

APPROVED

VIRGINIA RACING COMMISSION

MINUTES

OF

COMMISSION MEETING

JANUARY 21, 2004

NEW KENT COUNTY ADMINISTRATORS OFFICE
BOARD ROOM
12007 COURTHOUSE CIRCLE
NEW KENT, 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, Security Director
R.C. Harden, DVM, Commission Veterinarian
Marvin Sniegon, Finance Director

Attorney General's Office:

Teresa C. Griggs

Special Counsel:

James R. Kibler, Jr.

In the absence of a Chairman and Vice Chairman, the meeting was called to order at 9:37 a.m. by Executive Secretary Bowker. Mr Bowker introduced Stran Trout, a member of the New Kent County Board of Supervisors. Mr. Trout welcomed the Commission to New Kent County and expressed the County's gratitude for the presence of Colonial Downs in the county and its appreciation for the track's service to the community. Mr. Bowker thanked New Kent County for the use of its facilities for the meeting.

Mr. Bowker welcomed new Commission members George W. Rimler and Mark T. Brown.

Mr. Bowker said the floor is open for nominations for Commission Chairman for 2004. Commissioner Davis nominated Commission Burnett. Commissioner Brown nominated Commissioner Poulson. Commissioner Poulson was elected Chairman with three (3) votes (Brown, Poulson, Rimler) to two (2) votes (Davis, Burnett) for Commissioner Burnett.

Commissioner Poulson assumed the chair and asked for nominations for Vice Chairman. Commissioner Davis nominated Commissioner Burnett. Commissioner Rimler moved that nominations be closed and a unanimous vote be cast for Commissioner Burnett. The motion was seconded and unanimously approved.

The minutes of the November 19, 2003 meeting were approved as amended.

The minutes of the December 17, 2003 meeting were approved.

Chairman Poulson stated the Commission at its October work session had decided to establish a Blue Ribbon Committee to develop a plan for harness racing and that Commissioner Brown has agreed to chair that group. Other members will be determined in the next 2-3 weeks.

Chairman Poulson reported that SB 167 had been introduced in the General Assembly by Sen. Stolle and that preparations are being made for a hearing before the Senate's General Laws Committee. SR 57 also has been introduced which establishes an interim study committee to enhance the development of the Virginia horse industry.

Mr. Bowker recommended approval of Colonial Downs' February Simulcasting schedule, including Pool #1 of the Kentucky Derby Future wager to be conducted February 12-15. Both were unanimously approved.

Mr. Bowker provided a summary of wagering in Virginia for 2003—totaling \$130,382,875. Strong November and December resulted in a 5.1% increase in overall pari-mutuel handle for the year. Thoroughbred handle was up 6.5% and harness handle was down 0.2%. Wagering associated with the live meets was up 19.8% for the year—16.4% for the thoroughbred meet and 42% for the harness meet.

A payment of \$107,979.61 has been made to the Maryland-Virginia College of Veterinary Medicine at Virginia Tech.

Mr. Bowker also informed the Commission that 16 applicants had applied for the Director of Pari-Mutuels position. Out of the 16 applicants, five (5) have been chosen for the first round of interviews.

Ian Stewart, President of Colonial Downs, reported that the new South Richmond facility has now been open for approximately 70 days and while the total numbers are down slightly from projections, the cannibalization from the Broad Street facility is not as high as expected.

James Weinberg, counsel for Colonial Downs, said Colonial Downs is close to finalizing an option of property for the new facility in Vinton. Negotiations with a Rite Aid site came to a halt and it was decided to pursue a different location that will require the building of a new facility. It will take 6-9 months for construction which will provide for a fall opening.

Chairman Poulson asked about the scale of the new facility and Mr. Weinberg said it would be 15,000 square feet with a similar look as Hampton. He added, the floor plan is being developed and he hoped to have an application before the Commission in the next two weeks. Mr. Stewart said work is continuing on the design.

As to the new Chesapeake facility, Mr. Weinberg said Colonial Downs was still exploring a number of options in that market but nothing was finalized yet.

During the discussion of 2004 thoroughbred racing days, Mr. Weinberg requested approval for running up to 34 days, with the opportunity to come back in April to provide adjustment down to 32 days if the purses generated by the satellite facilities and other sources appear to be short of the of the benchmark of \$200,000 per day. Colonial Downs also provided a projection that provides for 39 thoroughbred racing days in 2005, 42 days in 2006 and 47 in 2007.

Mr. Weinberg reviewed the proposed amendments to the agreement between Colonial Downs and the Virginia Horsemen's Benevolent & Protective Association (VaHBPA) and asked for approval in conjunction with the approval of thoroughbred racing days.

After considerable discussion about the need to finalize the days and a suggestion by VaHBPA Vice President Frank Petramalo that in case of a purse shortfall a number of options would be explored before coming back to the Commission for a reduction in days, the Commission unanimously approved the request for 34 live racing days for Thoroughbred, which will begin on Friday, June 11, and end on Monday, July 26, and the revised agreement between Colonial Downs and the VaHBPA subject to review of the final document.

Because the last week of the meet overlaps with racing in Maryland, Mr. Bowker reminded the Commissioners that Maryland Jockey Club has a contract with Colonial Downs that states it will close down racing in Maryland while Colonial Downs is open. He further expressed concerns that the overlap may cause problems with horses, racing officials and equipment and that all equipment and personnel from Maryland should remain at Colonial until the end of the meet.

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.

During the discussion of the Harness racing days, Commissioner Brown moved the approval of 32 race days beginning on Friday, October 1 and ending on Monday, November 22. The motion was unanimously approved.

Mr. Weinberg reflected on the accomplishments of Colonial Downs in 2003, which included the following:

- The increase in wagering at the various Colonial Downs facilities;
- The very successful Virginia Derby which has resulted in the race being graded for 2004;
- The opening of the new Richmond satellite facility;
- Establishment of the regulations and procedures for regulating account wagering; and,
- The passage of a referendum for a new satellite facility in Vinton.

During public participation, Chairman Poulson requested that the Commission have a working session as early as possible.

The next meeting was scheduled for February 18, 2004.

There being no further business before the Commission, the meeting was adjourned at 11:26 a.m.