

UNAPPROVED

VIRGINIA RACING COMMISSION

MINUTES

OF

COMMISSION MEETING

MAY 25, 2005

STATE CORPORTATION 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
David C. Reynolds
Dr. George W. Rimler

Commission Staff:

Stanley K. Bowker, Executive Secretary
Kimberly M. Carter, Office Administrator
Dr. C. Richard Harden, Commission Veterinarian
David S. Lemond, Jr., Director of Pari-Mutuels
Marvin A. Sniegon, Director of Financial Management and Planning

Attorney General's Office:

Carla Collins

At 9:08 a.m., Chairman Poulson called the meeting to order.

Approval of the April 27, 2005 minutes was deferred until the June 2005 meeting.

In her Chairman's Report, Chairman Poulson reported that she had attended the Kentucky Derby and the Preakness in Baltimore. She stated that big events bring a variety of people together and is a great opportunity to see such great racing. She added a press conference the day before the Preakness provided good coverage of the upcoming Grand Slam of Grass at Colonial Downs.

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

In the matter involving Colonial Downs' request for approval of a list of locations to receive export agreements on simulcasting its live races, Mr. Bowker recommended that approval for Coeur D'Alene Greyhound Park, Lewiston, ME and Las Vegas Dissemination be placed on hold subject to a location-by-location review by staff of sites coming into those hubs. He further recommended that Lakes Region Greyhound Park, Euro Offtrack and International All Sports Limited be denied pending clearance by the Thoroughbred Racing Protective Bureau. He also recommended that the other sites on the Colonial Downs' request be approved. The Commission approved the revised list of sites.

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 for the 2005 live race meets.

Mr. Bowker also updated the Commission on the following:

1. A meeting has been scheduled for June 7 with the Chairman of the Workers Compensation Commission to begin discussion on workers compensation for jockeys and drivers. Representatives of Colonial Downs, Maryland-Virginia Racing Circuit, the horsemen and jockeys have been invited to attend. James Weinberg, counsel for Colonial Downs, reported Colonial and horsemen are working to obtain a \$1,000,000 liability policy for 2005.

2. Staff has completed arrangements with the Department of Accounts to assume the accounting and payroll functions beginning July 1, 2005. The Department of Selected Agency Services previously handled those functions.
3. Since obtaining its Virginia advance deposit account wagering license on April 27, TVG has handled \$391,637 including \$87,000 on Kentucky Derby Day. It has signed up 501 accounts to date.
4. XpressBet began officially operating in Virginia on May 10. We do not have total handle numbers yet but approximately \$58,000 was handled on the Preakness.
5. John Russell has been retained as counsel to the Stewards and he has begun reviewing the new medication rules and statute changes.
6. Colonial Downs will be providing a letter of credit for \$700,000 and will deposit \$2.4 million in the purse account prior to the opening of the live thoroughbred meet.

Mr. Bowker also reported that after reviewing the activities and recommendations of the Marketing and Economic Development, it appears that now is the time to consider adding a fulltime position to the Commission staff. In addition to reviewing requests for marketing funds from the Commission, the position should be broadly defined to include publicity, publications, legislative assistance, research, event planning and other responsibilities. The position will require support from the administration as it is new and Mr. Bowker said he had a preliminary discussion with Commerce and Trade Secretary Michael Schewel who indicated he would be supportive. After considerable discussion, the Commission unanimously asked Mr. Bowker to develop a job description and support for the position and report back to the Commission at the June meeting for final approval.

Reporting for Colonial Downs, Mr. Weinberg said that work on the new satellite wagering facilities in Henry County and Chesapeake is well underway. The Commission will be conducting a site visit, public meeting and informal fact-finding conference later today in Scott County.

Mr. Weinberg also stated that the previous evening he had a telephone conversation with counsel for AmericaTab and both parties are ready to move forward on mediation. YouBet has changed course on a mediator and Mr. Weinberg said he would be talking with YouBet's counsel soon to move that process forward as well, but he thought it would be July before a session would be scheduled.

John Mooney, President of the Maryland-Virginia Racing Circuit, reviewed plans for the upcoming live thoroughbred meet. He said stall applications currently exceed capacity by more than 350 with more applications than previously experienced coming from Kentucky, Florida and New York. He also said 67 early nominations have been received for the Grand Slam of Grass including five from Europe.

Commissioner Rimler asked Colonial representatives at a future meeting to provide additional information on PhoneBet's expenditures for marketing, how the \$25 million, \$50 million and \$75 million projections for PhoneBet handle were determined, the smoking issues in the VIP Room at the Richmond satellite facility and a timetable for hiring a senior marketing manager.

The next Commission meeting is scheduled for 9:30 a.m. on June 15, 2005, at the Tyler Building. Mr. Bowker was asked to see if the July meeting could be moved to New Kent with July 15 the first choice and July 12 the second choice.

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, Mr. Reynolds and Chairman Poulson voting in favor of the motion.

Commissioner Rimler made the motion to approve the list of Stewards as recommended by Mr. Bowker. The motion was seconded by Commissioner Burnett and unanimously approved.

Commissioner Burnett said he would like to clarify some of the discussion the Commissioners have been having regarding the positions of Executive Secretary and Senior Steward being held by one person. He said because the Executive Secretary is hired by the Commission, concerns have been raised about a possible conflict of interest and the notion that Commissioners might be swayed in a way not fair to an appellant. He added he did not believe the Commissioners would do that.

He said his committee has been reviewing the process under which appeals will be heard. A number of changes have already been made and those requiring rule changes will be coming before the Commission soon.

Finally, he said, Virginia racing is growing and the two positions will have to be split, maybe as soon as next year, and the Commission may need to go back to having a fulltime Steward.

Mr. Bowker said he had talked to Commissioners a couple years ago and indicated that a time would come when one person would not have enough time to handle both positions. He added now is a good time to be looking at a master plan that would clearly define the Commission's expectations and its vision for growing the horse racing industry in Virginia. He said he would look forward to working with the Commissioners in this effort.

There being no further business before the Commission, the meeting adjourned at 12:30 p.m.