



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

Texas Racing Commission
Tuesday, December 2, 2008
10:30 a.m.
Texas Department of Public Safety
6100 Guadalupe
Criminal Law Enforcement, Building E
First Floor Auditorium
Austin, Texas 78752

AGENDA

- I. CALL TO ORDER**
Roll Call
- II. PUBLIC COMMENT**
- III. GENERAL BUSINESS**
Discussion, consideration and possible action on the following matters:
 - A. Designation by Chair of a Committee on Racetrack Licenses
 - B. Designation by Chair of a Committee on Rules
 - C. Designation by Chair of a Change in the Working Group on Future Funding for the Commission
 - D. Budget and Finance Update, including:
 - 1. Report on Standard Agency Audit by Comptroller
 - 2. Estimated Revenue Loss Due to Hurricanes Dolly and Ike
 - E. Report on Racetrack Inspections
 - F. Report and Update by the Executive Director and Staff Regarding Administrative Matters

1. Distribution of Ethics Policy
2. Report on Racetrack Meets
- G. Approval of the Internal Audit Plan for FY 2009
- H. Approval of Memorandum of Understanding with the Texas Veterinary Medical Diagnostic Laboratory for FY 2009
- I. Legislative Proposals by the Texas Racing Commission to the 81st Texas Legislature, Regular Session (2009)

IV. PROCEEDINGS ON RACETRACKS

Discussion, consideration and possible action on the following matters:

- A. Report by Sam Houston Race Park on Status of Reconstruction
- B. Request by Gulf Greyhound Park for Approval of Amendment to Totalisator Contract with United Tote
- C. Request by Gillespie County Fair and Festivals Association for Approval of Amendment to Totalisator Contract with United Tote
- D. Allocation by the Texas Greyhound Association of Interstate Cross-Species Purse Money for 2009
- E. Allocation Among Various Breeds of Horses of Purse Revenue Generated by Simulcasting under Commission Rule 321.505(a) for 2009 and 2010
- F. Distribution of the Escrowed Purse Account under Commission Rule 321.509 for 2009 and 2010
- G. Allocation Among Various Breeds of Horses of the Texas Bred Incentive Program Revenue Generated by Simulcasting under Commission Rule 321.505(b) for 2009 and 2010
- H. Request by Manor Downs to Modify its 2009 Live Racing Schedule
- I. Allocation of Live Race Dates for Corpus Christi Greyhound Race Track under Commission Rule 303.41 (Tabled from prior meeting.)

V. PROCEEDINGS ON RULEMAKING

Discussion, consideration and possible action on the following rules:

- A. Rule Proposals
 1. Proposal for New § 313.426, Toe Grabs Prohibited
 2. Proposal for New § 319.364, Testing for Androgenic-Anabolic Steroids
- B. Rule Review

1. Readoption of Chapter 309, Racetrack Licenses and Operations
2. Review of Chapter 307, Proceedings Before the Commission
3. Review of Chapter 313, Officials and Rules of Horse Racing
4. Review 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 a totalisator contract.

VII. OLD/NEW BUSINESS

Schedule next Commission Meeting

(Tuesday, February 3, 2009,
At Retama Park)

VIII. ADJOURN

Texas Racing Commission

LBB-4

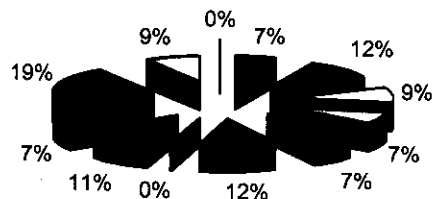
FYE 08/31/2009
 Cumulative Operating Budget Status
 by LBB Expenditure Object/Codes

| Strategy | Description | FY 2009 Annual Budget | FY 2009 Expended Thru 10/31/2008 | FY 2009 Unexpended Bal 8/31/2009 | With 16.67% of Year Lapsed % of Budget Expended |
|--------------|-----------------------------------------------|-----------------------|----------------------------------|----------------------------------|-------------------------------------------------|
| \$ 0 | FTE's = 72.25 | | | | |
| | <u>Sum Of All Strategies other than A.2.1</u> | | | | |
| | 1001 Salaries and Wages | 3,696,109 | 530,537 | 3,165,572 | 14.35% |
| | 1002 Other Personnel Cost | 181,418 | 13,160 | 168,258 | 7.25% |
| | 2001 Prof Fees and Services | 194,221 | 14,318 | 179,903 | 7.37% |
| | 2003 Consumables | 30,500 | 982 | 29,518 | 3.22% |
| | 2004 Utilities | 24,500 | 4,086 | 20,414 | 16.68% |
| | 2005 Travel | 276,650 | 12,410 | 264,240 | 4.49% |
| | 2006 Rent Building | 108,014 | 26,328 | 81,685 | 24.38% |
| | 2007 Rent Machine | 15,900 | 3,359 | 12,541 | 21.13% |
| | 2009 Other Operating Cost | 291,440 | 27,450 | 263,990 | 9.42% |
| | CB Computer Equipment | 35,340 | - | 35,340 | 0.00% |
| \$ 4,854,092 | Total Operating Budget | 4,854,092 | 632,632 | 4,221,460 | 13.03% |
| \$ 5,007,619 | Strategy A.2.1. TX Bred Incentive | 5,007,619 | 650,941 | 4,356,678 | 13.00% |
| \$ 9,861,711 | Total All Strategies | 9,861,711 | 1,283,573 | 8,578,138 | 13.02% |

Expended Operational Budget By Strategy

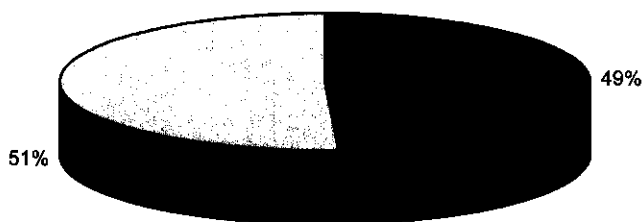
| | | |
|----------------------------------|----|---------|
| Regulate Racetrack Owners | \$ | 42,166 |
| Supervise Racing | \$ | 74,656 |
| Monitor Licensee Activities | \$ | 58,057 |
| Inspect & Provide Emergency Care | \$ | 46,670 |
| Administer Drug Test | \$ | 45,198 |
| Occupational Licensing Program | \$ | 78,531 |
| Texas On-Line Program | \$ | 1,372 |
| Monitor Pari-Mutuel Wagering | \$ | 66,691 |
| Wagering & Compliance Inspection | \$ | 43,144 |
| Central Administration | \$ | 119,910 |
| Information Resources | \$ | 56,237 |
| 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 | \$ | 632,632 |
| ATB Budget | \$ | 650,941 |

Texas Racing Commission

LBB-1

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

| Strategy | Description | FY 2009 Annual Budget | FY 2009 Expended Thru 10/31/2008 | FY 2009 Unexpended Bal 8/31/2009 | With 16.67% of Year Lapsed % of Budget Expended |
|--------------|-----------------------------------------------------------|-----------------------------|----------------------------------------|----------------------------------------|-------------------------------------------------------|
| A.1.1. | FTE's = 4.00 <u>Regulate Racetrack Owners</u> | | | | |
| | 1001 Salaries and Wages | 239,278 | 39,880 | 199,399 | 16.67% |
| | 1002 Other Personnel Cost | 4,540 | 740 | 3,800 | 16.30% |
| | 2001 Prof Fees and Services | 5,000 | 164 | 4,836 | 3.28% |
| | 2003 Consumables | 500 | - | 500 | 0.00% |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | 10,200 | 893 | 9,307 | 8.75% |
| | 2006 Rent Building | - | - | - | |
| \$ 8,076 | 2007 Rent Machine | - | - | - | |
| \$ 251,895 | 2009 Other Operating Cost | 6,075 | 490 | 5,585 | 8.06% |
| \$ 5,622 | CB Computer Equipment | - | - | - | |
| \$ 265,593 | Total Strategy A.1.1. | 265,593 | 42,166 | 223,427 | 15.88% |
| A.2.1. | FTE's = - <u>Texas Bred Incentive</u> | | | | |
| | ATB Money Expended | 5,007,619 | 650,941 | 4,356,678 | 13.00% |
| \$ 5,007,619 | Total Strategy A.2.1. | 5,007,619 | 650,941 | 4,356,678 | 13.00% |
| A.3.1. | FTE's = 12.10 <u>Supervise Racing and Licensees</u> | | | | |
| | 1001 Salaries and Wages | 752,833 | 73,637 | 679,196 | 9.78% |
| | 1002 Other Personnel Cost | 19,940 | 960 | 18,980 | 4.81% |
| | 2001 Prof Fees and Services | 16,721 | - | 16,721 | |
| | 2003 Consumables | - | - | - | |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | 67,250 | - | 67,250 | 0.00% |
| | 2006 Rent Building | - | - | - | |
| \$ 25,819 | 2007 Rent Machine | - | - | - | |
| \$ 829,374 | 2009 Other Operating Cost | 4,875 | 59 | 4,816 | 1.22% |
| \$ 41,766 | CB Computer Equipment | 35,340 | - | 35,340 | 0.00% |
| \$ 896,959 | Total Strategy A.3.1. | 896,959 | 74,656 | 822,303 | 8.32% |
| A.3.2. | FTE's = 6.00 <u>Monitor Occupational Licensee Act.</u> | | | | |
| | 1001 Salaries and Wages | 340,936 | 56,228 | 284,708 | 16.49% |
| | 1002 Other Personnel Cost | 23,920 | 1,320 | 22,600 | 5.52% |
| | 2001 Prof Fees and Services | - | - | - | |
| | 2003 Consumables | - | - | - | |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | 25,500 | 469 | 25,031 | 1.84% |
| | 2006 Rent Building | - | - | - | |
| \$ 13,214 | 2007 Rent Machine | - | - | - | |
| \$ 435,947 | 2009 Other Operating Cost | 3,875 | 40 | 3,835 | 1.03% |
| \$ (54,930) | CB Computer Equipment | - | - | - | |
| \$ 394,231 | Total Strategy A.3.2. | 394,231 | 58,057 | 336,175 | 14.73% |
| A.4.1. | FTE's = 5.55 <u>Inspect and Provide Emerg. Care</u> | | | | |
| | 1001 Salaries and Wages | 307,991 | 38,315 | 269,675 | 12.44% |
| | 1002 Other Personnel Cost | 20,560 | 880 | 19,680 | 4.28% |
| | 2001 Prof Fees and Services | 23,000 | 2,030 | 20,970 | 8.83% |
| | 2003 Consumables | - | - | - | |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | 19,700 | 4,093 | 15,607 | 20.78% |
| | 2006 Rent Building | - | - | - | |
| \$ 10,339 | 2007 Rent Machine | - | - | - | |
| \$ 437,982 | 2009 Other Operating Cost | 7,125 | 1,351 | 5,774 | 18.97% |
| \$ (69,945) | CB Computer Equipment | - | - | - | |
| \$ 378,376 | Total Strategy A.4.1. | 378,376 | 46,670 | 331,706 | 12.33% |

Texas Racing Commission

LBB-2

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

| Strategy | Description | FY 2009 Annual Budget | FY 2009 Expended Thru 10/31/2008 | FY 2009 Unexpended Bal 8/31/2009 | With 16.67% of Year Lapsed % of Budget Expended |
|-------------|--------------------------------------------------------------|-----------------------|----------------------------------|----------------------------------|-------------------------------------------------|
| A.4.2. | FTE's = 6.50 <u>Administer Drug Testing</u> | | | | |
| | 1001 Salaries and Wages | 294,884 | 43,312 | 251,571 | 14.69% |
| | 1002 Other Personnel Cost | 18,020 | 960 | 17,060 | 5.33% |
| | 2001 Prof Fees and Services | - | - | - | |
| | 2003 Consumables | - | - | - | |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | 28,500 | 925 | 27,575 | 3.25% |
| | 2006 Rent Building | - | - | - | |
| | 2007 Rent Machine | - | - | - | |
| \$ 10,993 | 2009 Other Operating Cost | 6,375 | - | 6,375 | 0.00% |
| \$ 326,803 | CB Computer Equipment | - | - | - | |
| \$ 9,983 | | | | | |
| \$ 347,779 | Total Strategy A.4.2. | 347,779 | 45,198 | 302,581 | 13.00% |
| B.1.1. | FTE's = 12.10 <u>Occupational Licensing</u> | | | | |
| | 1001 Salaries and Wages | 416,322 | 69,808 | 346,515 | 16.77% |
| | 1002 Other Personnel Cost | 28,420 | 2,420 | 26,000 | 8.52% |
| | 2001 Prof Fees and Services | - | - | - | |
| | 2003 Consumables | 2,500 | - | 2,500 | 0.00% |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | 33,500 | 1,278 | 32,223 | 3.81% |
| | 2006 Rent Building | - | - | - | |
| \$ 16,097 | 2007 Rent Machine | 13,400 | 2,804 | 10,596 | 20.93% |
| \$ 549,532 | 2009 Other Operating Cost | 36,625 | 2,221 | 34,404 | 6.07% |
| \$ (34,862) | CB Computer Equipment | - | - | - | |
| \$ 530,767 | Total Strategy B.1.1. | 530,767 | 78,531 | 452,237 | 14.80% |
| 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 | 1,372 | 21,878 | 5.90% |
| \$ - | CB Computer Equipment | - | - | - | |
| \$ 23,250 | Total Strategy B.1.2. | 23,250 | 1,372 | 21,878 | 5.90% |
| C.1.1. | FTE's = 8.00 <u>Monitor Wagering and Audit</u> | | | | |
| | 1001 Salaries and Wages | 382,013 | 63,669 | 318,344 | 16.67% |
| | 1002 Other Personnel Cost | 10,980 | 1,720 | 9,260 | 15.66% |
| | 2001 Prof Fees and Services | - | - | - | |
| | 2003 Consumables | - | - | - | |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | 30,000 | 1,152 | 28,848 | 3.84% |
| | 2006 Rent Building | - | - | - | |
| | 2007 Rent Machine | - | - | - | |
| \$ 14,834 | 2009 Other Operating Cost | 19,235 | 150 | 19,085 | 0.78% |
| \$ 457,938 | CB Computer Equipment | - | - | - | |
| \$ (30,544) | | | | | |
| \$ 442,228 | Total Strategy C.1.1. | 442,228 | 66,691 | 375,537 | 15.08% |
| C.1.2. | FTE's = 5.00 <u>Wagering & Compliance Inspections</u> | | | | |
| | 1001 Salaries and Wages | 235,624 | 39,271 | 196,353 | 16.67% |
| | 1002 Other Personnel Cost | 8,460 | 1,360 | 7,100 | 16.08% |
| | 2001 Prof Fees and Services | 75,000 | - | 75,000 | 0.00% |
| | 2003 Consumables | - | - | - | |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | 28,500 | 2,514 | 25,986 | 8.82% |
| | 2006 Rent Building | - | - | - | |
| | 2007 Rent Machine | - | - | - | |
| \$ 8,097 | 2009 Other Operating Cost | 4,125 | - | 4,125 | 0.00% |
| \$ 327,883 | CB Computer Equipment | - | - | - | |
| \$ 15,729 | | | | | |
| \$ 351,709 | Total Strategy C.1.2. | 351,709 | 43,144 | 308,565 | 12.27% |

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 10/31/2008 | FY 2009 Unexpended Bal 8/31/2009 | With 16.67% of Year Lapsed % of Budget Expended |
|--------------|-----------------------------------------------|-----------------------------|----------------------------------------|----------------------------------------|-------------------------------------------------------|
| D.1.1. | FTE's = 8.00 <u>Central Administration</u> | | | | |
| | 1001 Salaries and Wages | 435,273 | 67,255 | 368,018 | 15.45% |
| | 1002 Other Personnel Cost | 30,278 | 1,760 | 28,518 | 5.81% |
| | 2001 Prof Fees and Services | 28,000 | - | 28,000 | 0.00% |
| | 2003 Consumables | 25,500 | 982 | 24,518 | 3.85% |
| | 2004 Utilities | 24,500 | 3,689 | 20,811 | 15.06% |
| | 2005 Travel | 30,500 | 1,087 | 29,413 | 3.56% |
| | 2006 Rent Building | 105,314 | 26,328 | 78,985 | 25.00% |
| \$ 12,729 | 2007 Rent Machine | 2,500 | 555 | 1,945 | 22.21% |
| \$ 760,698 | 2009 Other Operating Cost | 106,857 | 18,254 | 88,603 | 17.08% |
| \$ 15,295 | CB Computer Equipment | - | - | - | |
| \$ 788,722 | Total Strategy D.1.1. | 788,722 | 119,910 | 668,811 | 15.20% |
| D.2.1. | FTE's = 5.00 <u>Information Resources</u> | | | | |
| | 1001 Salaries and Wages | 290,956 | 39,164 | 251,792 | 13.46% |
| | 1002 Other Personnel Cost | 16,300 | 1,040 | 15,260 | 6.38% |
| | 2001 Prof Fees and Services | 46,500 | 12,124 | 34,376 | 26.07% |
| | 2003 Consumables | 2,000 | - | 2,000 | |
| | 2004 Utilities | - | 397 | (397) | |
| | 2005 Travel | 3,000 | - | 3,000 | 0.00% |
| | 2006 Rent Building | 2,700 | - | 2,700 | |
| \$ 10,096 | 2007 Rent Machine | - | - | - | |
| \$ 386,349 | 2009 Other Operating Cost | 73,023 | 3,512 | 69,511 | 4.81% |
| \$ 38,033 | CB Computer Equipment | - | - | - | |
| \$ 434,479 | Total Strategy D.1.2. | 434,479 | 56,237 | 378,242 | 12.94% |
| D.1.3. | FTE's = - <u>Other Support Services</u> | | | | |
| | 1001 Salaries and Wages | - | - | - | |
| | 1002 Other Personnel Cost | - | - | - | |
| | 2001 Prof Fees and Services | - | - | - | |
| | 2003 Consumables | - | - | - | |
| | 2004 Utilities | - | - | - | |
| | 2005 Travel | - | - | - | |
| | 2006 Rent Building | - | - | - | |
| \$ - | 2007 Rent Machine | - | - | - | |
| \$ - | 2009 Other Operating Cost | - | - | - | |
| \$ - | CB Computer Equipment | - | - | - | |
| \$ - | Total Strategy D.1.3. | - | - | - | |
| \$ 130,293 | Estimated 2% & 2% appropriation rider | | | | |
| \$ 4,723,798 | Operating Budget regular appropriations | 4,854,092 | 632,632 | 3,252,262 | 13.03% |
| \$ 5,007,619 | Strategy A.2.1. TX Bred Incentive | 5,007,619 | 650,941 | 4,356,678 | 13.00% |
| \$ 9,861,711 | Total M.O.F. | | | | |
| \$ 9,861,711 | Total All Strategies | 9,861,711 | 1,283,573 | 7,608,940 | 13.02% |

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

November 7, 2008

Ms. Shelley Harris-Curtisinger
Chief Financial Officer
Texas Racing Commission
P.O. Box 12080
Austin, Texas 78711-2080

Dear Ms. Harris-Curtisinger

The Department of Fiscal Integrity has selected the Texas Racing Commission (Commission) for a routine post-payment audit of the Commission's purchase, travel and payroll transactions processed during the period December 1, 2007 through November 30, 2008. The post-payment audit will be conducted in accordance with Tex. Gov't Code Ann. sec. 403.071 (g)-(h) (Vernon 2008).

One aspect of this audit is a review of your agency's vendor payments. We selected six of your vendors for this review. Please see the enclosed form for the names of these vendors. Our division will request a current listing of all open items on your account from these vendors. These items include credits, open invoices, duplicate payments, etc.

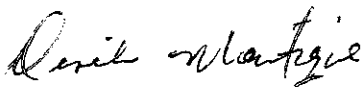
Our office will request that each vendor send their statements directly to us. We have enclosed a sample of this letter. If any open items exist in these statements, we will discuss those items with you during your audit. Please confirm the contact information for each of these vendors on the enclosed form.

Also enclosed is a questionnaire that will assist us in conducting the audit. Please complete the enclosed questionnaire and return it and the vendor contact information to our office by November 21, 2008. Electronic copies of both forms are available upon request.

I will contact you or your designee in the near future to establish an acceptable date to begin the audit. At that time, we will set up an entrance conference to discuss the audit process and answer any questions you may have about the audit.

If you have any questions about this subject, please contact me via e-mail at (derik.montique@cpa.state.tx.us) or call me at (512) 305-6043.


Sincerely,



Derik Montique, Auditor
Department of Fiscal Integrity, Texas Comptroller of Public Accounts

Enclosures

cc: Darrell W. Edge, Manager, Department of Fiscal Integrity, Texas Comptroller of Public Accounts
Sammy Jackson, Deputy Director of Finance & Regulatory Control, Texas Racing Commission

111-5 

Texas Racing Commission

Estimated Revenue Loss Due To Hurricanes Dolly & Ike

| Racing Commission Collected | | Sam Houston Race Park | Gulf Greyhound | Valley Greyhound | Total |
|-----------------------------|----------------------------------------------------------------|--------------------------|---------------------|---------------------|----------------------|
| COMP | | | | | |
| OBJ | | 55,155.00 | - | - | 55,155.00 |
| 3188 | Race Track License-Horse | - | - | - | - |
| 3189 | Racing And Wagering License | - | - | - | - |
| 3190 | Race Track License-Greyhound | - | 15,090.00 | 1,230.00 | 16,320.00 |
| 3191 | Race Track Applic. Fee-Horse | - | - | - | - |
| 3719 | Fees-Copies/Filing of Records | - | - | - | - |
| | <i>Sub-Total License, Fees and Permits</i> | <u>55,155.00</u> | <u>15,090.00</u> | <u>1,230.00</u> | <u>71,475.00</u> |
| 3193 | Breakage-Horse Racing | 53,118.17 | - | - | 53,118.17 |
| 3194 | Outstanding Wager Tickets-Outs | 12,851.05 | 2,681.84 | 450.21 | 15,983.09 |
| 3197 | Breakage-Greyhound Racing | - | 13,611.06 | 1,265.86 | 14,876.92 |
| | <i>Sub-Total Sales Of Goods And Services</i> | <u>65,969.22</u> | <u>16,292.90</u> | <u>1,716.06</u> | <u>83,978.18</u> |
| | Total Loss GR-Dedicated Acct. 597 | \$ 121,124.22 | \$ 31,382.90 | \$ 2,946.06 | \$ 155,453.18 |
| 3193 | Escrow Horse Purse | - | 26,439.32 | 3,580.75 | 30,020.07 |
| | <i>Sub-Total Interstate Cross Species - Escrow Horse Purse</i> | <u>-</u> | <u>26,439.32</u> | <u>3,580.75</u> | <u>30,020.07</u> |
| | Total Loss Private Purpose Trust Acct. 876 | \$ - | \$ 26,439.32 | \$ 3,580.75 | \$ 30,020.07 |
| | Comptroller Collected (State Pari-Mutuel Tax) | | | | |
| | Race Track Horse | 24,735.43 | - | - | 24,735.43 |
| | Race Track Greyhound | - | 13,317.61 | 1,619.56 | 14,937.17 |
| | <i>Sub-Total State Pari-Mutuel Tax</i> | <u>24,735.43</u> | <u>13,317.61</u> | <u>1,619.56</u> | <u>39,672.60</u> |
| | Total Loss General Revenue Fund | \$ 24,735.43 | \$ 13,317.61 | \$ 1,619.56 | \$ 39,672.60 |
| | Total Loss All Pari-Mutuel Revenue | \$ 145,859.65 | \$ 71,139.83 | \$ 8,146.37 | \$ 225,145.85 |

**Texas Racing Commission
Report on Racetrack Inspection Activities
December 2, 2008**

| Date of Inspection | Track | Type of Inspection | Number of Unsatisfactory Items | Track Remediation | Unsatisfactory Items Remaining |
|---------------------------|--------------|---------------------------|---------------------------------------|--------------------------|---------------------------------------|
| 6/05/08 | Gulf | Safety & Security | 1 | 1 Resolved 9/10/08 | |
| 8/15/08 | Gulf | Administrative | 1 | 1 Resolved 11/13/08 | |
| 10/8/09 | Gulf | Pari-mutuel | 1 | 1 Resolved 10/31/08 | |
| 10/18/08 | Gulf | Veterinary | 5 | 4 Resolved 11/19/08 | 1 |
| 11/12/08 | Gulf | Safety & Security | 1 | | 1 |
| 9/19/08 | Lone Star | Stewards | 3 | 3 Resolved 10/23/08 | |
| 9/25/08 | Lone Star | Veterinary | 0 | | |
| 10/23/08 | Lone Star | Safety & Security | 0 | | |
| 11/1/08 | Lone Star | Veterinary | 1 | | 1 |
| 11/14/08 | Lone Star | Stewards | 0 | | |
| 10/9/08 | Manor | Administrative | 1 | 1 Resolved 10/24/08 | |
| 10/9/08 | Manor | Pari-mutuel | 0 | | |
| 9/25/08 | Retama | Safety & Security | 1 | | 1 |
| 10/18/08 | Retama | Veterinary | 1 | 1 Resolved 11/1/08 | |
| 11/11/08 | Valley | Veterinary | 0 | | |
| 11/18/08 | Valley | Administrative | 0 | | |
| 11/18/08 | Valley | Pari-mutuel | 0 | | |
| 11/19/08 | Valley | Judges | 3 | | 3 |
| 11/19/08 | Valley | Safety & Security | 2 | | 2 |
| Training Tracks | | | | | |
| 10/2/08 | Oakleaf | Training Track | 0 | | |
| 10/2/08 | Diamond D | Training Track | 0 | | |

**TEXAS RACING
COMMISSION**

Internal Audit Plan Fiscal Year 2009

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

TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2009

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TEXAS RACING COMMISSION
Internal Audit Plan – Fiscal Year 2009

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

Member: American Institute of Certified Public Accountants

October 29, 2008

Commissioners of the
Texas Racing Commission
Austin, Texas

Dear Commissioners:

As required by the Internal Auditing Act (Texas Government Code, Section 2102.008), we have prepared the audit plan for Fiscal Year 2009.

We prepared a risk assessment to determine the areas in the Texas Racing Commission that should be considered for audit. Based on that risk assessment, the following areas are recommended for audit in Fiscal Years 2009:

1. Personnel Processes
2. Follow-up: Prior internal audit recommendations: *Internal Audit of the Racing Administration* (Original report: August 8, 2006).
3. Follow-up on prior internal audit recommendations: *Internal Audit of the Texas Bred Incentive Program – Associations* (Original Report: May 25, 2007)

Your approval of the areas above will enable us to commence audit activities for Fiscal Year 2009. I would like to discuss this plan with you at the Commission meeting on December 2, 2008.

Sincerely,



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

TEXAS RACING COMMISSION
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I. Purpose

The Purpose of this internal audit plan is to document the development, risk assessment, scope of assignments and implementation timetable for fiscal year 2009 internal audit activities. This document will serve as a primary tool to carry out internal audit responsibilities in an efficient manner and prioritize the audit areas based on risk assessments agreed to by the Commissioners of the Texas Racing Commission (Agency). Due to the nature, scope and timing of audit procedures contemplated here, planning for specific aspects of the audits is a continuing process. Accordingly, the plan will be revised as necessary and reviewed at least annually.

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

II. Background Information

The Texas Racing Commission was created in the Second Called Session of the 69th Legislature and approved by a state-wide referendum in November 1987. Article 179e, V.T.C.S., created the Texas Racing Commission and authorizes the Commission to:

1. Oversee the Texas Bred Incentive Programs for horses and greyhounds;
2. Evaluate applications and award licenses for pari-mutuel racetracks in Texas;
3. Oversee the construction and renovation of major horse tracks, major greyhound tracks, and numerous smaller horse tracks and county fair tracks throughout the State;
4. License, regulate, and enforce all aspects of pari-mutuel wagering and participants in pari-mutuel racing; and
5. Provide state and local revenues.

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

Principal responsibilities of the Commission are to:

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

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

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

The Commission appoints an Executive Secretary to supervise the agency's daily activities. The Agency's operating budget is prepared and approved by the Commission on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature. The Agency is divided into three divisions.

Although the Agency's budget is approved by the legislature, it does not receive any General Revenue funds from the State for its operations. Revenues are primarily from license fees and fines, uncashed winning wagers, and breakage from wagering at greyhound racetracks. Approximately 50% of the expenditures are passed through the Agency to the official breed registries for the Texas Bred Incentive Programs. Funds collected by the Agency are directly utilized in operations, and not passed on to the State.

A. Divisional Information

The Agency's staff is organized into two operating divisions each of which carries out specific duties and responsibilities in carrying out the overall mission of the Agency. The two operating divisions are the Executive Division and the Finance and Regulatory Control Division.

- i. **Executive Division** – The Division is headed by the Agency's Executive Secretary and includes the Agency's General Counsel, Racing, Special Projects, Policy & Planning, Veterinary, and the Enforcement Department. The Executive Secretary is responsible for establishing operating policies and procedures for the agency and ensuring the agency's regulatory responsibilities are carried out. The Executive Secretary represents the agency before the Legislature and other governmental agencies. The Executive Secretary, with the assistance of the General Counsel and support staff, coordinates evaluation of racetrack license applications, issues recommended race date allocations, and assesses administrative penalties against racetrack licensees.

The Enforcement Department consists of investigators who coordinate the enforcement of the Commission's Rules and the Texas Racing Act. Investigations are conducted on animal drug positives, criminal histories returned on licenses applicants, illegal wagering, use and possession of

TEXAS RACING COMMISSION
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contraband, drug abuse and narcotics trafficking, and other illicit activities that could affect the integrity of pari-mutuel racing.

The Racing Department is responsible for all regulatory functions relating to live racing. It consists of the Racing Department and Veterinary Department. This department, supervised by the Director of Racing, includes Commission stewards and racing judges who supervise live races being conducted at Texas pari-mutuel racetracks. Stewards/Judges also conduct disciplinary hearings on occupational licensees and are authorized to suspend licenses for up to one year and assess fines up to \$5,000.

The General Counsel advises the Commissioners and staff on all legal issues affecting the agency. The General Counsel coordinates all aspects of Commission meetings and rulemaking proceedings, as well as representing the agency before the State Office of Administrative Hearings when prosecuting appeals from decisions made by the Board of Stewards/Judges.

The Veterinary Department, supervised by the Chief Veterinarian, includes the Veterinarians and Test Barn workers. The veterinarians and test barn workers administer the Commission's comprehensive drug testing program for race animals. The veterinarians examine all race animals before they participate in a race and inspect each racetrack's facilities for conditions that may affect the health or safety of the race animals. The Chief Veterinarian serves as a resource for the Racing Division, providing vital input into the Commission's policies and procedures affecting the health and safety of the race animals. The Chief Veterinarian also serves as a liaison between the Commission and veterinary-related organizations and agencies, such as the Animal Health Commission, the American Association of Equine Practitioners, and the Texas Veterinary Medical Association.

The Special Projects, Policy and Planning Administrator performs advanced consultative services and technical assistance to develop, coordinate, and evaluate agency policies and procedures. The administrator manages and directs special projects as needed. Work also involves comprehensive preparation, coordination, and dissemination of public information, including annual report, strategic plan, customer service surveys, web administration, and responses to public information requests.

- ii. **Finance and Regulatory Control Division** – This Division is responsible for all support activities for the Agency and responsible for all of the Commission's regulatory functions that are not restricted to live racing. This Division consists of the Finance and Accounting Department, Information Services Department, Pari-mutuel and Auditing Department, and Occupational Licensing Department. This Division is headed by the Deputy Director for Finance and Regulatory Control.

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The Finance and Accounting Department manages the budget, accounting, purchasing, personnel, and other administrative functions of the Commission. This Department is also responsible for financial reporting such as the Annual Financial Report, the Report on Measures and the Legislative Appropriations Request.

The Information Services Department procures and supports all hardware and software necessary for the day-to-day activities of the Agency. This Department is also responsible for developing and maintaining the Agency's network and Oracle database.

The Pari-Mutuel and Auditing Department tests the computer programs that calculate odds and payoffs on wagers, examines wagering patterns, and oversees mutuel operations at the racetracks, as well as calculating and distributing funds for the Texas-Bred Incentive Program. The completion of these tasks assures the wagering public and the State that the correct amount of money is distributed as required by the Texas Racing Act.

The Occupational Licensing Department reviews applications and issues occupational licenses and registrations to all persons involved in pari-mutuel greyhound and horse racing. This department works closely with the investigators and the stewards/judges. Licensing staff at each racetrack help to maintain the integrity of the industry by ensuring that all participants are licensed and are in good standing.

B. Inspection Program

Regular inspections are conducted to ensure compliance before the beginning of each live race meet as tracks make renovations and personnel changes. The Executive Secretary reports on inspections at each Commission meeting.

C. Texas-Bred Incentive Program

The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhound and horses to encourage agriculture and the horse and greyhound breeding industries. Funding for the Texas-bred Greyhound Incentive Program is derived from a percentage of the total breakage from live, simulcast same-species, and simulcast cross-species handle; a percentage of multiple two and multiple three wagers from simulcast same species and simulcast cross-species handle; and a percentage of all wagers made at a Texas horse track on inter-state greyhound races. The Texas Racing Act authorizes an incentive award for each owner, breeder and stallion owner of an accredited Texas-bred horse that finishes first, second or third in any race other than a Texas-bred stakes race. The awards are funded from breakage from all pari-mutuel pools and a percentage of all multiple two and multiple three wagering pools from live, simulcast same-species, and simulcast cross-species.

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D. Equine Research

The Texas Racing Act mandates that a portion of wagers made at horse tracks fund equine research for race horses. Research projects that address the needs and priorities of the Texas horse racing industry in the fields of Agricultural Economics, Animal Science, and Large Animal Medicine are submitted to the Equine Research Committee for grant consideration.

E. Financial Control Environment

The financial responsibility of the Agency is managed by the Accounting and Finance Department. Processing of payroll, purchasing, inventory and fixed asset maintenance are performed by this department.

F. The Agency's total General Appropriations Act authority for fiscal year 2009 is as follows:

| | |
|-----------------------------------------|----------------------------------------|
| License and Regulate Racetracks | \$ 251,895 |
| Texas Bred Incentive Program | 5,389,619 |
| Supervise & Conduct Live Races | 829,374 |
| Monitor Occupational License Activities | 435,947 |
| Inspect & Provide Emergency Care | 437,982 |
| Administer Drug Tests | 326,803 |
| Occupational Licensing Program | 549,532 |
| TEXASONLINE | 23,250 |
| Monitor Wagering and Audit | 457,938 |
| Wagering Compliance Inspections | 327,883 |
| Central Administration | 760,698 |
| Information Resources | 386,349 |
| Supplemental Appropriation | 601,052 |
| Total | <hr/> <u>\$ 10,778,322</u> <hr/> <hr/> |

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Internal Audit Plan – Fiscal Year 2009

III. Internal Audit Plan Methodology

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

- Strategic plan
- Legislative appropriations request/operating budget
- Annual Reports
- Audit Reports

We made inquiries of the Division Directors and Executive Division using a survey questionnaire. We also use other documents and/or data available to us. The main purpose of our inquiries was to obtain a generalized overview of how each division fits financially and non-financially into the framework of the Agency. One of the major factors in performing our inquiries, rather than relying solely on the amounts budgeted to each division in determining risk assessment, was to identify how much effect one division has on another division, thereby identifying the total impact that a particular division has on the Agency. This questionnaire was standardized to achieve responses to basic questions concerning each division. Questions related to business objectives, inputs, outputs, systems, critical success factors, process activities and business risks and controls. An assessment of the division's risk was also included, based on our inquiries as stated above.

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

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

- Cash receipts and fee processing
- Cash disbursements
- Travel
- Payroll
- Personnel
- Reporting – Performance Measures
- Budgeting and Reporting
- Licensing application and registrations
- Complaints / Investigation process

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- Pari-mutuel Auditing Process
- EDP Wagering Reviews/Audits
- Business Continuity/Disaster Recovery
- Information Systems - Security
- Information Technology System Development
- Drug testing
- Inspection Program
- Racing Administration
- Texas Bred Incentive Program – Associations
- Texas Bred Incentive Program – Policies and Procedures
- Equine Research
- Historically Underutilized Businesses (HUD)
- Fixed Asset Management

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

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

1. Exposure Level (Adverse impact of errors within the process/unit)
2. Complexity of unit (Volatility of activities)
3. Materiality (Financial and Non Financial Impact)
4. Results of last audit (Positive, some findings, Negative, Not Applicable)
5. Extent of other coverage or oversight (More coverage, Some coverage, No coverage)
6. Quality of internal controls/adherence to laws (Excellent, Good, Fair, & Poor controls)
7. Changes in systems and processes (More changes, Some changes, No changes)
8. Normal audit interval (Audited in last 1 year, 3 years, 5 years, Never)

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

Processes Identified as High Overall Risk

Texas Bred Incentive Program – Associations
Information systems – Security
Cash Disbursements
Personnel Processes
Licensing Applications and Registration
Racing Administration

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Inspection Program

Processes Identified as Moderate Overall Risk

Complaints / Investigation process
Texas Bred Incentive Program – Policies and Procedures
Business Continuity/Disaster Recovery
Payroll
Cash Receipts and fee processing
EDP Wagering Review/Audits
Budgeting and Reporting
Fixed Asset Management
Reporting – Key Performance Measures
Information Technology System Development

Processes Identified as Low Overall Risk

Pari-mutuel Auditing Process
Drug Testing
Equine Research
Travel
Historically Underutilized Businesses (HUB)

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Internal Audit Plan – Fiscal Year 2009

IV. Internal Audit Plan

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

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

Internal Audit reviews for the fiscal years ending 2009 are planned for the following processes/systems:

Fiscal Year 2009

1. Personnel Processes
2. Follow-up: Prior internal audit recommendations: *Internal Audit of the Racing Administration* (Original report: August 8, 2006).
3. Follow-up on prior internal audit recommendations: *Internal Audit of the Texas Bred Incentive Program – Associations* (Original Report: May 25, 2007)

These audits will take place from January 2009 through August 2009 with final reporting occurring in September 2009. The above plan does not preclude the internal audit function from identifying and assessing risk relating to new divisions or systems added to the Agency.

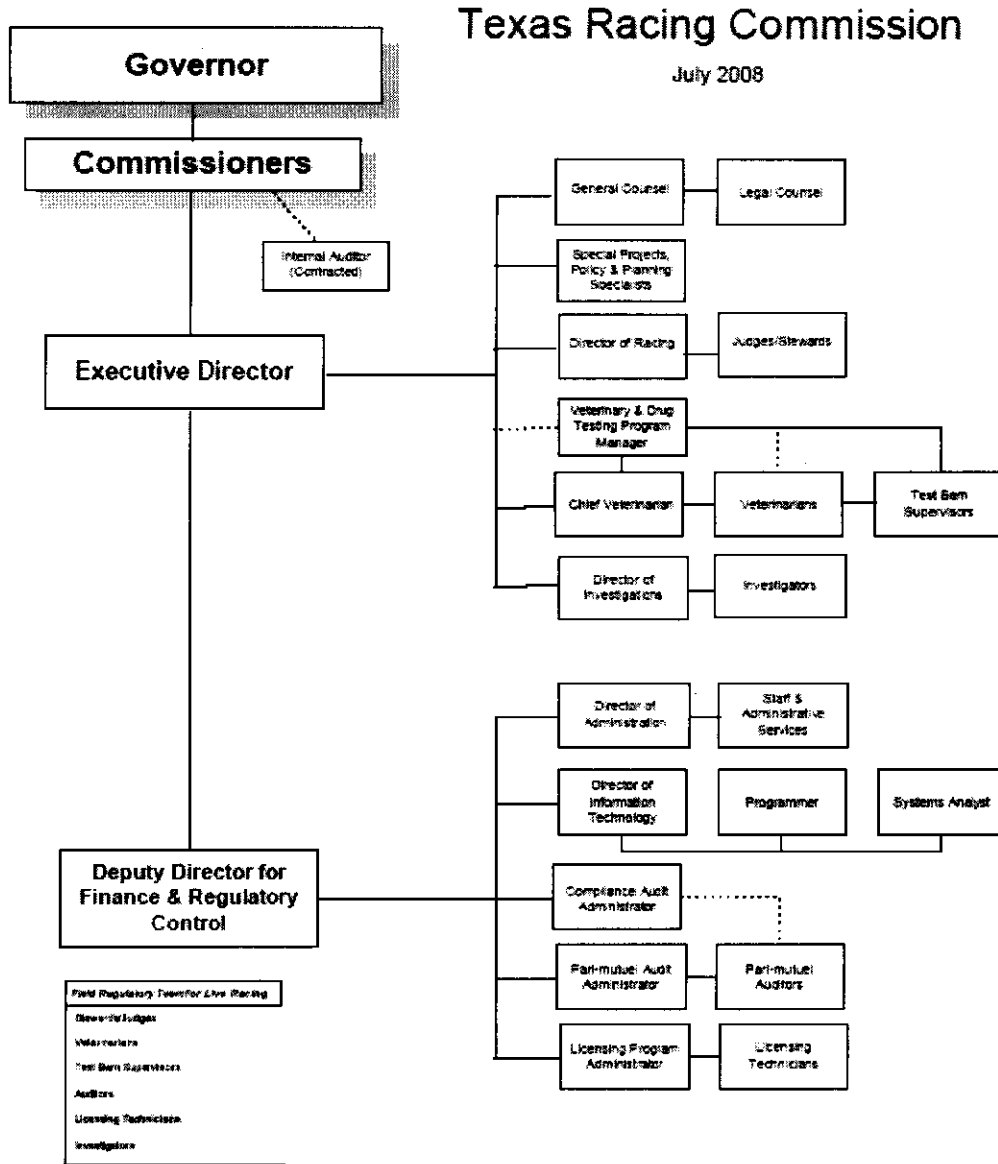
These processes/systems were identified for review through risk assessment methodology. As discussed above, this methodology included interviewing division directors through a questionnaire, identifying financial and non-financial risk, identifying interaction of divisions amongst each other, identifying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

V. Reporting

In compliance with the Texas Internal Auditing Act, the annual internal audit report will be filed with the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the State Auditor, the Commissioners of the Agency, and the Agency's Executive Secretary by November 1, 2009. The annual internal audit report will be in the form specified by the State Auditor.

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Internal Audit Plan – Fiscal Year 2009

Appendix A: Organizational Chart



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Appendix B: Risk Assessment

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

| | |
|--------------------------------------------------------|----|
| Texas Bred Incentive Program – Associations | 42 |
| Information systems – Security | 40 |
| Cash Disbursements | 39 |
| Personnel Processes | 39 |
| Licensing Applications and Registrations | 39 |
| Racing Administration | 39 |
| Inspection Program | 38 |
| Complaints/Investigation process | 37 |
| Texas Bred Incentive Program – Policies and Procedures | 37 |
| Business Continuity/Disaster Recovery | 36 |
| Payroll | 35 |
| Cash Receipts and fee processing | 34 |
| EDP Wagering Review/Audits | 34 |
| Budgeting and Reporting | 33 |
| Fixed Asset Management | 32 |
| Reporting – Key Performance Measures | 31 |
| Information Technology System Development | 30 |
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**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE TEXAS RACING COMMISSION
AND
THE TEXAS VETERINARY MEDICAL DIAGNOSTIC LABORATORY**

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

**I.
DEFINITIONS**

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

ELISA – Enzyme-linked immunosorbent assay.

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

GC/MS – Gas Chromatography-Mass Spectrometry

HPLC - High Performance Liquid Chromatography

LC/MS - Liquid Chromatography-Mass Spectrometry

TLC - Thin layer chromatography.

**II.
LABORATORY COVENANTS**

TVMDL agrees to:

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

3. Inspect each shipment of samples on arrival at TVMDL for evidence of possible tampering. Any evidence of tampering shall be noted and reported to the Executive Secretary in writing.
4. Use chain-of-custody procedures to maintain control and accountability of samples at all stages of the testing process, from receipt to final disposition of the samples.
5. Provide secured, cooled storage of samples while at TVMDL.
6. Maintain and follow a Standard Operating Procedures Manual.
7. Provide TLC screening tests developed and validated through the Racing Commissioners International Quality Assurance Program, the Testing Integrity Program, Inc., TVMDL, or elsewhere on approximately 50% of the canine and equine urine samples (or on equine sera or plasma if urine was not collected). TVMDL will make every effort to ensure that this closely approximates 50% of all samples actually submitted from each racetrack throughout the year. TVMDL shall maintain records to substantiate compliance with this paragraph.
8. Perform an average of at least thirty-five ELISA tests on all equine urine samples, with an emphasis on drugs classified as Category I or II by the TxRC Equine Medication Classification. The tests will be selected from a rotating menu of at least fifty different immunoassays. The pooling of samples (not to exceed 4 samples per pool) may be used to decrease the sensitivity of therapeutic drug ELISAs or where the ELISA sensitivity is less than the limit of detection of either the GC/MS or LC/MS (not including LC/MS 3Q).
9. Except for samples containing medication requiring quantitation, perform confirmatory testing on all samples identified through screening tests as possibly containing a foreign substance. The confirmatory test shall be gas chromatography/mass spectrometry or equivalent confirmatory procedures.
10. Provide phenylbutazone quantitation in equine sera or plasma by HPLC if phenylbutazone appears on routine urine screening procedures. Each sample containing more than 5 µg/ml shall be reported to TxRC.
11. Provide furosemide quantitation in equine sera or plasma by HPLC for the sample from each horse that received furosemide treatment, which has a urine specific gravity of 1.015 or less. Report as positive each sample in which the furosemide quantitation indicates at least 100 ng/ml of furosemide and a urine specific gravity of less than 1.010. Report as a letter of notification each sample in which the furosemide quantitation indicates at least 100 ng/ml of furosemide and a urine specific gravity of 1.010 – 1.012. Before reporting results to TxRC, the results must be confirmed by an independent laboratory.
12. Perform tests for total carbon dioxide on samples of equine sera or plasma as requested by the TxRC.

13. Perform tests for anabolic steroids in samples of equine urine by Liquid Chromatography-Mass Spectrometry (LC/MS) as requested by the TxRC.
14. Perform tests for anabolic steroids in samples of equine sera or plasma by Liquid Chromatography-Mass Spectrometry (LC-MS) as requested by TxRC.
15. Perform tests on samples from horses that participated in graded stakes races for the substances required by the Thoroughbred Owners and Breeders Association.
16. Perform an average of at least ten ELISA tests on all canine urine samples, with an emphasis on drugs classified as Category I or II by the TxRC Greyhound Medication Classification.
17. Performance of immunoassays is contingent on the availability of approved/industry-recognized tests. If the tests are not available or become unavailable, immunoassays mutually acceptable to TxRC and TVMDL will be substituted.
18. After testing is complete, store each sample in a secured, frozen environment (-10 degree C or less) until all legal proceedings concerning the sample are concluded.
19. Report the results of all negative tests to TxRC within 120 hours of sample receipt, if possible, by the method required by the Executive Secretary. Report results of the remaining tests to TxRC within three weeks of sample receipt. On request by the Executive Secretary, TVMDL shall make available to TxRC a copy of the analytical results of any test conducted pursuant to this Memorandum of Understanding.
20. Provide qualified professional personnel to testify in an administrative hearing or other legal proceeding involving a test performed pursuant to this Memorandum of Understanding and participate in and assist with pretrial matters in those proceedings, such as interrogatories and depositions.
21. Notify the TxRC in writing at least 30 days before implementing a change in analytical procedures for a substance classified as Category III, IV, or V in the TxRC Equine Medication Classification, which makes the test for such a substance more sensitive.
22. Participate, through TxRC, in an industry-recognized quality assurance program.
23. Refrain from disclosing any information relating to a sample to any person other than one designated by TxRC to receive the information.
24. Maintain qualified staff with no financial interest in racehorses, racing greyhounds, or an association or any other conflict of interest within the racing industry. All laboratory personnel must be employees of the Texas Veterinary Medical Diagnostic Laboratory, a member of the Texas A&M University System,

and at all times be subject to the rules and policies of the A&M System, as promulgated by the Board of Regents of the A&M System or the Executive Director of TVMDL.

25. Consent to background investigation conducted by the Texas Department of Public Safety, including fingerprinting, of all TVMDL staff involved in drug testing.
26. Allow access by TxRC to all records of TVMDL that pertain to drug testing services performed pursuant to this Memorandum of Understanding.
27. Make reasonable efforts to collect payment from each association and notify the Executive Secretary of any charges that are unpaid after 30 days of invoicing.
28. Notify the Executive Secretary, within 30 days of receipt, of all findings and recommendations made by the State Auditor, an internal auditor of the Texas A&M University System, or another auditor acting on behalf of or under contract with TVMDL or the Texas A&M University System regarding the fiscal operations of TVMDL or any operations of the Drug Testing Laboratory of TVMDL.

III. COMMISSION COVENANTS

TxRC agrees to:

1. Supervise the sample collection site at each association to ensure the site has the necessary personnel, supplies, equipment, facilities, and supervision to provide for the identification of animals and humans and to collect, identify, secure, store, and ship each sample to TVMDL.
2. Provide for testing approximately 8,000 equine urine and/or sera/plasma samples and approximately 11,000 canine urine samples. TxRC will make every effort to send for testing approximately 2.3 equine samples per race and 18 canine samples per full performance (up to 13 races) or 1.3 samples per race for abbreviated performances (fewer than 5 races). If the number of racing performances changes during the calendar year, the number of specimens may be adjusted accordingly, and the Executive Secretary will notify the Head of the Drug Testing Laboratory as soon as practicable.
3. Require each association to deliver all samples to TVMDL in a secure manner, at the association's expense, in accordance with a delivery schedule approved by TVMDL.
4. Apprise and update TVMDL of all drugs on the permitted list and all changes in medication rules, practices, or procedures.
5. Participate in and fund an industry-recognized quality assurance program.

6. No later than 90 days before the anticipated opening of a racing facility, TxRC shall notify TVMDL in writing of the anticipated race dates for the facility and anticipated number of samples.
7. Employ enforcement measures necessary to ensure that the costs incurred by TVMDL for drug testing services pursuant to this Memorandum of Understanding are promptly paid by each association.

IV. COST OF SERVICES

Except as otherwise provided by this paragraph, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$86.00 for equine samples and \$36.50 for canine samples. For tests conducted pursuant to Article II, Section 12, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$11.00. For tests conducted pursuant to Article II, Section 13, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$26.00. For tests conducted pursuant to Article II, Section 14, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$15.00. For tests conducted pursuant to Article II, Section 15, TVMDL agrees to charge, and TxRC approves a per-sample charge of \$237.00.

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

V. EXECUTION

The Parties agree to use due diligence in the exercise of their responsibilities as outlined in this Memorandum of Understanding. The term of this Memorandum of Understanding is commission approval to August 31, 2009. To ensure the continuity of the drug testing program in pari-mutuel racing, all terms of this Memorandum of Understanding continue in effect until a new Memorandum of Understanding is executed. If either Party determines that events have changed and significantly affect a material term of the Memorandum of Understanding, including but not limited to, the closing of a race track or a significant increase in the cost of drug-testing supplies, the Parties may renegotiate the terms of this Memorandum of Understanding.

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

TEXAS RACING COMMISSION

TEXAS VETERINARY MEDICAL
DIAGNOSTIC LABORATORY

Charla Ann King
Executive Director

Tammy R. Beckham, DVM, PhD
Director

Approved as to form:

Mark Fenner
TxRC General Counsel

LEGISLATIVE PROPOSALS RELATED TO RACING 81ST LEGISLATURE (2009)

COMMISSION PROPOSALS TO AMEND THE TEXAS RACING ACT

1. Provide additional oversight of stewards' and judges' decisions. *See attachment.*
2. Change the definition of "performance" relating to greyhound races to allow for more than thirteen races. *See attachment.*
3. Add a definition for "Handicapper Tournament" and amend the definition for "Handicapper." *See attachment.*

HOUSE COMMITTEE ON LICENSING & ADMINISTRATIVE PROCEDURES (LAP) - RECOMMENDATIONS TO THE 81ST LEGISLATURE

The following recommendations were unanimously adopted by the LAP Committee on November 13, 2008, in response to the Committee's two interim charges.

Charge #1: Study ways to support and promote horse and greyhound racing and breeding programs in Texas by increasing revenue. Review the practice of other states with healthy racing industries and identify which practices might be applied in Texas. Study ways to strengthen and enforce Texas laws to reduce illegal gambling.

- Recommendation #1: Amend the Texas Racing Act, and any other related statutes, to allow the Texas Racing Commission the ability to partner with other state agencies that perform economic duties.
- Recommendation #2: Authorize the partnering state agency to establish a program to review and promote economic development of the racing industry; to periodically issue a report on the racing industry's economic condition; and provide venues for discussion of the economic health and development of the racing industry.
- Recommendation #3: Widen the window for live racing at a Class 4 racetrack to include weekends adjacent to the dates on which livestock shows or exhibitions and county fair activities take place.
- Recommendation #4: Direct the Texas Racing Commission to revisit rules governing the size of an oval to allow Class 3 and Class 4 racetracks to race on the size of the ovals that exist today without having to incur significant expenses to expand the ovals.
- Recommendation #5: Direct the Texas Racing Commission to revisit rules relative to the number of stalls required in the barn area to assure they are adequate in number to accommodate the needs for racing each weekend similar to Gillespie.

Recommendation #6: Provide the Commission with additional oversight of stewards' and judges' decisions. (Same as TXRC Proposal #1).

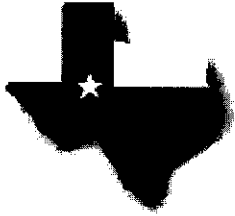
Recommendation #7: Change the definition of "greyhound performance" to allow for more than 13 races. (Same as TXRC Proposal #2).

Recommendation #8: Dedicate the current \$1 ATM usage fee to the Racing Commission instead of general revenue.

Recommendation #9: Support all of the Sunset Advisory Commission's recommendations relating to the continuation of the Texas Racing Commission and the abolishment of the Equine Research Account Advisory Committee.

Charge #2: Identify alternative supplemental funding to increase incentives and purses for horse and greyhound trainers and owners.

No recommendations. See Charge #1, Recommendation #2.



TXRC LEGISLATIVE PROPOSAL #1

Provide Additional Oversight of Stewards' and Judges' Decisions

Recommendation: Modify § 3.07 of the Texas Racing Act (Act) to provide the Executive Director the authority to review decisions of the stewards and judges and modify those decisions by either reducing or enhancing the penalty. Additionally, the modification would establish a higher range of penalty authority for the Executive Director.

Sec. 3.07. Officials of race meetings.

(a) (No change.)

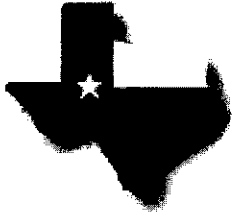
(b) The commission shall make rules specifying the authority and the duties of each official, including the power of stewards or judges to impose penalties for unethical practices or violations of racing rules. A penalty imposed by the stewards or judges may include a fine of not more than \$5,000, a suspension for not more than one year, or both a fine and suspension. Before imposing a penalty under this subsection, the stewards and judges shall conduct a hearing that is consistent with constitutional due process. A hearing conducted by a steward or judge under this subsection is not subject to Chapter 2001, Government Code. Before a decision of the stewards and judges becomes final, it is subject to review by the executive director, who may modify the penalty. A penalty modified by the executive director under this section may include a fine of not more than \$10,000, a suspension for not more than two years, or both a fine and suspension. If, in the opinion of the stewards or judges, the allowable penalties are not sufficient, the stewards or judges may refer the case to the commission for further action.

(c) – (g) (No change.)

Background: § 3.07(b) of the Texas Racing Act (Act) authorizes the stewards and judges to refer a case to the commission for further action if, in the opinion of the stewards and judges, the allowable penalties are insufficient to address the severity of the violation. However, this provision contradicts § 3.08(a)'s requirement that appeals to the commission be subject to the Administrative Procedures Act, which requires a hearing before the State Office of Administrative Hearings. The Act also provides no mechanism for the Executive Director to review and modify an inappropriate penalty before it becomes final.

Affected Sections of The Texas Racing Act:

- Article 3. Powers and Duties of Commission
 - Sec.3.07. Officials of race meetings.



TXRC LEGISLATIVE PROPOSAL #2

Definition of *Performance*

Recommendation: Modify the definition of “Performance” within §1.03 of the Texas Racing Act to read as follows:

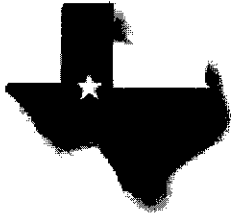
(52) “Performance” means the consecutive running of ~~not more than 13~~ greyhound races a specified number of greyhound races to be determined by the Commission.

Overview: The current definition limits a performance to not exceed 13 greyhound races. This definition was written at a time when there were kennel owners with enough greyhounds to supply a racetrack with the number of race animals needed to run two performances with 13 races on a single race day. However, this is not the case anymore.

This change would allow the Racing Commission to determine how many consecutive greyhound races should constitute a “performance”. The Commission would seek input from both the racetracks and the greyhound industry on the availability of greyhounds when making the determination of how many consecutive races should constitute a performance.

Affected Sections of The Texas Racing Act:

- Article 1. General Provisions
 - Sec.1.03. Definitions
 - (52) “Performance”



TXRC LEGISLATIVE PROPOSAL #3

Definition of *Handicapper Tournament*

Recommendation: Modify §1.03 of the Texas Racing Act to add a definition for “Handicapper Tournament” and to amend the existing definition for “Handicapper” as follows:

(80) “Handicapper Tournament” means a contest conducted by an association and offered to handicappers on a series of live and/or simulcast greyhound or horse races, that have been approved by the Commission at the request of the association, to offer for pari-mutuel wagering at the racetrack. The association may charge a tournament fee to the participating handicappers.

(37) “Handicapper” means a person who predicts the winner of a horse or greyhound race.

Overview: Handicapper tournaments are becoming more popular nationally, but without this definition Texas racetracks have not had the ability to offer these tournaments. During the March 2008 RCI Spring Meeting, the RCI Model Rules Committee adopted a “Handicappers Tournament” model rule to facilitate the participating member jurisdictions in moving forward with the “Handicappers Tournament.”

Affected Sections of The Texas Racing Act:

- Article 1, General Provisions
 - Sec.1.03. Definitions
 - (37) “Handicapper”
 - (80) “Handicapper Tournament”



■ GULF GREYHOUND PARK ■

Sally B. Briggs
General Manager

November 12, 2008

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

Dear Ms. King:

Enclosed is the signed Amendment to Service Contract between Gulf Greyhound Partners, Ltd. and United Tote Company. This Amendment is an addendum to the contract dated March 31, 2006 approved by the Texas Racing Commission and continues the service provided by United Tote Company for one (1) year.

Please place this request on the Agenda for the next Texas Racing Commission meeting.

Thank you.

Sincerely,

Sally B. Briggs
General Manager

Enclosure (1)

GILLESPIE COUNTY FAIR
RACE MEET

P. O. BOX 526
FREDERICKSBURG, TX 78624
830/997-2359

SALLY BRIGGS
P. O. BOX 488
LA MARQUE, TX 77568
409/986-9500

November 12, 2008

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

Dear Ms. King:

Enclosed please find the signed Amendment to Service Contract for United Tote Horizon System between Gillespie County Fair and Festivals Association, Inc. and United Tote Company. This Amendment extends the current contract for our live meet for one (1) year.

Please place this Amendment on the Agenda for the next Texas Racing Commission meeting.

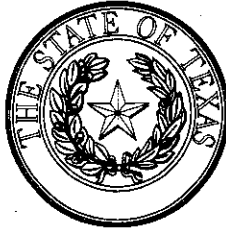
Thank you.

Sincerely,



Sally B. Briggs

Enclosure (1)



TEXAS RACING COMMISSION

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

To: Commissioners

From:  Sammy Jackson, Deputy Director of Finance & Regulatory Control

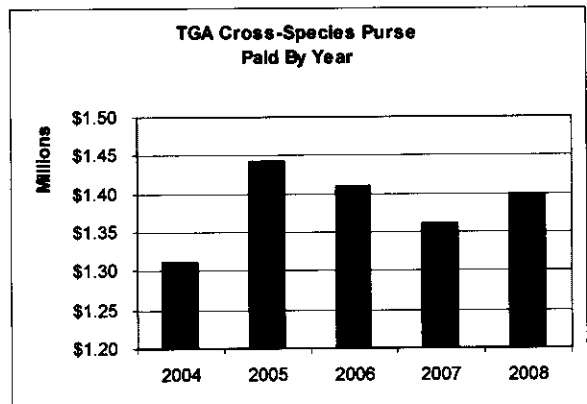
Date: November 21, 2008

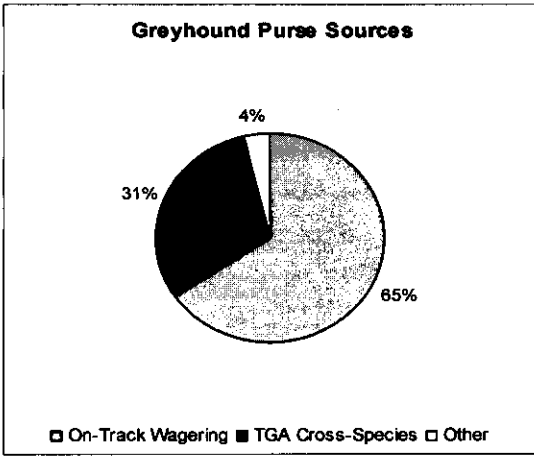
RE: Texas Greyhound Association's (TGA) Proposed 2009 Allocation of Purse Money from Cross-Species Simulcasting to Texas Greyhound Racetracks

For your consideration and approval at the December 2, 2008, meeting is the TGA's allocation formula to distribute purse money to Texas greyhound tracks, collected from the Texas horse racetracks that are simulcasting out-of-state greyhound signals, as outlined under §6.091(d) of the Texas Racing Act. Commission rule §303.102(d) requires the TGA to annually prepare and submit a proposed allocation for consideration by the Commission. In preparing this allocation, TGA is required to consider the following:

- the average price-per-point paid for purses at each greyhound racetrack during the preceding year;
- the purse payout at each greyhound racetrack during the preceding year; and
- the impact that cross-species simulcasting has made on greyhound purse revenues at each greyhound racetrack during the preceding year.

The TGA's proposed allocation formula for calendar year 2009 meets the above criteria and is supported by both of the greyhound racetracks currently operating in Texas. The formula allocates the purse money collected at Texas horse racetracks each week back to the greyhound racetracks the following week - in order to maintain a steady and consistent purse flow to the greyhound owners and kennel owners who participate in racing. Approximately \$1.35 million in purse funds were distributed in calendar year 2007 and staff estimates that approximately \$1.4 million in purse funds will be distributed in the current calendar year. Staff estimates that the TGA will collect and allocate a lesser amount in cross-species purse money in calendar year 2009 than in prior years due to the decline in handle that is currently being reported by Texas racetracks.





As the handle at Texas greyhound racetracks has steadily declined, the purse moneys earned at their facilities has also diminished. Concurrently, the handles on greyhound signals at the Texas horse racetracks has been stable or has grown slightly. These two phenomenon have created a scenario in which the TGA Cross-Species purse money has become an increasingly significant source of purse money to each greyhound racetrack. As of calendar year 2007, the TGA Cross-Species purse allocation accounted for 31% of the total greyhound purse paid out at each racetrack. Approval of the TGA's proposed allocation formula will continue the

distribution of this significant purse source in a steady and consistent manner that will be advantageous to the greyhound owners, kennel owners and racetracks.

Staff recommends the approval of the TGA's proposed allocation formula for calendar year 2009. Should you have any questions, please feel free to contact me at any time.

cc: Charla Ann King, Executive Director
 Mark Fenner, General Counsel
 John Ferrara, Director of Racing



Texas Greyhound Association

Representing the Greyhound Breeding and Racing Industry in Texas

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

November 19, 2008

Dear Sammy:

The Texas Racing Commission, pursuant to rule Sec. 303.102(d)(2), requests the Texas Greyhound Association to submit a proposed formula for allocation of interstate cross-species simulcast purses received under §6.091(d)(2) of the Texas Racing Act for consideration by the Commissioners on the December 2, 2008 agenda.

The TGA requests that the current allocation of cross-species simulcast purses, as follows, be kept in place through December 31, 2009 for the two tracks (Gulf Greyhound Park and Valley Race Park) that have been granted live race dates for 2009. No allocation is made to Corpus Christi Greyhound Racetrack since it has not requested, nor been granted, any live race dates for 2009.

FORMULA FOR 2009 WHILE VALLEY RUNNING LIVE

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

| | |
|-------------------------------------------|------------------|
| Horse handle at Gulf Greyhound Park (GGP) | \$ xx,xxx |
| Horse handle at Valley Race Park (VRP) | <u>xx,xxx</u> |
| Total horse handle both tracks | <u>\$xxx,xxx</u> |
| GGP horse handle/Total horse handle | xx% |
| VRP horse handle/Total horse handle | <u>xx%</u> |
| | <u>100%</u> |

Post Office Box 40; Lorena, TX 76655-0040 * (254) 857-4377 * (254) 857-4299 Fax
Email: txga@texasgreyhoundassociation.com * Website: www.texasgreyhoundassociation.com

FORMULA WHILE VRP NOT RUNNING LIVE

For the period beginning after the last day of VRP's Fall 2008-Spring 2009 live meet, through the day preceding the beginning date of VRP's Fall 2009-Spring 2010 Meet, VRP will receive an amount equal to 55% of its share which is determined in the formula for the distribution of purse funds generated on wagering on greyhounds at Texas horse racetracks. For the same period, the remaining 45% will be allocated to GGP.

Please contact me if you have questions or comments.

Sincerely,



Diane Whiteley
Executive Director

Sally Briggs Gulf Greyhound Park

Bob Bork Valley Race Park

FORMULA WHILE VRP NOT RUNNING LIVE

For the period beginning after the last day of VRP's Fall 2008-Spring 2009 live meet, through the day preceding the beginning date of VRP's Fall 2009-Spring 2010 Meet, VRP will receive an amount equal to 55% of its share which is determined in the formula for the distribution of purse funds generated on wagering on greyhounds at Texas horse racetracks. For the same period, the remaining 45% will be allocated to GGP.

Please contact me if you have questions or comments.

Sincerely,

Diane Whiteley
Executive Director



Sally Briggs Gulf Greyhound Park

Bob Bork Valley Race Park

FORMULA WHILE VRP NOT RUNNING LIVE

For the period beginning after the last day of VRP's Fall 2008-Spring 2009 live meet, through the day preceding the beginning date of VRP's Fall 2009-Spring 2010 Meet, VRP will receive an amount equal to 55% of its share which is determined in the formula for the distribution of purse funds generated on wagering on greyhounds at Texas horse racetracks. For the same period, the remaining 45% will be allocated to GGP.

Please contact me if you have questions or comments.

Sincerely,

Diane Whiteley
Executive Director

Sally Briggs Gulf Greyhound Park


Bob Bork Valley Race Park

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

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



TEXAS RACING COMMISSION

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

October 22, 2008


Diane Whiteley
Executive Director
Texas Greyhound Association
P.O. Box 40
Lorena, TX 76655-0040

Dear Ms. Whiteley:

Commission rule §303.102. (d) (2) states, annually the Executive Director shall establish a deadline by which the proposed allocation of the TGA cross-species purse money must be submitted for approval. Pursuant to the authority of the Executive Secretary under that rule, a deadline of 12:00pm, Tuesday, November 18, 2008 has been set for filing a proposed allocation of the TGA cross-species purse money collected for the period of January 1, 2009 thru December 31, 2009. The proposed allocation shall be added to the December 2, 2008 Commission Agenda for consideration and approval.

Should you have any questions or need any assistance with this issue, please call me at (512)-833-6699.

Respectfully,


Sammy Jackson
Deputy Director


Cc: Charla Ann King, Executive Secretary
Mark Fenner, General Counsel
John Ferrara, Director of Racing
Sally Briggs, Gulf Greyhound Park
Rick Pimentel, Corpus Christi Greyhound Race Track
Milt Roth, Valley Race Park
Racetrack Files & Reading File



TEXAS RACING COMMISSION

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

To: Commissioners

From:  Sammy Jackson, Deputy Director of Finance & Regulatory Control

Date: November 21, 2008

RE: Texas Horse Racetrack Associations' Proposed 2009-2010 Allocation of Purse Revenue from Simulcasting and Distribution of Escrowed Horse Purse Funds

For your consideration and approval at the December 2, 2008, Commission meeting are the following two requirements for racetrack associations pertaining to the distribution of purse revenue and escrow funds:

- Texas horse racetrack's recommendation for allocation of purse revenue, generated by simulcasting, for calendar years 2009 and 2010; and
- Texas horse racetrack's request for distribution of funds from the Escrowed Purse Account for calendar years 2009 and 2010.

Allocation of Simulcast Purse Revenue

Commission rule §321.505(a) requires each association to recommend to the Commission the allocation of purse revenue generated from simulcasting among the various breeds of horses. The rule also requires that at least 30 days before making the recommendation, the racetrack associations must begin negotiations with the horsemen's organizations. If an association and all of the organizations reach a signed agreement, the association may submit the agreement to the Commission for approval. If there is no agreement, the association shall submit studies, statistics, or other documentation to the Commission, along with its recommended purse allocation, that apply the following criteria: 1) local public interest in each breed; 2) earnings generated by the association from each breed; 3) national public interest in each breed; 4) racetrack race date request and opportunities given to each breed; and 5) availability of and ability to attract competitive horses. The Commission may also consider these criteria in evaluating whether to approve the association's recommendation.

In accordance with §321.505(a), the horse racetrack associations have submitted a signed agreement for consideration and approval that specifies the allocation of purse revenue generated by simulcasting. The agreement proposes the following allocation of purse revenue generated by simulcasting for calendar years 2009 and 2010:

| Simulcast Purse Allocation By Breed of Horse | Gillespie County | Manor Downs | Lone Star Park | Retama Park | Sam Houston Race Park |
|----------------------------------------------|------------------|-------------|----------------|-------------|-----------------------|
| Quarter Horse | 68.95% | 72.89% | 16.7875% | 21.56% | 21.56% |
| Thoroughbred | 29.55% | 25.61% | 81.9625% | 76.44% | 76.44% |
| Minor Breed | 1.50% | 1.50% | 1.2500% | 2.00% | 2.00% |

The agreement reflects a slight increase, 0.98 percent, in the allocation to the Quarter Horse purse and a slight decrease, (0.98 percent), to the Thoroughbred purse at both Retama Park and Sam Houston Race Park as compared to the approved allocations for calendar year 2008. All other allocations remained constant compared to calendar year 2008.

Distribution of Funds from the Escrowed Purse Account

Commission rule §321.509 requires the Commission to distribute the funds accrued in the Escrowed Purse Account to the horse racetrack associations at least once per year. The rule also requires the Commission to determine the amount of the distribution to each racetrack. The rule provides for two different methods to accomplish this:

- (1) In making a request for distributions from the account, an association shall also recommend the percentages by which the funds are to be divided among the breeds. In support of this recommendation, an association must present written studies, statistics, or other documentation. The Commission may look to the criteria listed in subsection 321.509(c) when evaluating these recommendations. The criteria are the same as those listed above for the distribution of simulcast purse revenue except that statewide need by breed replaces the availability of and ability to attract competitive horses as a criteria.
- (2) Alternatively, the Commission may approve an agreement that is signed by the association and all of the official horsemen's organizations and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

In accordance with §321.509, under method (2) described above, the associations have submitted a signed agreement for consideration and approval that addresses the allocation of purse funds accrued in the Escrowed Purse Account and the percentages by which the account funds are to be divided among the various breeds of horses. The agreement proposes the following allocations and divisions for calendar years 2009 and 2010:

| Allocation to Association | 1.6% | 7.8% | 24.65% | 24.65% | 41.3% |
|-------------------------------------------|-------------------------|--------------------|-----------------------|--------------------|------------------------------|
| Escrowed Purse Division by Breed of Horse | Gillespie County | Manor Downs | Lone Star Park | Retama Park | Sam Houston Race Park |
| Quarter Horse | 72.075% | 72.075% | 72.075% | 72.075% | 72.075% |
| Thoroughbred | 20.925% | 20.925% | 20.925% | 20.925% | 20.925% |
| Paint Horse | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| Arabian | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |

This agreement reflects no change in the allocation to the associations as compared to the approved allocations for calendar year 2008. Additionally, the agreement reflects no change in the division by breed of horse as compared to the approved allocations for calendar year 2008.

Staff Recommendations

Staff recommends the approval of both industry agreements as submitted: (1) the recommended allocation of purse revenue generated by simulcasting for calendar years 2009 and 2010, and (2) the requests for distribution from the Escrowed Purse Account and the recommend percentages for division of account funds among the various breeds of horses for calendar years 2009 and 2010.

Should you have any questions, please feel free to contact me at any time.

Cc: Charla Ann King, Executive Secretary
 Mark Fenner, General Counsel
 John Ferrara, Director of Racing

Agreement

In an effort to achieve a fair and equitable split of revenue available to horsemen, the following Agreement is made by and between Lone Star Park, Gillespie County Fair, Manor Downs, Retama Park, Sam Houston Race Park, Texas Horsemen's Benevolent and Protective Association and Texas Thoroughbred HBPA, Inc. The term of the agreement shall be for calendar years 2008, 2009 and 2010.

The parties believe that this is the best possible allocation of revenue, at this time, for the specified term of the Agreement and recognize that the overall distribution of revenue must be observed to maintain the equity interests of each signatory party and the horsemen they represent. This Agreement is submitted in accordance with 16 Tex. Admin. Code Sec. 321.505

Purse revenue generated by importing horse simulcasting at each of the horse racetracks shall be allocated between the breeds of horses participating as follows:

Lone Star Park for calendar years 2008, 2009, 2010 - 1.25% to the Minor Breed Account; 83% of the balance to the Thoroughbred Account and 17% of the balance to the Quarter Horse Account;

Retama Park for calendar year 2008 - 2% to the Minor Breed Account; 79% of the balance to the Thoroughbred Account and 21% of the balance to the Quarter Horse Account;

Retama Park for calendar years 2009 & 2010 - 2% to the Minor Breed Account; 78% of the balance to the Thoroughbred Account and 22% of the balance to the Quarter Horse Account;

Sam Houston Race Park for calendar 2008 - 2% to the Minor Breed Account; 79% of the balance to the Thoroughbred Account and 21% of the balance to the Quarter Horse Account;

Sam Houston Race Park for calendar years 2009 & 2010 - 2% to the Minor Breed Account; 78% of the balance to the Thoroughbred Account and 22% of the balance to the Quarter Horse Account;

Manor Downs for calendar years 2008, 2009, 2010 - 1.5% to the Minor Breed Account; 26% of the balance to the Thoroughbred Account and 74% of the balance to the Quarter Horse Account; and

Handwritten signatures and initials, including a circled 'S', 'b', 'BPM', and 'W'.

Gillespie County Fair for calendar years 2008, 2009, 2010 - 1.5% to the Minor Breed Account; 30% of the balance to the Thoroughbred Account and 70% of the balance to the Quarter Horse Account.

The escrowed horse purse account funds generated by importing inter-state horse simulcasting at each of the Texas greyhound racetracks and collected/administered by the Texas Racing Commission shall be allocated to the Texas horse racetracks for purses as follows:

Lone Star Park for calendar years 2008, 2009, 2010 - 24.65%.

Retama Park for calendar years 2008, 2009, 2010 - 24.65%.

Sam Houston Race Park for calendar years 2008, 2009, 2010 - 41.3%.

Manor Downs for calendar years 2008, 2009, 2010 - 7.8%.

Gillespie County Fair for calendar years 2008, 2009, 2010 - 1.6%

The escrowed horse purse account funds collected by the Texas Racing Commission and allocated to each Texas horse racetrack shall be allocated between the breeds of horses participating as follows:

Lone Star Park for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Retama Park for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Sam Houston Race Park for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Manor Downs for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account; and

Handwritten signatures and initials, including a circled 'BS' and 'W'.

Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

This Agreement does not establish a precedent, nor are its provisions binding beyond the stated 3-year term.

The foregoing is acknowledged and agreed to on this _____ day of November 2007.

Eric F. Wilk

Gillespie County Fair

Manor Downs

[Signature]

Lone Star Park

[Signature]

Retama Park

[Signature]

Sam Houston Race Park
and Protective Association

[Signature]

Texas Horsemen's Benevolent

Texas Thoroughbred HBPA, Inc.

11/13/2007 13:24 @ + 91012467974MPP8460

NO. 588 040

Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

This Agreement does not establish a precedent, nor are its provisions binding beyond the stated 3 - year term.

The foregoing is acknowledged and agreed to on this _____ day of November 2007.

[Handwritten Signature]

Gillespie County Fair

Manor Downs

[Handwritten Signature]

[Handwritten Signature]

Lone Star Park

Relama Park

[Handwritten Signature]

[Handwritten Signature]

Sam Houston Race Park
and Protective Association

Texas Horsemen's Benevolent

[Handwritten Signature]

Texas Thoroughbred HBPA, Inc.

Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

This Agreement does not establish a precedent, nor are its provisions binding beyond the stated 3-year term.

The foregoing is acknowledged and agreed to on this _____ day of November 2007.

Gillespie County Fair

Edward Gillespie

Manor Downs

Lone Star Park

QCB

Relama Park

Sam Houston Race Park
and Protective Association

Texas Horsemen's Benevolent

Texas Thoroughbred HBPA, Inc.

**LONE STAR PARK***at Grand Prairie*
A MAGNA ENTERTAINMENT VENUE*Our Mission:**Create Winning Experiences.*

November 18, 2008

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

VIA FACSIMILE: (512) 833-6907

Dear Sammy:

Lone Star Park understands that the Commission will take up the following items at the Commission meeting scheduled for Tuesday, December 2, 2008:

- Allocation of Purses and Funds for Texas Bred Incentive Programs for calendar years 2009 and 2010 under Commission Rule 321.505
- Distribution of Funds Accrued in the Escrowed Purse Account for calendar years 2009 and 2010 under Commission Rule 321.509.

The industry reached a three year agreement on the allocation of funds addressed under rules 321.505(a) and 321.509 and the Commission approved the agreement for calendar year 2008.

We respectfully request that the Commission approve the agreements for calendar years 2009 and 2010 during the course of the next regularly scheduled hearing.

Sincerely,

Drew M. Shubeck
President and General Manager

DMS/sa

HOST SITE OF THE
2004 BREEDERS' CUP
WORLD THOROUGHBRED CHAMPIONSHIPS

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

November 18, 2008

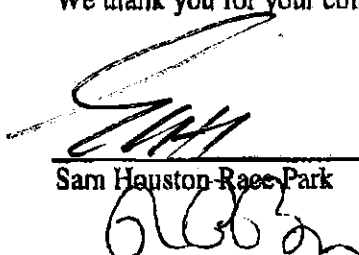
Sammy Jackson
Deputy Director
Texas Racing Commission
P.O. Box 12080
Austin, TX 78711-2080

Dear Mr. Jackson,

Please allow this letter to serve as confirmation that the Agreements addressing the Allocation of Purses and Funds for Texas Bred Incentive Programs and the Distribution of Funds Accrued in the Escrowed Purse Account, reached in 2007 for the calendar years 2008, 2009 and 2010 are still supported by the undersigned Texas Racing Industry Parties.

We respectfully request that the Commission approve the agreements for calendar year 2009 and 2010 and place the agreement on the December 2, 2008 meeting agenda.

We thank you for your consideration of this matter.



Sam Houston Race Park

Retama Park

Lone Star Park

Manor Down

Gillespie County Fair

November 18, 2008

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

Dear Mr. Jackson,

Please allow this letter to serve as confirmation that the Agreements addressing the Allocation of Purses and Funds for Texas Bred Incentive Programs and the Distribution of Funds Accrued in the Escrowed Purse Account, reached in 2007 for the calendar years 2008, 2009 and 2010 are still supported by the undersigned Texas Racing Industry Parties.

We respectfully request that the Commission approve the agreements for calendar year 2009 and 2010 and place the agreement on the December 2, 2008 meeting agenda.

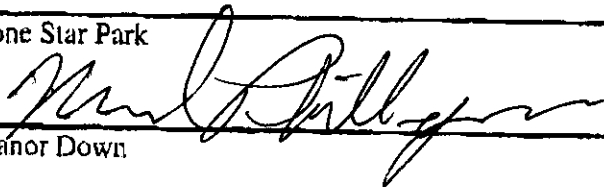
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Sam Houston Race Park



Retama Park

Lone Star Park



Manor Down

Gillespie County Fair

November 18, 2008

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

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We respectfully request that the Commission approve the agreements for calendar year 2009 and 2010 and place the agreement on the December 2, 2008 meeting agenda.

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Sam Houston Race Park



Retama Park

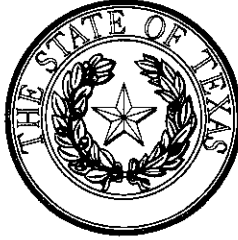
Lone Star Park

Major Down



Gillespie County Fair

TOTAL P.01



TEXAS RACING COMMISSION

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

October 17, 2008

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

Drew Shubeck
General Manager
Lone Star Park
1000 Lone Star Parkway
Grand Prairie, TX 75050

Howard Phillips
Chief Executive Officer
Manor Downs
P.O. Box 141309
Austin, TX 78714

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

Andrea Young
Chief Operating Officer
Sam Houston Race Park
7575 N Sam Houston Pkwy W
Houston, TX 77064-3417

Lady and Gentlemen:

Please be advised that the Commission will take up the following items at the Commission meeting scheduled for Tuesday, December 2, 2008:

- Allocation of Purses and Funds for Texas Bred Incentive Programs for calendar years 2009 and 2010 under Commission Rule 321.505
- Distribution of Funds Accrued in the Escrowed Purse Account for calendar years 2009 and 2010 under Commission Rule 321.509.

Under subsection 321.505(a), each association shall recommend to the Commission as to how the purse revenue shall be allocated among the various breeds of horses. At least 30 days before making the recommendation, associations shall begin negotiations with the horsemen's organizations. If the association and all of the organizations reach a signed agreement, the association may submit the agreement to the Commission for approval. If there is no agreement, the association shall submit studies, statistics, or other documentation that support its application of the criteria described in paragraph 321.505(a)(4) along with its recommended purse allocation.

Under Rule 321.509, the Commission distributes the funds accrued in the Escrowed Purse Account to the horse racetrack associations at least once per year. In making requests for distribution from the Account, associations shall also recommend the percentages by which the distribution will be divided among the breeds. In support of their breed split recommendations, associations shall present written studies, statistics, or other documentation.

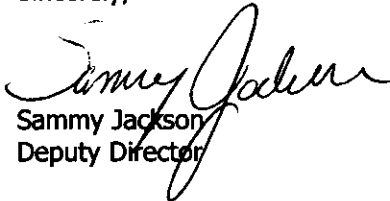
The Commission may look to the criteria listed in subsection 321.509(c) when evaluating those recommendations. Alternatively, the Commission may approve an agreement that is signed by the association and all of the official horsemen's organizations and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

As we are all aware, the industry reached a three year agreement on the allocation of funds addressed under rules 321.505(a) and 321.509. The Commission approved the agreement for calendar year 2008 and staff would like to have the final two years approved if all parties agree. To do so, please submit a letter requesting that the industry agreement be placed on the December 2, 2008 agenda for consideration and approval for calendar years 2009 and 2010.

The due date for receiving each request, recommendation, or agreement, as well as the supporting documentation, is November 18, 2008.

Should you have any questions, please feel free to contact me at 512-833-6699.

Sincerely,



Sammy Jackson
Deputy Director

Attachments: Commission Rule 321.505
Commission Rule 321.509

cc: Ed Wilson, Texas Arabian Breeders' Assn.
Rob Werstler, Texas Quarter Horse Assn.
Lewis "Tooter" Jordan, THP QH Rep.
Charla Ann King, Executive Director
John Ferrara, Director of Racing

Bruce Grider, Texas Paint Horse Breeders Assn.
David Hooper, Texas Thoroughbred Assn.
Terry Blanton, THP TB Rep.
Mark Fenner, General Counsel
Reading File, Racetrack Files & Breed Files

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TITLE 16

ECONOMIC REGULATION

PART 8

TEXAS RACING COMMISSION

CHAPTER 321

PARI-MUTUEL WAGERING

SUBCHAPTER D

SIMULCAST WAGERING

DIVISION 3

SIMULCASTING AT HORSE RACETRACKS

RULE §321.505

Allocation of Purses and Funds for Texas Bred Incentive Programs

(a) Purses.

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

(2) Negotiations.

(A) At least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.

(B) When requested, the association shall provide the material specified in paragraph (3) of this subsection to the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.

(3) When requesting Commission approval of the percentages, the association shall present in writing studies, statistics, or other documentation supporting the association's application of the criteria in paragraph (4) of this subsection in its proposed division.

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

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

- (i) live handle by breed;
- (ii) simulcast import handle by breed;
- (iii) live attendance at the racetracks; and
- (iv) sales and market survey information.

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

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

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

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

(5) If the Commission determines that the association's proposed division of purse revenue is inconsistent with the association's obligation to accord reasonable access to races for all breeds of horses, the Commission may:

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

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

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

(6) In lieu of the process outlined in paragraphs (3) - (5) of this subsection, the association may submit a signed agreement between the association and the organizations referenced in paragraph (2) of this subsection for the Commission to consider for approval. For the Commission to approve the agreement, the agreement must:

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

(B) be signed by the association and all organizations referenced in paragraph (2) of this subsection.

(b) Texas Bred Incentive Program Funds.

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

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

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

(B) the activities of the breed registries to promote their breed for racing and breeding, taking into consideration each registry's available administrative funds;

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

(D) the effect of the proposed allocation on the state's agricultural racing horse breeding industry;

(E) the effect of the proposed allocation on the state's agricultural racing horse training industry;

(F) the amount of Texas Bred Incentive Programs funds from simulcasting generated by each breed; and

(G) the median sales price of accredited Texas bred horses as submitted on the performance measures report as required under §303.83 of this title.

(3) Before determining the percentages, the Commission shall provide an opportunity for the official horse breed registries designated in the Act to present information in writing regarding the criteria specified in paragraph (2) of this subsection and any other information that the registries believe may be useful to the Commission.

(4) In lieu of the process outlined in paragraphs (2) and (3) of this subsection, a signed agreement between the organizations referenced in paragraph (3) of this subsection may be submitted to the Commission for consideration and approval. For the Commission to approve the agreement, the agreement must:

(A) delineate the percentages by which the Texas Bred Incentive Program funds generated from simulcasting are divided among the various breeds of horses; and

(B) be signed by all organizations referenced in paragraph (3) of this subsection.

Source Note: The provisions of this §321.505 adopted to be effective April 1, 2001, 26 TexReg 2161; amended to be effective November 26, 2007, 32 TexReg 8479

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| TITLE 16 | ECONOMIC REGULATION |
| PART 8 | TEXAS RACING COMMISSION |
| CHAPTER 321 | PARI-MUTUEL WAGERING |
| SUBCHAPTER D | SIMULCAST WAGERING |
| DIVISION 3 | SIMULCASTING AT HORSE RACETRACKS |
| RULE §321.509 | Escrowed Purse Account |

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

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

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

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

(A) simulcast import handle by breed;

(B) live handle by breed; and

(C) live attendance.

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

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

(4) statewide need by breed; and

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

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

(1) require the association to submit additional information supporting its recommendation for consideration at the next Commission meeting;

(2) reject the association's recommendation and require the association to submit a new recommendation for consideration at the next Commission meeting; or

(3) reject the association's recommendation and approve an alternate division of the escrowed purse account revenue as determined by the Commission.

(e) In lieu of the process outlined in subsections (c) and (d) of this section, a signed agreement between the association and the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders may be submitted to the Commission for consideration an approval. For the Commission to approve the agreement, the agreement must:

(1) delineates the percentages by which the escrowed purse account revenue received by the association will be divided amongst the various breeds of horses; and

(2) be signed by all organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.

Source Note: The provisions of this §321.509 adopted to be effective April 1, 2001, 26 TexReg 2161; amended to be effective November 26, 2007, 32 TexReg 8481

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

To: Commissioners

From:  Sammy Jackson, Deputy Director of Finance & Regulatory Control

Date: November 21, 2008

RE: Breed Registries' Proposed 2009 – 2010 Allocation of the Texas Bred Incentive Program Funds Generated by Simulcasting

For your consideration and approval at the December 2, 2008, Commission meeting is the determination of the division of Texas Bred Incentive Program funds among the various breeds of horses for calendar years 2009 and 2010.

Commission rule 321.505(b) requires the Commission to determine the division of Texas Bred Incentive Program funds after providing an opportunity for each official horse breed registry to present written information addressing specific criteria listed in §321.505(b)(2). Alternatively, the Commission may approve an agreement that is signed by all of the official breed registries and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

In accordance with Commission rule §321.505(b), the official breed registries have submitted a signed agreement for consideration and approval that addresses the allocation of Texas Bred Incentive Program funds generated by simulcasting. The agreement proposes the following division for calendar years 2009 and 2010:

| Texas Bred Fund Allocation By Breed of Horse | Gillespie County | Manor Downs | Lone Star Park | Retama Park | Sam Houston Race Park |
|----------------------------------------------|------------------|-------------|----------------|-------------|-----------------------|
| Quarter Horse | 64.67% | 64.67% | 32.33% | 32.33% | 32.33% |
| Thoroughbred | 32.33% | 32.33% | 64.67% | 64.67% | 64.67% |
| Paint Horse | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Arabians | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

The agreement reflects no change in allocations as compared to the approved allocations for calendar year 2008. Staff recommends the approval of the signed agreement that addresses the allocation of Texas Bred Incentive Program funds generated by simulcasting for calendar years 2009 and 2010.

Should you have any questions, please feel free to contact me at any time.

cc: Charla Ann King, Executive Secretary
Mark Fenner, General Counsel
John Ferrara, Director of Racing

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

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

It is agreed that funds generated at licensed Texas horse tracks for the Accredited Texas-Bred Incentive Program shall be allocated to the respective breeds as follows:

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

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

This agreement shall be in effect for calendar years 2008, 2009 and 2010.

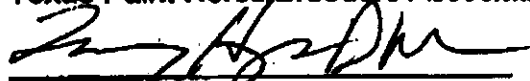
The foregoing is acknowledged and agreed to on this 27th day of November 2007.



Ed Wilson, President
Texas Arabian Breeders Association



Lex Smurthwaite
Texas Paint Horse Breeders Association

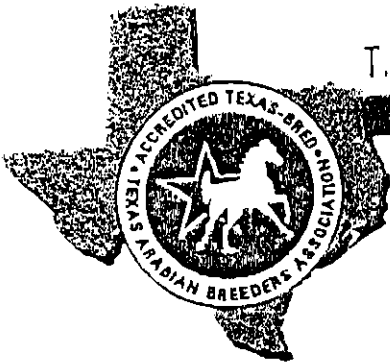


Tommy Hays DVM, President
Texas Quarter Horse Association



Jacquelyn Rich DVM, President
Texas Thoroughbred Association

8-1



T.A.B.A. Texas Arabian Breeders Association

P. O. Box 215
Forney, Texas 75126

November 18, 2008

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

Dear Charla Ann:

The Texas Arabian Breeders Association supports the agreement signed by all breeds in November, 2007 of the years 2008, 2009, and 2010. This represents an equitable split for all breed and should continue during 2009.

Respectfully yours,

Ed Wilson
President

Sammy

Texas Paint Horse Breeders Association

P.O. Box 5039

Mabank, Texas 75147

November 18, 2008

Charla Ann King

Executive Director

Texas Racing Commission

P.O. Box 12080

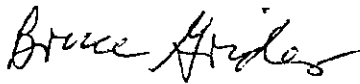
Austin, Texas 78711-2080

Dear Charla Ann,

The Texas Paint Horse Breeders Association signed an agreement last November 27, 2007 on equitable splits of the Accredited Texas-Bred Incentive Program with the Texas Thoroughbred Association, the Texas Quarter Horse Association, And the Texas Arabian Breeders Association to cover the years 2008, 2009, and 2010.

The TPHBA reaffirms its support and participation in that agreement and request that said agreement be placed on the December 2, 2008 agenda for the Texas Racing Commission meeting for approval. A copy of said agreement is attached to this letter for reference.

Respectfully yours,



Bruce Grider



Tuesday, November 18, 2008

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

Dear Sammy,

The Texas Quarter Horse Association supports the agreement set forth at the November 27, 2007 meeting of the Texas Racing Commission regarding how funds generated at licensed Texas horse racetracks for the Accredited Texas-Bred Incentive Program shall be allocated to the various breeds of horses. This is the same agreement that was included in your letter of October 17, 2008.

We also support the agreement also included in your October 17, 2008 letter regarding Escrowed Purse Account revenue and Interstate Horse Simulcast revenue and the splits referenced in that agreement.

In both cases, these are the industry agreements that the TRC approved for 2008.

If you have any questions or need any further information, please feel free to contact me at 512-458-5202.

Sincerely,

Rob Werstler
Executive Director

A handwritten signature in black ink that reads 'Rob Werstler' in a cursive script.



November 18, 2008

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

Dear Charla Ann:

The Texas Thoroughbred Association signed an agreement last November 27, 2007 on equitable splits of the Accredited Texas-Bred Incentive Program with the Texas Arabian Breeders Association, the Texas Paint Horse Breeders Association and the Texas Quarter Horse Association to cover the years 2008, 2009 and 2010.

The TTA hereby reaffirms its support and participation in that agreement, which accompanies this letter for ready reference, for 2009 and 2010.

Respectfully yours,


 David E. Hooper
 Executive Director

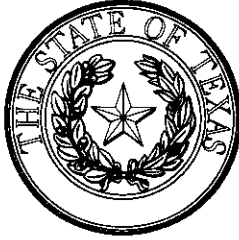
1016 La Posada * Suite 130 * Austin, Texas * 78752

P.O. Box 14967 * Austin, Texas * 78761

Phone (512) 458-6133 * Fax (512) 453-5919 * www.texasthoroughbred.com

TEXAS THOROUGHBRED Fax: 5124535919 Nov 18 2008 03:00pm P001/002

1V-33



TEXAS RACING COMMISSION

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

October 17, 2008

Ed Wilson
President
Texas Arabian Breeders' Assn.
P.O. Box 215
Forney, TX 75126

Bruce Grider
President
Texas Paint Horse Breeders Assn.
P.O. Box 161746
Fort Worth, TX 76161

Robert Werstler
Director of Racing
Texas Quarter Horse Assn.
P.O. Box 9449
Austin, TX 78766

David Hooper
Executive Director
Texas Thoroughbred Assn.
P.O. Box 14967
Austin, TX 78761

Gentlemen:

Please be advised that the Commission will take up the following items at the Commission meeting scheduled for Tuesday, December 2, 2008:

- Allocation of Purses and Funds for Texas Bred Incentive Programs for calendar years 2009 and 2010 under Commission Rule 321.505
- Distribution of Funds Accrued in the Escrowed Purse Account for calendar years 2009 and 2010 under Commission Rule 321.509.

Under subsection 321.505(a), each association shall recommend to the Commission the allocation of purse revenue among the various breeds of horses. At least 30 days before making the recommendation, associations shall begin negotiations with the horsemen's organizations. If the association and all of the organizations reach a signed agreement, the association may submit the agreement to the Commission for approval. If there is no agreement, the association shall submit studies, statistics, or other documentation that support its application of the criteria described in paragraph 321.505(a)(4) to its recommended purse allocation.

Under subsection 321.505(b), the Commission determines the division of Texas Bred Incentive Program funds after providing an opportunity for each official horse breed registry to present written information addressing the criteria listed in paragraph 321.505(b)(2). Alternatively, the Commission may approve an agreement that is

signed by all of the official breed registries and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

Under Rule 321.509, the Commission distributes the funds accrued in the Escrowed Purse Account to the horse racetrack associations at least once per year. In making requests for distribution from the Account, associations shall also recommend the percentages by which the distribution will be divided among the breeds. In support of the breed split recommendation, each association shall present written studies, statistics, or other documentation. The Commission may look to the criteria listed in subsection 321.509(c) when evaluating those recommendations. Alternatively, the Commission may approve an agreement that is signed by the association and all of the official horsemen's organizations and that sets out the percentages by which these funds are to be divided among the various breeds of horses.

As we are all aware, the industry reached three year agreements on the allocation of funds addressed under rules 321.505(a), 321.505(b) and 321.509. The Commission approved the agreements for calendar year 2008 and staff would like to have the final two years approved if all parties agree. To do so, please submit a letter requesting that the industry agreements be placed on the December 2, 2008 agenda for consideration and approval for calendar years 2009 and 2010.

The due date for receiving each request, recommendation, agreement, and supporting documentation, is November 18, 2008.

Should you have any questions, please feel free to contact me at 512-833-6699.

Sincerely,

Sammy Jackson
Deputy Director

Attachments: Commission Rule 321.505
Commission Rule 321.509

cc: Lee DeLong, Gillespie
Howard Phillips, Manor
Andrea Young, SHRP
Terry Blanton, THP TB Rep.
Mark Fenner, General Counsel
Reading File, Racetrack Files & Breed Files

Drew Schubeck, LSP
Bryan Brown, Retama
Lewis "Tooter" Jordan, THP QH Rep.
Charla Ann King, Executive Director
John Ferrara, Director of Racing

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TITLE 16

ECONOMIC REGULATION

PART 8

TEXAS RACING COMMISSION

CHAPTER 321

PARI-MUTUEL WAGERING

SUBCHAPTER D

SIMULCAST WAGERING

DIVISION 3

SIMULCASTING AT HORSE RACETRACKS

RULE §321.505

Allocation of Purses and Funds for Texas Bred Incentive Programs

(a) Purses.

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

(2) Negotiations.

(A) At least 30 days before recommending the percentages, the association shall begin negotiations with the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.

(B) When requested, the association shall provide the material specified in paragraph (3) of this subsection to the organizations recognized by the Commission or in the Act as representatives of horse owners, trainers, and/or breeders.

(3) When requesting Commission approval of the percentages, the association shall present in writing studies, statistics, or other documentation supporting the association's application of the criteria in paragraph (4) of this subsection in its proposed division.

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

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

- (i) live handle by breed;
- (ii) simulcast import handle by breed;
- (iii) live attendance at the racetracks; and
- (iv) sales and market survey information.

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

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

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

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

(5) If the Commission determines that the association's proposed division of purse revenue is inconsistent with the association's obligation to accord reasonable access to races for all breeds of horses, the Commission may:

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

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

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

(6) In lieu of the process outlined in paragraphs (3) - (5) of this subsection, the association may submit a signed agreement between the association and the organizations referenced in paragraph (2) of this subsection for the Commission to consider for approval. For the Commission to approve the agreement, the agreement must:

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

(B) be signed by the association and all organizations referenced in paragraph (2) of this subsection.

(b) Texas Bred Incentive Program Funds.

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

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

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

(B) the activities of the breed registries to promote their breed for racing and breeding, taking into consideration each registry's available administrative funds;

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

(D) the effect of the proposed allocation on the state's agricultural racing horse breeding industry;

(E) the effect of the proposed allocation on the state's agricultural racing horse training industry;

(F) the amount of Texas Bred Incentive Programs funds from simulcasting generated by each breed; and

(G) the median sales price of accredited Texas bred horses as submitted on the performance measures report as required under §303.83 of this title.

(3) Before determining the percentages, the Commission shall provide an opportunity for the official horse breed registries designated in the Act to present information in writing regarding the criteria specified in paragraph (2) of this subsection and any other information that the registries believe may be useful to the Commission.

(4) In lieu of the process outlined in paragraphs (2) and (3) of this subsection, a signed agreement between the organizations referenced in paragraph (3) of this subsection may be submitted to the Commission for consideration and approval. For the Commission to approve the agreement, the agreement must:

(A) delineate the percentages by which the Texas Bred Incentive Program funds generated from simulcasting are divided among the various breeds of horses; and

(B) be signed by all organizations referenced in paragraph (3) of this subsection.

Source Note: The provisions of this §321.505 adopted to be effective April 1, 2001, 26 TexReg 2161; amended to be effective November 26, 2007, 32 TexReg 8479

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P.O. Box 141309



Austin, Texas 78714

512/272-5581

November 18, 2008

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

Dear Mark:

This is a request for a change of race dates for the 2009 Manor Downs Mixed Meet.

We would like to start our schedule 9-week meet on Saturday, February 28 and end on Sunday, April 26. This would essentially be moving everything back one week.

After lengthy discussions and with the support of John Ferrara, Director of Racing, Rob Werstler, TQHA Executive Director, Tutor Jordan and Terry Blanton TIIIP representatives, we determined that this would be in the best interest of the industry by minimizing the overlap of Manor Downs Mixed Meet and the end of Retama Park's Thoroughbred Meet, scheduled to close Saturday, February 28.

Thank you for your consideration in this matter.

Respectfully,


Howard Phillips
President

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CORPUS CHRISTI GREYHOUND RACING

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

November 23, 2008

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

Dear Ms. King:

Please accept this correspondence as the request by Corpus Christi Greyhound Racing Associates to defer or table the race date request from the December 2, 2008 Texas Racing Commission agenda to the next subsequent Commission meeting. This request is the result of pending discussions with a potential buyer for the track in Corpus Christi.

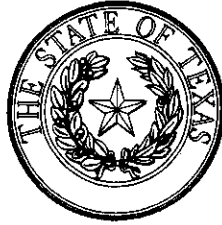
Very truly yours,



Leon P. Reitnauer
Member of the Management Committee




The following information was previously provided in the
October 7, 2008, meeting materials.



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

Date: September 29, 2008

To: Commissioners

From:  Sammy Jackson, Deputy Director Finance & Regulatory Control

RE: Corpus Christi Greyhound Race Date Requests for 2009 & 2010

At the August 5, 2008, Commission Meeting, the Corpus Christi Greyhound Race Track (CCGRT) race date request for 2009 & 2010 was voted unanimously to be tabled until the October 7, 2008, Commission Meeting. Additionally, Commissioners requested that CCGRT officials submit a business plan on reopening the track for live racing and asked staff to clarify current authority in terms of greyhound purse accounts and earned purse money. The following documents have been prepared in response to this request:

- (1) CCGRT Business Plan To Reopen,
- (2) CCGRT Amended 2009 & 2010 Race Date Request,
- (3) Purse Allocations & Greyhound Purse Account Authority, and
- (4) CCGRT 2008 Deficiency Status Analysis.

CCGRT officials have submitted a business plan that proposes CCGRT begin simulcast operations on September 1, 2009, and live racing on July 1, 2010. This proposal is different from the race date request submitted at the August 5th Commission meeting in that this new proposal results in five fewer months of simulcasting operations before the proposed opening day of live racing on July 1, 2010. The business plan states that CCGRT has invested over \$300,000 to date in the facility since its closure on December 31, 2007, with the majority of the investment being made on kennel building repairs. The business plan calls for an additional investment of \$400,000 to be expended over the next year on the repair and upgrade of the grandstand and clubhouse interior. Additionally as part of their business plan, CCGRT has submitted schedules outlining re-opening timelines and purse computations/projections.

Amended 2009 and 2010 race date request applications have also been submitted. The amended race date requests are necessary because the business plan reflects five fewer months of simulcasting in calendar year 2009.

Staff has prepared documentation detailing current statutory authority that addresses greyhound purse account allocation from simulcasting and Texas Racing Commission Rules of Racing authority addressing greyhound purse account balances. Staff believes

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this document will help answer questions on what would happen to accrued purse money at a greyhound racetrack if the racetrack was unable to run its live meet.

Staff has prepared an analysis of CCGRT facility deficiencies as of August 31, 2008. To help streamline reporting of work performed at CCGRT facility on deficiencies reported during the May 6, 2008 inspections, staff developed "Deficiency Status Reporting Schedules" for CCGRT officials. The first of these deficiency schedules was received on September 5, 2008 and staff has requested that CCGRT officials submit an update every sixty days so staff can monitor the progress being made. The charts as updated will show the progression of the work performed by CCGRT at each reporting interval.

If I can answer any questions, please contact me at 512-833-6699.

Cc: Charla Ann King, Executive Director
Mark Fenner, General Counsel

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CORPUS CHRISTI GREYHOUND RACE TRACK

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

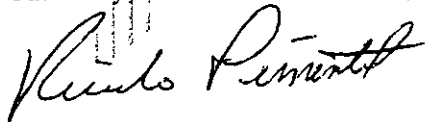
September 17, 2008

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

Dear Charla Ann,

This letter is in response to your request for information to questions submitted by Commissioners. I hope this helps to answer any questions the Commissioners might have on their minds. I am always grateful to you and your staff for all your hard work, as with the "Deficiency Schedules" in particular. I trust the TRC along with the TGA understand that I will work to make this track the best it can be. We here at CCGRT are looking to getting back to some sort of contributing factor in the Texas Parimutuel Industry. We believe that the business plan, purse projections, and timeline information presented the Commissioners for their review will show that we are trying to put forth an effort and a product we can all be proud of here in South Texas!

Sincerely,



Ricardo Pimentel
General Manager

Enclosures

Cc: Sammy Jackson

2008 SEP 17 AM 11:24

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CORPUS CHRISTI BUSINESS PLAN

Current plans call for the resumption of simulcast operations at Corpus Christi beginning on September 1, 2009. The date was chosen to coincide with the licensing period and to permit the maximum time period to build up purses through simulcasting. [see estimated purses below] Live racing is scheduled to resume in July of 2010. The past 9 months have been spent cleaning and repairing the facility with a goal of substantial completion by July of 2009. Initial efforts were focused on kennel buildings and the kennel compound. This process has resulted in a full refurbishment of all the expected active kennel buildings. Grounds have been cleared and cleaned of discarded equipment and the general overgrowth of the area has been eliminated. The past few months we have turned our attention to the interior of the clubhouse and grandstand. Painting and cleaning of interiors continues to be the focus of our efforts. The interior refurbishment has included new bathroom tiles, new ceiling tiles, and new painting. The facility will be ready to greet our returning patrons who will enjoy the upgrades and improvements. Over \$300,000 has been invested to date in the refurbishment of the venue. Monies to date have primarily been used for kennel and exterior repairs and improvements. Plans call for an additional \$400,000 to be expended before September 1, 2009. These funds will be used to repair and upgrade interiors of the clubhouse and grandstand in advance of the facility reopening for simulcasting and ultimately the return of live racing. All interior areas will be targeted including cleaning, painting, roofing, and ceiling repairs in all public areas.

MARKETING

The resumption of simulcasting in September of 2009 will allow us to welcome back our core customers and begin both accruing purses for our live meet as well as distributing monies to greyhound, thoroughbred, and quarter horse interests. The simulcasting period will be equal to the "soft" opening of a new facility. We will bring back many of our former employees as well as hire and train new staff ready to provide upgraded customer service. The bulk of our marketing and advertising dollars will be spent on promoting the live race meet. A shorter meet will allow us to concentrate more money over a shorter period of time making a far greater impact in the market. Print, radio, direct mail, and billboard advertising will all be used to announce the reopening of the facility. Earned media will also play a major role as the venue reopening has and will continue to be a major news story in the local area. Upgraded customer service will aid in the retention of returning former customers and a concentrated effort on attracting new visitors to the track. A clean freshly painted facility will greet old and new patrons alike. An upbeat advertising campaign and limited opportunities to see and enjoy live racing will be the call to action. The success of shorter boutique type meets is evident with Saratoga and Del Mar being prime examples in the thoroughbred world. Longer meets like that at Calder Racecourse in Miami have seen double digit declines that have led to forced reductions in live race days. Less is indeed more and the shorter meet allows more spending over a concentrated time period that will yield better results. The goal is to create a demand for the product and then have the on track experience be positive. We believe we are positioned to make this happen and to begin rebuilding a new fan base for greyhound racing in Corpus Christi.

CCGRT Re-Opening Timeline

January 2009

1. A/C check and clean - Inspect, clean; blower units, filters, coils. Repair any units not working
2. Seat repair - Clean and repair grandstand seating

February 2009

1. Exterior cleaning & paint (main building) - power wash building and paint needed areas
2. Exterior lighting - Repair exterior lighting

March 2009

1. Plumbing - Check and repair all restroom, bar & kitchen facilities

April 2009

1. Tile floors - strip and refinish tile floors
2. Paint and refinish (1) - paint required areas, refinish wood work needing attention

May 2009

1. Paint and refinish (2) - paint required areas, refinish wood work needing attention
2. Carpeting - clean and re-stretch carpeting in C/H, remove and replace carpeting in G/S

June 2009

1. Ceiling tiles - replace discolored and damaged ceiling tiles throughout main building
2. Parking lot - Seal and stripe parking spaces

July 2009

1. Lower level East side G/S - remove and replace for new "Kids Zone"
2. Tote board - remove and replace rotten wood. Paint and re-letter tote board

August 2009

1. Paint Trackside- Paint all trackside items i.e.; tote board, fence
2. Make ready-General cleaning for re-opening tie up loose ends in any lagging projects

September 2009

September 1, 2009 Simulcast Grand Re-opening

1. Track Fencing-Remove and replace needed areas of fencing

October 2009

1. Track Railing- Repair track railing

November 2009

1. Curtain-Catch curtain needs to be relocated
2. Turnout pen's-Replace and or repair turnout pen's gates and posts

December 2009

1. Kennel Compound Doors-Replace rusted kennel compound doors
2. Starting Boxes-Replace and/or repair to make operational

January 2010

1. Tile & Carpet Paddock - Re-do tile and carpet in paddock offices
2. Clean & Paint Paddock - Power wash building and paint needed areas

February 2010

1. Paddock Lockouts - repair 200+crates and doors from rust and pitting

March 2010

1. A/C duct and unit - Repair or replace a/c ducts and units in all designated kennels
2. Covered walkway - Replace damaged walkway

April 2010

1. Kennel ceiling tile- Repair or replace damaged ceiling tiles
2. Compound Guard shack - repair and paint kennel compound guard shack (plumbing, etc.)

May 2010

1. Track surface - Rework and renovate track surface
2. Monday May 24th Kennel compound opens to receive dogs

June 2010

1. Make ready-General cleaning for re-opening of live meet and tie up any loose ends.
2. Begin official schoolings on June 22,25,29

July 2010

July 2, 2010/ Opening Day Live Meet

HOW PURSES AND POINT VALUE ARE CALCULATED

Purses are computed and paid out on a weekly basis during our live racing meet. We are projecting \$14,000 per performance live handle, which at our proposed five performances per week would give us a total of \$70,000 weekly live handle, and \$20,000 daily greyhound simulcast handle, which at our proposed seven day per week simulcasting schedule would give us a total of \$140,000 weekly greyhound simulcast handle. The percentage of the live handle that goes to purses is 4.7% while the percentage from simulcasting is currently 4%. So if we were to begin live racing and simulcasting on the same date, the weekly purse and point value would be as follows:

$$\begin{array}{r} 4.7 \% \text{ of } \$70,000 = \$3,290 \\ + \\ \hline 4\% \text{ of } \$140,000 = \$5,600 \\ \text{Weekly purse} \quad \$8,890 \\ \text{Point value} \quad \$16.93 \end{array}$$

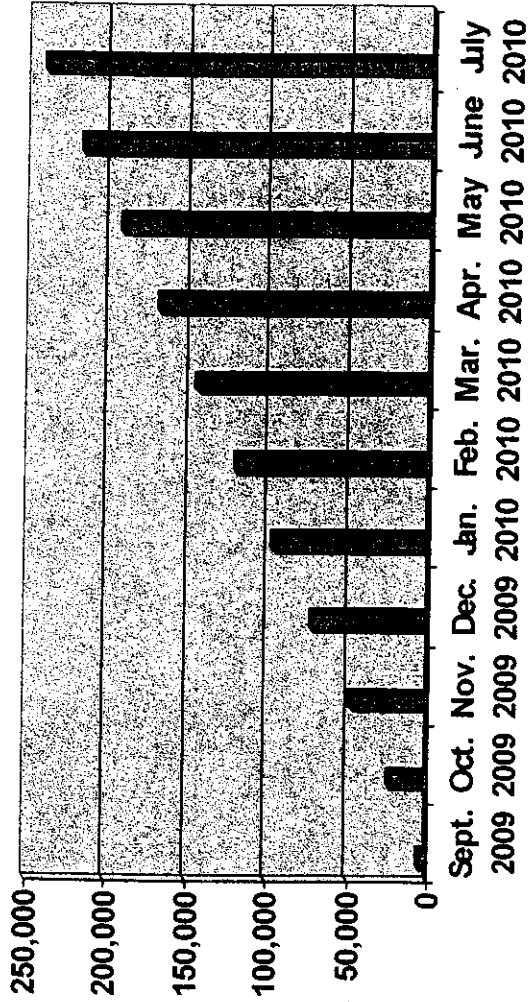
This gives us a total weekly purse of \$8,890. The weekly purse is then divided by the total number of points per week which we are projecting to be 525. Therefore \$8,890 divided by 525 equals a \$16.93 point value.

Our proposal asks for simulcasting to begin September 1, 2009 and live racing to begin July 2, 2010. This proposal gives us 300 days to accumulate extra purse money from greyhound simulcast handle. 300 days at \$20,000 greyhound simulcast handle per day equals \$6,000,000 in greyhound simulcast handle, from which 4% would give us \$240,000 to add to our purses for the duration of our live meet. To distribute in an even fashion, since our proposed live meet is nine weeks, we would divide \$240,000 by nine which gives us \$26,666 added purse every week of our live racing meet. Adding that \$26,666 to our normal weekly purse of \$8,890 now gives us a total weekly purse of \$35,556. Divide that by 525 (our projected points) and we now have a projected point value of \$67.72 for the duration of our live meet.

$$\begin{array}{r} 4.7 \% \text{ of } \$70,000 = \$3,290 \\ + \\ \hline 4\% \text{ of } \$140,000 = \$5,600 \\ + \\ \hline \text{Added purse} \quad \$26,666 \\ \text{Weekly purse} \quad \$35,556 \\ \text{Point value} \quad \$67.72 \end{array}$$

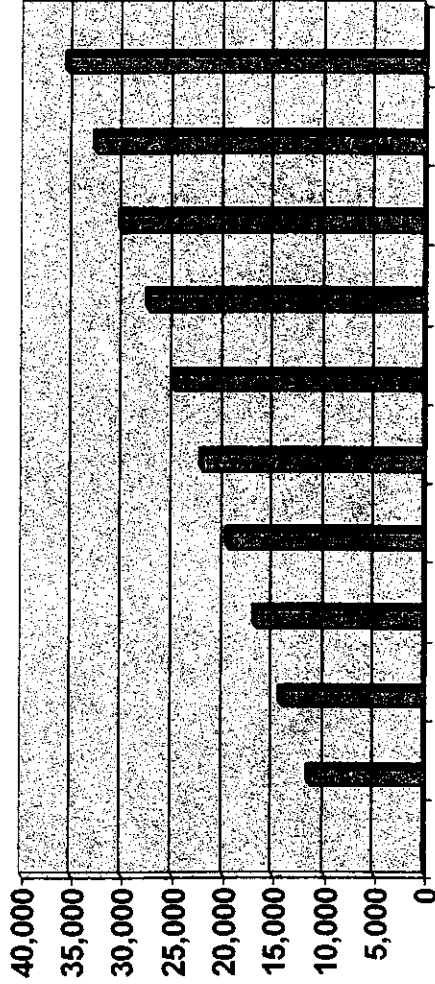
Accumulated Purse from Simulcasting

| | | | | | | | | | | |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|--------------------|---------------------|---------------------|
| <u>Sept. 1, 2009</u> | <u>Oct. 1, 2009</u> | <u>Nov. 1, 2009</u> | <u>Dec. 1, 2009</u> | <u>Jan. 1, 2010</u> | <u>Feb. 1, 2010</u> | <u>Mar. 1, 2010</u> | <u>April 1, 2010</u> | <u>May 1, 2010</u> | <u>June 1, 2010</u> | <u>July 1, 2010</u> |
| 0 | \$24,000 | \$48,000 | \$72,000 | \$96,000 | \$120,000 | \$144,000 | \$168,000 | \$192,000 | \$216,000 | \$240,000 |



Weekly Siltmucaast Purse

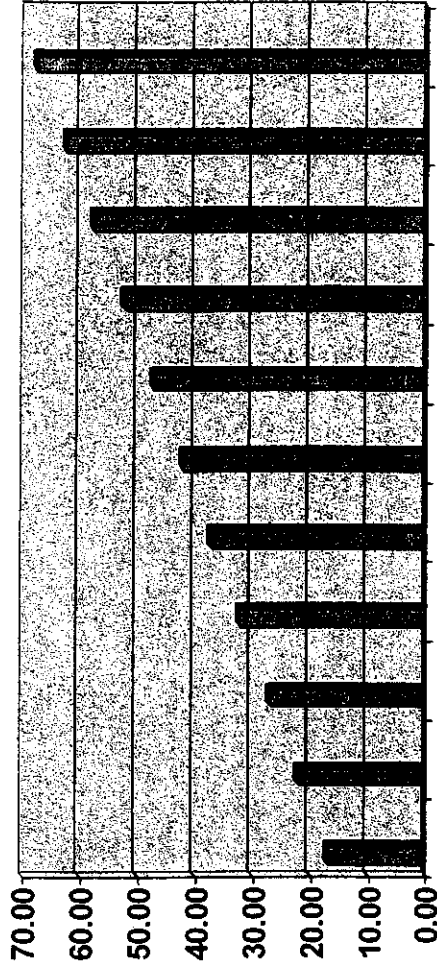
| | | | | | | | | | | |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|--------------------|---------------------|---------------------|
| <u>Sept. 1, 2009</u> | <u>Oct. 1, 2009</u> | <u>Nov. 1, 2009</u> | <u>Dec. 1, 2009</u> | <u>Jan. 1, 2010</u> | <u>Feb. 1, 2010</u> | <u>Mar. 1, 2010</u> | <u>April 1, 2010</u> | <u>May 1, 2010</u> | <u>June 1, 2010</u> | <u>July 1, 2010</u> |
| 0 | \$11,556 | \$14,223 | \$16,890 | \$19,556 | \$22,223 | \$24,890 | \$27,556 | \$30,223 | \$32,890 | \$35,556 |



Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June July
2009 2009 2009 2010 2010 2010 2010 2010 2010 2010

Point Value

| | | | | | | | | | | |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|--------------------|---------------------|---------------------|
| <u>Sept. 1, 2009</u> | <u>Oct. 1, 2009</u> | <u>Nov. 1, 2009</u> | <u>Dec. 1, 2009</u> | <u>Jan. 1, 2010</u> | <u>Feb. 1, 2010</u> | <u>Mar. 1, 2010</u> | <u>April 1, 2010</u> | <u>May 1, 2010</u> | <u>June 1, 2010</u> | <u>July 1, 2010</u> |
| 16.93 | 22.01 | 27.09 | 32.17 | 37.24 | 42.32 | 47.40 | 52.48 | 57.86 | 62.64 | 67.72 |



Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June July
2009 2009 2009 2009 2010 2010 2010 2010 2010 2010 2010

III. Dates Requested

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

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

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

IV. Certificate of Service

I hereby certify that on September 16, 2008, a true and correct copy of this request was sent to the persons listed below by:

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

Ricardo Pimentel
Signature

General Manager
Title

Corpus Christi Greyhound Race Track
c/o Rick Pimentel
General Manager
5302 Leopard Street
Corpus Christi, TX 78408

Gulf Greyhound Park
c/o Sally Briggs, General Manager
1000 FM 2004
La Marque, TX 77568-0488

Valley Race Park
c/o Bob Bork, General Manager
2601 South Ed Carey Drive
Harlingen, TX 78552

Corpus Christi Greyhound Race Track
 (Name of Racetrack)
 Requested Live Race Dates for 2009

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

| FEBRUARY | | | | | | |
|---------------------------|-----------------|---------|-----------|----------|--------|----------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| 1 Super Bowl Sunday | 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 | 14 |
| Daylight Savings Begins | | | | | | |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

Corpus Christi Greyhound Race Track
 (Name of Racetrack)
 Requested Live Race Dates for 2009

| 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 |
| Easter 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | | |

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

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

Corpus Christi Greyhound Race Track
 (Name of Racetrack)
 Requested Live Race Dates for 2009

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

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

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

Corpus Christi Greyhound Race Track

(Name of Racetrack)

Requested Live Race Dates for 2009

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

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

| DECEMBER | | | | | | |
|----------|--------|---------|-----------|--------------------------|----------------------|------------------|
| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
| | | 1 S | 2 S | 3 S | 4 S | 5 S |
| 6 S | 7 S | 8 S | 9 S | 10 S | 11 S | 12 S Hanukkah |
| 13 S | 14 S | 15 S | 16 S | 17 S | 18 S | 19 S |
| 20 S | 21 S | 22 S | 23 S | 24 DARK Christmas Eve | 25 DARK Christmas | 26 S |
| 27 S | 28 S | 29 S | 30 S | 31 S New Years Eve | | |

TEXAS RACING COMMISSION REQUEST FOR LIVE RACE DATES GREYHOUND RACETRACKS - 2010

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 Thursday, July 3, 2008.

I. Schedule Requested

Name of Racetrack: Corpus Christi Greyhound Race Track

Opening Day: 07 / 02 / 2010 Closing Day: 08 / 31 / 2010

| | |
|---------------------------------------------------------------------|------------------|
| Number of Performances per week scheduled for five or more races | <u>5</u> |
| Projected Number of Races per Performance | <u>13</u> |
| Number of Performances per week scheduled for fewer than five races | <u> </u> |
| Projected Number of Races per Performance | <u> </u> |
| TOTAL NUMBER OF PERFORMANCES REQUESTED | <u>43</u> |

II. Charity Days

Indicate which days are designated as charity days:

DESIGNATED BY RULE

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

07 / 02 / 2010 for Texas Greyhound Association
(Name of Charity)

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

07 / 16 / 2010 for Texas A & M Veterinarian College
(Name of Charity)

07 / 30 / 2010 for Women's Shelter of Corpus Christi, Texas
(Name of Charity)

08 / 13 / 2010 for The Ark - Catholic Charity for Abused Children
(Name of Charity)

08 / 27 / 2010 for Family Outreach of Corpus Christi, Texas
(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 IRS letter of determination that qualifies the charity as an exempt organization for federal income tax purposes

Corpus Christi Greyhound Race Track
 (Name of Racetrack)
Requested Live Race Dates for 2010

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

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

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

1V-60

Corpus Christi Greyhound Race Track
 (Name of Racetrack)
 Requested Live Race Dates for 2010

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

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

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

Corpus Christi Greyhound Race Track
 (Name of Racetrack)
 Requested Live Race Dates for 2010

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

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



Simulcast Purse Allocations & Greyhound Purse Account Authority

Texas Racing Act § 11.011. Simulcast Races.

(1) Notwithstanding other provisions of law, a greyhound racing association and the state greyhound breed registry shall by contract agree that each simulcast contract to which the greyhound racing association is a party, including a simulcast contract with a horse racing association or a simulcast contract with another greyhound racing association, include terms that provide adequately for the development of greyhound racing, breeding, purses, and any actual or potential loss of live racing handle based on the association's historical live racing schedule and handle in this state. If a greyhound racing association and the state greyhound breed registry fail to reach an agreement, the racing association or the breed registry may submit the contract negotiations for binding arbitration under Chapter 171, Civil Practice and Remedies Code, and rules adopted by the commission. The arbitration must be conducted by a board of three arbitrators. The greyhound racing association shall appoint one arbitrator. The state greyhound breed registry shall appoint one arbitrator. The arbitrators appointed by the greyhound racing association and the state greyhound breed registry shall appoint the third arbitrator. A greyhound racing association and the state greyhound breed registry shall each pay its own arbitration expenses. The greyhound racing association and the state greyhound breed registry shall equally pay the arbitrator fees and costs. This subsection does not apply to a contract that was in effect before September 2, 1997.

| Corpus Christi Greyhound Race Track and Texas Greyhound Association Contractual Agreements In Accordance with §11.011 | | |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Type | Contract Status | Comments |
| Simulcasting Agreement | Expired: 12/31/2007 | Covered purse allocations for calendar year 2007 |
| Simulcasting Agreement | None Exist for 2008 | Contract not needed with racetrack closed in 2008 |
| Simulcasting Agreement | None Exist for 2009 | Contract does not exist at this time, but both parties acknowledged the need to work on the contract during a conference call on September 12, 2008. |
| Simulcasting Agreement | None Exist for 2010 | Contract does not exist at this time, but both parties acknowledged the need to work on the contract during a conference call on September 12, 2008. |



Simulcast Purse Allocations & Greyhound Purse Account Authority

Texas Rules of Racing § 309.361 Greyhound Purse Account and Kennel Account

(a) Greyhound Purse Account.

(1) All money required to be set aside for purses, whether from wagering on live races or simulcast races, are trust funds held by an association as custodial trustee for the benefit of kennel owners and greyhound owners. No more than three business days after the end of each week's wagering, the association shall deposit the amount set aside for purses into a greyhound purse account maintained in a federally or privately insured depository.

(2) The funds derived from a simulcast race for purses shall be distributed during the 12-month period immediately following the simulcast.

(b) Kennel Account.

(1) An association shall maintain a separate bank account known as the "kennel account". The association shall maintain in the account at all times a sufficient amount to pay all money owed to kennel owners for purses, stakes, rewards, and deposits.

(2) Except as otherwise provided by these rules, an association shall pay the purse money owed from a purse race to those who are entitled to the money not later than 10 days after the date of the race and from a stakes race to those who are entitled to the money immediately after the executive secretary advises the association that all of the qualifying rounds and the final race have been cleared for payment.

(c) The Texas Greyhound Association ("TGA") shall negotiate with each association regarding the association's live racing program, including but not limited to the allocation of purse money to various live races, the exporting of simulcast signals, and the importing of simulcast signals during live race meetings.

(d) If an association fails to run live races during any calendar year, all money in the greyhound purse account may, at the discretion of the TGA, be distributed as follows:

(1) first, payment of earned but unpaid purses; and

(2) second, subject to the approval of the TGA, transfer after the above mentioned calendar year period of the balance in the purse account to the purse account for one or more other association.

(e) If an association ceases a live race meet before completion of the live race dates granted by the commission, the funds in and due the greyhound purse account shall be distributed as follows:

(1) first, payment of earned but unpaid purses;

(2) second, retroactive pro rata payments to the kennel owners; and

(3) third, subject to the approval of the TGA, transfer within 120 days after cessation of live racing of the balance in the greyhound purse account to the greyhound purse account for one or more other associations.

(f) Administration of Accounts.

(1) An association shall employ a bookkeeper to maintain records of the greyhound purse account and the kennel account.

(2) The Commission may at any time inspect, review or audit any and all transactions relating to the greyhound purse account and the kennel account.



Deficiency Status Analysis As of October 31, 2008 For Corpus Christi Greyhound Race Track

| Kennel Building Deficiencies Status | Completed Yes / No | Percentage of Deficiency Project Completed | | | | | | | | | | Change In Project | Completed Date | | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------|---|----|----|----|----|----|----|----|----|-------------------|----------------|----|----|----|----|----|----|----|----|------|-----------|
| | | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 | | | 50 | 55 | 60 | 65 | 70 | 75 | 80 | 85 | 90 | 95 |
| 1.) Kennel building roof has been repaired or replaced: | Yes | | | | | | | | | | | | | | | | | | | | | n/a | 8/31/2008 |
| 2.) Ceiling tiles have been inspected and damaged tiles replaced: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 3.) Air-conditioning ducts have been repaired or replaced: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 4.) Air-conditioning units have been repaired or replaced: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 5.) Turnout pen's gates and post have been replaced: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 6.) Rusted doors have been replaced: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |
| Notes: Corpus Christi Greyhound Race Track has stated that they would need eleven (11) kennel buildings to accommodate the kennel owners and greyhounds needed to conduct their meet. The deficiency status reported above reflects the status of work completed on all eleven kennel buildings. | | | | | | | | | | | | | | | | | | | | | | | |

| Lockout Kennel Building Deficiencies Status | Completed Yes / No | Percentage of Deficiency Project Completed | | | | | | | | | | Change In Project | Completed Date | | | | | | | | | | |
|---------------------------------------------------|--------------------|--------------------------------------------|---|----|----|----|----|----|----|----|----|-------------------|----------------|----|----|----|----|----|----|----|----|------|-----|
| | | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 | | | 50 | 55 | 60 | 65 | 70 | 75 | 80 | 85 | 90 | 95 |
| 1.) Latches on all cage doors have been replaced: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |

| Sprint Path Deficiencies Status | Completed Yes / No | Percentage of Deficiency Project Completed | | | | | | | | | | Change In Project | Completed Date | | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------|---|----|----|----|----|----|----|----|----|-------------------|----------------|----|----|----|----|----|----|----|----|------|-----|
| | | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 | | | 50 | 55 | 60 | 65 | 70 | 75 | 80 | 85 | 90 | 95 |
| 1.) Sprint path has been completely renovated: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |
| Notes: Corpus Christi Greyhound Race Track will need four (4) sprint paths to accommodate eleven kennel buildings. The deficiency status reported above reflects the status of work completed on all four sprint paths. | | | | | | | | | | | | | | | | | | | | | | | |

| Kennel Compound Deficiencies Status | Completed Yes / No | Percentage of Deficiency Project Completed | | | | | | | | | | Change In Project | Completed Date | | | | | | | | | | |
|--------------------------------------------------------------|--------------------|--------------------------------------------|---|----|----|----|----|----|----|----|----|-------------------|----------------|----|----|----|----|----|----|----|----|------|-----|
| | | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 | | | 50 | 55 | 60 | 65 | 70 | 75 | 80 | 85 | 90 | 95 |
| 1.) Roof over walkway has been completely repaired: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 2.) All non-functioning security lighting has been replaced: | No | | | | | | | | | | | | | | | | | | | | | None | n/a |



Deficiency Status Analysis As of October 31, 2008 For Corpus Christi Greyhound Race Track

| Track Surface Deficiencies Status | Completed Yes / No | Percentage of Deficiency Project Completed | | | | | | | | | | | Change In Project | Completed Date | | | | | | | | | | | |
|------------------------------------------------------------------|-----------------------|--------------------------------------------|---|----|----|----|----|----|----|----|----|----|----------------------|-------------------|----|----|----|----|----|----|----|----|----|------|-----|
| | | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 | 50 | | | 55 | 60 | 65 | 70 | 75 | 80 | 85 | 90 | 95 | 100 | |
| 1.) Damaged pad under the surface has been repaired or replaced: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 2.) Track surface has been renovated: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 3.) Damaged track railing has been replaced: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 4.) Damaged track fencing has been repaired or replaced: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |

| Track Equipment Deficiencies Status | Completed Yes / No | Percentage of Deficiency Project Completed | | | | | | | | | | | Change In Project | Completed Date | | | | | | | | | | | |
|--------------------------------------------------------------|-----------------------|--------------------------------------------|---|----|----|----|----|----|----|----|----|----|----------------------|-------------------|----|----|----|----|----|----|----|----|----|------|-----------|
| | | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 | 50 | | | 55 | 60 | 65 | 70 | 75 | 80 | 85 | 90 | 95 | 100 | |
| 1.) Race results board has been repaired and painted: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 2.) Escape area curtains have been replaced: | Yes | | | | | | | | | | | | | | | | | | | | | | | n/a | 8/31/2008 |
| 3.) Pads on the walls in the escape area have been replaced: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |

| Public Area Deficiencies Status | Completed Yes / No | Percentage of Deficiency Project Completed | | | | | | | | | | | Change In Project | Completed Date | | | | | | | | | | | |
|---------------------------------------------------------------|-----------------------|--------------------------------------------|---|----|----|----|----|----|----|----|----|----|----------------------|-------------------|----|----|----|----|----|----|----|----|----|-------|-----|
| | | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 | 50 | | | 55 | 60 | 65 | 70 | 75 | 80 | 85 | 90 | 95 | 100 | |
| 1.) Leaks in the grandstand and clubhouse have been repaired: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 2.) Damaged ceiling tiles in public area have been replaced: | No | | | | | | | | | | | | | | | | | | | | | | | + 10% | n/a |
| 3.) Damaged carpet in public area has been replaced: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |
| 4.) Non-functioning security lights have been replaced: | No | | | | | | | | | | | | | | | | | | | | | | | None | n/a |

1V-66



Deficiency Status Analysis
As of October 31, 2008
For Corpus Christi Greyhound Race Track

| Regulatory Office Area Deficiencies Status | Completed Yes / No | Percentage of Deficiency Project Completed | | | | | | | | | | | | | Change In Project | Completed Date | | | | | | | | | |
|--------------------------------------------------------------------------|-----------------------|--------------------------------------------|---|----|----|----|----|----|----|----|----|----|----|----|----------------------|-------------------|----|----|----|----|----|----|-----|-----------|-----------|
| | | 0 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 40 | 45 | 50 | 55 | 60 | | | 65 | 70 | 75 | 80 | 85 | 90 | 95 | 100 | |
| 1.) Leaks in the judges tower office have been repaired: | Yes | | | | | | | | | | | | | | | | | | | | | | n/a | 8/31/2008 | |
| 2.) Damaged ceiling tiles in the judges tower office have been replaced: | Yes | | | | | | | | | | | | | | | | | | | | | | | n/a | 8/31/2008 |
| 3.) Mold in the judges tower office has been removed: | Yes | | | | | | | | | | | | | | | | | | | | | | | n/a | 8/31/2008 |
| 4.) Air-conditioning unit in judges tower office has been repaired: | No | | | | | | | | | | | | | | | | | | | | | | | + 10% | n/a |

IV-67

CORPUS CHRISTI GREYHOUND RACE TRACK

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

October 31, 2008

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

Dear Sammy,

Enclosed you will find our updated "Deficiency Status Schedule" of October 31, 2008 per your request in your letter dated October 23, 2008. I have updated the previous schedule to indicate any changes. Please also make sure that you make significant progress with the public areas in the next 30 days. All the improvements and any changes are starting to come together.

If I can be of further help please call.

Sincerely,



Rick Pimentel
General Manager

Cc: Charla Ann King, Executive Director
Carol Olewin, Compliance Audit & Inspection Administrator
Racetrack File

2008 OCT 31 9 00

10/31/08 9:00 AM

1V-68

SCHEDULE A: KENNEL BUILDINGS AND TURN OUT PEN DEFICIENCIES

CCGRT

| Kennel Building # 1 | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | LATE DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

| Kennel Building # 2 | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

IV-69

SCHEDULE A: KENNEL BUILDINGS AND TURN OUT PEN DEFICIENCIES

| Kenel Building # 3 | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | LATE DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

| Kenel Building # 4 | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

SCHEDULE A: KENNEL BUILDINGS AND TURN OUT PEN DEFICIENCIES

CCGRT

| Kennel Building # 5 Specific Deficiency | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | LATE DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

| Kennel Building # 6 Specific Deficiency | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

15-71

SCHEDULE A: KENNEL BUILDINGS AND TURN OUT PEN DEFICIENCIES

CCGRT

| Kennel Building # 7 Specific Deficiency | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | LATE DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

| Kennel Building # 8 Specific Deficiency | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

11-72

SCHEDULE A: KENNEL BUILDINGS AND TURN OUT PEN DEFICIENCIES

| Kenel Building # 9 | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

| Kenel Building # 10 | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

SCHEDULE A: KENNEL BUILDINGS AND TURN OUT PEN DEFICIENCIES

CCGRT

| Kennel Building # 11 | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Has the roof been repaired and/or replaced? | YES | | | |
| 2) Have the ceiling tiles been inspected and damaged tiles replaced? | NO | 0% | EARLY APRIL '10 | |
| 3) Have the air-conditioning ducts been repaired or replaced? | NO | 0% | " | |
| 4) Has the air-conditioning unit been repaired or replaced? | NO | 0% | " | |
| 5) Have the turnout pen's gates and post been replaced? | NO | 20% | DEC. '09 | |
| 6) Have all rusted doors in the kennel been replaced? | NO | 30% | SPRING '09 | |

| Lockout Kennel Building | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|--------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Have latches on all cage doors been replaced? | NO | 0% | FEB. '10 | |

11-74

SCHEDULE B: SPRINT PATH DEFICIENCIES

CCGRT

| | | | | | | |
|-----------------------------------------------|----|--|-----|--------|--------------------------------|--|
| Sprint Path # 1 | | | | | | |
| Specific Deficiency | | | | | | |
| 1) Has sprint path been completely renovated? | NO | | 30% | 2 MOS. | 2 MOS. PRIOR TO LIVE RACE MEET | |

| | | | | | | |
|-----------------------------------------------|----|--|-----|--------|--------------------------------|--|
| Sprint Path # 2 | | | | | | |
| Specific Deficiency | | | | | | |
| 1) Has sprint path been completely renovated? | NO | | 30% | 2 MOS. | 2 MOS. PRIOR TO LIVE RACE MEET | |

| | | | | | | |
|-----------------------------------------------|----|--|-----|--------|--------------------------------|--|
| Sprint Path # 3 | | | | | | |
| Specific Deficiency | | | | | | |
| 1) Has sprint path been completely renovated? | NO | | 30% | 2 MOS. | 2 MOS. PRIOR TO LIVE RACE MEET | |

| | | | | | | |
|-----------------------------------------------|----|--|-----|--------|--------------------------------|--|
| Sprint Path # 4 | | | | | | |
| Specific Deficiency | | | | | | |
| 1) Has sprint path been completely renovated? | NO | | 30% | 2 MOS. | 2 MOS. PRIOR TO LIVE RACE MEET | |

Notes:

Rule §309.314 *Sprint Paths* states that an association shall provide, for every three kennel buildings, a sprint path located adjacent to the kennel compound area. Based on Corpus Christi Greyhound Race Track's (CCGRT) letter issued to the Commission on May 27, 2008, CCGRT stated it would be completing renovations on eleven kennel buildings. As such, four sprint paths would need to be renovated to comply with §309.314.

14-75

SCHEDULE C: KENNEL COMPOUND DEFICIENCIES

CCGRT

| Walkway from kennel compound. | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|---------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Specific Deficiency 1) Has roof over walkway been completely repaired? | NO | 0% | UNDECIDED | We have rcv'd our lowest bid for this project at \$250,000. Due to the high expense and also considering the lack of use of walkway, we are asking for an exemption to Rule 309.310 |

| Lighting in the kennel compound. | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------|--------------------------------|--------------------------------|
| Specific Deficiency 1) Has all non-functioning security lighting in the kennel compound area been replaced? | NO | 0% | 3 MOS. | 3 MOS. PRIOR TO LIVE RACE MEET |

1V-76

SCHEDULE D: TRACK SURFACE AND TRACK EQUIPMENT DEFICIENCIES CCGRT

| Track Surface. | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|---------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|---------------------------------------|--------------------------------|
| Specific Deficiency | | | | |
| 1) Has all damaged pad under the surface been repaired or replaced? | NO | 60% | OCTOBER '09 | |
| 2) Has the track surface been renovated? | NO | 50% | APRIL '10 | |
| 3) Has all damaged track railing been replaced? | NO | 0% | 4 MOS. | 4 MOS. PRIOR TO LIVE RACE MEET |
| 4) Has all damaged track-fence been repaired or replaced? | NO | 0% | SEPT. '09 | |

| Track Equipment. | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|---------------------------------------|--------------------|
| Specific Deficiency | | | | |
| 1) Has the race results display board been repaired and painted? | NO | 0% | JULY '09 | |
| 2) Have the escape area curtains been replaced? | YES | | | |
| 3) Have the pads on the wall in the escape area been replaced? | NO | 0% | SEPT. '09 | |

IV-77

SCHEDULE E: PUBLIC AREA & REGULATORY OFFICE DEFICIENCIES

CCGRT

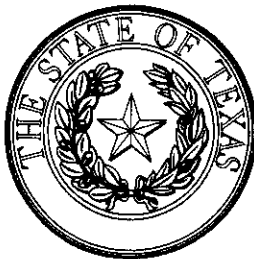
| Public Area. | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|----------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------------------|-------------------------------------------------------------------|
| Specific Deficiency | | | | |
| 1) Have the water leaks in grandstand and clubhouse been repaired? | NO | 60% | Amended 10/31/08 LATE DEC. '08 | Larger add'l leaks were identified and must be sent out for bids. |
| 2) Have the damaged ceiling tiles in the grandstand and clubhouse been replaced? | NO | 40% | Amended 10/31/08 EARLY JAN. '09 | |
| 3) Has the damaged carpet in the grandstand and clubhouse been replaced? | NO | 20% | FEBRUARY '09 | Carpeting has been removed in areas to be replaced. |
| 4) Have the non-functioning security lights on the parking lots been replaced? | NO | 30% | MARCH '09 | |

| Regulatory Office Area. | A. Has deficiency been corrected? Yes / No | B. If No to A., What % of work has been done? | C. Estimated time to complete? | D. Comments |
|-----------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------|-------------|
| Specific Deficiency | | | | |
| 1) Have the water leaks in the judges tower office been repaired? | YES | | | |
| 2) Have the damaged ceiling tiles in the judges tower office been replaced? | YES | | | |
| 3) Has the mold in the judges tower office been cleaned up? | YES | | | |
| 4) Has the air-conditioning unit in the judges tower office been repaired? | NO | 30% | JANUARY '09 | |

14-78

*denotes completed I-denotes in progress B- denotes out for bid

| Item # | Description | Responsible Party | Progress -other | A/C repair | Cellings | Wood Replace | Paint in&out | Crates | Roof | Cabinets | Plumbing | Doors | Turnout Pens | Power wash in&out |
|--------|---------------------|-------------------|-----------------|------------|----------|--------------|--------------|--------|------|----------|----------|-------|--------------|-------------------|
| 1 | Kennel building #1 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 2 | Kennel building #2 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 3 | Kennel building #3 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 4 | Kennel building #4 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 5 | Kennel building #5 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 6 | Kennel building #6 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 7 | Kennel building #7 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 8 | Kennel building #8 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 9 | Kennel building #9 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 10 | Kennel building #10 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 11 | Kennel building #11 | Track Maintenance | | B | B | * | * | * | * | * | * | I | I | * |
| 12 | Kennel building #12 | Track Maintenance | | | | * | * | * | * | * | * | | | * |
| 13 | Kennel building #13 | Track Maintenance | | | | * | * | * | * | * | * | | | * |
| 14 | Kennel building #14 | Track Maintenance | | | | * | * | * | * | * | * | | | * |
| 15 | Kennel building #15 | Track Maintenance | | | | * | * | * | * | * | * | | | * |
| 16 | Kennel building #16 | Track Maintenance | | | | * | * | * | * | * | * | | | * |
| 17 | Kennel building #17 | Track Maintenance | | | | * | * | * | * | * | * | | | * |
| 18 | Kennel building #18 | Track Maintenance | | | | * | * | * | * | * | * | | | * |
| 19 | Sprint paths - 3 | Track Maintenance | * | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | | |
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TEXAS RACING COMMISSION

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

October 22, 2008

Rick Pimentel
General Manager
Corpus Christi Greyhound Race Track
P.O. Box 9087
Corpus Christi, Texas 78469

Subject: Deficiency Status Schedules

Dear Rick:

Per our letter of September 17, 2008, we look forward to receiving your *updated "deficiency status schedules"* as of October 31, 2008. Please have them delivered to our office by Monday, November 10, 2008.

If you have any questions, please contact me at 512-833-6699.

Sincerely,

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

Sammy Jackson
Deputy Director

cc: Charla Ann King, Executive Director
Carol Olewin, Compliance Audit & Inspection Administrator
Racetrack File

1V-80

1 **Sec. 313.426. Toe Grabs Prohibited**

2 (a) A Thoroughbred or Arabian horse is ineligible to start in a
3 race when it has shoes (racing plates) that have toe grabs with
4 a height greater than two millimeters (0.07874 inches), bends,
5 jar calks, stickers, or any other traction device on the front
6 hooves.

7 (b) A Quarter Horse, Paint Horse, or Appaloosa is ineligible to
8 start in a race when it has shoes (racing plates) that have toe
9 grabs with a height greater than four millimeters (0.15748
10 inches), bends, jar calks, stickers, or any other traction
11 device on the front hooves.

319.364. Testing for Androgenic-Anabolic Steroids

- (1) No androgenic-anabolic steroids shall be permitted in test sample collected from racing horses except for residues of the major metabolite of stanozolol, nandrolone, and the naturally occurring substances boldenone and testosterone at concentrations less than the indicated thresholds.
- (2) Concentrations of these androgenic-anabolic steroids shall not exceed the following urine threshold concentrations for total (i.e., free drug or metabolite and drug or metabolite liberated from its conjugates):
- (a) 16 β -hydroxystanozolol (metabolite of stanozolol (Winstrol)) - 1 ng/ml in urine for all horses regardless of sex;
- (b) Boldenone (Equipoise® is the undecylenate ester of boldenone) in male horses other than geldings - 15 ng/ml in urine. No boldenone shall be permitted in geldings or female horses.
- (c) Nandrolone (Durabolin® is the phenylpropionate ester and Deca-Durabolin® is the decanoate ester)
- (A) In geldings - 1 ng/ml in urine
- (B) In fillies and mares - 1 ng/ml in urine
- (d) Testosterone
- (A) In geldings - 20 ng/ml in urine
- (B) In fillies and mares - 55 ng/ml in urine
- (3) Any other anabolic steroids are prohibited in racing horses.
- (4) Post-race urine samples must have the sex of the horse identified to the laboratory.
- (5) Any horse to which an anabolic steroid has been administered in order to assist in the recovery from illness or injury may be placed on the veterinarian's list in order to monitor the concentration of the drug or metabolite in urine. After the concentration has fallen below the designated threshold for the administrated androgenic-anabolic steroids, the horse is eligible to be removed from the list.

Texas Racing Commission
Title 16, Part VIII
Chapter 309. Racetrack Licenses and Operations

1 **Readoption of Chapter 309, Racetrack Licenses and Operations, As**
2 **Amended**

3
4 At the Commission meeting on November 27, 2007, the Texas Racing
5 Commission voted to review Chapter 309, Racetrack Licenses and
6 Operations, pursuant to Texas Government Code § 2001.039. Notice
7 of this rule review was published in the January 4, 2008, issue
8 of the *Texas Register* (33 TexReg 289).

9
10 During the rule review, the Commission amended the following
11 sections:

- 12
13 § 309.1, Racetrack Licenses
14 § 309.7, Horse Racetrack Application Fees
15 § 309.9, Denial, Suspension and Revocation of Licenses
16 § 309.103, Construction and Renovation of Racetrack
17 Facilities
18 § 309.113, Accessibility by Disabled Persons
19 § 309.114, Restrooms
20 § 309.115, Refreshments
21 § 309.116, Complaints
22 § 309.117, First Aid
23 § 309.118, Regulatory Office Space and Equipment
24 § 309.120, Parking for Licensees
25 § 309.123, Internal Communication System
26 § 309.250, Test Barn
27 § 309.253, Postmortem
28 § 309.254, Equine Ambulance
29 § 309.294, Starting Crew
30 § 309.296, Official Program
31 § 309.305, Starting Boxes
32 § 309.309, Lockout Kennel
33 § 309.311, Kennel Compound
34 § 309.312, Turnout Pens
35 § 309.314, Sprint Path
36

37 During the rule review, the Commission adopted the following new
38 rules:

- 39 § 309.168, Hazardous Weather
40 § 309.255, Chase Vehicle
41 § 309.317, Facilities and Equipment Maintenance Personnel

Texas Racing Commission
Title 16, Part VIII
Chapter 309. Racetrack Licenses and Operations

1 During the rule review, the Commission repealed the following
2 sections:

3 § 309.251, Isolation Area

4 § 309.252, Treatment Area

5
6 The Commission has received no comments to date on the Chapter
7 309 rule review other than comments received in response to
8 individual rule proposals.

9
10 The Commission has now completed its review of Chapter 309 and
11 may readopt the chapter in accordance with Government Code §
12 2001.039.

RULE REVIEW OF CHAPTER 307

Texas Government Code 2001.039 directs each state agency to review and consider for readoption each of its rules every four years. During the review, the Commission must assess whether the reasons for adopting each of its rules continues to exist.

To formally initiate the rule review process, the Commission must vote at a public meeting to publish notice in the *Texas Register* of the Commission's intention to review specific rules. After the time for public comment has passed, the Commission will take one of the following actions in regard to each rule in Chapter 307: the Commission will readopt the rule, the Commission will propose the repeal of the rule, or the Commission will propose readopting the rule with revisions.

If the Commission readopts a rule, notice of the readoption will appear in the *Texas Register* Rules Review section, but the text of the readopted rule will not be published. Any proposed repeal of a rule or any proposed amendment to a rule will be published in the Proposed Rules section of the *Texas Register* in accordance with procedures set out in Government Code, Chapter 2001, subchapter B, and will be the subject of an additional 30-day comment period before final repeal or final adoption.

Because of *Texas Register* publication deadlines, a notice of intention to review specific rules will not be published in the *Texas Register* until at least two weeks after the meeting at which the Commission votes to publish notice of its intention to review specific rules.

The Table of Contents for Chapter 307 is listed below:

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| SUBCHAPTER A | GENERAL PROVISIONS |
| § 307.1 | Applicability |
| § 307.2 | Definitions |
| § 307.3 | Types of Proceedings |
| § 307.4 | Decision-making Proceedings |
| § 307.5 | Special Provisions regarding Racetrack License Applications |
| § 307.6 | Probation |
| § 307.7 | Ejection and Exclusion |
| SUBCHAPTER B | CONTESTED CASES |
| § 307.31 | Prehearing Procedures |
| § 307.32 | Nonparty Participation |
| § 307.33 | Hearing |
| § 307.34 | Exceptions and Replies |
| § 307.35 | Oral Argument |

- § 307.36 Consideration by Commission
- § 307.37 Final Order
- § 307.38 Rehearing
- § 307.39 Judicial Review

SUBCHAPTER C PROCEEDINGS BY STEWARDS AND RACING JUDGES

- § 307.61 General Authority
- § 307.62 Disciplinary Hearings
- § 307.63 Ruling
- § 307.64 Penalties
- § 307.65 Reciprocity
- § 307.66 Applicability of Rules and Rulings
- § 307.67 Appeal to the Commission
- § 307.68 Stay
- § 307.69 Action by Commission

SUBCHAPTER D RULEMAKING

- § 307.101 Purpose
- § 307.102 Rulemaking Procedure
- § 307.103 Petition for Adoption of Rules
- § 307.104 Saving Provisions
- § 307.105 Severability

RULE REVIEW OF CHAPTER 313

Texas Government Code 2001.039 directs each state agency to review and consider for readoption each of its rules every four years. During the review, the Commission must assess whether the reasons for adopting each of its rules continues to exist.

To formally initiate the rule review process, the Commission must vote at a public meeting to publish notice in the *Texas Register* of the Commission's intention to review specific rules. After the time for public comment has passed, the Commission will take one of the following actions in regard to each rule in Chapter 313: the Commission will readopt the rule, the Commission will propose the repeal of the rule, or the Commission will propose readopting the rule with revisions.

If the Commission readopts a rule, notice of the readoption will appear in the *Texas Register* Rules Review section, but the text of the readopted rule will not be published. Any proposed repeal of a rule or any proposed amendment to a rule will be published in the Proposed Rules section of the *Texas Register* in accordance with procedures set out in Government Code, Chapter 2001, subchapter B, and will be the subject of an additional 30-day comment period before final repeal or final adoption.

Because of *Texas Register* publication deadlines, a notice of intention to review specific rules will not be published in the *Texas Register* until at least two weeks after the meeting at which the Commission votes to publish notice of its intention to review specific rules.

The Table of Contents for Chapter 313 is listed below:

| | |
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| DIVISION 1 | GENERAL PROVISIONS |
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| § 313.2 | Duties |
| § 313.4 | Approval of Officials |
| DIVISION 2 | DUTIES OF STEWARDS |
| § 313.21 | Eligibility for Appointment |
| § 313.22 | General Duties |
| § 313.23 | Supervision of Entries |
| § 313.24 | Records and Reports |
| § 313.25 | Steward's List |
| § 313.26 | Posting of Track Condition |

DIVISION 3 DUTIES OF OTHER OFFICIALS

- § 313.41 Racing Secretary
- § 313.42 Morning Clocker
- § 313.43 Official Timer
- § 313.44 Paddock Judge
- § 313.45 Clerk of Scales
- § 313.46 Placing Judges
- § 313.47 Patrol Judges
- § 313.48 Commission Veterinarians
- § 313.49 Starter
- § 313.50 Horse Identifier
- § 313.51 Horseshoe Inspector
- § 313.52 Jockey Room Custodian
- § 313.53 Mutuel Manager
- § 313.54 Track Superintendent
- § 313.55 Assistant Racing Secretary
- § 313.56 Stable Superintendent
- § 313.57 Announcer
- § 313.58 Outriders
- § 313.59 Assistant Starters
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SUBCHAPTER B ENTRIES, SCRATCHES, AND ALLOWANCES

DIVISION 1 ENTRIES

- § 313.101 Entry Procedure
- § 313.102 Intent and Authority
- § 313.103 Eligibility Requirements
- § 313.104 Registration Certificates
- § 313.105 Changes in Ownership
- § 313.106 Closing Entries
- § 313.107 Draw for Post Position
- § 313.108 Preferred List
- § 313.109 Change in Conditions
- § 313.110 Coupled Entries
- § 313.111 Age Restrictions
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DIVISION 2 SCRATCHES

- § 313.131 Scratch Procedure
- § 313.132 Scratch Time
- § 313.133 Scratch Irrevocable
- § 313.134 Obligation To Start
- § 313.135 Scratch by Stewards
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- DIVISION 3 ALLOWANCES AND PENALTIES
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- § 313.162 Claim for Allowance
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- § 313.164 Records Conclusive
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- § 313.166 Apprentice Allowance
- § 313.167 Prohibited Allowances
- § 313.168 Scale of Weights for Age

- SUBCHAPTER C CLAIMING RACES
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- § 313.302 Claim Procedure
- § 313.303 Effective Time of Claim
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- § 313.305 Amounts on Deposit
- § 313.306 Transfer of Claimed Horse
- § 313.307 Responsibility for Testing
- § 313.308 Restrictions on Subsequent Use
- § 313.309 Ineligible Entry
- § 313.310 Restrictions on Claims
- § 313.312 Protests
- § 313.313 Removal To Avoid Claim
- § 313.314 Disclosure of Mare in Foal

- SUBCHAPTER D RUNNING OF THE RACE
- DIVISION 1 JOCKEYS
- § 313.401 Jockeys To Report
- § 313.402 Weighing-out
- § 313.403 Maximum Overweight
- § 313.404 Items Included in Weight
- § 313.405 Whips and Other Equipment
- § 313.406 Colors and Number
- § 313.407 Duty To Fulfill Jockey Engagements
- § 313.409 Jockey Mount Fees
- § 313.411 Suspended Jockeys

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- § 313.421 Horses to Pre-race Holding Area
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- § 313.423 Parade
- § 313.424 Leaving the Race Course
- § 313.425 At the Starting Gate

- DIVISION 3 THE RACE
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- § 313.442 Interference
- § 313.443 Action by Jockeys
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- § 313.445 Weigh In
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- § 313.447 Ramifications of Disqualification
- § 313.448 Dead Heat
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- § 313.501 Training Facility License
- § 313.502 Application for License
- § 313.503 Physical Plant
- § 313.504 Operational Requirements
- § 313.505 Workout Requirements
- § 313.506 Discretion of Officials
- § 313.507 Employees of Training Facilities

RULE REVIEW OF CHAPTER 315

Texas Government Code 2001.039 directs each state agency to review and consider for readoption each of its rules every four years. During the review, the Commission must assess whether the reasons for adopting each of its rules continues to exist.

To formally initiate the rule review process, the Commission must vote at a public meeting to publish notice in the *Texas Register* of the Commission's intention to review specific rules. After the time for public comment has passed, the Commission will take one of the following actions in regard to each rule in Chapter 315: the Commission will readopt the rule, the Commission will propose the repeal of the rule, or the Commission will propose readopting the rule with revisions.

If the Commission readopts a rule, notice of the readoption will appear in the *Texas Register* Rules Review section, but the text of the readopted rule will not be published. Any proposed repeal of a rule or any proposed amendment to a rule will be published in the Proposed Rules section of the *Texas Register* in accordance with procedures set out in Government Code, Chapter 2001, subchapter B, and will be the subject of an additional 30-day comment period before final repeal or final adoption.

Because of *Texas Register* publication deadlines, a notice of intention to review specific rules will not be published in the *Texas Register* until at least two weeks after the meeting at which the Commission votes to publish notice of its intention to review specific rules.

The Table of Contents for Chapter 315 is listed below:

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| § 315.35 | Clerk of Scales |
| § 315.36 | Mutuel Manager |

- § 315.37 Racing Secretary
- § 315.38 Assistant Racing Secretary
- § 315.39 Chart Writer
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- § 315.41 Photofinish Operator and Timer
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- § 315.101 Registration
- § 315.102 Entry Procedure
- § 315.103 Eligibility To Enter or Start
- § 315.104 Sales and Transfers
- § 315.105 Stakes Race
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- § 315.108 Qualifying Time
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- § 315.202 Changes in Established Weight
- § 315.203 Placement in Lockout
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- § 315.206 Operation of Lure
- § 315.207 Leaving the Course
- § 315.208 Interference
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- § 315.210 Price Distribution in Dead Heats
- § 315.211 Objections

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- § 315.250 Standards for Greyhound Breeding Farms