

UNAPPROVED

VIRGINIA RACING COMMISSION

MINUTES

OF THE

COMMISSION MEETING

August 16, 2006

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

In Attendance

Commission Members

Mark T. Brown, Chairman:
Peter C. Burnett, Vice Chairman
William H. (Trip) Ferguson
I. Clinton Miller
David C. Reynolds

Commission Staff:

Stanley K. Bowker, Executive Secretary
Joseph Roney, Director of Operations & Enforcement
Marvin A. Sniegon, Director of Finance & Planning
C. Richard Harden, DVM, Commission Veterinarian

Attorney General's Office:

Teresa Griggs

At 9:40 a.m., Chairman Brown called the meeting to order.

Governor Timothy Kaine recently appointed William H. (Trip) Ferguson to the Racing Commission replacing Dr. George Rimler and Chairman Brown welcomed Commissioner Ferguson to his first meeting.

The minutes of the July 19, 2006 meeting were approved.

Commissioner Reynolds, Chairman of the Racing Industry Partnership Task Force, reported the Task Force would be interviewing on Thursday, August 17, 2006 three finalists that had responded to the RFP. He said the Task Force will prepare a recommendation for consideration by the full Commission by September 10 in preparation for the Commission's September 20 meeting.

On behalf of the Standardbred Breeders Fund Subcommittee, Chairman Brown moved that the Commission approve the following expenditures from the Standardbred Breeders Fund for the 2007 harness meet:

1. \$240,000 for eight stakes of \$30,000 each for Virginia-bred or owned, two- and three-year-old pacers and trotters.
2. Two stakes races at \$20,000 per race for a total of \$40,000 for four-year-old Virginia bred or owned horses to be funded from the purse account.
3. Approximately \$20,000 to be set aside from the Standardbred Breeders Fund for breeder and stallion awards.

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

Acting on the recommendation of Mr. Bowker, the Commission approved the following items for the 2007 Standardbred Meet:

1. Outlets for the sale of the live signal. It was noted that the Virginia Harness Horse Association had not approved the sale of the signal to YouBet and YouBet was removed from the approval list.
2. Pari-mutuel pools.
3. Racing Officials.
4. Dr. Walter Hyde of the Iowa State University as the Chief Racing Chemist.
5. Iowa State University, Racing Chemistry Laboratory, official testing laboratory
6. Brent McLaren, Chief Steward.

Mr. Bowker reminded Commissioners that they needed to set a date for the submission of the request from Colonial Downs for 2007 live racing dates. After considerable discussion, the Commission set November 1, 2006 as the deadline for submitting the request for Thoroughbred dates and December 1, 2006 for Standardbred dates.

The Eastern States Racing Commissioners regional meeting will be held in Charles Town, WV on September 29-30.

Following a brief report from Mr. Bowker on the 2006 Thoroughbred meet, Chairman Brown made the following motion:

“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. YouBet
2. Advanced deposit account wagering in bars and restaurants licensed by ABC but not necessarily located in jurisdictions that have passed local referenda permitting pari-mutuel wagering in satellite wagering facilities.”

The motion was seconded and was unanimously approved.

Coming out of closed meeting, Chairman Brown offered the following resolution:

“Whereas, the Virginia Racing Commission has convened a closed meeting on this date pursuant to an affirmative recorded vote 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 under the Virginia Freedom of Information Act 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 seconded by Vice Chairman Burnett and the vote was as follows: Burnett, aye; Ferguson, aye; Reynolds, aye; Miller, aye and Chairman Brown, aye. Chairman Brown said advance deposit account wagering in bars and restaurants was not discussed as the Commissioners wanted to hear a report from Colonial Downs first.

Chairman Brown then moved that the Commission instruct staff and legal counsel to ask the State Police to further investigate the issue of illegal account wagering in Virginia and to work with the appropriate Commonwealth Attorneys to determine whether this is an appropriate subject for grand jury consideration and further that counsel move forward with preparation of potential civil enforcement action. The motion was seconded and unanimously approved.

Colonial Downs President Ian Stewart and Vice President/General Manager Iain Woolnough provided a review of the live thoroughbred meet that concluded August 12.

Mr. Woolnough stated work is already underway to remove the cushion off of the track for the harness meet and that 500-600 horses are expected for the meet. Darrel Wood, Director of Marketing outlined some of the promotions planned for the meet.

James Weinberg, counsel for Colonial Downs, advised the Commission of plans Colonial Downs has to set up account wagering in bars and restaurants. Using TVG technology, customers can go into a bar/restaurant and wager through a remote control system using funds from their own account. They also could use their own telephones or computers. A hot line would also be available for new customers who want to set up accounts. He said Colonial is ready to open its first location in Chesapeake next week.

Jeanna Bouzak, Vice President of Satellite Wagering Facilities, said Colonial Downs has invested in a new program printer that is being utilized at some of its facilities that provides customers with the opportunity to print program information for any track that the customer wants.

The next meeting was scheduled for Wednesday, September 20. The morning will be devoted to the regular monthly meeting and in the afternoon, the Commissioners will go into a working session to follow up on issues from the last working session in June.

Chairman Brown then made the following motion:

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The motion was seconded and was unanimously approved.

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The motion was seconded by Vice Chairman Burnett and the vote was as follows: Burnett, aye; Ferguson, aye; Reynolds, aye; Miller, aye and Chairman Brown, aye.

Commissioner Miller said that Colonial Downs had not requested approval of its plan for introducing account wagering in bars and restaurants in Virginia. He added that the Commission needs more information whether there is any formal approval or formal disapproval contemplated in the future. He said the Commission needs Colonial Downs to provide more information concerning the infrastructure being provided in each facility, the method of compensation to be provided for private operators, details concerning a future business plan including potential future locations, personnel and equipment to be utilized and other details prior to the September 20 meeting. The Commission also will determine the information it needs if it decides the matter should be submitted to the Attorney General’s Office for a legal opinion on the legality of such a plan.

Commissioner Burnett said he would like to add that if it is determined at some point the plan is proper, the matter should be referred to the Rules Committee to see if any regulatory changes are needed.

Commissioner Miller said he would like to incorporate his statement and the comments made by Commissioner Burnett into a motion indicating this is the position of the Commission at this time emphasizing again that the Commission has not been asked to approve or disprove this operation at this time.. The motion was seconded and unanimously approved.

There being no further business before the Commission, the meeting adjourned at 2:39 p.m.