

UNAPPROVED

VIRGINIA RACING COMMISSION

MINUTES

OF THE

COMMISSION MEETING

JANUARY 18, 2006

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

In Attendance

Commission Members:

Anne D. W. Poulson, 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

Attorney General's Office:

Teresa Griggs

At 10:40 a.m., Chairman Poulson called the meeting to order.

Chairman Poulson said the floor is open for nominations for Commission Chairman for 2006. Chairman Poulson nominated Commissioner Brown. Commissioner Brown was elected Chairman with four (4) votes (Poulson, Brown, Rimler and Reynolds).

Commissioner Brown assumed the chair and asked for nominations for Vice Chairman. Commissioner Reynolds nominated Commissioner Poulson. Commissioner

Poulson was elected Vice Chairman with three (3) votes (Brown, Poulson, Reynolds. Absent: Rimler.

The minutes of the November 16, 2005 meeting were approved.

The minutes of the December 19, 2005 meeting were approved.

Chairman Brown reported that a final report of the Standardbred Blue Ribbon Committee has been completed and copies are ready for distribution. He thanked everyone involved in the process and added he believes there are a number of very good ideas in the report. He said the Commission would follow up on the recommendations so that the report didn't just gather dust without any positive results from the committee's efforts.

Commissioner Reynolds reported the Virginia Horse Racing Industry Partnership Task Force will be meeting at 2 p.m. today. He said the Task Force would be looking at guidelines for approving grants and a request from Colonial Downs.

Lane Kneedler reported on efforts by horse racing industry stakeholders to develop an amendment to the 2007-2008 proposed budget that would reinvest some of the Commission's surplus revenue to help promote, sustain and grow the horse racing industry in Virginia. Sponsors in both houses of the General Assembly are prepared to introduce the amendment once all stakeholders have agreed on the language. Staff was asked to check with the Administration to determine what if any support the Commission can give to the amendment.

Mr. Bowker informed the Commission that a Legislative Action Summary for HB 238 and HB 242 have been presented to the Administration.

James Weinberg, counsel to Colonial Downs, said the proposed workers' comp legislation for jockeys and drivers has been tabled for this year. AIG has agreed to write a \$1,000,000 insurance policy for 2006 and possibly for 2007 which will provide more time to thoroughly consider workers' comp legislation.

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

Mr. Bowker discussed the statistics for 2005 noting that total handle for the year was \$151,758,202, an increase of 4.4% from \$145,209,126 in 2004. Thoroughbred handle was up 3.8% to \$117,637,398 and the harness handle was up 7.6% to \$34,120,804. In addition \$12,691,398 was handled through the three licensed advance deposit account wagering systems.

Mr. Bowker informed the Commissioners that there are two clean-up issues from 2005 that they need to take action on:

- a. Sending Commissioners to different meetings

b. Best practices review of a racetrack operation.
Chairman Brown said he would look at both before the next meeting.

Mr. Weinberg reported Colonial Downs is working to finalize contracts with the Virginia HBPA and VHHA. The discussions involve distribution of the 2% savings that Colonial Downs realizes from not having to pay a management fee to the Maryland-Virginia Racing Circuit as well as other cost savings issues.

While the Virginia HBPA contract is still in place, the agreement with the VHHA expired on December 31, 2005. The Commission voted to approve an extension of that agreement through February.

Mr. Weinberg updated the Commission on discussions with YouBet and AmericaTab and advised that there might be further progress after the licenses for the three current licensees are renewed.

Informal fact-finding conferences were held on the applications for renewal of their advance deposit account wagering licenses for 2006 from XpressBet, Colonial Downs/PhoneBet and TVG.

Presentations were made by Gregg Scoggins, representing XpressBet, and Mr. Weinberg and Ian Stewart, President of Colonial Downs, representing Colonial Downs/PhoneBet. John Hindman, Vice President and General Counsel of TVG, made a presentation at the December 19, 2005, and his exhibits were entered into the record.

The next meeting was set for February 15, 2006.

Chairman Brown 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, performance or salary of a specific public officer, appointee or employee of the Commission."

And/or

In accordance with the provisions of Section 2.2-3711 (A) (7) of the Code of Virginia, I move that the Commission go into closed meeting for the purpose of

Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Commission; and consultation with legal counsel employed or retained by the Commission regarding specific legal matters requiring the provision of legal advice by such counsel, regarding

1. The application for renewal of the advance deposit account wagering licenses of Colonial Downs and The Racing Channel; and/or
2. The application for renewal of the advance deposit account wagering license of

- TVG; and/or
3. The application for renewal of the advance deposit account wagering license of XpressBet; and/or
 4. The responses of AmericaTAB and Youbet.com to the Commission's request that they mediate their disputes with Colonial Downs regarding the source market fees in conjunction with their applications for licenses to conduct advance deposit account wagering; and/or

The motion was approved.

Returning from closed meeting, Chairman Brown 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 in the closed meeting."

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

In the matter of the renewal application of XpressBet, by a 4-0 vote the application was approved with the conditions recommended in the staff report except for paragraph 8 which was approved as proposed by Mr. Scoggins with the added condition that the issue will be reviewed by the Commission annually.

In the matter of renewal application of Colonial Downs/Phone Bet, the application was approved by a 3-1 vote (Rimler dissenting) with the conditions recommended in the staff report.

In the matter of the renewal application of TVG, the application was approved by a 4-0 vote with the conditions recommended in the staff report.

The Commission also voted (4-0) to split the Executive Secretary/Senior Commonwealth Steward position into two positions by the end of the 2006 thoroughbred meet.

There being no further business before the Commission, the meeting adjourned at 2:57 p.m.