

APPROVED

CORRECTED

VIRGINIA RACING COMMISSION

MINUTES

OF

COMMISSION MEETING

NOVEMBER 12, 2004

COLONIAL DOWNS
10515 COLONIAL DOWNS PARKWAY
NEW KENT, VIRGINIA

In Attendance

Commission Members:

Anne D.W. Poulson, Chairman
Peter C. Burnett, Vice Chairman
Mark T. Brown
Dr. George W. Rimler

Commission Staff:

Stanley K. Bowker, Executive Secretary
Kimberly M. Carter, Office Administrator
David S. Lermond, Jr., Director of Pari-Mutuels
Joseph M. Roney, Director of Operations and Enforcement
Marvin A. Sniegon, Director of Financial Management and Planning

Attorney General's Office:

Frank Ferguson

At 10:19 a.m., Chairman Poulson called the meeting to order.

The minutes of the October 20, 2004 meeting were approved.

Chairman Poulson reported that she and Commissioner Rimler had attended the Breeders Cup held at Lone Star Park and that Colonial Downs continues to receive good comments on the backstretch and racing surfaces. She added a number of people suggested longer live meets and higher purses for the dirt races.

She congratulated Colonial Downs on the three successful referenda in Henry, Scott and Westmoreland counties and added the Commission is looking forward to receiving applications for three new satellite wagering facilities. She introduced Jim Gagliano and Lou Raffetto of the Maryland Jockey Club and welcomed them to the meeting.

Commissioner Rimler reported that the Marketing Committee is working on draft recommendations that are being reviewed by the committee. Final recommendations are expected to be available at the December 15 meeting. The next meeting has been scheduled for November 23 at Colonial Downs.

Commissioner Burnett reported that the Security and Enforcement Committee had three proposed statutory housekeeping changes. One involved the definition of participants to bring them under the jurisdiction of the Stewards and the Commission as soon as they entered horses to race in Virginia. The second clarifies the authority of the Stewards and Commission to suspend and fine. The third defines the standard of determining guilt as the "preponderance of the evidence" rather than the current standard of "believe to be true." After discussion on whether to go to the General Assembly this year with the proposed changes rather than waiting until 2006, it was decided to propose the changes in the 2005 session.

Commissioner Brown reported that the Standardbred Blue Ribbon Committee is exploring longer-term ideas to improve the harness racing and breeding industry in Virginia including ways to improve the sire stakes program. He added the committee was waiting for the outcome of the referenda. He said the next meeting will be held on November 22 at Colonial Downs.

Chairman Poulson reported that the Thoroughbred Breeders Fund Subcommittee had met and is asking for approval of the following recommendations:

1. Since only \$82,913 remains in the fund for 2004, it should be carried over to 2005 instead of providing owners' bonuses for horses winning races in other states. Since this involved 2004 business she asked for separate approval. The motion was carried.
2. For 2005, breeders and stallion awards be made for all Virginia-bred horses that race anywhere in the United States, creating more opportunities for Virginia bred horses to win awards throughout the year. Since there will be no change in the 35% of the fund being earmarked for these awards, the result will be that more owners will receive awards, but less money for each individual reward.
3. Four maiden special weight races on the turf will be carded in the body of the condition book. Purses will be \$40,000 each including a \$15,000 bonus coming out of the Breeders Fund. However for the race to be eligible for the

bonus, at least six horses must be considered starters in the race. For all non-Virginia-bred races, the bonus will increase from 40% of the purse to 50%.

4. Virginia-bred stakes will be increased to \$60,000 each with \$30,000 coming out of the Breeders Fund. For the race to be carded, there must be a minimum of six separate betting interests, all of which must be winners and not maidens, to count against the minimum of six requirements.

The motion to approve the recommendations of the committee was carried.

Chairman Poulson added that the Committee is considering a new registration fee structure for non-members of the Virginia Thoroughbred Association similar to what is being done in other states.

Chairman Poulson reported that the Special Code Revision Committee met with representatives of the five account wagering license applicants to review their various concerns. After meeting with special counsel, the committee believes that the statute involving the regulation of account wagering and the subsequent regulations are legally sound and do not need to be modified at this time. However, she said she wanted to reiterate again that everyone should by now be keenly aware that the Virginia Racing Commission is interested in enhancing competition in this area. She added that the issue of competition and negotiations with other potential applicants would be reviewed as part of the account wagering license renewal hearing for Colonial Downs' at the December 15, 2004 meeting. She said the Commission staff will be issuing particular questions that Colonial Downs will be expected to address in its renewal application due on December 1.

Acting on the recommendation of Mr. Bowker, the Commission approved Colonial Downs' December simulcasting schedules for the satellite wagering facilities and the racetrack.

Mr. Bowker provided an update on wagering in Virginia for the 10 months ended October 31, 2004. He said the only disappointing number this year is the October thoroughbred handle that was down \$26,000 compared to 2004. This came at the same time that harness handle was up more than \$500,000. Responding to a question from Commissioner Burnett, Mr. Bowker said he believed that the dispute between the Mid-Atlantic tracks and New York Racing Association may have had a larger negative affect than may have been thought. He said it probably resulted in a loss of handle on some of the other simulcasting signals as well because people tend to wager on more than just Belmont when in attendance. He added that problems with the racetrack at Charles Town resulted in a number of days that the track was closed also had some affect.

Mr. Bowker said that it is early yet but that while the attendance numbers at Vinton are slightly behind projections, mutuel handle is only averaging about one-half of projections.

During the Colonial Downs' report, John Mooney, reported that the Harness Meet is receiving good support from the harness horsemen. In addition to the increased attendance and handle, more horses are available than in prior years. Twelve races are being run daily with mostly 10-horse fields.

Mr. Mooney said the Virginia Sire Stakes program will be run this Sunday and that four radio stations and one television has been giving the weekend races good advance coverage.

Finally, Mr. Mooney said he agreed with Mr. Bowker that it is a little early to reach any conclusions on Vinton, but he was pleased with Breeders Cup Day and Veterans Day.

During the Colonial Downs' report, James Weinberg, counsel for Colonial Downs, said the new Vinton satellite facility still has not received its ABC license. He reported a hearing on the Colonial Downs application has been heard and a decision should be forthcoming.

Chairman Poulson asked about the process of handling food and beverage complaints and who is responsible for addressing them? Mr. Weinberg said Colonial Downs has hired a new food and beverage director and is working to make certain complaints are passed through to him. Chairman Poulson said she would like to see a more formalized plan for handling complaints.

Commissioner Rimler said he is concerned that there is nothing in place that makes it easier for a person to make a complaint. He said he also would like as recommendation from Colonial Downs on creating a form that a customer could fill out with a copy going to the Commission. He added he did not believe the present system is working and he would like Colonial to provide its thoughts on improving the system in the near future.

Mr. Weinberg said that the application is being prepared for a new satellite wagering facility in Henry County and should be ready within 10-14 days. He said he would meet with Commission staff to determine a date for a site visit.

Mr. Weinberg said that discussions on the 2005 live racing days are underway and he believed Colonial Downs would meet the December 3, 2004 deadline for submitting its request.

The next meeting was scheduled for December 15, 2004 at 9:30 a.m. at the Tyler Building.

There being no further business before the Commission, the meeting adjourned at 11:23 a.m.