

APPROVED

VIRGINIA RACING COMMISSION

MINUTES

OF

COMMISSION MEETING

MAY 19, 2004

STATE CORPORATION COMMISSION  
TYLER BUILDING  
COURTROOM C  
1300 EAST MAIN STREET  
RICHMOND, 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  
Nick A. Christner, Director of Operations & Enforcement  
R. C. Harden, DVM, Commission Veterinarian  
David S. Lermond, Jr., Director of Pari-Mutuels  
Marvin A. Sniegon, Director of Financial Management and Planning

Attorney General's Office:

Carla Collins

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At 9:45 a.m., Chairman Poulson called the meeting to order.

The minutes of the March 24, 2004 meeting were approved as amended.

Chairman Poulson reported on the activities of the Kentucky Derby and the Preakness and added the success of both provides a good kickoff to the opening of Colonial Downs.

During the discussion of the Standardbred Breeders Fund Subcommittee report, Commissioner Brown stated that approximately \$346,000 would be available in 2004. He offered the following motion:

“I move that the following recommendations of the Standardbred Breeders Fund Subcommittee be accepted by the Virginia Racing Commission for the calendar year 2004:

First, the Commission approves the allocation of \$50,000 to the Virginia Harness Horse Association for administering the Standardbred Breeders’ fund program for 2004;

Second, the Commission approves the allocation of \$240,000 for eight stake races for two and three year old Virginia bred standardbreds at \$30,000 each to be run at Colonial Downs in 2004;

Third, the Commission approves the allocation of \$40,000 for two stake races for four year olds and up at \$20,000 each to be run at Colonial Downs in 2004;

Fourth, Commission approves the payment of Owners’ awards to any registered Virginia Standardbred finishing first through fifth in a non-restricted race at the 2004 race meet at Colonial Downs to an amount up to 10% of the share of the purse. Cost is estimated at \$20,000.”

The motion was unanimously approved.

Reporting for the Rules Committee, Chairman Poulson recommended that the Commission approve a fast-track rule making process for the account wagering rules. She stated there would be no changes to the permanent rules already approved by the Commission but would speed up the final approval process. It was moved, seconded and unanimously approved to start the fast track process.

During the discussion of the Marketing & Economic Development Committee, Chairman Poulson introduced Lauren Messmer who will be working on marketing of the horse racing industry in Virginia. Commissioner Rimler, chairman of the committee, said he is planning to have the first meeting of the committee in June.

During the discussion of the Standardbred Blue Ribbon Committee, Commissioner Brown stated that he had met with several industry representatives on May 11 and the first meeting of the full committee is scheduled for June 8.

Chairman Poulson stated, "In accordance with the provisions of Section 2.2-3711 (A)(1) of the Code of Virginia, I move that the Commission go into closed meeting for the purpose of discussion or consideration of the assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees or employees of the Commission."

The motion was approved.

Returning from closed meeting, Chairman Poulson stated, "I move the adoption of the following resolution:

"Whereas, the Virginia Racing Commission has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

"Whereas, Section 2.2-3712 of the Code of Virginia requires a certification by this Commission that such closed meeting was conducted in conformity with Virginia law;

"Now, therefore, be it resolved, that the Virginia Racing Commission certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Commission."

The motion was approved with Mr. Brown, Vice Chairman Burnett, Dr. Rimler, and Chairman Poulson voting in favor of the motion.

Acting on the recommendation of Mr. Bowker, the Commission approved Colonial Downs' June simulcasting schedule.

Acting on the recommendation of Mr. Bowker, the Commission ratified the action of Mr. Bowker in approving Colonial Downs' list of locations to receive export agreements on simulcasting live races.

In regard to simulcasting issues, Chairman Poulson said there is a conference of state legislators and officials in Santa Fe, NM June 3-5 at which there will be considerable discussion on wagering matters. She suggested it would be helpful to the Commission if one of the Commissioners could attend. Vice Chairman Burnett said he would try to attend and the Commission approved paying the expense to attend the conference.

Acting on the recommendation of Mr. Bowker, the Commission approved the contract with the Virginia Harness Horse Association to administer and promote the Standardbred portion of the Virginia Breeders Fund.

Acting on the recommendation of Mr. Bowker, the Commission approved the list of racing officials for Colonial Downs.

Acting on the recommendation of Mr. Bowker, the Commission approved a 5 p.m. post time for weekdays as well as 1 p.m. post times for Saturdays and Sundays for the upcoming live thoroughbred race meet.

Acting on the recommendation of Mr. Bowker, the Commission approved Colonial Downs' request for pari-mutuel pools including win, place, show, daily double, exacta, trifecta, pick-three, pick-six and superfecta. .

Acting on the recommendation of Mr. Bowker, the Commission appointed Thomas F. Lomangino, Jr., as the Chief Racing Chemist and designated the Maryland Racing Commission Laboratory as the official testing laboratory.

The Commission approved the appointment of Mr. Bowker, William Passmore, Jean Chalk as Stewards for the Thoroughbred race meeting for all matters relating to Thoroughbred racing and activities at the satellite wagering facilities and that Larry Hill and Howard McCullough be appointed to serve as Alternate Stewards.

Acting on the recommendation of Mr. Bowker, the Commission approved the Reference Laboratories for the horsemen's right to split test sampling with the following sites: Dalare Associates in Philadelphia, Cornell University, and Iowa State University.

Mr. Bowker said an amendment had been added to the budget bill that potentially could reduce the amount of money available for marketing the horse industry. The Administration has been alerted and is working on it. The budget also restores \$40,000 per year to both the Virginia Equine Center Foundation and the Virginia Horse Industry Board

Mr. Bowker reported that Virginia Concessions is replacing MH2, Inc. as the food and beverage vendor at the two Richmond satellite facilities. He stated because MH2 still holds a permit. A decision should be made to decide what, if anything, to do with the permit. It was decided to wait until the changeover is completed before deciding what to do with the MH2 permit.

The final payment of \$12,925.36 has been transferred to the Maryland-Virginia College of Veterinary Medicine.

John Mooney, President of the Maryland-Virginia Racing Circuit, reported that preparations are nearly complete for the 2004 live thoroughbred race meet. He said 1,048 horses and 114 trainers have been approved for stalls with another 200 horses on a waiting list. Horses are to begin arriving later this week and the track will be open for training on Monday, May 24.

Mr. Mooney outlined some of the marketing plans that include the Virginia Derby Day with more than \$1 million in purses, a Volkswagen convertible giveaway, Secretariat bobblehead and several concerts. He added that the "Greens" area has been renovated and sodded, gutters have been added to seven barns and drainage improved.

Reporting for Colonial Downs, Tina Sismanis said grading at the Vinton satellite wagering facility site began in May 11. She said soil erosion and control issues took longer to resolve than anticipated but the project is still on schedule to be completed prior to October 1. She added the lease agreement has been signed and a copy will be forward to the Commission shortly. The construction contract has been signed and it and the construction drawings will be sent to the Commission shortly as well.

Ms. Sismanis said staff concerns regarding the construction schedule have been noted and suggested that a conference call every 2-3 weeks among Dave Gruenwald, the construction engineer, Commission staff and Vinton planner may serve to keep everyone better informed and up to date on the progress of construction.

Chairman Poulson said the opening of the Vinton location on time is critical and she welcomed the offer for the periodic meetings.

Ms. Sismanis said Colonial Downs is mindful of the Commission's desire to have additional account wagering companies approved for Virginia. She said discussions are continuing with TVG and it is expected that talks with XpressBet will continue on May 21. YouBet and AmericaTab have not responded since the last Commission meeting.

John Hanna, Chairman of the Benevolence Fund Committee, presented for Commission approval a plan for building a permanent facility in the stable area for both the thoroughbred and harness horsemen that would come from the Benevolence Backside Improvement Account. He said the building will cost approximately \$120,000 and will include permanent offices for the Virginia Harness Horse Association, a recreational area, restroom facilities and another office.

Mr. Hanna said the Benevolence Committee is asking for approval of the following:

1. \$5,417.31 to the VaHBPA to replace funds it previously had spent;
2. \$195,800 budget for 2004 including \$100,000 for the new building;
3. That the Benevolence Fund checking account be changed to the Benevolence Backside Improvement Account with no signature required from Colonial Downs.

The request was approved with the condition that Kids to the Cup provide a supervision plan acceptable to Mr. Bowker prior to receiving any funds.

Mr. Bowker said he has heard from several Commissioners that they would like to receive information for the monthly Commission meetings earlier. He said that is a

function of the deadline the Commission sets for agenda items and other information to be submitted to the Commission, that the deadline currently is the Thursday before the Wednesday meeting.

Commissioner Rimler asked how long after information is received in the Commission office is it sent out to Commissioners. Mr. Bowker said that usually, based on the amount of staff review required, it is sent out the next day after the deadline.

Commissioner Rimler said he would like the deadline for submittals to be set at least 10 days before the meeting. The Commission approved a motion setting the deadline at least 10 days in advance of the meeting and Mr. Bowker was asked to notify the various organizations that send representatives to the meetings.

Mr. Bowker said the next two meetings will be held in New Kent in conjunction with the live thoroughbred race meeting. The next two meetings are scheduled for June 15, 2004 and July 20, 2004 at 2 p.m. in the New Kent Administration Building. Chairman Poulson asked staff to plan a tour to various areas of the facility, including the stable area, for Commissioners following the June meeting.

There being no further business before the Commission, the meeting adjourned at 12:40 p.m.