFT toward I-30. 9.2 mi
5: Merge onto I-20 W via EXIT 276A toward FT WORTH. 3.2 mi
6: Take EXIT 470 toward TX-342/ LANCASTER RD. 0.2 mi
7: Turn SLIGHT LEFT onto LYNDON B JOHNSON FWY/ I-20 E/ LBJ FWY. 0.1 mi
8: Turn LEFT onto S LANCASTER RD/ TX-342 S. Continue to follow TX-342 S. 4.2 mi
9: Turn LEFT onto E MAIN ST. 0.0 mi
10: Turn RIGHT to stay on E MAIN ST. 0.0 mi
11: Turn RIGHT onto S CENTRE AVE. 0.0 mi
12: Welcome to LANCASTER, TX. 0.0 mi

Total Travel Estimates: Time: 26 minutes Distance: 17.68 miles Fuel Cost: Calculate

All rights reserved. Use subject to License/Copyright Map Legend
Directions and maps are informational only. We make no warranties on the accuracy of their content, road conditions or route usability or expeditiousness. You assume all risk of use. MapQuest and its suppliers shall not be liable to you for any loss or delay resulting from your use of MapQuest. Your use of MapQuest means you agree to our Terms of Use

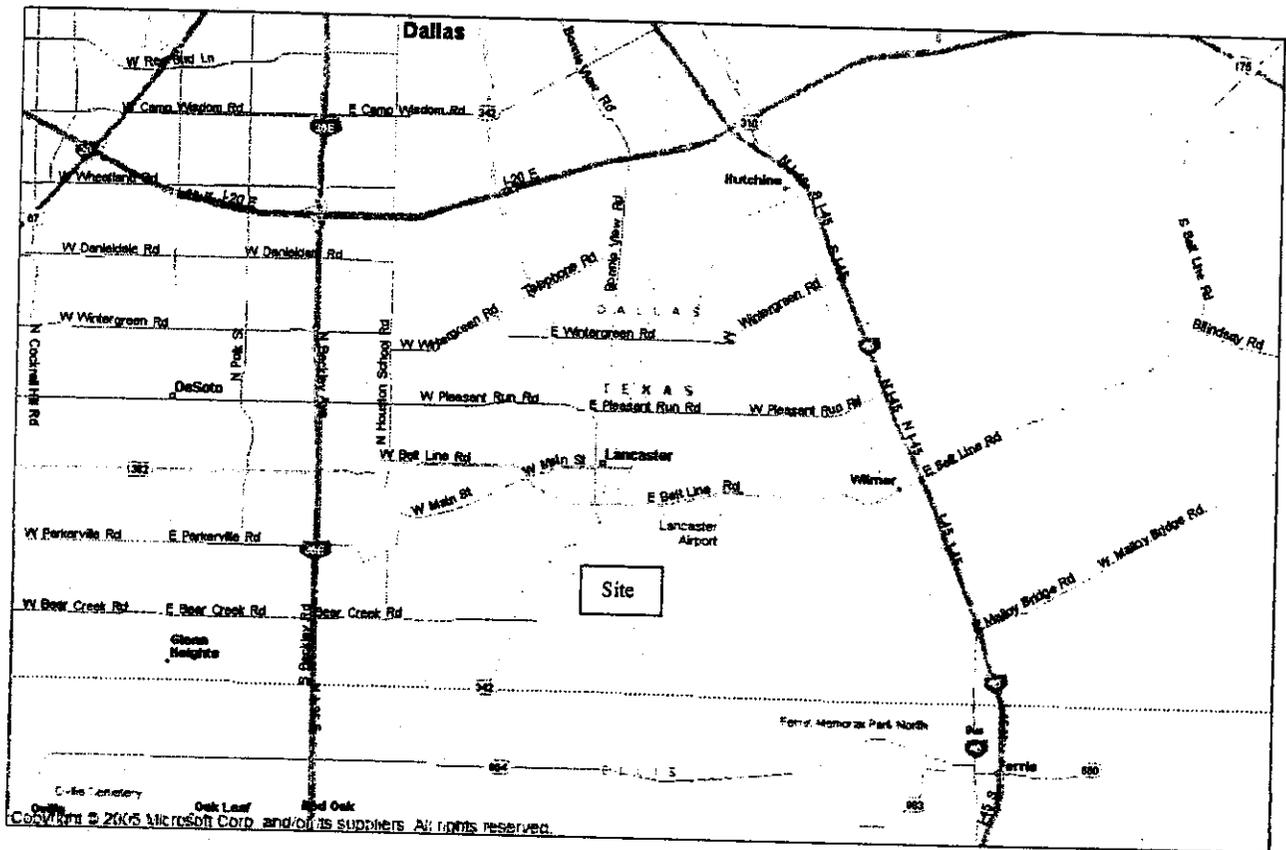
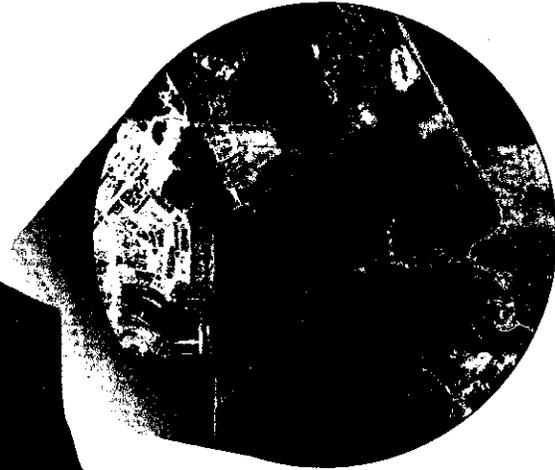
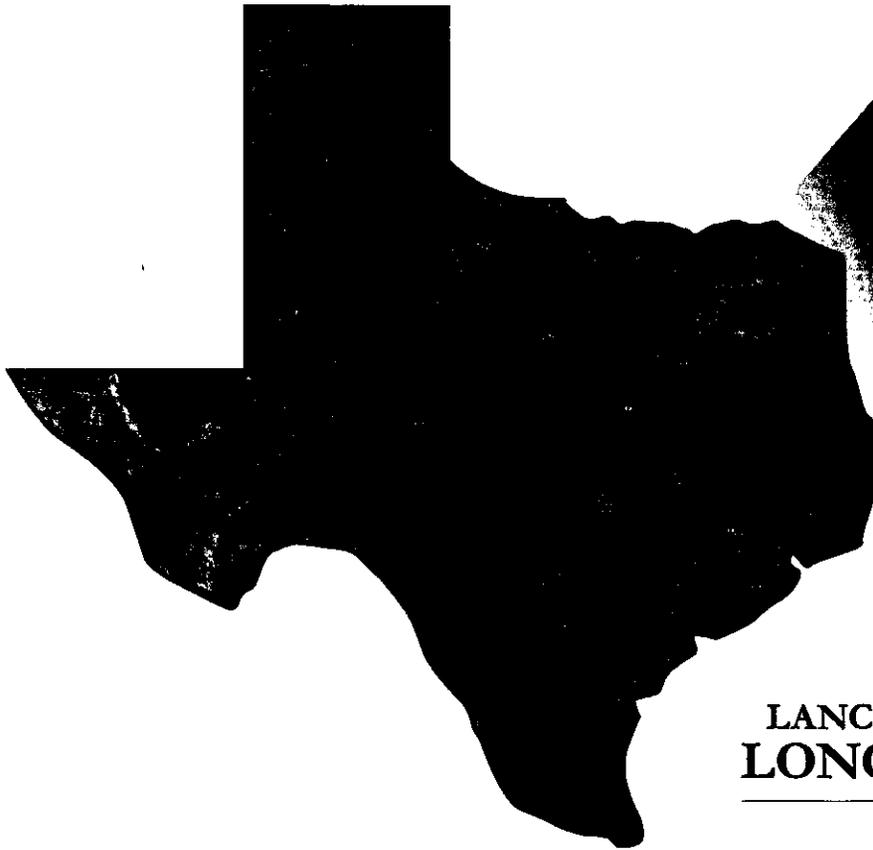


Figure 1. Vicinity Map





ARCHITECTURAL DRAWINGS

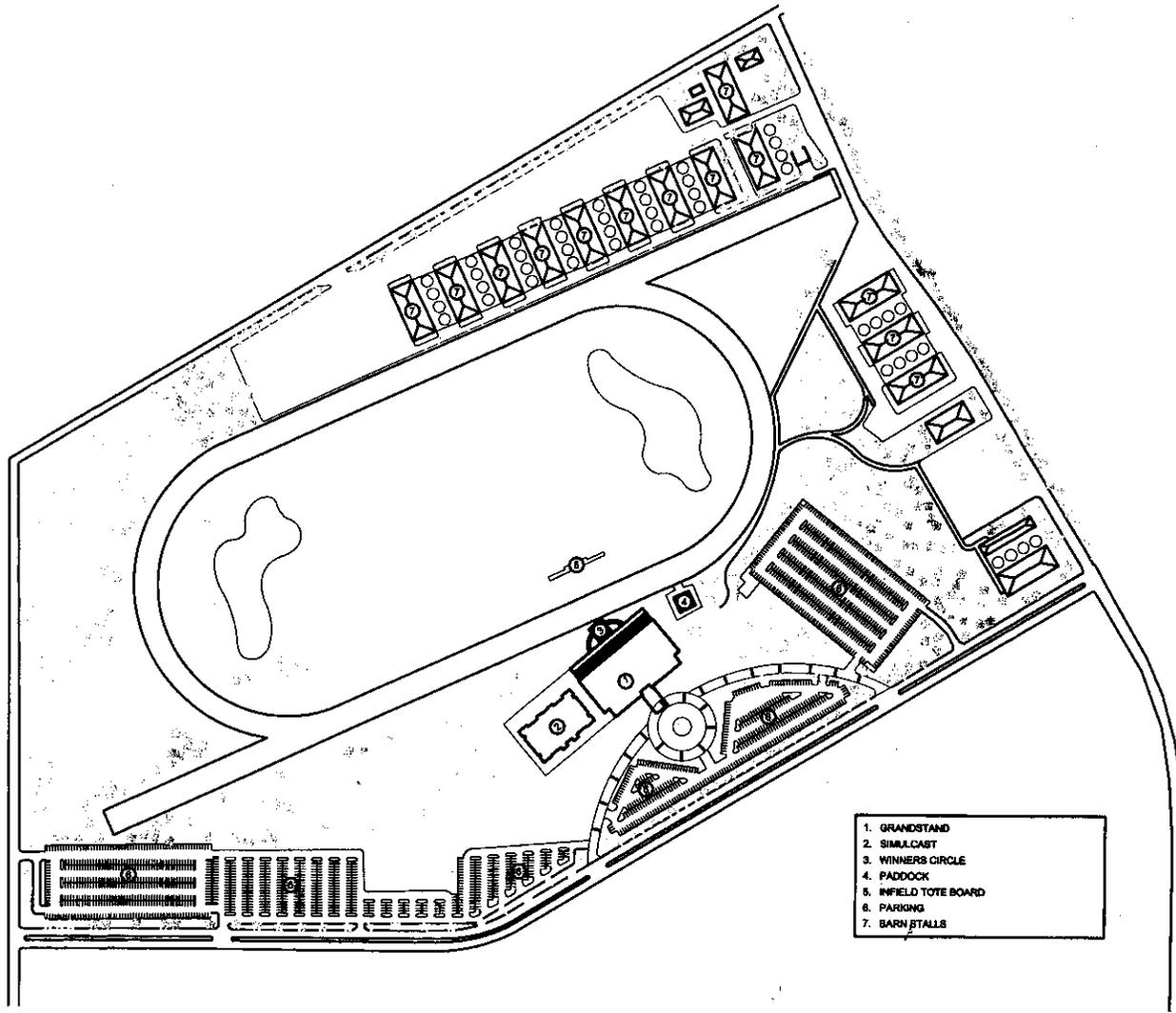


PROPOSED SITE

LANCASTER, TEXAS
LONGHORN DOWNS

MANNING ARCHITECTS
ARCHITECTURE · INTERIORS · PLANNING

MA PROJECT X08.042.00
SEPTEMBER 19, 2008



- | | |
|----|--------------------|
| 1. | GRANDSTAND |
| 2. | SIMULCAST |
| 3. | WINNERS CIRCLE |
| 4. | PADDOCK |
| 5. | INFIELD TOTE BOARD |
| 6. | PARKING |
| 7. | BARN STALLS |



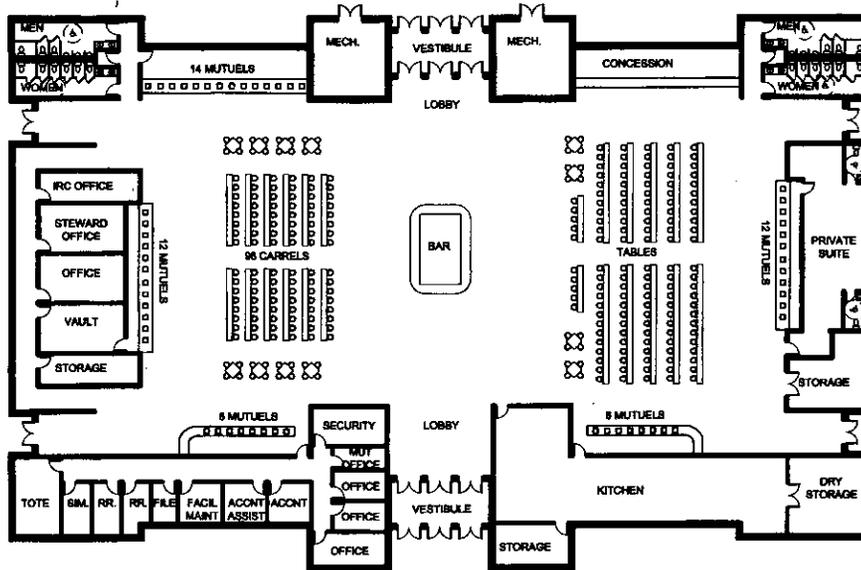
SCALE
1" = 400' - 0"

MANNING ARCHITECTS
ARCHITECTURE • INTERIORS • PLANNING

SITE PLAN
LANCASTER, TX

MA PROJECT X08.042.00
SEPTEMBER 19, 2008

IV, A, 29



SQUARE FOOTAGE CALCULATIONS

BOH, MECHANICAL & VESTIBULE	9,330 NET SQUARE FEET
PUBLIC RESTROOM	1,072 NET SQUARE FEET
PUBLIC AREAS	16,500 NET SQUARE FEET
PRIVATE SUITE AREA	1,270 NET SQUARE FEET
TOTAL NET AREA	28,170 NET SQUARE FEET
SIMULCAST BUILDING	30,000 GROSS SQUARE FEET

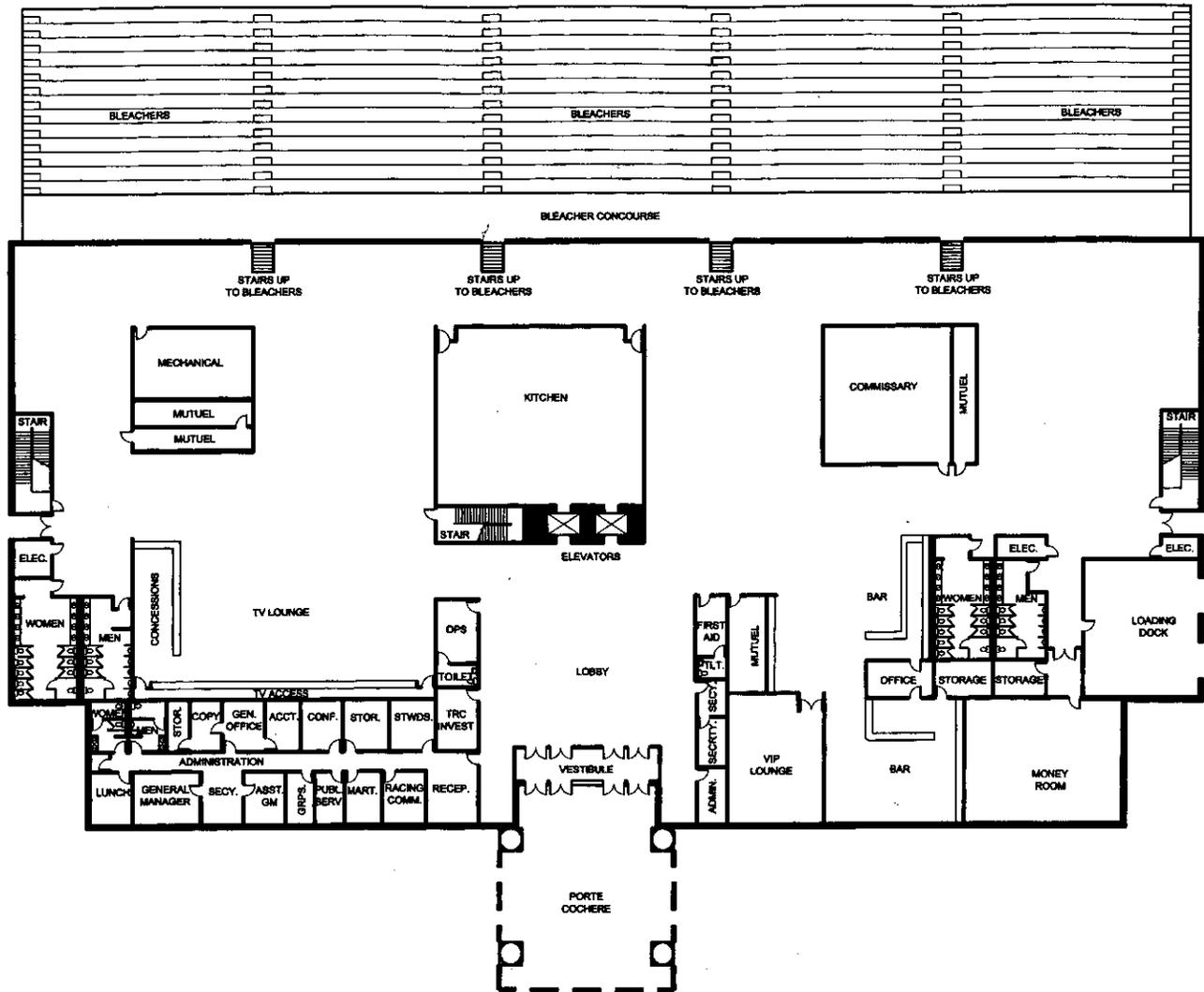
SCALE
1/32" = 1' - 0"

SIMULCAST FLOOR PLAN
LANCASTER, TX

MA PROJECT X08.042.00
SEPTEMBER 19, 2008

MANNING ARCHITECTS
ARCHITECTURE INTERIORS PLANNING

IV
A. 30



SQUARE FOOTAGE CALCULATIONS

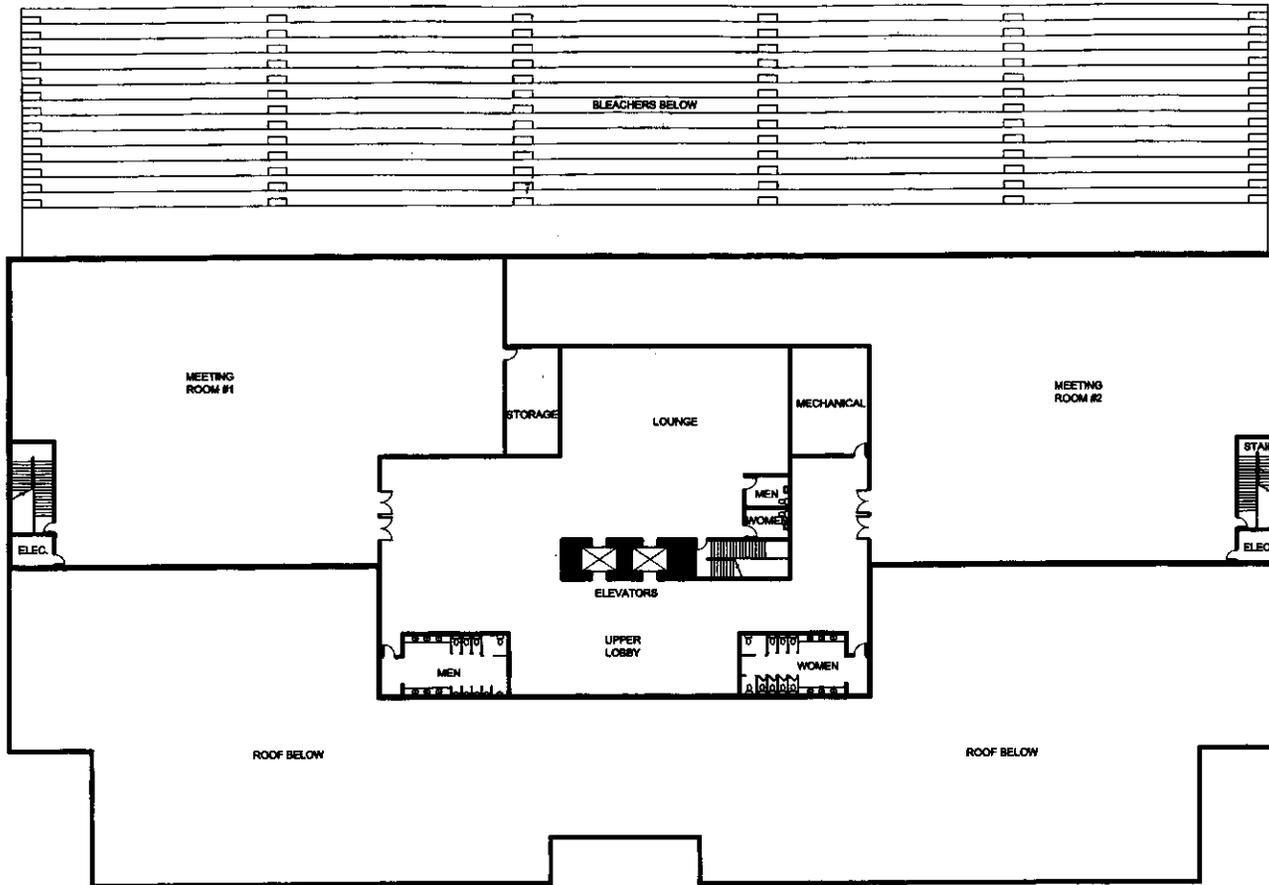
BOH, MECHANICAL & VESTIBULE	15,678 NET SQUARE FEET
PUBLIC RESTROOMS	1,851 NET SQUARE FEET
PUBLIC AREAS	31,880 NET SQUARE FEET
CIRCULATION	1,374 NET SQUARE FEET
TOTAL NET AREA	61,081 NET SQUARE FEET
GRAND STAND LEVEL 1	53,100 GROSS SQUARE FEET

SCALE
1/32" = 1' - 0"

GRAND STAND FLOOR PLAN LEVEL 1
LANCASTER, TX

MANNING ARCHITECTS
ARCHITECTURE INTERIORS PLANNING

MA PROJECT X08.042.00
SEPTEMBER 19, 2008



SQUARE FOOTAGE CALCULATIONS

BOH. MECHANICAL & VESTIBULE	985 NET SQUARE FEET
PUBLIC RESTROOMS	1,179 NET SQUARE FEET
PUBLIC AREAS	7,804 NET SQUARE FEET
PUBLIC AREAS	19,550 NET SQUARE FEET
CIRCULATION	1,374 NET SQUARE FEET
TOTAL NET AREA	30,800 NET SQUARE FEET
GRAND STAND LEVEL 2	31,800 GROSS SQUARE FEET

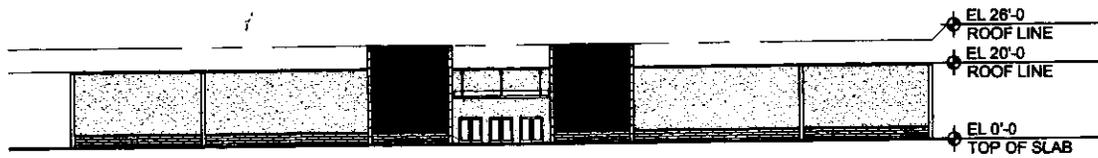
SCALE

1/32" = 1' - 0"

IV. A. 32
MANNING ARCHITECTS
 ARCHITECTURE • INTERIORS • PLANNING

GRAND STAND FLOOR PLAN LEVEL 2
 LANCASTER, TX

MA PROJECT X08.042.00
 SEPTEMBER 19, 2008



NORTH ELEVATION

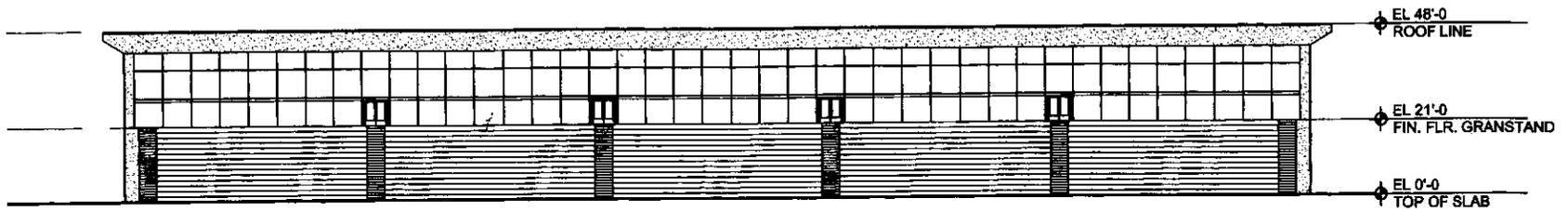
SCALE
1/32" = 1' - 0"



EAST ELEVATION

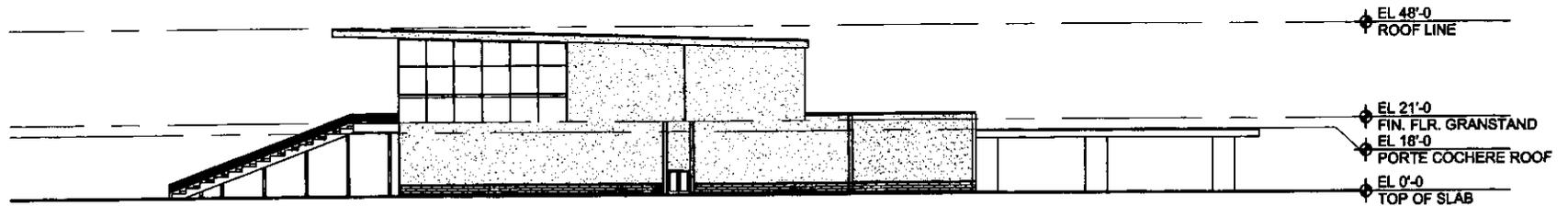
SCALE
1/32" = 1' - 0"

IV.
A.
33



SOUTH ELEVATION

SCALE
1/32" = 1' - 0"



EAST ELEVATION

SCALE
1/32" = 1' - 0"

GRAND STAND ELEVATIONS
LANCASTER, TX

MA PROJECT X08.042.00
SEPTEMBER 19, 2008

MANNING ARCHITECTS
ARCHITECTURE | INTERIORS | PLANNING

III, A, 34

ORDER FOR
SECURITY FOR COMPLIANCE

**IN THE MATTER OF AN
APPLICATION FOR A TRANSFER
OF PECUNIARY INTEREST IN AND
CHANGE OF LOCATION FOR
LONGHORN DOWNS, INC.**

§
§
§
§
§

**BEFORE THE
TEXAS RACING COMMISSION**

ORDER FOR SECURITY FOR COMPLIANCE

On September 15, 2009, the Texas Racing Commission met in open meeting and considered the issue of security requirements of Longhorn Downs, Inc., 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 recommendations and the comments of Longhorn Downs, Inc., the Commission enters 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 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 adopts this Order for Security for Compliance.

4. The Commission finds that the construction and 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 Longhorn Downs racetrack and simulcast facility is available to Longhorn Downs, Inc.

6. The date on which Longhorn Downs' racetrack will be ready for live racing may be reasonably estimated to be no later than November 1, 2012.

7. Longhorn Downs, Inc., has proposed to conduct live racing 18 days per year.

8. Longhorn Downs, Inc., has proposed that the annual live handle at Longhorn Downs will be approximately \$2,250,000.

9. If Longhorn Downs, Inc., fails to conduct live racing on the scheduled opening date as subsequently approved by the Commission, \$1,478 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. The opening date for Longhorn Downs' simulcast facility may be reasonably estimated to be no later than February 1, 2011.

12. Longhorn Downs, Inc., has proposed to conduct simulcast racing 363 days per year.

13. Longhorn Downs, Inc., has proposed that the annual simulcast handle at Longhorn Downs will be approximately \$47,250,000.

14. If Longhorn Downs, Inc., fails to begin conducting simulcast racing on the scheduled opening date, \$1,411 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.

15. If Longhorn Downs, Inc., fails to begin conducting simulcast racing on the scheduled opening date, \$1,302 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.

16. The simulcast fee for a Class 2 horse racetrack is established under Commission Rule 309.8, and is currently set at \$410 per day.

17. The Texas Racing Commission will incur costs in reviewing the construction plans, monitoring the construction, and inspecting the completed facilities of Longhorn Downs.

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

2. Because Longhorn Downs, Inc., has adequate funding to construct Longhorn Downs, the Commission and Longhorn Downs, Inc., may reasonably estimate the dates by which Longhorn Downs will begin conducting simulcast racing and be capable of conducting live racing.

3. It is in the best interest of racing to require Longhorn Downs, Inc. 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 29, 2009, Longhorn Downs, Inc., must submit \$250,000 in approved security to the Commission in any form authorized by § 6.04 of the Texas Racing Act, Tex. Rev. Civ. Stat. Art. 179e, and by Commission Rule 309.6.

It is further ORDERED that on or before September 1, 2010, Longhorn Downs, Inc., shall request live race dates for calendar year 2012 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 Longhorn Downs, Inc., fails to open on the scheduled Opening Day for Live Racing, \$1,685 of the security shall be forfeited for each live race date that is not run due to the failure to open timely. \$1,478 of that amount shall constitute revenue lost to Accredited Texas Bred Incentive Programs, and \$207.50, constituting ten percent (10%) of the live racing fee, shall constitute compensation for fees lost to the Commission. These amounts shall be distributed in accordance with Commission Rule 309.6.

It is further ORDERED that if Longhorn Downs, Inc., fails to begin conducting simulcast racing by February 1, 2011, \$2,754 of the security shall be forfeited for each simulcast race date that is not run due to the failure to open timely. \$1,411 of that amount shall constitute revenue lost to the Accredited Texas Bred Incentive Programs, \$1,302 of that amount shall constitute revenue lost to the state, and \$41, or ten percent (10%) of the simulcast fee, shall constitute compensation for fees lost to the Commission. These amounts shall be distributed in accordance with Commission Rule 309.6.

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 Longhorn Downs, Inc., and which are not due to an act, omission, negligence, recklessness, willful misconduct, or breach of contract or law by Longhorn Downs, Inc. 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 Longhorn Downs, Inc., 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 Longhorn Downs, Inc., completes its initial live race meeting. If Longhorn Downs forfeits all of its security before completing its initial live race meeting, the Commission may require Longhorn Downs to submit additional security in accordance with Commission Rule 309.6.

This Order takes effect on the date it is entered.

Signed the _____ day of _____, 2009.

Rolando B. 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

RECEIVED
TEXAS RACING
COMMISSION

SHAMOUN & NORMAN

2009 SEP 3 PM 1:41

a registered limited liability partnership
NEW YORK | TEXAS | CALIFORNIA

C. GREGORY SHAMOUN
cgs@sn-legal.com

Member of the Bar, State of Texas
and State of New York

September 4, 2009

VIA FEDEX
AND FACSIMILE (512) 833-6907

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

Re: That certain application to the Texas Racing Commission ("TRC") for the approval to (i) transfer ownership from Austin Jockey Club to Dallas City Limits Property Company, LP (the "Company") and (ii) change the location from Travis County to Dallas County (City of Lancaster) for Longhorn Downs, Inc., a Class two (2) horseracing track and facility (the "Application").

Dear Mr. Fenner:

As you know, the undersigned represents the Company with respect to the Application. Receipt of correspondence from the Texas Racing Commission, dated August 31, 2009, enclosing a copy of the Texas Department of Public Safety's Administrative Reports regarding the Company, Dr. David M. Alameel ("Dr. Alameel"), Maria M. Alameel ("Mrs. Alameel") and Yvonne Davis ("Ms. Davis") (the "DPS Reports"), is hereby acknowledged.

We are pleased that the DPS Reports establish that there is nothing by way of background history which brings the pending approval of the Application into question. The DPS Reports indicate that (1) the applicants are legitimate and have integrity, (2) the applicants have adequate means of financing the operation, and (3) the proposed business structure fully complies with the Texas Racing Act. As such, we look forward to the approval of the Application at the hearing set for September 15, 2009.

The DPS Reports do, however, contain a small number of inaccuracies which, because of their importance, the Company respectfully requests be noted. First, the DPS Reports state that Dr. Alameel's ability to fund the cost of the project appears to be contingent on the pending sale of Jefferson Dental Clinics ("JDC"). Please note that the sale of JDC was in fact finalized on June 9, 2009.

Second, the DPS Reports state that the "final ruling of the pending civil case (Cause No. 08-11846, 160th Dallas County District Court [the "Lawsuit"]) . . . could have

PRINCIPAL OFFICE

Four Hickory Centre | 1755 Wittington Place | Suite 200, LB 25 | Dallas, Texas 75234

Tel: 214-987-1745 | Fax: 214-521-9033 | www.sn-legal.com

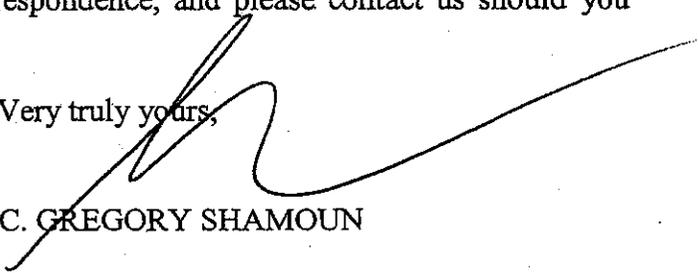
IV A43

unfavorable ramifications on the named business ownership and entities of [the Company].” Chairman Rolando Pablos has indicated that the Application is not disputed, and that the Lawsuit should not in any way operate as a bar to the prompt approval of the Application. Furthermore, comments by the DPS regarding legal issues are to be taken very lightly, as performing legal analyses, reaching legal conclusions and preparing legal opinions are not an area of expertise of the DPS. Therefore, the Lawsuit has no bearing on the approval of the Application.

Again, we are very pleased that the DPS Reports reflect that the Application should be promptly approved. The Company’s and Dr. Alameel’s many business experiences and successes are clearly indicated in the DPS Reports. Also indicated in the DPS Reports are a number of Dr. Alameel’s personal accomplishments, including his service in the United States Army. The comments noted in the DPS Reports that Dr. Alameel is a “fine upstanding citizen,” “community supporter,” “man of honor,” and “model citizen” carry great weight.

We look forward to being placed on the agenda and attending the hearing on September 15, 2009, and to the well-deserved prompt approval of the Application. Thank you for reviewing and considering this correspondence, and please contact us should you have any questions or concerns.

Very truly yours,



C. GREGORY SHAMOUN

Encl.

IV A 44

RECEIVED
TEXAS RACING
COMMISSION

MOLTZ | MORTON | O'TOOLE
2009 JUN 12 PM 3:49 LLP

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

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

June 12, 2009

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

Via Hand Delivery

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

Dear Ms. King:

Pursuant to Texas Rule of Racing 309.151, LRP Group, Ltd. requests the approval of the Texas Racing Commission ("TRC") for certain ownership changes related to its Class 2 horse racetrack license for Webb County, Texas.

The ownership changes shown on Attachment 1 reflect very minor fluctuations (significantly less than 1%) in ownership interests resulting from the ongoing business operations under the association's Partnership Agreement. None of the ownership changes are due to any independent purchase/sale transactions between any of the limited partners, and no changes in management or control have occurred.

The table at Attachment 1 includes only those limited partners affected by a percentage ownership change. The table indicates the currently approved total ownership percentages, the new ownership percentages for which approval is sought, and the percentage of adjustment

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

Sincerely,



William J. Moltz
Counsel for LRP Group, Ltd.

WJM/jmg

Attachments

cc: Mark Fenner (w/attachments)
Rhonda Fritsche (w/attachments)

{65110/2/00023224.1}

IV. D. 1

LAREDO DOWNS

CHANGE IN TOTAL BENEFICIAL INTEREST (%)

(Limited Partnership Interest plus LRP GP, LLC)

Limited Partners	Current Ownership Interest	New Ownership Interest	Change in Ownership Interest
Bryan P. Brown	1.0244	0.9654	[0.059]
Christopher J. Hall	3.2989	3.1089	[0.19]
Gary Wolff	0.2908	0.2741	[0.0167]
Lisa L. Medrano	0.1039	0.0980	[0.0059]
Muy Buena Suerte, Ltd.	41.9597	42.3911	0.4314
Robert W. Pollock	0.1053	0.0992	[0.0061]
Ted G. Abrams	1.6295	1.5357	[0.0938]
Thomas R. Johnson	1.0402	0.9803	[0.0599]

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 (512) 439-2165

July 7, 2009

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

Via Hand Delivery

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

Dear Ms. King:

Pursuant to Texas Rule of Racing 309.151, LRP Group, Ltd. ("LRP Group") requests the approval of the Texas Racing Commission ("TRC") for certain ownership changes related to its Class 2 horse racetrack license for Webb County, Texas.

The ownership changes shown on the table at Attachment 1 reflect a fluctuation in ownership interests resulting from the forgiveness of a debt in the amount of \$114,426.21 owed by Gordon R. Johnson to Muy Buena Suerte, Ltd. relating to funds previously loaned for use in making capital calls associated with LRP Group. This ownership transfer is being made in accordance with the applicable Partnership Agreement for LRP Group. No changes in management or control will occur. There are no written documents reflecting this forgiveness of debt/ownership change nor or there any other terms such as an option relating to any ownership interests. The proposed date of the change is immediate upon TRC approval.

The partners of and their respective percent interests in Muy Buena Suerte, Ltd. are the same as was recently reported with respect to 361 Muy Buena Suerte, LLC. The TRC was previously provided the personal identifying information required by Rule 309.151(b)(1) and (2) for each of those partners in the context of the recently approved change in ownership of Gulf Coast Racing, LLC. LRP Group will provide that information again if requested by the TRC. Pursuant to Rule 309.151(b)(4), no fingerprints or Texas Department of Public Safety investigation is necessary as a result of these changes in ownership interests.

The table at Attachment 1 includes only those two limited partners affected by the proposed ownership change. The table indicates the currently total ownership percentages as recently reported on LRP's annual ownership/management report, the new ownership percentages for which approval is sought, and the percentage of adjustment. You will note that the "current" ownership percentage for Muy Buena Suerte, Ltd. includes the small change (<1%) reflected in the annual report for which approval has been previously requested but not yet acted upon by the Commission.

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

{65110\2\00023350.1}

IV. D. 3

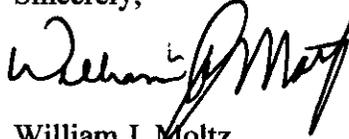
MOLTZ | MORTON | O'TOOLE
LLP

Charla Ann King, Commission Secretary

July 7, 2009

Page 2

Sincerely,



William J. Moltz
Counsel for LRP Group, Ltd.

WJM/jmg

Attachments

cc: Mark Fenner (w/attachments)
Rhonda Fritsche (w/attachments)

LAREDO DOWNS

CHANGE IN TOTAL BENEFICIAL INTEREST (%)*

(Limited Partnership Interest plus LRP GP, LLC)

Limited Partners	Current Ownership Interest	New Ownership Interest	Change in Ownership Interest
Gordon R. Johnson	3.2956	0	[3.2956]
Muy Buena Suerte, Ltd.	42.3911	45.6867	3.2956

* By letter dated June 12, 2009, LRP Group submitted to the TRC its 2009 annual Ownership Report, which included a request for minor changes in ownership percentages. The percentages listed in the table above incorporate and reflect those minor changes in anticipation that they will be approved by the TRC.

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 (512) 439-2165

September 1, 2009

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

Via Hand Delivery

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

Dear Ms. King:

Pursuant to Texas Rule of Racing 309.151, LRP Group, Ltd. ("LRP Group") requests the approval of the Texas Racing Commission ("TRC") for certain ownership changes related to its Class 2 horse racetrack license for Webb County, Texas.

Five of LRP Group's partners (Mr. Bryan Brown, Mr. Christopher Hall, Mr. Thomas Johnson, Ms Lisa Medrano, and Mr. Robert Pollock) are transferring their entire ownership interests in both LRP Group, Ltd. and its general partner, LRP Group, GP, LLC, to another partner, Muy Buena Suerte, Ltd. This ownership transfer is being made in accordance with two mechanisms established by LRP Group's Partnership Agreement. First, a small portion of each of the five partners' ownership interest was automatically transferred to Muy Buena Suerte, Ltd. pursuant to the Partnership Agreement as a result of a cash call made last month. The remaining ownership interest of each of these five partners is being transferred to Muy Buena Suerte, Ltd. pursuant to Assignment agreements. Attached to this correspondence are the written documents reflecting the terms of these Assignments. We request that these Assignment documents be kept CONFIDENTIAL to the maximum extent allowed by applicable law. The proposed date of the ownership change is immediately upon TRC approval.

The TRC was previously provided the personal identifying information required by Rule 309.151(b)(1) and (2) for each of the partners of Muy Buena Suerte, Ltd. in the context of the recently approved change in ownership of Gulf Coast Racing, LLC. LRP Group will provide that information again if requested by the TRC.

The table at Attachment 1 depicts the ownership change percentages of each of the five partners, the entirety of which will be transferred to Muy Buena Suerte, Ltd.. As you are aware, LRP Group, Ltd. has previously submitted two other requests for approval of ownership interest changes. The first resulted from various cash calls and was reflected in the Annual Ownership Report submitted to the TRC in July, 2009. The second related to the ownership interest of Mr. Gordon Johnson. For clarity of TRC files as well as your convenience, I have also attached, as

MOLTZ | MORTON | O'TOOLE
LLP

Charla Ann King, Commission Secretary
September 1, 2009
Page 2

Attachment 2, a Table which summarizes the ownership interests in LRP Group, Ltd. as they will exist assuming approval of the various ownership interest changes requested, including those requested herein.

We have also enclosed a check in the amount of \$650.00 pursuant to Racing Commission Rule 309.11 for the processing and investigation fees associated with this request. This amount was determined as follows:

	<u>Processing Fee</u>	<u>Investigation Fee</u>
Christopher Hall	\$100.00	\$250.00
Lisa Medrano	\$25.00	\$50.00
Robert Pollock	\$25.00	\$50.00
Bryan Brown	\$25.00	\$50.00
Thomas Johnson	\$25.00	\$50.00
TOTAL	\$200.00	\$450.00

Finally, we also request that this request be placed on the Agenda for consideration at the upcoming September 15, 2009 Commissioner's meeting.

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

Sincerely,



William J. Moltz
Counsel for LRP Group, Ltd.

WJM/jmg

Attachments

cc: Mark Fenner (w/attachments)
Rhonda Fritsche (w/attachments)

ATTACHMENT 1

LAREDO DOWNS

CHANGE IN OWNERSHIP INTERESTS

LRP GROUP, LTD.

<u>Limited Partners</u>	<u>Current Ownership Interest</u>	<u>New Ownership Interest</u>
Bryan P. Brown	0.9557	0.00
Christopher J. Hall	3.0778	0.00
Lisa L. Medrano	0.0970	0.00
Robert W. Pollock	0.0982	0.00
Thomas R. Johnson	0.9705	0.00

LRP GP, LLC.

Bryan P. Brown	0.9654	0.00
Christopher J. Hall	3.1089	0.00
Lisa L. Medrano	0.0980	0.00
Robert W. Pollock	0.0992	0.00
Thomas R. Johnson	0.9803	0.00

ATTACHMENT 2

LRP GROUP, LTD.

OWNERSHIP INTERESTS

September 1, 2009

<u>Percent Ownership</u>	<u>Owner</u>
4.9005	Charles W. Graham, DVM
2.0972	Tyler Graham
0.2713	Gary Wolff
3.0641	George A. Wolff
1.0000	LRP GP, LLC
50.4292	Muy Buena Suerte, Ltd.
4.8510	Paul W. Bryant, Jr.
3.2627	Robert Johnson
4.8510	Sam M. Phelps
5.0538	Silver Creek Racing, Ltd.
9.7346	Straus 2003 Irrevocable Trust
1.5203	Ted G. Abrams
5.0043	Nick Serafy Jr.
3.9600	Phillip Adams
100.00%	

MOLTZ | MORTON | O'TOOLE
LLP

2009 JUL 07 PM 1:43

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 (512) 439-2165

July 7, 2009

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

Via Hand Delivery

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

Dear Ms. King:

Pursuant to Texas Rule of Racing 309.151, Valle de los Tessoros, Ltd. ("VDLT") requests the approval of the Texas Racing Commission ("TRC") for certain ownership changes related to its Class 2 horse racetrack license for Hidalgo County, Texas.

The ownership changes shown on the table at Attachment 1 reflect a fluctuation in ownership interests resulting from the forgiveness of a debt in the amount of \$359,803.10 owed by Gordon R. Johnson to Hidalgo Muy Buena Suerte, Ltd. relating to funds previously loaned for use in making capital calls associated with VDLT. This ownership transfer is being made in accordance with the applicable Partnership Agreement for VDLT. No changes in management or control will occur. There are no written documents reflecting this forgiveness of debt/ownership change nor or there any other terms such as an option relating to any ownership interests. The proposed date of the change is immediately upon TRC approval.

The partners of and their respective percent interests in Hidalgo Muy Buena Suerte, Ltd. are the same as was recently reported with respect to 361 Muy Buena Suerte, LLC. The TRC was previously provided the personal identifying information required by Rule 309.151(b)(1) and (2) for each of those partners in the context of the recently approved change in ownership of Gulf Coast Racing, LLC. VLDT will provide that information again if requested by the TRC. Pursuant to Rule 309.151(b)(4), no fingerprints or Texas Department of Public Safety investigation is necessary as a result of these changes in beneficial ownership interests.

The table at Attachment 1 includes only those two limited partners affected by the proposed ownership change. The table indicates the currently approved total ownership percentages, the new ownership percentages for which approval is sought, and the percentage of adjustment.

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

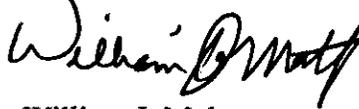
MOLTZ | MORTON | O'TOOLE
LLP

Charla Ann King, Commission Secretary

July 7, 2009

Page 2

Sincerely,



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

WJM/jmg

Attachments

cc: Mark Fenner (w/attachments)
Rhonda Fritsche (w/attachments)

TESOROS RACE PARK

CHANGE IN TOTAL BENEFICIAL INTEREST (%)

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

Limited Partners	Current Ownership Interest	New Ownership Interest	Change in Ownership Interest
Gordon R. Johnson	3.3591	0	[3.3591]
Hidalgo Muy Buena Suerte, Ltd.	55.6623	59.0214	3.3591

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 (512) 439-2165

September 1, 2009

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

Via Hand Delivery

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

Dear Ms. King:

Pursuant to Texas Rule of Racing 309.151, Valle de los Tesoros, Ltd. ("VDLT") requests the approval of the Texas Racing Commission ("TRC") for certain ownership changes related to its Class 2 horse racetrack license for Hidalgo County, Texas.

Mr. Bryan Brown, Mr. Christopher Hall, and Mr. Thomas Johnson are transferring their entire ownership interests in both and Valle de los Tesoros, Ltd. and its General Partner, Valle de los Tesoros, GP LLC, to another existing partner, Hidalgo Muy Buena Suerte, Ltd. These ownership transfers are being accomplished through Assignment Agreements in accordance with the applicable Partnership Agreement for VDLT. Attached to this correspondence are the written documents reflecting these Assignments from each of the three individual limited partners to Hidalgo Muy Buena Suerte, Ltd. We request that these Assignment documents be kept CONFIDENTIAL to the maximum extent allowed by applicable law. The proposed date of the change is immediately upon TRC approval.

The TRC was previously provided the personal identifying information required by Rule 309.151(b)(1) and (2) for each of the partners acquiring the interests in the context of the recently approved change in ownership of Gulf Coast Racing, LLC. VDLT will provide that information again if requested by the TRC.

The table at Attachment A depicts the proposed ownership change percentages. The table indicates the currently approved total ownership percentages of Mr. Brown, Mr. Hall, and Mr. Johnson, the entirety of which will be transferred to Hidalgo Muy Buena Suerte, Ltd. For clarity of the TRC files as well as your convenience, the table included at Attachment B depicts the overall proposed ownership percentages in Tesoros Race Park once all ownership transfers have been approved by the TRC.

MOLTZ | MORTON | O'TOOLE
LLP

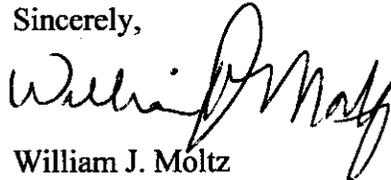
Charla Ann King, Commission Secretary
September 1, 2009
Page 2

Pursuant to TRC Rule 309.11(b)(5), I have also enclosed a check in the amount of \$225.00 in payment of the processing and investigative fees associated with this request.

Finally, we also request that this request be placed on the Agenda for consideration at the upcoming September 15, 2009 Commissioner's meeting.

Thank you for your assistance. Of course, if you need any additional information, please feel free to contact me.

Sincerely,



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

WJM/jmg
Attachments

cc: Mark Fenner (w/attachments)
Rhonda Fritsche (w/attachments)

ATTACHMENT A

TESOROS RACE PARK

CHANGE IN OWNERSHIP INTERESTS

VALLE DE LOS TESOROS, LTD.

<u>Limited Partners</u>	<u>Current Ownership Interest</u>	<u>New Ownership Interest</u>
Bryan P. Brown	0.0282	0.00
Christopher J. Hall	0.0777	0.00
Thomas R. Johnson	0.0324	0.00

VALLE DE LOS TESOROS GP, LLC.

Bryan P. Brown	0.0285	0.00
Christopher J. Hall	0.0784	0.00
Thomas R. Johnson	0.0328	0.00

ATTACHMENT B

TESOROS RACE PARK

OWNERSHIP INTERESTS

September 1, 2009

<u>Percent Ownership</u>	<u>Owner</u>
58.5695	Hidalgo Muy Buena Suerte, Ltd.
2.5498	Charles W. Graham, DVM
0.0472	Tyler Graham
1.4975	George A. Wolff
3.9600	Phillip Adams
16.6358	Nick Serafy, Jr.
2.4823	Silver Creek Racing, Ltd.
0.2304	Straus 2003 Irrevocable Trust
3.3255	Robert Johnson, Jr.
1.0000	Valle de los Tesoros, LLC
4.8510	Paul W. Bryant, Jr.
4.8510	Sam M. Phelps
100%	