



TEXAS RACING COMMISSION
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Texas Racing Commission
Tuesday, October 20, 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 Agency Planning and Required Reports
 - 2. Report on Racetrack Meets
 - D. Report by Rules Committee
 - E. Report on Wagering System Testing by Gaming Laboratories International

IV. PROCEEDINGS ON RACETRACKS

Discussion and consideration of the following matters:

- A. Report on Bankruptcy Proceedings of Magna Entertainment Corporation and Auction of Lone Star Park

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

- B. Allocation of Live Race Dates under Commission Rule 303.41 for the Period beginning January 1, 2010, and ending December 31, 2010, for Laredo Race Park, Laredo Downs, Valle de los Tesoros, Saddle Brook Park, and the Austin Jockey Club
- C. Allocation of Live Race Dates under Commission Rule 303.41 for the Period beginning January 1, 2011, and ending August 31, 2011, for Laredo Downs, Valle de los Tesoros, and the Austin Jockey Club

V. PROCEEDINGS ON RULEMAKING

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

- A. Rule Proposals
 - 1. Proposal to Amend Commission Rule 313.49, Starter
 - 2. Proposal to Amend Commission Rule 313.59, Assistant Starters
- B. Rule Review
 - 1. Readoption of Chapter 313, Officials and Rules of Horse Racing
 - 2. Readoption of Chapter 315, Officials and Rules of Greyhound Racing

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, the Commission may open an executive session to discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the General Counsel.

VII. OLD/NEW BUSINESS

Schedule next Commission Meeting
(Wednesday, December 2, 2009.)

VIII. ADJOURN

Texas Racing Commission

LBB-4

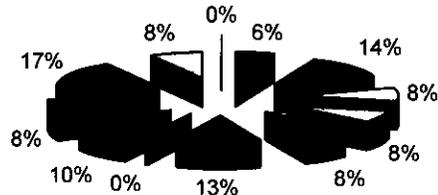
FYE 08/31/2009
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

Strategy	Description	FY 2009 Annual Budget	FY 2009 Expended Thru 8/31/2009	FY 2009 Unexpended Bal 8/31/2009	With 98% of Year Lapsed % of Budget Expended
\$ 125,191	FTE's = 72.25				
	<u>Sum Of All Strategies other than A.2.1</u>				
	1001 Salaries and Wages	3,696,109	3,378,558	317,551	91.41%
	1002 Other Personnel Cost	180,418	106,409	74,009	58.98%
	2001 Prof Fees and Services	194,221	145,079	49,142	74.70%
	2003 Consumables	31,000	25,507	5,493	82.28%
	2004 Utilities	24,500	26,615	(2,115)	108.63%
	2005 Travel	276,150	146,553	129,597	53.07%
	2006 Rent Building	108,014	107,579	435	99.60%
	2007 Rent Machine	15,900	11,398	4,502	71.69%
	2009 Other Operating Cost	292,440	269,740	22,700	92.24%
	CB Computer Equipment	35,340	292	35,048	0.83%
\$ 4,854,092	Total Operating Budget	4,854,092	4,217,730	636,362	86.89%
\$ 4,882,428	Strategy A.2.1. TX Bred Incentive	4,882,428	4,430,095	452,333	90.74%
\$ 9,736,520	Total All Strategies	9,736,520	8,647,825	1,088,694	88.82%

Expended Operational Budget By Strategy

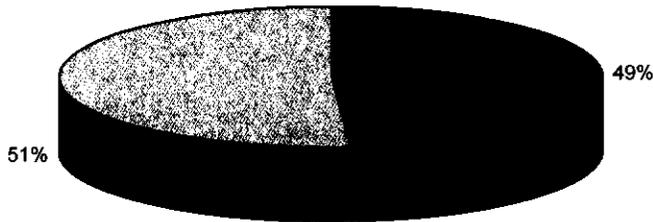
Regulate Racetrack Owners	\$ 259,635
Supervise Racing	\$ 581,003
Monitor Licensee Activities	\$ 349,495
Inspect & Provide Emergency Care	\$ 327,775
Administer Drug Test	\$ 318,850
Occupational Licensing Program	\$ 559,812
Texas On-Line Program	\$ 20,648
Monitor Pari-Mutuel Wagering	\$ 427,528
Wagering & Compliance Inspection	\$ 337,959
Central Administration	\$ 687,510
Information Resources	\$ 347,515
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	\$ 4,217,730
ATB Budget	\$ 4,430,095

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 8/31/2009	FY 2009 Unexpended Bal 8/31/2009	With 98% of Year Lapsed % of Budget Expended
A.1.1.	FTE's = 4.00 <u>Regulate Racetrack Owners</u>				
	1001 Salaries and Wages	239,278	245,067	(5,789)	102.42%
	1002 Other Personnel Cost	4,540	4,539	1	99.98%
	2001 Prof Fees and Services	5,000	1,061	3,939	21.22%
	2003 Consumables	1,000	864	136	86.41%
	2004 Utilities	-	-	-	
	2005 Travel	10,200	4,985	5,215	48.87%
	2006 Rent Building	-	-	-	
\$ 8,076	2007 Rent Machine	-	-	-	
\$ 251,895	2009 Other Operating Cost	5,575	3,118	2,457	55.94%
\$ 5,622	CB Computer Equipment	-	-	-	
\$ 265,593	Total Strategy A.1.1.	265,593	259,635	5,959	97.76%
A.2.1.	FTE's = - <u>Texas Bred Incentive</u>				
	ATB Money Expended	4,882,428	4,430,095	452,333	90.74%
\$ 4,882,428	Total Strategy A.2.1.	4,882,428	4,430,095	452,333	90.74%
A.3.1.	FTE's = 12.10 <u>Supervise Racing and Licensees</u>				
	1001 Salaries and Wages	752,833	534,634	218,198	71.02%
	1002 Other Personnel Cost	19,940	9,039	10,901	45.33%
	2001 Prof Fees and Services	16,721	-	16,721	0.00%
	2003 Consumables	-	17	(17)	
	2004 Utilities	-	-	-	
	2005 Travel	67,250	34,481	32,769	51.27%
	2006 Rent Building	-	-	-	
	2007 Rent Machine	-	-	-	
\$ 25,819	2009 Other Operating Cost	4,875	2,539	2,336	52.07%
\$ 829,374	CB Computer Equipment	35,340	292	35,048	0.83%
\$ 41,766	Total Strategy A.3.1.	896,959	581,003	315,956	64.77%
A.3.2.	FTE's = 6.00 <u>Monitor Occupational Licensee Act.</u>				
	1001 Salaries and Wages	340,936	331,223	9,714	97.15%
	1002 Other Personnel Cost	23,920	7,920	16,000	33.11%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	18	(18)	
	2004 Utilities	-	-	-	
	2005 Travel	25,000	6,605	18,395	26.42%
	2006 Rent Building	-	-	-	
	2007 Rent Machine	-	-	-	
\$ 13,214	2009 Other Operating Cost	4,375	3,729	646	85.23%
\$ 435,947	CB Computer Equipment	-	-	-	
\$ (54,930)	Total Strategy A.3.2.	394,231	349,495	44,737	88.65%
A.4.1.	FTE's = 5.55 <u>Inspect and Provide Emerg. Care</u>				
	1001 Salaries and Wages	307,991	279,927	28,064	90.89%
	1002 Other Personnel Cost	19,560	5,460	14,100	27.91%
	2001 Prof Fees and Services	23,000	16,780	6,220	72.96%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	19,700	17,277	2,423	87.70%
	2006 Rent Building	-	-	-	
	2007 Rent Machine	-	-	-	
\$ 10,339	2009 Other Operating Cost	8,125	8,332	(207)	102.54%
\$ 437,982	CB Computer Equipment	-	-	-	
\$ (69,945)	Total Strategy A.4.1.	378,376	327,775	50,600	86.63%

III. A. 2

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 8/31/2009	FY 2009 Unexpended Bal 8/31/2009	With 98% of Year Lapsed % of Budget Expended
A.4.2.	FTE's = 6.50 <u>Administer Drug Testing</u>				
	1001 Salaries and Wages	294,884	290,464	4,419	98.50%
	1002 Other Personnel Cost	18,020	6,060	11,960	33.63%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	28,500	16,737	11,763	58.73%
	2006 Rent Building	-	-	-	
\$ 10,993	2007 Rent Machine	-	-	-	
\$ 326,803	2009 Other Operating Cost	6,375	5,589	786	87.67%
\$ 9,983	CB Computer Equipment	-	-	-	
\$ 347,779	Total Strategy A.4.2.	347,779	318,850	28,928	91.68%
B.1.1.	FTE's = 12.10 <u>Occupational Licensing</u>				
	1001 Salaries and Wages	416,322	414,135	2,187	99.47%
	1002 Other Personnel Cost	28,420	23,001	5,419	80.93%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	2,500	3,555	(1,055)	142.20%
	2004 Utilities	-	-	-	
	2005 Travel	33,500	18,495	15,005	55.21%
	2006 Rent Building	-	-	-	
\$ 16,097	2007 Rent Machine	13,400	8,887	4,513	66.32%
\$ 549,532	2009 Other Operating Cost	36,625	91,738	(55,113)	250.48%
\$ (34,862)	CB Computer Equipment	-	-	-	
\$ 530,767	Total Strategy B.1.1.	530,767	559,812	(29,045)	105.47%
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	20,648	2,602	88.81%
\$ -	CB Computer Equipment	-	-	-	
\$ 23,250	Total Strategy B.1.2.	23,250	20,648	2,602	88.81%
C.1.1.	FTE's = 8.00 <u>Monitor Wagering and Audit</u>				
	1001 Salaries and Wages	382,013	388,413	(6,400)	101.68%
	1002 Other Personnel Cost	10,980	10,980	-	100.00%
	2001 Prof Fees and Services	-	-	-	
	2003 Consumables	-	56	(56)	
	2004 Utilities	-	-	-	
	2005 Travel	30,000	17,524	12,476	58.41%
	2006 Rent Building	-	-	-	
	2007 Rent Machine	-	-	-	
\$ 14,834	2009 Other Operating Cost	19,235	10,555	8,680	54.87%
\$ 457,938	CB Computer Equipment	-	-	-	
\$ (30,544)	Total Strategy C.1.1.	442,228	427,528	14,700	96.68%
C.1.2.	FTE's = 5.00 <u>Wagering & Compliance Inspections</u>				
	1001 Salaries and Wages	235,624	239,624	(4,000)	101.70%
	1002 Other Personnel Cost	8,460	8,460	-	100.00%
	2001 Prof Fees and Services	75,000	75,000	-	100.00%
	2003 Consumables	-	-	-	
	2004 Utilities	-	-	-	
	2005 Travel	28,500	12,447	16,054	43.67%
	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	337,959	13,750	96.09%

III. A. 3

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 8/31/2009	FY 2009 Unexpended Bal 8/31/2009	With 98% of Year Lapsed % of Budget Expended
	FTE's = 8.00				
D.1.1.	<u>Central Administration</u>				
	1001 Salaries and Wages	435,273	417,057	18,216	95.82%
	1002 Other Personnel Cost	30,278	24,649	5,629	81.41%
	2001 Prof Fees and Services	28,000	4,779	23,222	17.07%
	2003 Consumables	22,500	15,978	6,522	71.01%
	2004 Utilities	24,500	26,308	(1,808)	107.38%
	2005 Travel	30,500	15,901	14,599	52.14%
	2006 Rent Building	105,314	104,879	435	99.59%
\$ 12,729	2007 Rent Machine	2,500	2,511	(11)	100.44%
\$ 760,698	2009 Other Operating Cost	106,857	75,448	31,409	70.61%
\$ 12,295	CB Computer Equipment	-	-	-	
\$ 785,722	Total Strategy D.1.1.	785,722	687,510	98,212	87.50%
	FTE's = 5.00				
D.2.1.	<u>Information Resources</u>				
	1001 Salaries and Wages	290,956	238,014	52,942	81.80%
	1002 Other Personnel Cost	16,300	6,300	10,000	38.65%
	2001 Prof Fees and Services	46,500	47,460	(960)	102.06%
	2003 Consumables	5,000	5,019	(19)	100.37%
	2004 Utilities	-	307	(307)	
	2005 Travel	3,000	2,100	900	70.01%
	2006 Rent Building	2,700	2,700	-	100.00%
\$ 10,096	2007 Rent Machine	-	-	-	
\$ 386,349	2009 Other Operating Cost	73,023	45,615	27,408	62.47%
\$ 41,033	CB Computer Equipment	-	-	-	
\$ 437,479	Total Strategy D.1.2.	437,479	347,515	89,963	79.44%
	FTE's = -				
D.1.3.	<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	4,217,730	546,345	86.89%
\$ 4,882,428	Strategy A.2.1. TX Bred Incentive	4,882,428	4,430,095	452,333	90.74%
\$ 9,861,711	Total M.O.F.				
\$ 9,736,520	Total All Strategies	9,736,520	8,647,825	998,677	88.82%

III. A. 4

**Texas Racing Commission
Report on Racetrack Inspection Activities
October 20, 2009**

Date of Inspection	Track	Type of Inspection	Number of Unsatisfactory Items	Track Remediation	Unsatisfactory Items Remaining
September 18, 2009	Lone Star Park	Administrative	1	October 7, 2009	0
September 18, 2009	Lone Star Park	Pari-mutuel	0	-	0
September 23, 2009	Lone Star Park	Safety & Security	0	-	0
September 23, 2009	Lone Star Park	Stewards	1	October 1, 2009	0
September 24, 2009	Lone Star Park	Veterinary	1	October 9, 2009	0
August 21, 2009	Retama	Stewards	1	September 22, 2009	0
August 26, 2009	Retama	Veterinary	0	-	0

Training Tracks	-	-	-
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Total Inspections: 7

H. B. I

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TEXAS RACING COMMISSION

REPORT ON WAGERING SYSTEM TESTING of:

***AmTote International,
Scientific Games Racing, and
United Tote***

OCTOBER 2009

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III.E.2

PART I. INTRODUCTION

In April 2008, the Texas Racing Commission and the State of Texas issued a Request For Proposal (RFP) for Wagering Systems Testing and Approval. In July 2008, Gaming Laboratories International (GLI) responded to the RFP and was contracted to complete testing according to that proposal. The Commission's goal, as detailed in the proposal, was to have an accredited independent laboratory review, test and certify the validity of the totalisator systems and software used by racing associations in the state of Texas.

These totalisator systems, also called "tote" systems, are created and operated by third party companies to handle and process wagering at Texas racetracks. There are three companies operating totalisator systems and services within Texas:

- **AmTote International** - provides and operates the totalisator system used at Lone Star Park and Retama Park.
- **Scientific Games Racing** provides and operates the totalisator systems at Sam Houston Race Park and Valley Race Park.
- **United Tote** provides and operates the totalisator systems at Gillespie County Fair, Gulf Greyhound Park and Manor Downs.

As required by the contract, Gaming Laboratories International tested each of the totalisator systems used in Texas and inspected each tote company's central server location. GLI submitted to TxRC a report of findings for each tote company as follows:

- the report on Scientific Games Racing was submitted on March 13, 2009;
- the report on United Tote was submitted on May 11, 2009; and
- the report on AmTote International was submitted on July 6, 2009.

Each of these reports is a confidential audit document with proprietary information mentioned in the report. However, GLI also submitted a public report to TxRC that summarized the testing methodology, findings, and recommendations across all three tote systems. This report is available for distribution and is attached to this report. Highlights from it are listed in Part III below.

Each tote company received a copy of the report conducted on their specific system and was asked to submit comments regarding the findings. Selected comments from each company's response are provided in Part IV below.

PART II. BACKGROUND

Regulatory Issues and Racing Commissioners International

Regulation of pari-mutuel wagering and the totalisator systems that process this type of wagering are constantly evolving. In February 2006, the Commission renewed its membership with Racing Commissioners International (RCI) and has subsequently worked in collaboration with other RCI member jurisdictions on achieving more efficient and consistent regulation in this area. One of RCI's recommendations for improving the regulation of totalisator systems is the use of an independent certification laboratory.

State Auditor's Office Findings

In 2006, the State Auditor's Office (SAO) conducted a review of selected TxRC regulatory programs, including a determination of whether the Commission had appropriate controls in place to ensure that racetracks are reporting all wagers completely and accurately and forwarding the appropriate portion to the state. In May 2006, the SAO reported its finding that the Commission's controls ensure that amounts wagered are allocated according to required percentages, but that the Commission should improve controls to ensure the integrity of the data on which allocations are based.

In its report, the SAO noted the following key observations and recommendations based on the agency's current audit processes:

- 1) The commission reviews the totalisator systems and reports at racetracks using two tests:
 - **Pari-mutuel audits to verify actual calculations made by racetracks.** These audits verify that wagers that are in the system are allocated to required percentages.
 - **Electronic data processing (EDP) reviews of totalisator systems.** These reviews ensure that totalisator system software accurately calculate payouts of amounts wagered for winners and the total takeout amount that is designated to the other parties (for example, the State and the racetracks).
- 2) The commission has a good process for performing pari-mutuel audits to verify that wagers are allocated according to required percentages. However, it should improve its EDP reviews of totalisator systems to ensure that all wager amounts in these systems are complete

and accurate and, therefore, that the distribution amounts are accurate.

- 3) The Commission has rules for hardware, software, and management of totalisator systems, but it is not performing the additional tests necessary to ensure the integrity of the data in totalisator systems.

Independent Certification of Totalisator Systems

In order to both address the regulatory issues raised by RCI and to address the SAO findings and recommendations, the agency requested and received additional appropriations from the 80th Legislature. With appropriations in place, TxRC staff issued an RFP in April 2008. The agency awarded a contract to Gaming Laboratories International in June 2008 to perform independent certification of totalisator systems operating at Texas racetracks.

PART III. SUMMARY OF *FINAL REPORT ON 2009 TOTE SYSTEM TESTING* BY GAMING LABORATORIES INTERNATIONAL

GLI's final report provides a summary of the Wagering System Testing Project including:

- testing goals,
- testing procedures,
- general report findings,
- specific recommendations, and
- report conclusions.

GLI met all the requirements of its contract with TxRC including the requirements of the Statement of Work from the RFP. Those required the contractor to inspect, test, and evaluate all the components of the totalisator system, including both the totalisator server locations and each corresponding racing association's wagering systems in Texas for compliance with the Texas Rules of Racing, Chapter 321, Pari-mutuel Wagering. These rules contain the standards for tote system facilities and equipment, operational requirements, wagering calculations, reporting and log requirements.

The contract between TxRC and GLI required the inspection, testing and evaluation of eleven areas:

- 1) **Transaction Engine or Central Processing System (CPS)** – evaluate for network and telecommunication access from any computer or betting terminal on the tote system, network configurations, user access and account management, virus detection, and audit logging.
- 2) **Betting Terminals** – test functionality.
- 3) **Race/Bet Information** – test functionality of all data “pushed” down to the onsite terminals including information regarding race day events, betting interests, wager amounts, and types of pools.
- 4) **Race Day Operations** – test actual race day operations of locking devices to stop wagering, entry of “order of finish,” “scratching” entries, and entering “dead heats.”
- 5) **Bet Types** – test the calculation of all wagering pools for compliance with Texas Racing Commission rules.
- 6) **Betting Processes** – functional review of the betting process between the terminal and the server.
- 7) **Pool Calculations and Dividends** - test the calculation of handle, commissions, pay-outs, breakage and settlements.
- 8) **Agency Commission Calculations** - verify day-end data loads from totalisator system to Texas Racing Commission Oracle database.
- 9) **Auditing** – verify that every stage of the bet is auditable.
- 10) **Backup and Recovery Testing** – evaluate disaster recovery planning and business continuity plans.
- 11) **Data Communication and Security** – analyze data communications elements and secure system communications, to include the logical access components of a networked telecommunications computer system.

GLI covered these required elements through testing of each of the three tote systems in seven categories.

- 1) **Software Verification** – documented software versions and configurations.
- 2) **System Functionality** – examined the system functionality for expectations of its intended use.
- 3) **Pricing and Price Calculations** – detailed pricing test of wagering pools using controlled simulated race events.

- 4) **System Accounting, Reporting and Logging** – verified accuracy of reported numbers and reports generated by tote system.
- 5) **Wagering Terminal Testing** – evaluated the functionality, security, and regulatory compliance of each model of wagering terminal used in Texas.
- 6) **On-Site Testing of Race Tracks Wagering Systems and Data Centers** – conducted on-site inspections of Texas racetracks' wagering systems, and the operational hubs and data centers for each totalisator company.
- 7) **Network and Information Technology Testing** – reviewed and tested network communications and configurations for security and operation.

GLI reported primary findings and corresponding recommendations in five areas:

- 1) **Software Version Control** – Tote companies should implement software control policies that the TxRC should review and periodically audit to ensure the wagering systems and data centers are operating in compliance with these policies.
- 2) **Race Pricing Rules** – TxRC should apply additional resources to its oversight of race pricing rules to ensure compliance with Texas regulations and statutes.
- 3) **Terminal Security** – The Texas Administrative Code does not explicitly define many regulations regarding terminal security. GLI recommends improved security requirements for wagering terminals.
- 4) **Functionality Issues** –TxRC should continue to test and monitor the totalisator systems so that functionality issues can be identified and repaired.
- 5) **General Security Issues** – Tote system configuration settings and critical system files should be locked in software in such a way that regulators can audit and verify the integrity of the programs. A full review of Inter-Tote System Protocol (ITSP) should be conducted to include third party telecommunications vendors.

GLI concluded that:

- *The regulatory structure established by the Texas Racing Commission has resulted in the implementation of totalisator systems that function with a high degree of compliance. While many of the issues noted in GLI's findings are significant, each of them can be corrected by the operator.*
- *...it should be noted that while the findings of these reports are significant and need to be addressed, the overall functionality and security of the totalisator systems was good and the audit and oversight procedures of the Texas Racing Commission have*

been an effective tool in protecting the public. The GLI testing demonstrates that independent third party oversight of the totalisator systems is a necessary addition to the regulatory scheme.

- *The continuing advance of technology in totalisator systems require that these regulations and procedures continually be monitored and updated to maintain the integrity and respectability of the pari-mutuel sports and their wagers.*

PART IV. SUMMARY OF TOTALISATOR COMPANY REMARKS

Listed below are selected remarks by the three tote companies in response to issues raised in their individual reports by GLI. It should be noted that TxRC staff and GLI staff worked together to set up meetings with each of the three tote company's representatives. The TxRC contacted the presidents of all three tote companies advising them of the project and requested that they appoint a point person for the project. In some cases, the tote companies assigned top level personnel to the project and in one case, the tote company assigned frontline personnel. Cooperation from the tote companies by granting access to the appropriate level staff within the tote company was imperative to the success of the testing project.

AmTote

- *AmTote is very supportive of enhancing the transparency of the wagering experience and has at times led initiatives to improve the transactional non-repudiation* of AmTote's pari-mutuel operations. In general, AmTote is pleased with the conduct and outcome of the GLI testing of AmTote. The only significant criticism of the GLI testing of AmTote is the use of Electronic Gaming Machine Standards to pari-mutuel ticket issuing Machines (TIMS).*
- *Pari-mutuel ticket issuing machines, unlike gambling machines, simply record a transaction that has occurred between a patron and the pari-mutuel licensee. The totalisator does not in any manner determine either the outcome of the wager nor does it determine or set the payout. The function of a totalisator is very similar to a "cash register" and is extremely dissimilar to an electronic gaming machine.*

* a patron's evidence of the completed transaction via the wagering ticket

Scientific Games

- *Overall, SGR is of the opinion that GLI did not spend sufficient time attempting to comprehend and understand SGR's organization and its various resources and departments that support the pari-mutuel wagering systems and services in Texas. As a result we feel there are some fundamental inaccuracies in the report.*

- *As noted above, GLI's report does not fully grasp the organization that goes into supporting the SGR operation in Texas. As a result, it appears that GLI's observations and/or conclusions are based solely on interaction with frontline personnel in Texas as opposed to incorporating input and clarification from the organization, departments and support structure that is responsible for providing the systems, services and operations for Texas pari-mutuel wagering operations.*
- *In summary, SGR feels that as a result of the approach that GLI chose to adopt, the report does not provide an accurate review and reflection of the SGR pari-mutuel wagering systems and organization that provides services in Texas. However, SGR does agree that some of the detailed testing undertaken by GLI is accurately reported and includes constructive recommendations.*

United Tote

- *We are generally satisfied with the reporting and analysis, however, there were some issues in the report that indicate a lack of familiarity with tote operations or system functionality and in some cases reveal a failure to recognize updated or changing conditions. That is not entirely unexpected in this circumstance.*
- *However, there are areas in the report that suggest strengthening in design and security that the current industry cost structure precludes. We believe these issues require the overall industry to collaborate at a business and cost structure level, rather than by regulation.*

PART V. TxRC CONCLUSION

The Wagering System Testing and Approval Project was productive and beneficial. GLI's reports met the goals of the Texas Racing Commission and fulfilled the requirements set out in the contract for Wagering System Testing.

The testing project:

- fulfills the SAO recommendation for TxRC to strengthen its EDP reviews in order to ensure the integrity of the wagering information in the totalisator systems;
- validates the integrity of the tote systems for patrons, racetracks, Texas State Comptroller, and the Texas Racing Commission;
- helps shape the future of tote system regulation and certification by using a certified independent test laboratory to evaluate the structure and operations of totalisator systems;
- identifies problems and suggests improvements with methods for controlling software;

- validates methods currently in use by the TxRC to test pricing pool distributions;
- tests wagering terminals at a high level of specialized expertise; and
- tests Network and Information Technology at a high level of specialized expertise.

Conclusion

All totalisator functions and operations for Texas pari-mutuel wagering systems have been evaluated by Gaming Laboratories International, a certified independent testing laboratory. Based upon the findings in the GLI reports and TxRC's existing regulatory oversight, staff concludes that AmTote, Scientific Games Racing, and United Tote are qualified to operate at Texas racetracks.

GLI's final report identifies areas where the industry can make improvements to enhance the integrity of pari-mutuel operations. These recommendations can be used as an industry-wide initiative to demonstrate to the public that totalisator operations are tested, reviewed, evaluated and regulated.

TxRC staff offers the following conclusions.

- The GLI independent third-party testing of totalisator systems proved valuable to tote system regulation and certification and should be continued and conducted periodically.
- Use of a certified laboratory to test and evaluate new totalisator technology before it is placed into service is beneficial to ensuring the integrity of the tote systems.
- To achieve industry efficiencies, it would be advantageous to work in conjunction with other RCI jurisdictions to collaborate on future wagering system testing and rule writing.
- TxRC should promulgate additional rules for the regulation of wagering terminals.

ATTACHMENT A.

FINAL REPORT ON 2009 TOTE SYSTEM TESTING
BY GAMING LABORATORIES INTERNATIONAL

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GLI

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Las Vegas, NV 89119

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Worldwide Locations

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U.S. Regional Offices
Colorado
Nevada

International Offices
GLI Africa*
GLI Australia* Pty Ltd
GLI Europe BV*

October 13, 2009

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

RE: Final Report on 2009 Tote System Testing

Dear Ms. King:

You have now received Gaming Laboratories International, LLC's (GLI) final reports on each of the three totalisator systems being used in the state of Texas. This letter will summarize GLI's testing methodology, the findings of the reports, recommendations for corrective action and recommendations for future monitoring of the totalisator systems to ensure the integrity of pari-mutuel wagering in Texas.

Goals of Testing

The general purpose of the independent testing of any technology used in regulated wagering industries is to ensure the integrity and functionality of the device and to independently verify that it meets the statutory requirements and regulatory technical standards of the jurisdiction. Generally, these goals are designed to ensure that the device is reliable, performs in a manner that meets jurisdictional rules, has appropriate defenses against cheating, can be properly audited, operates in a secure network environment and has sufficient disaster recovery capabilities. Put more simply, does the device provide an equal opportunity for patrons, can it properly account for funds, is it secure and is it reliable?

Summary of Testing Procedures

To meet the requests of the Texas Racing Commission, GLI developed and performed tests in a number of areas. These tests were designed to meet and exceed each goal for testing requested by the Texas Racing Commission as defined in the request for proposal. The test results provide a thorough review of the totalisator system and its functions.

The tests were conducted both in the GLI laboratories and on site at a facility where each of the totalisator systems are operating in Texas.

A-1

III.E.12

In addition, some testing was conducted at a hub site of the totalisator operator when applicable. Each of the systems was tested using a test environment running identical software to the live servers, and providing functionally equivalent operations to tote operations in Texas.

Specific tests were constructed in several areas to provide a thorough review of the different aspects of totalisator functionality. For each test a report regarding details of the test was included with a copy of the final report for each system. Test findings and test logs were also provided when applicable. To meet the requests of the Texas Racing Commission, GLI tested and evaluated each test system in the following areas:

- Software Verification
- System Functionality
- Pricing and Price Calculations
- System Accounting, Reporting and Logging
- Terminal Testing
- On-site Testing of Racing Associations and Data centers
- Network and Information Technology

For each test performed a separate sectional report describing the tests and results observed was provided and attached. Where possible, test logs and system reports were provided and indexed. A brief summary of each test area is provided below.

1. Software Verification

GLI has, where possible, documented the software versions and configurations used in our testing. The purpose of documenting the test environment is to provide a means by which to verify the system software against the version used in our tests and a reference to the software versions to which all provided test results refer.

The software verification methods contained in the reports would allow for an audit of field software to show where the field software is identical or different to tested versions. It additionally provides a means to trace issues discovered in testing and track progress in resolving these issues. Software version verification provides a framework for regulators to know and regulate the operating software authorized for use.

In cases where access to software is possible, such as the totalisator software program, GLI has generated signatures to note the tested software versions. In other cases GLI has reviewed the software and detailed what version information can be determined.

2. System Functionality

Each totalisator system was reviewed in the course of our testing to examine functionality within expectations of its use for the intended purpose. Such testing encompassed all areas of system operation, including creation and entry of race event data on the tote system and execution of racing operations. Totalisator operator capabilities, procedures and relevant documentation were reviewed. The functionality of the tote system was also evaluated against applicable regulations given in The Texas Rules of Racing, Chapter 321 Pari-mutuel Wagering Subchapter B.

A review of functionality of Inter-Tote System Protocol (ITSP) between systems was conducted for some of the systems. In this test an additional test system was used to communicate by ITSP with the Texas test system. ITSP wagering information was reviewed as it was transmitted between systems. Operational functionality such as stop wagering was reviewed between systems. Communications between tracks was tested and logs were reviewed for relevant information. The review performed represents a functional review of ITSP communications as possible within the established test environment.

In some instances, GLI was unable to perform ITSP functionality testing using ITSP communication on the test totalisator system as configured for testing in the GLI laboratory. Full ITSP testing could not be performed within the context of the established and configured test environment. GLI recommends a full review of ITSP be conducted in the future encompassing tests involving communications between totalisator companies, as well as an examination of the protocol communications at a message level.

The testing performed directly reviewed the areas of Transaction Engine or Central Processing System. Additionally, as the totalisator system affects all areas of operation and wagering, all requested aspects of the system were reviewed for functionality within the course of testing.

3. Pricing and Price Calculations

A detailed pricing test was performed for each tote system. The test consisted of simulating multiple race events, each with multiple races. Bets were made on each race in a controlled manner, with the purpose of generating test case scenarios as enumerated in the Texas Rules of Racing - Chapter 321 - Pari-mutuel Wagering: Subchapter C. For each tested race an order of finish was entered, price reports were generated and the evaluation of winning tickets was reviewed. Multiple orders of finish were used in most races to create a variety of test case scenarios. Each bet pool used at each racing association was evaluated. Additional efforts were made where possible to review bet pools allowed by regulation but not currently implemented at one of the tracks.

Tests were performed using the net pool pricing method and the standard gross pool pricing method whichever was applicable to the particular tote system. System price calculation rules and configurations were reviewed against regulations.

The majority of calculated numeric prices for test scenarios were verified against independent calculations made by GLI. Engineers from GLI reviewed examples of and developed spreadsheets capable of pricing according to the net pool pricing method or the standard gross pool pricing method used in Texas. These spreadsheets were used to independently calculate the totalisator pricing based on controlled bets and race orders of finish.

The testing performed in the price tests reviewed the areas of *Bet Types, Bet Processes, Pool Calculations and Dividends, and Agency Commission Calculations*, as requested by the Texas Racing Commission RFP. Additionally, areas of *Auditing, Race/Bet Day Operations*, and

Race/Bet Information were reviewed in the creation, execution, and pricing of pools on the system.

4. System Accounting, Reporting and Logging

A simulated race event was created with controlled betting for the purpose of generating totalisator data similar to what might be seen in live events. In this accounting test, GLI created events for the racing facilities for each of the tote system providers. Bets were made across multiple terminals, and tellers, and using player betting accounts. Inter-track wagers were made between sites. Information for all bets was logged by GLI engineers. Racing events were executed according to the test plan and end of session reports were then generated on the totalisator system. These reports were reviewed against the totals of the logged bets made during the race event.

The Texas Administrative Code lists a number of reports required by regulation. For each report required by regulation, GLI either reviewed reports generated through the course of testing, reviewed historical reports from the live system, or requested the report be generated on the test system by totalisator operators. Reports were generated by the system and reviewed against applicable regulations. System logs were kept throughout the course of testing and were reviewed for select areas of information.

Accounting test data includes IRS regulated wagers generated in test cases designed specifically to test processing and reporting of these wagers.

The testing performed reviewed the areas of *Bet Processes* and *Auditing*. *Race/Bet Day Operations* and *Race/Bet Information* were also evaluated during these tests.

5. Terminal Testing

Each available model of wagering terminal used in Texas was evaluated for functionality, security and regulatory compliance. Engineers executed tests according to planned pre-developed tests for regulatory compliance, and recorded important information and observations on each model. Additionally, Gaming Laboratories' engineers relied upon GLI's years of experience in testing gaming terminals to analyze the security and functionality of each wagering device. Where regulations within the Texas Rules of Racing – Chapter 321 – Pari-mutuel Wagering: Subchapters B and C applied to wagering terminals, the terminals were reviewed against these regulations.

The testing performed reviewed the areas of *Terminals* as well as some aspects of *Bet Process* and *Data Communication and Security*.

6. On-Site Testing of Race Tracks and Data Center

GLI has conducted on-site inspections at each of the facilities used in operation for Texas Wagering. The totalisator operations for each racing facility were inspected. Additionally, the operations hub and data centers for each tote provider were inspected.

At each location the equipment and facilities used in race operations were reviewed against applicable regulations given in The Texas Rules of Racing, Chapter 321 Pari-mutuel Wagering

Subchapters B and C. This included conducting on-site inspections at each race track in Texas, the operations hub and at the location where the totalisator system is physically located. These inspections consisted of ensuring climate control systems, fire suppression systems, communication lines, security systems, and emergency backup systems were in place at each location. Network configurations and connectivity were also evaluated at each location.

At each race association the majority of operating betting terminals was reviewed by a software verification process. The results were documented and used to evaluate software control on the terminals in order to determine which terminals are identical in software to those tested in a controlled test. The on-site inspections that took place at the race tracks also consisted of verifying the presence of a stop wagering device in the judges' booth and where possible, the function of the tote board, operators' console and judges' console. A sample of digital signatures from the wagering terminals currently in use on-site was taken in order to verify software control.

At the operations hub and data center, the system hardware used for the totalisator systems for Texas was reviewed. Digital signatures used to verify software control were taken from the totalisator servers at the data center. The testing performed reviewed the areas of *Race/Bet Day Operations, Backup and Recovery Testing* and *Data Communication and Security*.

7. Network and Information Technology Testing

A GLI network specialist was tasked to review and test network communications and configurations for security and operation. Network connections between the racing associations, data centers and on-site communications at each location were included in this review.

Backup procedures, system redundancy and security, anti-virus and other areas of information technology were also evaluated.

GLI reported in this area by providing analysis of the network infrastructure and information technology of each location of racing association or data center involved in totalisator operations. The testing performed reviewed the areas of *Backup and Recovery Testing* and *Data Communication and Security* as well an additional *Logical Access Component* given in the request for proposal for testing.

General Report Findings

1. Software Version Control

During testing, GLI noted many instances of inadequate software version control where the software from the test system or that which has been submitted for testing, did not match the software on the live system or on the terminals. The difference in file signatures of executable files indicates that the software could function differently for some operations on the live tote system in comparison to the tested tote system. GLI cannot definitively state what differences may have been present.

Differing versions of software can represent a security risk, as well as a risk to operational integrity. If an issue has been found and fixed in the software, new software should be deployed to all terminals such that they would run the same version. If software program files have been altered in some fashion from the original program, then the integrity of the betting terminal cannot be certain. In the worst cases, mismatching software could be an indication that the control program has been compromised by a malicious party intent on manipulating or monitoring the terminal.

Mismatching terminal software can occur in the event that old versions of terminal software are not removed from or updated on all terminals when new software is issued. Gaming Laboratories' review of the differences in software found in use on terminals shows a wide variety of differences between some terminals.

2. Race Pricing Rules

The testing revealed a number of errors in race pricing rules. Most of these errors involved unusual circumstances that may not have been identified in the vendor's QA process. The errors can be corrected to comply with the Texas rules.

In the area of price pool distribution rules, GLI's testing observed anomalies regarding the processing of pools that use exchange wagers. The Texas Administrative Code provides rules for exchange and pool distribution of the Twin Trifecta and Tri-Superfecta pools. An area in which GLI has observed that some rules are not met, is the awarding of the second half pool carryover in the cases in which no exchanges are made from the first half pool, and the second half pool is capped and frozen as the cap has been met, or the pool is marked for mandatory payout.

3. Terminal Security

The GLI testing revealed several areas where terminal security could be improved. A detailed description of each vulnerability is contained in the full report for each vendor. Because of the specific nature of these findings, a more complete description in a public document would imprudently create a security risk. However, it should be noted that each vulnerability can be corrected with minimal expense and in some cases, through changes in internal control procedures.

4. Functionality Issues

The GLI testing revealed a number of functionality issues involving terminal printers, communications notifications, allowance of wagers for scratched entries, unauthorized functions, shortfalls in audit features, terminal identities and insufficient reporting capabilities. Unfortunately, it is difficult to offer more specific information about these issues in a public document without imprudently creating a security risk.

5. General Security Issues

GLI noted that in some instances there was an absence of a disaster recovery plan or the plan contained deficiencies. At some facilities the list of individuals authorized to access secure areas was either out of date or not followed.

In addition, in some instances the rules for access to certain tote system functionality were incomplete or not followed. In some cases certain operators may have access to functions on the system well beyond what is required or documented. This represents a security risk, as in the case in which one operator is able to reconfigure the system in a manner that would affect regulatory compliance, that operator could affect such aspects of the system as pricing and payouts.

GLI's testing discovered instances where access to the totalisator room was left unsecured. The Texas Administrative Code Rule §321.103(c)(1) states "The totalisator room housing the CPU or operator's terminal that processes wagers made at an association's facility must be secured at all times." and goes on to say in rule §321.103(c)(1)(b) 321 that a security plan should include "a system of controlled entry to the totalisator room and other related rooms, using:" "locking devices on all doors or entry points". In addition, some facilities did not have a fire detection system in the totalisator room as required by the Texas Administrative Code §321.103(a)(3).

When not in use, some totalisator equipment was kept in an unlocked storage area. GLI also observed examples of insufficient password security and login procedures.

Recommendations

I. Software Verification

- a. The current inability to track and audit software versions prohibits TxRC from conducting a meaningful forensic investigation in the event of a system malfunction, patron complaint or other incident that might merit a regulatory review. To ensure the Texas Racing Commission is aware of any changes to totalisator system software, procedures should be developed in which the Texas Racing Commission is able to periodically verify the totalisator software in order to determine if files are changed. GLI recommends that TxRC require totalisator system operators to provide procedures and tools that the Commission or its designated independent testing laboratory can use to independently verify the version of software. The totalisator system signatures taken by GLI using the GLI Verify™ program are an example of such a process. Software signatures such as those provided in Appendices of the reports could provide a basis for comparison and verification.
- b. Because the architecture and design of each system varies significantly, GLI does not recommend a specific procedure be mandated for all totalisator systems. Rather, it will be more efficient and cost-effective for each system operator to submit the procedures and tools to the Commission for its approval. GLI is available to offer advice and analysis of these processes. Furthermore, GLI's tools, such as GLI Verify™, can be made available to the totalisator system operators at no cost.
- c. Gaming Laboratories recommends all software be kept up-to-date with the latest release. Software control policies to control and maintain the software versions found on terminals can help to minimize the occurrence of any possible known issues in the terminal software. Software control can additionally allow a software verification process, such as those used by GLI, to demonstrate the integrity of terminals against a tested software version. The use of procedures to ensure all

software on terminals is kept functionally identical can demonstrate the integrity of terminals in behaving within functional expectations.

- d. GLI recommends that software control policies be implemented, compliance with these policies reviewed, and software versions periodically audited. Any software that may affect wagering integrity should be set in a controlled or locked configuration and state such that no changes to the wagering processes can be effected without the knowledge of the Racing Commission. GLI regularly tests wagering software and systems in numerous jurisdictions around the world and in each case, the ability to verify the field software against tested versions is critical.

2. Race Pricing Rules

- a. GLI recommends that TxRC devote additional resources to its oversight of race pricing rules to ensure compliance with Texas regulations and statutes. Experience in other gaming regulatory environments has shown that regular reviews of pricing outcomes will, over time, improve compliance.

3. Terminal Security

- a. The Texas Administrative Code does not explicitly define many regulations regarding terminal security, but these wagering devices are a critical component of betting integrity. As wagering terminals are openly exposed for use by the public, efforts should be made to secure the terminals against malicious parties and prevent unauthorized access to the terminal's communications, internal processing hardware, and its control software.
- b. Methods often employed to regulate wagering environments with betting terminals include: Requiring terminal critical software to be verifiable, requiring critical software and hardware components to be locked and secured in a separate "logic box" within the terminal, requiring terminals to actively maintain sensors and logs for access to secure doors, requiring terminals to temporarily and electronically store a wagering history of recent wagers on the terminal, requiring terminal hardware to have a unique serial number identifier, and numerous other means of securing the wagering devices.
- c. While in fact the terminals do not maintain the actual wagers within the bet pools (this is done by the central system), it is still important that a patron making a wager be able to trust the security and integrity of any terminal in which that patron may place a bet. In a modern wagering environment, players and bettors expect that each bet is protected from third parties, that the terminals maintain a high standard in accurately processing bets, and that the system accurately register and account for each bet. In order to meet these expectations, GLI recommends improved security requirements for wagering terminals.

4. Functionality Issues

- a. GLI's testing revealed a number of functionality issues that were of a specific nature for each of the totalisator systems. A detailed accounting of the functionality issues in a public document would create an imprudent security risk. However, the discovery of such problems is not unexpected in a detailed review of any complicated system software. The purpose of periodic testing is to identify these risks and mitigate them. Thus, GLI recommends TxRC

continue to test and monitor the totalisator systems so that functionality issues can be identified and repaired.

5. General Security Issues

- a. GLI recommends that each totalisator system operator develop and maintain a disaster recovery plan that has been reviewed and approved by the Commission.
- b. GLI recommends that future TxRC audits review security plans to ensure compliance with access requirements and password security controls.
- c. GLI recommends that TxRC review and approve all rules for access to tote system functionality to prevent operators from having access to functions on the system beyond what is required or documented.
- d. GLI recommends that future TxRC audits check to ensure that access to the totalisator room is secure.
- e. GLI recommends that TxRC ensures that each totalisator system operator have an adequate fire detection system in the totalisator room as required by the Texas Administrative Code §321.103(a)(3).
- f. GLI recommends that TxRC audits check to ensure that when not in use, totalisator equipment is kept in a secure storage area.
- g. GLI recommends that future TxRC audits check to ensure that each totalisator system operator has adequate password security and login procedures.
- h. GLI recommends that configuration settings and critical system files that are involved in wagering should be locked in software in such a way that regulators can audit and verify the integrity of the programs. While the racing industry may require some special accommodations to allow for the difficulties inherent in managing a wagering system that must comply with an intricate web of regulations and wagering rules for jurisdictions worldwide, the complete absence of version control places the operation at risk and does not allow for proper auditing or an evidence trail in the event of an incident or malfunction.
- i. GLI recommends a full review of ITSP be conducted in the future encompassing tests involving communications between totalisator companies, as well as an examination of the protocol communications at a message level. Such review should include third party telecommunications vendors like Roberts Communications, who are an integral part of the network, but not under the control of the totalisator system operators.

Conclusion

The regulations and procedures currently in place within Texas represent a strong foundation by which to ensure the integrity of pari-mutuel wagering. The continuing advance of technology in totalisator systems requires that these regulations and procedures continually be monitored and updated to maintain the integrity and respectability of the pari-mutuel sports and their wagers.

The regulatory structure established by the Texas Racing Commission has resulted in the implementation of totalisator systems that function with a high degree of compliance. While

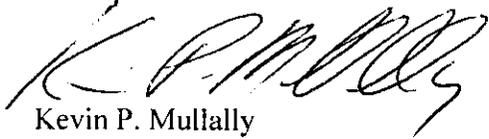
many of the issues noted in GLI's findings are significant, each of them can be corrected by the operator.

GLI has, through the test process documented in this report, attempted to provide insight into areas that regulations can be better enforced. GLI believes that the findings in this report allow the security and integrity of the wagering process not only to be maintained, but improved to meet the needs of technology and the wagering public.

Finally, it should be noted that while the findings of these reports are significant and need to be addressed, the overall functionality and security of the totalisator systems were good and the audit and oversight procedures of the Texas Racing Commission have been an effective tool in protecting the public. The GLI testing demonstrates that independent third party oversight of the totalisator systems is a necessary addition to the regulatory scheme.

On behalf of the GLI testing team, I express our gratitude for the support and assistance GLI received from the Texas Racing Commission staff throughout the process. At all times they conducted business with the highest degree of professionalism and ethics. It is a pleasure to work with them.

Sincerely,



Kevin P. Mullally
General Counsel and
Senior Director of Government Relations



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

September 9, 2009

Andrea Young
Laredo Race Park LLC
7575 N Sam Houston Pkwy W
Houston, TX 77064

Re: 2010/2011 Racing Dates

Dear Ms. Young,

At its June meeting the Commission designated June 10 through July 9, 2009, as the period in which applications for race dates would be accepted. The Commission did not receive an application from Laredo Race Park.

According to its security order, Laredo Race Park was to open for simulcasting no later than July 15, 2009. Furthermore, the commission granted Laredo Race Park live race dates beginning on August 28, 2010, but it appears unlikely that Laredo Race Park will be open by that date. Therefore, please provide the Commission with a written explanation of Laredo Race Park's business plan to open for live and simulcast racing. Also, include an explanation of whether Laredo Race Park intends to begin racing on August 28, 2010, the date approved by the Commission. Your response is due by September 23, 2009.

Sincerely,

A handwritten signature in cursive script that reads "Charla Ann King".

Charla Ann King
Executive Director



TEXAS RACING COMMISSION

**P. O. Box 12080
Austin, TX 78711-2080
(512) 833-6699**

September 21, 2009

Ms. Andrea Young
President
Laredo Race Park
7575 N. Sam Houston Pkwy W.
Houston, TX 77064

Subject: Allocation of Live Race Dates

Dear Ms. Young:

Please be advised that at its meeting on September 15, 2009, the Texas Racing Commission approved Laredo Race Park's 2011 race date request. However, the Commission voted to table a portion of the following agenda item as it pertains to Laredo Race Park:

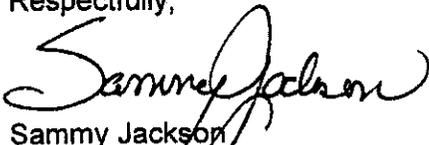
- Allocation of Live Race Dates for Horse Racetracks under Commission Rule 303.41 for the Period beginning January 1, 2010, and ending August 31, 2011, including Staff Recommended Race Dates.

Since Laredo Race Park has already submitted and received approval for 2011 race dates, the only outstanding item needed to comply with the Commission's intent is the race date request for 2010. The Commission directed the association to submit its 2010 request in time for Commission consideration at its next meeting on October 20, 2009.

It should be noted that the Commission may consider a staff recommended race date calendar in lieu of a race date request submitted by an association or absent such a request by an association.

Please submit your written request on the enclosed race date application by October 6, 2009. Also, please ensure that a representative of the association will be present at the October 20th meeting to address the Commission on this matter.

Respectfully,


Sammy Jackson
Deputy Director

Enclosure: 2010 Race Date Application

cc: Charla Ann King, Executive Director
Mark Fenner, General Counsel
Racetrack File

IV.2



VIA EMAIL AND REGULAR MAIL

September 23, 2009

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

Re: Laredo Race Park

Dear Ms. King:

Thank you for your letter dated September 9, 2009 regarding Laredo Race Park's 2010/11 Racing Dates. I have addressed below the items raised in your letter.

1. **Laredo Race Park did apply for race dates during the June 10 through July 9, 2009 application period.** Laredo Race Park applied for and was granted eight race dates in August 2011 at the September 15, 2009 Commission meeting. These dates are in addition to those dates already granted to Laredo Race Park for 2010 during the previous application period.
2. **The commencement of live racing and simulcast wagering has been delayed due to factors beyond our control.** As noted at the last two Commission meetings and in discussions with staff, we are working diligently to begin simulcasting and live racing as soon as possible. There have been a number of factors beyond Laredo Race Park's control, however, that have delayed the commencement of simulcasting and live racing. Economic conditions have made it considerably more difficult to raise capital for new construction. Laredo Race Park's facility was projected to cost \$30 million, and its economic success was dependent on revenues related to pari-mutuel wagering. Nationally, as well in Texas, those revenues have been negatively impacted by the recent economic downturn as well as the impact of significantly more and new wagering opportunities that directly compete with the dollars to be wagered at Texas race tracks. The extraordinarily tight credit markets, in combination with the significant decline in expected revenues, have been major contributing factors in preventing the completion of the proposed facilities as originally contemplated.
3. **Alternative Efforts.** In an attempt to bring live racing and simulcast wagering to Laredo, in spite of the factors described above, we have been in negotiations with Webb County since the middle of 2008 to lease a county-owned golf course near the Laredo entertainment district. That facility includes a clubhouse that would require only minor upgrades to make it suitable for simulcasting, and has presented the best option to bring both simulcast wagering and live racing to Laredo as soon as possible. Although we have diligently pursued negotiations with Webb County, they have been delayed for various reasons which include the election of new county officials and the legislature's recent failure to reauthorize the Racing Act, which created significant uncertainty for Webb County officials.

IV. 3
Laredo Race Park

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

soon as possible. Although we have diligently pursued negotiations with Webb County, they have been delayed for various reasons which include the election of new county officials and the legislature's recent failure to reauthorize the Racing Act, which created significant uncertainty for Webb County officials.

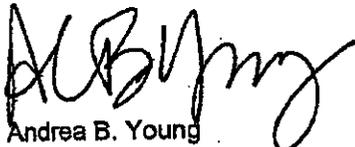
Nevertheless, we are pleased to report that negotiations with Webb County have progressed considerably over the past three months. We were asked to participate in a public bid process for the Golf Course location which we did, officially submitting our bid on August 11, 2009. Following the Webb County Commissioners Court meeting on August 24, 2009, we were informed that the Webb County Golf Course Committee is authorized to negotiate a long-term lease of that land to us and to bring the negotiated agreement back to Commissioners Court for final approval. A follow-up meeting was held with the Golf Course Committee on September 4, 2009 where lease details were discussed and next steps identified. We expect to submit a proposed lease to the Golf Course Committee later this week. Once the lease is received, we are hopeful that the County will move quickly to obtain the necessary Commissioners Court's approval.

The lease proposal to be submitted will provide for a 60-day due diligence period followed by a 60-day construction period for the simulcasting phase. It is during the due diligence period that we intend to work with Commission staff and horsemen on a change of location for Laredo Race Park, obtain approval of the lease and address the feasibility of the August 2010 race dates. A summary of the improvements necessary to begin simulcasting at the golf course location is attached to this letter. It is our intent to begin these improvements as soon as possible so that we can begin generating purse money for Texas horsemen.

We would be happy to provide you with additional information concerning these items. We are working diligently to bring simulcast wagering and live racing to Laredo as soon as possible, and we look forward to working with the Racing Commission and the industry to accomplish that.

Thank you for your consideration of this letter. Please call me if you would like to discuss these issues further.

Sincerely,



Andrea B. Young
President

Enclosure

Casa Blanca Club House Renovation

Construction Project Summary

- **Paint**
 - Repair and repaint areas of existing roof
 - Paint interior and exterior areas

- **Demolish existing walls, rebuild arches and relocate portion of pro-shop**

- **Plumbing**
 - Add two water closets and four urinals
 - Polish existing urinals

- **Kitchen**
 - Install suspended ceiling

- **Flooring – refurbish the following areas**
 - Club house dining
 - Pro-shop
 - Men's restroom
 - Kitchen area and bar (excluding women's restroom)

- **IT, Tote and Telecom Systems**
 - Installation T1 line
 - Installation of necessary phone, data and tote systems

(Blank)

IV.6



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

September 9, 2009

Steve LaMantia
President
LRP Group, Ltd.
7220 CPL Road
Laredo, TX 78091

Re: 2010/2011 Racing Dates

Dear Mr. LaMantia,

At its June meeting the Commission designated June 10 through July 9, 2009, as the period in which applications for race dates would be accepted. The Commission did not receive an application from Laredo Downs.

According to its security order, Laredo Downs was to open for simulcasting no later than January 1, 2009. Furthermore, the commission granted Laredo Downs live race dates beginning on December 4, 2009, but it appears unlikely that Laredo Downs will be open by that date. Therefore, please provide the Commission with a written explanation of Laredo Downs's business plan to open for live and simulcast racing. Also, include an explanation of whether Laredo Downs intends to begin racing on December 4, the date approved by the Commission. Your response is due by September 23, 2009.

Sincerely,

A handwritten signature in cursive script that reads "Charla Ann King".

Charla Ann King
Executive Director



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

September 22, 2009

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

Subject: Allocation of Live Race Dates

Dear Mr. LaMantia:

Please be advised that at its meeting on September 15, 2009, the Texas Racing Commission voted to table the following agenda item as it pertains to Laredo Downs:

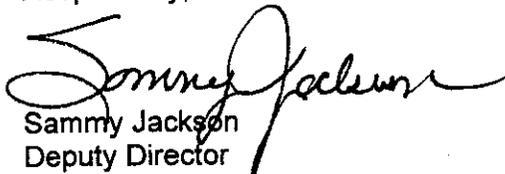
- Allocation of Live Race Dates for Horse Racetracks under Commission Rule 303.41 for the Period beginning January 1, 2010, and ending August 31, 2011, including Staff Recommended Race Dates.

The Commission tabled the item with the intent that Laredo Downs should submit race date requests for both 2010 and 2011. The Commission also directed the association to submit its request in time for Commission consideration at its next meeting on October 20, 2009.

Please submit your written request on the enclosed race date applications by October 6, 2009. Also, please ensure that a representative of your association will be present at the October 20th meeting to address the Commission on this matter.

It should be noted that the Commission may consider a staff recommended race date calendar in lieu of a race date request submitted by an association or absent such a request by an association.

Respectfully,


Sammy Jackson
Deputy Director

Enclosure: 2010 Race Date Application
2011 Race Date Application

cc: Charla Ann King, Executive Director
Mark Fenner, General Counsel
Racetrack File

IV.8

LRP Group, LTD
3900 N. McColl Road
McAllen, Texas 78501
Phone: 956-687-7751 Fax: 956-687-8569

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

RE: LRP Group, Ltd.

Dear Ms King:

By letter dated September 9, 2009, you requested information relating to the business plan of LRP Group, Ltd as it relates to live and simulcast racing including the previously approved December 4, 2009 initial race date. The purpose of this letter is to respond to that inquiry.

First, Laredo Downs will not begin live racing on December 4, 2009. Second, LRP Group, Ltd. has had discussions with the principals of Laredo Racepark regarding the possible relocation of Laredo Downs. We have mentioned this to various Texas Racing Commission officials on various occasions. We anticipate a formal proposal to the Texas Racing Commission will be forthcoming before the end of the year.

As you know, the horse racing industry is in significant economic trouble nationally due the effect the national recession has had on entertainment spending. This effect has been exceptionally bad in Texas where competition with neighboring states offering additional entertainment options had already put Texas tracks on an unequal economic footing with the competition in those neighboring states. Currently, even the well established Texas racetracks, both horse and greyhound, are facing dire economic futures given this unequal economic footing compared to their competition across state lines, the growth of internet gaming, and the current general state of the economy.

Given your position with the Texas Racing Commission, I am sure you are as well aware of the above referenced economic conditions as anybody in this State. Even though LRP Group, Ltd. has been steadily, deliberately, and continuously evaluating the racing industry in Texas and are committed to doing what it takes to construct a track that will be a benefit to the horse industry and the Texas economy in general, constructing a track immediately in Laredo would be of benefit to no one. As Executive Director of the Texas Racing Commission, you must surely understand the economic forces which make opening up a new track at this time ill advised.

The partners of LRP Group, Ltd. are very interested in making horse racing a profitable sport in Texas once again. We are very involved in all aspect of the industry in an effort to do what it takes to see that happens. Given the current state of the economy and horse racing in Texas, however, it is unrealistic to expect any of the tracks, proposed or existing, to make large capital expenditures at this time. Even the existing south Texas greyhound track, Valley Racepark, recently received approval to not have on-site live races until 2011 and then to only have a five day "Festival of Racing". This was done

with the support of the Texas Greyhound Association, the other greyhound tracks and the Commission. Even though we fully intend to construct and operate the Class 2 race track as we proposed, it would be unreasonable to expect LRP Group, Ltd., or any other licensee, to construct a track and begin live racing in the current economic climate. Not only would the new track be of very questionable economic viability, the additional competition would further damage the fragile state of the existing tracks.

If you have any questions, please contact me.

Sincerely,



Steve LaMantia
President
LRP GP, LLC (general partner)

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

October 6, 2009

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

Via Hand Delivery

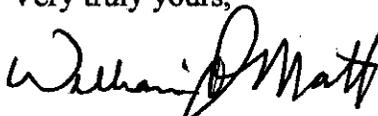
Re: Laredo Downs
Request for Live Race Dates
Horse Racetracks - 2011

Dear Ms. King:

Enclosed please find the Request of Laredo Downs for Live Race Dates in 2011.

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

Very truly yours,



William J. Moltz
Counsel for LRP Group, Ltd.

WJM/pjp
Enclosures

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

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on Tuesday, October 6, 2009.

I. Schedule Requested

Name of Racetrack: Laredo Downs

<u>First Meet</u>	Opening Day: <u>8/19/2011</u>	Closing Day: <u>8/21/2011</u>
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input checked="" type="checkbox"/> Quarter Horse	# of Races Per Day <u>10</u>	Projected Purse Per Day \$ _____
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
Totals	# of Races Per Day _____	Projected Purse Per Day \$ _____
Meet Type: <input type="checkbox"/> TB	<input checked="" type="checkbox"/> QH <input type="checkbox"/> MX	Total Number of Race Days <u>3</u>

<u>Second Meet</u>	Opening Day: <u>8/26/2011</u>	Closing Day: <u>8/28/2011</u>
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input checked="" type="checkbox"/> Quarter Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
Totals	# of Races Per Day _____	Projected Purse Per Day \$ _____
Meet Type: <input type="checkbox"/> TB	<input checked="" type="checkbox"/> QH <input type="checkbox"/> MX <input type="checkbox"/> N/A	Total Number of Race Days <u>3</u>

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

II. Negotiation with Breed Registries

Specify how the total races scheduled for 2011 will be allocated among the various breeds:

Appaloosa _____% Arabian _____% Paint _____%
Quarter Horse 100% Thoroughbred _____%

Check all that apply:

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

Participants in Negotiations

 / / No negotiations have taken place _____

 / / _____

 / / _____

 / / _____

 / / _____

III. Dates Requested

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

See attached.

IV. Charity Days

Indicate which days are designated as charity days:

DESIGNATED BY RULE

- (1) A charity that directly benefits the persons who work on the backside:
 8 / 19 / 2011 for Race Track Chaplaincy of Texas
(Name of Charity)
- (2) A charity that primarily benefits research into the health or safety of race animals:
 8 / 26 / 2011 for Texas A&M Equine Research Fund
(Name of Charity)

OPTIONAL

 / / 2011 for _____
(Name of Charity)

 / / 2011 for _____
(Name of Charity)

 / / 2011 for _____
(Name of Charity)

For each charity listed, attach the following information:

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

LAREDO DOWNS
Requested Live Race Dates for 2011

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

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

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

LAREDO DOWNS
Requested Live Race Dates for 2011

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

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

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

LAREDO DOWNS
Requested Live Race Dates for 2011

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

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

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

September 9, 2009

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

Re: 2010/2011 Racing Dates

Dear Mr. LaMantia,

At its June meeting the Commission designated June 10 through July 9, 2009, as the period in which applications for race dates would be accepted. The Commission did not receive an application from Valle de los Tesoros.

According to its security order, Valle de los Tesoros was to open for simulcasting no later than January 1, 2009. Furthermore, the commission granted Valle de los Tesoros live race dates beginning on December 19, 2009, but it appears unlikely that Valle de los Tesoros will be open by that date. Therefore, please provide the Commission with a written explanation of Valle de los Tesoros' business plan to open for live and simulcast racing. Also, include an explanation of whether Valle de los Tesoros intends to begin racing on December 19, the date approved by the Commission. Your response is due by September 23, 2009.

Sincerely,

A handwritten signature in cursive script that reads "Charla Ann King".

Charla Ann King
Executive Director



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

September 22, 2009

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

Subject: Allocation of Live Race Dates

Dear Mr. LaMantia:

Please be advised that at its meeting on September 15, 2009, the Texas Racing Commission voted to table the following agenda item as it pertains to Valle de los Tesoros Race Park:

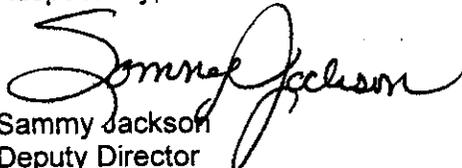
- Allocation of Live Race Dates for Horse Racetracks under Commission Rule 303.41 for the Period beginning January 1, 2010, and ending August 31, 2011, including Staff Recommended Race Dates.

The Commission tabled the item with the intent that Valle de los Tesoros Race Park should submit race date requests for both 2010 and 2011. The Commission also directed the association to submit its request in time for Commission consideration at its next meeting on October 20, 2009.

Please submit your written request on the enclosed race date applications by October 6, 2009. Also, please ensure that a representative of your association will be present at the October 20th meeting to address the Commission on this matter.

It should be noted that the Commission may consider a staff recommended race date calendar in lieu of a race date request submitted by an association or absent such a request by an association.

Respectfully,


Sammy Jackson
Deputy Director

Enclosure: 2010 Race Date Application
2011 Race Date Application

cc: Charla Ann King, Executive Director
Mark Fenner, General Counsel
Racetrack File

IV. 20

Valle de los Tesoros
3900 N. McColl Road
McAllen, Texas 78501
Phone: 956-687-7751 Fax: 956-687-8569

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

RE: Valle de los Tesoros, Ltd

Dear Ms King:

By letter dated September 9, 2009, you requested information relating to the business plan of Valle de los Tesoros, Ltd as it relates to live and simulcast racing including the previously approved December 19, 2009 initial race date. The purpose of this letter is to respond to that inquiry.

First, Tesoros Racepark will not begin live racing on December 19, 2009. Second, Valle de los Tesoros, Ltd. has been negotiating with the City of McAllen to provide utilities to the site of Tesoros Racepark. We anticipate a final arrangement with the City will be forthcoming in thirty to sixty days. In addition, although a final decision has not yet been made by the Hidalgo Regional Mobility Authority, we are confident that the Hidalgo Loop will be relocated such that it will no longer intersect the track's site but, instead, will enhance site access.

While Valle de los Tesoros, Ltd. has been steadily and deliberately moving forward with preparations for construction of the track, we have not done so in an effort to bring the track on-line immediately. As you know, the horse racing industry is in significant economic trouble nationally due the effect the national recession has had on entertainment spending. This effect has been exceptionally bad in Texas where competition with neighboring states offering additional entertainment options at tracks had already put Texas tracks on an unequal economic footing with the competition in those neighboring states. Currently, even the well established Texas racetracks, both horse and greyhound, are facing dire economic futures given this unequal economic footing compared to their competition across state lines, the growth of internet gaming, and the current general state of the economy.

Given your position with the Texas Racing Commission, I am sure you are as well aware of the above referenced economic conditions as anybody in this State. Surely you must understand the economic forces which make opening up a new track at this time ill advised.

The partners of Valle de los Tesoros, Ltd. are very interested in making horse racing a profitable sport in Texas once again. We are very involved in all aspects of the industry in an effort to do what it takes to see that happens. Given the current state of the economy and horse racing in Texas, however, it is unrealistic to expect any of the tracks, proposed or existing, to make large capital expenditures at this time. Even the existing south Texas greyhound track, Valley Racepark, recently received approval to not have on-site live races until 2011 and then to only have a five day "Festival of Racing". This was done with the support of the Texas Greyhound Association, the other greyhound tracks and the Commission.

Even though we fully intend to construct and operate the Class 2 race track as we proposed, it would be unreasonable to expect Valle de los Tesoros, Ltd., or any other licensee, to construct a track and begin live racing in the current economic climate. Not only would the new track be of very questionable economic viability, the additional competition would further damage the fragile state of the existing tracks.

If you have any questions, please contact me.

Sincerely,



Greg LaMantia
President

Valle de los Tesoros, LLC (general partner)

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

October 6, 2009

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

Via Hand Delivery

Re: Valle de los Tesoros
Request for Live Race Dates
Horse Racetracks - 2011

Dear Ms. King:

Enclosed please find the Request of Valle de los Tesoros for Live Race Dates in 2011.

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

Very truly yours,



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

WJM/pjp
Enclosures

TEXAS RACING COMMISSION

REQUEST FOR LIVE RACE DATES

HORSE RACETRACKS - 2011

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on Tuesday, October 6, 2009.

I. Schedule Requested

Name of Racetrack: Valle de los Tesoros

<u>First Meet</u>	Opening Day: <u>8/19/2011</u>	Closing Day: <u>8/21/2011</u>
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input checked="" type="checkbox"/> Quarter Horse	# of Races Per Day <u>10</u>	Projected Purse Per Day \$ _____
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
Totals	# of Races Per Day _____	Projected Purse Per Day \$ _____
Meet Type: <input type="checkbox"/> TB	<input checked="" type="checkbox"/> QH <input type="checkbox"/> MX	Total Number of Race Days <u>3</u>

<u>Second Meet</u>	Opening Day: <u>8/26/2011</u>	Closing Day: <u>8/28/2011</u>
<input type="checkbox"/> Thoroughbred	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input checked="" type="checkbox"/> Quarter Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
Totals	# of Races Per Day _____	Projected Purse Per Day \$ _____
Meet Type: <input type="checkbox"/> TB	<input checked="" type="checkbox"/> QH <input type="checkbox"/> MX <input type="checkbox"/> N/A	Total Number of Race Days <u>3</u>

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

II. Negotiation with Breed Registries

Specify how the total races scheduled for 2011 will be allocated among the various breeds:

Appaloosa _____% Arabian _____% Paint _____%
Quarter Horse 100 % Thoroughbred _____%

Check all that apply:

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

Participants in Negotiations

 / / No negotiations have taken place _____

 / / _____

 / / _____

 / / _____

 / / _____

III. Dates Requested

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

See attached.

IV. Charity Days

Indicate which days are designated as charity days:

DESIGNATED BY RULE

- (1) A charity that directly benefits the persons who work on the backside:
 8 / 19 / 2011 for Race Track Chaplaincy of Texas
(Name of Charity)
- (2) A charity that primarily benefits research into the health or safety of race animals:
 8 / 26 / 2011 for Texas A&M Equine Research Fund
(Name of Charity)

OPTIONAL

 / / 2011 for _____
(Name of Charity)

 / / 2011 for _____
(Name of Charity)

 / / 2011 for _____
(Name of Charity)

For each charity listed, attach the following information:

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

Valle de los Tesoros
Requested Live Race Dates for 2011

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

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

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

Valle de los Tesoros
Requested Live Race Dates for 2011

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

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

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

Valle de los Tesoros
Requested Live Race Dates for 2011

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

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

(Blank)



TEXAS RACING COMMISSION

**P. O. Box 12080
Austin, TX 78711-2080
(512) 833-6699**

September 21, 2009

Mr. Drew Alexander
President & CEO
Saddle Brook Park
3822 Business Park Drive
Amarillo, TX 79110

Subject: Allocation of Live Race Dates

Dear Mr. Alexander:

Please be advised that at its meeting on September 15, 2009, the Texas Racing Commission approved Saddle Brook Park's 2011 race date request. However, the Commission voted to table a portion of the following agenda item as it pertains to Saddle Brook Park:

- 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.

Since Saddle Brook Park has already submitted and received approval for 2011 race dates, the only outstanding item needed to comply with the Commission's intent is the race date request for 2010. The Commission directed the association to submit its 2010 request in time for Commission consideration at its next meeting on October 20, 2009.

It should be noted that the Commission has the authority to consider a staff recommended race date calendar in lieu of a race date request submitted by an association or absent such a request by an association.

Please submit your written request on the enclosed race date application by October 6, 2009. Also, please ensure that a representative of the association will be present at the October 20th meeting to address the Commission on this matter.

Respectfully,

A handwritten signature in cursive script that reads "Sammy Jackson".

Sammy Jackson
Deputy Director

Enclosure: 2010 Race Date Application

cc: Charla Ann King, Executive Director
Mark Fenner, General Counsel
Racetrack File

IV. 31



Texas Racing Commission

September 28, 2009

Charla Ann King, Executive Director

Dear Ms. King,

I apologize for not making the last meeting in order to explain why I applied only for 2011 race dates and not 2010. It was and is my understanding that I cannot open a simulcast facility until I have applied and have approved race dates. It seemed a bit onerous to apply for dates in 2010, especially since I know that 2010 actual live race dates would be almost impossible.

If you and the commission want me to apply for dates in 2010, I will. However, you must understand that they probably would not materialize, and I really don't like applying for dates that are probably not feasible. It just puts me in a position of coming back to you and explaining why I could not make the 2010 dates.

Please advise me as to what you would want me to do before the October 6th deadline.

Thank you,

Drew Alexander

Please send a copy of this to Rolando B. Pablos, Chairman, as well as the other board members.

Cc: Mark Fenner, General Council / Sammy Jackson, Deputy Director

Office 806-359-9546 • Fax 806-359-5239 • P. O. Box 50597 • Amarillo, Texas 79159
www.saddlebrookpark.net

IV, 32



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

September 22, 2009

Mr. Joseph F. Archer
President
Austin Jockey Club
500 Dallas Street
Houston, TX 77002

Subject: Allocation of Live Race Dates

Dear Mr. Archer:

Please be advised that at its meeting on September 15, 2009, the Texas Racing Commission voted to table the following agenda item as it pertains to the Austin Jockey Club/Longhorn Downs:

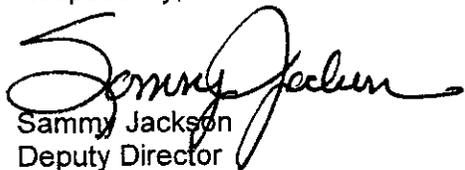
- Allocation of Live Race Dates for Horse Racetracks under Commission Rule 303.41 for the Period beginning January 1, 2010, and ending August 31, 2011, including Staff Recommended Race Dates.

The Commission tabled the item with the intent that Austin Jockey Club should submit race date requests for both 2010 and 2011. The Commission directed the association to submit its request in time for Commission consideration at its next meeting on October 20, 2009.

Please submit your written request on the enclosed race date applications by October 6, 2009. Also, please ensure that a representative of your association will be present at the October 20th meeting to address the Commission on this matter.

It should be noted that the Commission may consider a staff recommended race date calendar in lieu of a race date request submitted by an association or absent such a request by an association.

Respectfully,


Sammy Jackson
Deputy Director

Enclosures: 2010 Race Date Application
2011 Race Date Application

cc: Charla Ann King, Executive Director
Mark Fenner, General Counsel
Racetrack File

IV. 33

mark

RECEIVED
TEXAS RACING
COMMISSION

Austin Jockey Club, Ltd.

2009 OCT -6 PM 4:43

October 6, 2009

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

Dear Mr. Jackson:

For the race-date application period January 1, 2011 through August 31, 2011, Austin Jockey Club respectively requests twelve thoroughbred dates, Friday, July 29, 2011 through Sunday, August 21, 2011, with a post time of 6:45 p.m each night.

At the appropriate time, the Austin Jockey Club will apply for 2011 Quarter Horse dates in December and anticipates making application for 15 dates from December 2 through December 31.

Please let me know if you have any questions.

Yours truly,



Bryan P. Brown, Vice President

Cc: Drew Alexander, Marsha Rountree, Terry Blanton, Bob Bork, Ronnie Ersch, Dave Hooper, Tooter Jordan, Howard Philips, Scott Sherwood, Drew Shubeck, Karen Utecht, Rob Werstler, Ed Wilson, Andrea Young

IV.34

TEXAS RACING COMMISSION

REQUEST FOR LIVE RACE DATES

HORSE RACETRACKS - 2011

INSTRUCTIONS: Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on Friday, July 17, 2009.

I. Schedule Requested

Name of Racetrack: Austin Jockey Club

First Meet

<input checked="" type="checkbox"/> Thoroughbred	Opening Day: 07/29/11	Closing Day: 08/21/11
<input type="checkbox"/> Quarter Horse	# of Races Per Day 10	Projected Purse Per Day \$ 100,000
<input type="checkbox"/> Arabian	# of Races Per Day _____	Projected Purse Per Day \$ _____
<input type="checkbox"/> Paint Horse	# of Races Per Day _____	Projected Purse Per Day \$ _____
Totals	# of Races Per Day _____	Projected Purse Per Day \$ _____
Meet Type: <input checked="" type="checkbox"/> TB	<input type="checkbox"/> QH <input type="checkbox"/> MX	Total Number of Race Days 12

Second Meet

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

Third Meet

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

II. Negotiation with Breed Registries

Specify how the total races scheduled for 2011 will be allocated among the various breeds:

Appaloosa _____% Arabian _____% Paint _____%
Quarter Horse _____% Thoroughbred 100%

Check all that apply:

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

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

Participants in Negotiations

10/06/09 Rob Werstler, Texas Quarter Horse Association and David Hooper, Texas Thoroughbred Association, Marsha Rountree, THP

_____/_____/_____
_____/_____/_____
_____/_____/_____
_____/_____/_____

III. Dates Requested

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

IV. Charity Days

Indicate which days are designated as charity days:

DESIGNATED BY RULE

(1) A charity that directly benefits the persons who work on the backside:
08/11/2011 for **RTCA – South Texas Chapter**

(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:
08/18/2011 for **Texas A&M University Equine Research**

(Name of Charity)

OPTIONAL

_____/_____/2011 for _____
(Name of Charity)

_____/_____/2011 for _____
(Name of Charity)

_____/_____/2011 for _____
(Name of Charity)

For each charity listed, attach the following information:

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

V. Certificate of Service

I hereby certify that on October 6, 2009, a true and correct copy of this request was sent to the persons listed below by:

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

[Handwritten Signature]

Signature

VICE PRESIDENT

Title

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

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

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

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

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

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

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

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

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

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

AUSTIN JOCKEY CLUB
 (Name of Racetrack)
Requested Live Race Dates for 2011

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

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

RTCA Vision/Mission Statement

The Race Track Chaplaincy of America, Inc. is an evangelical, interdenominational, Christian organization whose purpose is to minister to those persons involved in all aspects of the horse racing industry. A Board of Directors who serves voluntarily, without compensation guides this non-profit, tax-exempt Corporation. The Ministry of the Race Track Chaplaincy of America, Inc. is carried out by Chaplains who are employed, supported, and supervised by Local Councils that take responsibility for the work on a particular track or group of tracks. In order to provide the horse racing industry with the best possible pastoral care, the RTCA, Inc. seeks to employ as Chaplains only those ministers who meet the highest standards of spiritual maturity, personal integrity, commitment, concern, education, training, and abilities. The Local Councils are comprised of both clergy and laypersons from the surrounding community and from the racing industry. These individuals serve voluntarily, out of a sense of commitment to the vision of the Race Track Chaplaincy of America, Inc.

The primary focus of the Race Track Chaplaincy of America, Inc. is to serve all those who are involved in the horse racing industry; this includes those found in the stable area, on the track, in the front offices, in the grandstands or clubhouse, at a training facility, or on a breeding farm, including horse owners and racing fans.

The Ministry of the Race Track Chaplaincy of America, Inc. is based upon the belief that it is God's desire that every person, including those in the horse racing industry, should have a personal relationship with Jesus Christ, resulting in a life that is full and abundant in its nature and eternal in its scope. Built upon that belief, the work of the Race Track Chaplaincy of America, Inc. is holistic in its approach; ministering not only to the spiritual needs of those in the horse racing industry, but to their physical, emotional and social needs as well.

RTCA BOARD OF DIRECTORS

Michael Bingaman
8316 Morning Grove
Converse, TX 78109

Cathy Davies
15214 Sunset Grove
San Antonio, TX 78247

Bethe Deal
P.O. Box 206
Sabinal, TX 78881

Jackie Hart
563 Durham
Canyon Lake, TX 78133

Shawn Finch
P. O. Box 2638
Seguin, TX 78156

K. C. Wojciechowski
11999 FM 470
Tarpley, TX 78883

Address any reply to: P. O. Box 737, Atlanta, Georgia 30301

Department of the Treasury

**District Director
Internal Revenue Service**

Date: MAY 23 1972

In reply refer to:
411-12:MFM:A2110



▷ Race Track Chaplaincy of America, Inc.
631 East 1 Ave.
Hialeah, Fla. 33010

Gentlemen:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Pending issuance of regulations under section 509 of the Code, we are unable to determine whether you are a private foundation as defined in that section. After the regulations are issued, we will evaluate your application and notify you of your status under section 509. If we determine you are a private foundation, your governing instrument will have to meet the requirements of Code section 508(e) and the regulations under that section. Failure to comply with these requirements will result in retroactive revocation of this determination.

You are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. You are not liable for the taxes imposed under the Federal Unemployment Tax Act (FUTA). However, you are not automatically exempt from Federal excise taxes, and in this letter we are not determining whether you are exempt from any such taxes.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes under sections 2055, 2106, and 2522 of the Code.

If your purposes, character, or method of operation is changed, you must let us know so we can consider the effect of the change on your exempt status. Also, you must inform us of all changes in your name or address.

Please refer to the instructions accompanying Form 990, Return of Organization Exempt From Income Tax, to determine whether you are required to file that return. If required, you must file by the 15th day of the fifth month

IV. 42

SE DIR A FORM AUD-172-A (Rev. 7-71)

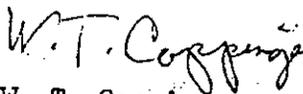
after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, for failure to file a return on time.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-E. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Please keep this determination letter in your permanent records.

Sincerely yours,



W. T. Coppinger
District Director

Address any reply to: P. O. Box 737, Atlanta, Georgia 30301

Department of the Treasury

Permanent File

District Director
Internal Revenue Service

Date: JUN 11 1973 | In reply refer to: 411-12:CA:S-340



▷ Race Track Chaplaincy of America, Inc.
631 East 1st Avenue
Hialeah, Florida 33010

Gentlemen:

We have evaluated your notification concerning foundation status and, based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Internal Revenue Code because you are an organization described in section 170(h)(1)(i)(vi).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes.

You must keep us informed of any changes in your sources of support and method of operation so that we may consider the effect on your status.

Please keep this determination letter in your permanent records.

Sincerely yours,

W. L. Womack

Exempt Organization Specialist

IV. 44

FORM 55-4
(3-6-7)
PART 4

NOTICE OF EMPLOYER
IDENTIFICATION NUMBER

Please make a separate
record of this number for
use in case this notice
should be lost or destroyed.

THE RACE TRACK CHAPLAINCY OF AMERICA, INC.

None

631 E. 1 Ave., Hialeah, Fla. 33010

Hialeah, Fla. 33010

Dade

The Identification Number shown above will be used by the Internal Revenue Service to identify your Federal tax returns, and other documents, i.e., 1120, 940, 941, etc., and your payments of the taxes reported on such returns. Your Identification Number should be shown on such returns, documents, and on any related forms or correspondence.

IV.45



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. BOX 13528
AUSTIN, TX 78711-3528

December 14, 2001

Mr. Michael Bingaman
Race Track Chaplaincy of America, Inc.
c/o Ketama Park
Post Office Box 47535
San Antonio, Texas 78265-7535

Dear Mr. Bingaman:

Our records show Race Track Chaplaincy of America, Inc., Taxpayer No. _____ was exempted from the state franchise tax as a 501(c)(3) organization effective May 5, 1981. The corporation is not required to file or pay franchise tax reports as long as the exemption is in effect. In the event we have reason to believe it no longer qualifies for exemption, we will notify its registered agent the exempt status is under review.

This corporation has also been exempted from the Texas limited sales, excise, and use tax as a 501(c)(3) organization effective August 29, 1977. It may issue an exemption certificate instead of paying the sales tax on taxable items that relate to the purpose of the exempt organization and are not used for the personal benefit of an individual or private party. The certificate does not require a number to be valid and may be reproduced locally.

If your organization makes any sales of taxable items or services, please contact our Tax Assistance Section at 1-800-252-5555 to determine if a sales tax permit is needed. The direct number is 512/463-600.

If the organization changes its name, registered agent or registered office address, it is required to notify the Secretary of State.

If you have any questions, you can e-mail us at <tax.help@cpa.state.tx.us>, or call me toll free at 1-800-531-5441, extension 3-4142. My direct number is 512/463-4142.

Sincerely,

Wanda K. Carter
Exempt Organizations Section

SM/26

IV. 46

Texas Racing Commission
Title 16, Part VIII
Chapter 313. Officials and Rules of Horse Racing
Subchapter A. Officials
Division 3. Duties of Other Officials

1 **Sec. 313.49. Starter.**

2 (a)-(c) (No change.)

3 (d) The starter shall assign the stall positions to the
4 assistant starters at random. The starter may not notify the
5 assistant starters of their respective stall positions for a
6 race more than 10 minutes before post time for the race. With
7 the approval of the stewards, the starter may make exceptions to
8 this subsection if necessary to ensure the safety of the race
9 participants and the integrity of racing.

10 (e) (No change.)

Texas Racing Commission
Title 16, Part VIII
Chapter 313. Officials and Rules of Horse Racing
Subchapter A. Officials
Division 3. Duties of Other Officials

1 **Sec. 313.59. Assistant Starters.**

2 (a) The assistant starters shall be supervised by the starter.

3 The assistant starters shall load the horses into the starting
4 gate and, when required, head the horses in the starting gate.

5 (b) With respect to an official race, the assistant starters
6 shall not:

7 (1) handle or take charge of any horse in the starting gate
8 without the expressed permission of the starter;

9 (2) impede the start of a race;

10 (3) apply a whip or other device, with the exception of
11 steward-approved twitches, to assist in loading a horse into the
12 starting gate;

13 (4) slap, boot, or otherwise dispatch a horse from the
14 starting gate; or

15 (5) strike or use abusive language to a jockey.