

APPROVED

VIRGINIA RACING COMMISSION

MINUTES

OF

COMMISSION MEETING

MARCH 3, 2004

STATE CORPORATION COMMISSION
TYLER BUILDING
COURTROOM B
1300 EAST MAIN STREET
RICHMOND, VIRGINIA

In Attendance

Commission Members:

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

Commission Staff:

Stanley K. Bowker, Executive Secretary
Kimberly M. Carter, Office Administrator
Nick A. Christner, Director of Operations & Enforcement
Marvin A. Sniegon, Director of Financial Management and Planning

Attorney General's Office:

Teresa C. Griggs

At 9:51 a.m., Chairman Poulson called to order an informal fact finding conference involving the application of Colonial Downs, L.P. and Stansley Racing Corp. (hereinafter Colonial Downs) for licenses to own and operate a satellite wagering facility in Vinton, VA.

James L. Weinberg, counsel for Colonial Downs, stated that there were five issues to discuss in relation to the Vinton Satellite Wagering Facility Application:

- Site
- Operations
- Projections/Financing
- Satisfaction of legal requirements
- Construction schedule

As to the location of the site, Mr. Weinberg stated reasons for choosing the site include accessibility, parking, visibility, possible expansion, and it is consistent with current uses and development plans.

Ian Stewart, President of Colonial Downs, said the operation will be somewhat different from other satellite facility and will include a separate full-service restaurant offering hot meals ordered from a menu, experienced wait staff and will be managed by a local food and beverage vendor. Two private rooms, one smoking and one non-smoking, are included in the plan.

Mr. Stewart state, for security purposes, closed-circuit video cameras will be located throughout the facility including on the outside of the building to scan the parking lot. Two security officers will be on duty at all times the facility is open including one off-duty law enforcement officer.

As to the projections for the facility, Mr. Stewart said the construction for the 14,600 square foot facility is \$3.5 million. Jacobs Entertainment, the parent company of Colonial Downs, will provide the funds. It is projected to handle \$30 million per year. The estimated annual economic impact to the Vinton community is \$1,100,000--\$200,000 in taxes, \$600,000 in payroll and \$300,000 in goods and services purchased.

Mr. Weinberg reviewed the legal requirements for licensure and stated Colonial Downs has met all of the following:

1. Local referendum—Passed November 2003.
2. Majority ownership by unlimited racetrack licenses. While Colonial Downs will start out as a tenant, it has an option to purchase in 10 years, and owns the racetrack in New Kent County.
3. Agreement with horsemen. Contracts with Virginia Horsemen's Benevolent & Protective Association and the Virginia Harness Horse Association are in place and have been approved by the Commission.
4. Colonial Downs is committed to abiding by all of the Commission's regulations.
5. Colonial Downs will submit all construction and operating contracts to the Commission as they are signed.

Mr. Weinberg said that beginning of the application states that the facility is expected to open in November but that the construction schedule anticipates opening by

October 1. He said a month contingency has been built into the construction schedule but Colonial Downs will keep the Commission apprised monthly as to the construction progress. He added Colonial Downs will submit construction plans to the Commission as they become available.

Commissioner Burnett read from a letter from a Vinton resident who said Colonial Downs promised voters many things during the campaign. He asked if the Commission could hold Colonial Downs responsible for the promised made during the campaign.

Mr. Weinberg said he believes the Commission has the ability to hold Colonial Downs' "feet to the fire." He added, Colonial Downs has been a good corporate citizen where it has gone and expects to replicate that philosophy in Vinton.

In response to a question from Commissioner Davis, Mr. Stewart said there will be carpet in the dining room and maybe in the private rooms. The remained of the floors will be tile. There will be a drop ceiling.

Commissioner Burnett asked if the carrels will be big enough to open the Daily Racing Form? Mr. Stewart said they are larger than the carrels at the new Richmond facility.

Tom Rotenberry and Billy Obenchain, members of the Vinton Town Council, supported the Colonial Downs application. Mr. Rotenberry said he has studied the plan for 10 months and is convinced the facility will be good for the community. Mr. Obenchain said he has no doubt that Colonial Downs will do what was promised and remains convinced that the facility will be an important addition to the community.

In summary, Mr. Weinberg said Colonial Downs is ready to start today.

After considerable discussion, a motion was made by Chairman Poulson and seconded by Commissioner Burnett to approve the application from Colonial Downs, L.P. and Stansley Racing Corp. to own and operated a satellite wagering facility in Vinton, that Ms. Griggs prepare the Final Order including conditions as discussed and that Mr. Bowker sign the order on behalf of the Commission. The motion was approved 4-0 with Commissioner Davis, although supportive, abstaining.

The informal fact finding conference was adjourned.

In regards to the minutes of the January 21, 2004 meeting, Chairman Poulson moved that the minutes be amended to include the following:

"Timothy Capps of the Maryland Jockey Club and John Mooney of the Maryland-Virginia Racing Circuit addressed the issue of the overlap days. Chairman Poulson requested that a committee of Maryland and Virginia stakeholders be formed this spring to discuss the race days schedule between the states early to avoid overlap in the future

particularly in light of Virginia's projected growth in race days by 2007." The January 21, 2004 minutes were approved as amended.

Chairman Poulson reported that SB 167 has passed both houses of the General Assembly to the Governor for signature. Chairman Poulson also thanked everyone involved for their incredible effort in working to pass the legislation.

During the discussion of Committees for 2004, Chairman Poulson asked for addition volunteers. Commissioner Brown will announce the Blue Ribbon Standardbred Committee soon. Commissioner Rimler will chair the two new committee, Marketing & Economic Development as well as Wagering Technology. Commissioner Rimler, subject to the appointment of Governor Warner, also will become Virginia's new representative on the National Racing Compact Board as soon as former Commission Chairman Robin Williams completes the transition to the new Compact Chairman

Mr. Bowker asked that the Commission ratify his approval of Colonial Downs' March simulcasting schedule. He further recommended approval of the First Amendment to Agreement between Colonial Downs and the Virginia Horsemen & Benevolent Association. Both were unanimously approved.

During the Colonial Downs' report, Mr. Weinberg informed the commission that Maryland Jockey Club had rescheduled the reopening of thoroughbred racing in Maryland and as a result, there would be no overlap of racing days with Virginia. He added the South Richmond satellite facility is running slightly behind projections but is on track to handle \$18 million. In an effort to reduce the noise level, buffers and smoke heaters are being installed.

Chairman Poulson announced that following the meeting; there would be a brief meeting for an update on progress being made in licensing for the account wagering applicants.

The next meeting is scheduled for March 24, 2004 to review the account wagering license applications.

There being no further business before the Commission, the meeting adjourned at 11:59 a.m.