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VIRGINIA RACING COMMISSION

March 25th, 2009

10700 Horsemen's Road

New Kent, VA 23124

Commencing at 9:35 a.m.

COMMISSION MEMBERS:

Peter C. Burnett, Chairman  
I. Clinton Miller, Vice Chair  
William H. (Trip) Ferguson  
David C. Reynolds

COMMISSION STAFF:

Victor I. Harrison, Executive Secretary  
David S. Lermond, Jr., Deputy Executive Secretary  
Kimberly M. Carter, Office Administrator

ATTORNEY GENERAL'S OFFICE:

Amy K. Dilworth

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1 MR. BURNETT: Good morning. We'll begin our  
2 meeting today a little bit late. Mr. Brown is  
3 unable to join us. He's nursing a sick foal I'm  
4 told.

5 The first order of business is to review and  
6 approve the minutes of our regular meeting of  
7 February 18th of this year. Have you all had a  
8 chance to review those minutes?

9 MR. FERGUSON: I move that we accept.

10 MR. BURNETT: May I ask one question,  
11 Mr. Ferguson? On the third page, fourth full  
12 paragraph, the comment made that the parties had  
13 agreed on 40 days. My sense was the parties had not  
14 agreed on 40 days at the time we were having this  
15 discussion.

16 MR. FERGUSON: Okay.

17 MR. BURNETT: Or it says, "And that the 40  
18 racing days that the parties have agreed upon be  
19 predicated." Can the horsemen or the track help me  
20 with that particular statement? I don't recollect  
21 that the parties ever agreed on 40 days.

22 MR. WEINBERG: Right. Right. I agree with  
23 you.

24 MR. BURNETT: Any suggestions on how we fix  
25 this?

1 MR. PETRAMALO: What page -- I'm sorry. What  
2 page of the minutes are you on?

3 MR. BURNETT: I'm on the third page. They're  
4 not numbered pages, and I'm at the one, two, three,  
5 fourth full paragraph, third line down.

6 MR. WEINBERG: It should say forty racing days  
7 as ordered by the Commission be predicated upon.

8 MR. BURNETT: There we are. Any other changes  
9 or observations?

10 All right. Will you accept my change as a  
11 friendly amendment?

12 MR. FERGUSON: Yes, sir.

13 MR. BURNETT: Do we have a second?

14 MR. REYNOLDS: Second.

15 MR. BURNETT: It's been moved and seconded.  
16 All in favor of approving the minutes as amended,  
17 please indicate by saying aye.

18 NOTE: The motion is made by Commissioner  
19 Ferguson and seconded by Commissioner Reynolds. All  
20 were in favor. The motion carries.

21 MR. BURNETT: We'll move onto commissioners  
22 comments. Do any commissioners have any comments?

23 All right. We'll move onto committee reports.  
24 Do we have any committee reports today?

25 MR. REYNOLDS: We have a very brief committee

1 report. Natalie, if you want to do that, from CRT.  
2 It has to do with the ambassador activities. It's  
3 one of the few things we've got money left for.

4 MS. SMITH: Sure. Good morning. I do have a  
5 very brief report this morning. As you know, the  
6 ambassador activities are continuing. We've decided  
7 to focus on that to make sure that the ambassadors  
8 are getting around to different parts of the state,  
9 talking to different organizations, talking about  
10 the importance of the industry, and we've had  
11 several speaking engagements since the last time we  
12 met.

13 Connie Collier spoke to a group of young  
14 people about careers in the equine industry as part  
15 of the Virginia Horse Council's annual meeting on  
16 March 7th; Vic Harrison recently spoke to equine  
17 study students at Bridgewater College about careers  
18 in the industry on March 17th; and Bette Brand spoke  
19 to the Blacksburg Lions Club about the economic  
20 impact of the industry on March 23rd. All of those  
21 speaking engagements got good reviews and were very  
22 well received, and we're working on scheduling a  
23 meeting. There's two speaking opportunities in  
24 April. One is to the Lexington/Rockingham chamber,  
25 and one is the Winchester Kiwanis Club. So we'll

1 let you know the final details of those as we nail  
2 those down.

3 I also wanted to let you know that we have  
4 three new ambassadors who have joined the group.  
5 Sergeant Rob Hillers, who's the supervisor of the  
6 Virginia Beach Mounted Patrol, is a new ambassador;  
7 Nick Skias, who works in equine alternative therapy  
8 and owns a thoroughbred is now an ambassador; and  
9 Kate Norris, who operates an environmentally  
10 friendly horse farm also joined the group. So we're  
11 happy to welcome those new ambassadors and look  
12 forward to working with them as well.

13 And the final thing I just wanted to share  
14 with you is that we are doing some outreach to our  
15 ambassadors right now to try and determine whether  
16 we can hold an ambassador's summit probably in May,  
17 and we're asking the ambassadors for their feedback  
18 on topics that they would like to hear about.  
19 Another important topic that we would like to  
20 discuss with them is how we can make sure that some  
21 of these activities continue once marketing funds  
22 run out at the end of June.

23 So we will let you know more about that, and  
24 if there are any ambassadors in the room or anyone  
25 who has feedback on that, please let us know, and

1 we'll keep you posted. And if you see any of the  
2 ambassadors that I mentioned, Vic obviously is in  
3 the room, but please thank them for their  
4 willingness to go out and talk to people. I think  
5 they've done a great job in all of the different  
6 areas of the state, getting out and talking to  
7 people about the importance of the industry. That's  
8 it.

9 MR. BURNETT: I have one question. Can you  
10 give us a sense of what the cost of the ambassador  
11 program would be after June 30th?

12 MS. SMITH: That's a hard question to answer  
13 without sitting down and figuring it out. The  
14 challenge with the ambassador program is right now  
15 CRT organizes it.

16 MR. BURNETT: Right.

17 MS. SMITH: So we talked -- I've talked with  
18 Vic and Dave about possibilities of setting up an  
19 intern with the help of that, perhaps through VCU or  
20 another college where the intern could get credit  
21 rather than getting paid. So we're working with  
22 them on how maybe some of that can continue, but I  
23 could certainly get back to you with the hard cost.  
24 I just don't know off the top of my head.

25 MR. BURNETT: You anticipated where I was

1 going. I just would hate to see it come to a  
2 screeching halt for lack of money on June 30th. You  
3 put a lot of work into it. We've got a good base  
4 built and wonder whether or not Vic could review his  
5 troop strength and see how that might also be  
6 integrated within the Commission somehow so that we  
7 can be pushing this along. All, of course,  
8 optimistic that we'll get our funding back, get  
9 everybody back on track including CRT.

10 Any questions?

11 Well, thank you. I don't believe we have any  
12 other committee reports. We'll move onto the  
13 executive secretary's report. Mr. Harrison?

14 MR. HARRISON: Yeah. I've got some rules for  
15 you all to consider this morning. The first are the  
16 medication rules. The Racing Safety and Medication  
17 Committee met on February 26th up at Laurel Park and  
18 in attendance were myself and Robin Richards  
19 representing the HBPA. Dr. Harden was there, as  
20 well as veterinarian, Nick Meittinis; trainers,  
21 Diana McLure and Donald Barr; and the Executive  
22 Director of the Maryland Racing Commission, Mike  
23 Hopkins, and his deputy, Bob Cassidy, were in  
24 attendance as well.

25 We went over the rules as proposed by

1 Dr. Harden, and that you have before you in your  
2 books here today. We made a few changes mostly to  
3 the 11VAC10-180-70, paragraph C, relating to Bute  
4 and flunixin, and I would ask or I'll propose  
5 these -- that you -- someone makes a motion to  
6 accept these as final, and these will go into the  
7 books for this year's race meet.

8 I can go through them one by one or you can  
9 look at them as a group, but I can tell you that the  
10 entire committee recommended these and approved  
11 these unanimously, the medication committee.

12 MR. MILLER: Question, Mr. Chairman.

13 MR. BURNETT: Please.

14 MR. MILLER: Is this identical --

15 THE REPORTER: I'm sorry. I need him to speak  
16 up.

17 MR. HARRISON: He said --

18 MR. MILLER: Question. Are these the  
19 identical rules that you e-mailed to us in the last  
20 couple of days?

21 MR. HARRISON: They are except for the Bute  
22 rule, which underwent some last-minute changes with  
23 respect to the timing of the flunixin and Bute rule  
24 applications, and we were good with it the way it  
25 was written and the way it was e-mailed to you, but

1 Frank had some insight into that when he returned  
2 and we made some changes there. I think it reads  
3 better now, it flows better now, and it's more  
4 direct and to the point after we inserted some of  
5 Frank's language. I can tell you that nobody would  
6 have any changes with it, and they would agree it's  
7 a better rule with Frank's language.

8 MR. MILLER: Mr. Chairman?

9 MR. BURNETT: Yes.

10 MR. MILLER: Unless someone with more  
11 knowledge of this than I has any change to make, I  
12 would move we adopt the rules as submitted by the  
13 executive director -- secretary.

14 MR. BURNETT: The chair will second, but would  
15 have a moment of discussion here, if we may. I  
16 wanted to hear from the horsemen and any other  
17 stakeholders whether they had any comment to make,  
18 and I would also ask whether or not anybody knows  
19 whether this Bute rule is consistent with the RCI  
20 model rule, and if it's not, how does it depart from  
21 it.

22 Do you want to try that, Mr. Petramalo? Thank  
23 you.

24 MR. PETRAMALO: Namaste. That's how we say  
25 greetings in India.

1           First of all, we -- the HBPA supports the  
2           change. The key change has to do with the  
3           Phenylbutazone. The prior rule permitted up to five  
4           milligrams. At Dr. Harden's request and suggestion,  
5           it's been dropped down to two milligrams. That is  
6           consistent with the rule in Maryland, Pennsylvania,  
7           and Delaware. It is inconsistent with the rule in  
8           West Virginia and the rest of the country, which is  
9           still at the five milligram -- microgram level.

10           The RMTTC recommendation, I think is also at  
11           the five microgram. We don't have any objection to  
12           going down to the lower level. I would point out,  
13           however, that in our Virginia proposed rule, though  
14           it's consistent with Maryland and Pennsylvania, our  
15           penalties are certainly more stringent than  
16           Maryland. For example, in Maryland, for the first  
17           three violations, there's an escalated fine, but  
18           there's no loss of purse. In our case, the second  
19           violation in addition to a fine results in a loss --  
20           a loss of purse. But other than that, the rules  
21           are -- at least within those jurisdictions in the  
22           Mid-Atlantic that I've identified is the same.

23           MR. BURNETT: It appears you had plenty of  
24           input from our friends in Maryland --

25           MR. PETRAMALO: Yes.

1 MR. BURNETT: -- by virtue of their being at  
2 the meeting. No objection from them either?

3 MR. PETRAMALO: Not that I was -- I wasn't at  
4 the meeting. Robin was there.

5 MS. RICHARDS: No. They actually commended  
6 Dr. Harden for his forward thinking.

7 MR. BURNETT: Any other discussion before we  
8 vote on the adoption of these rules?

9 All right. All in favor of adopting -- I need  
10 to define these a little bit -- the changes to  
11 11VAC10-180-35 (F) and (G), Prohibited Practices;  
12 the changes to 11VAC10-180-70 (C), Phenylbutazone,  
13 flunixin and other NSAIDS; 11VAC -- the changes to  
14 11VAC10-180-80 (C), Permitted race day substances;  
15 and the changes to 11VAC10-180-110 (J), Laboratory  
16 findings and reports. All in favor of changing  
17 those rules as presented, please indicate by saying  
18 aye.

19 NOTE: The motion is made by Commissioner  
20 Miller and seconded by Commissioner Burnett. All  
21 were in favor. The motion carries.

22 MR. BURNETT: Thank you.

23 MR. HARRISON: The licensing rule that we  
24 brought to your attention last month, we made some  
25 changes based on some recommendations, some from

1 Commissioner Miller, and I would like to -- what's  
2 the phrase, propose as --

3 MR. LERMOND: The proposed language.

4 MR. HARRISON: I would like to make the motion  
5 for -- is it adoption as proposed?

6 MR. LERMOND: Adopt the language. We're at  
7 the propose stage.

8 MR. HARRISON: So what this will do is,  
9 this -- unlike the medication rules you just  
10 approved, excuse me, this will start the rule-making  
11 process which calls for public participation and  
12 rules, hearings, workshops, et cetera. So we expect  
13 this to be somewhat of a 10-month process, and we  
14 will look forward to coming up with language  
15 that's -- that has input from every segment of the  
16 affected parties and coming up with language that's  
17 in the end acceptable to all of them, including us,  
18 but this would start the process. We made changes  
19 to what we proposed last month, and we believe it's  
20 a good jumping off point from which to begin  
21 discussions.

22 MR. BURNETT: Mr. Harrison, I see under Tab 3  
23 the highlighted language of what you're proposing.  
24 Have we had input from our stakeholders on this  
25 language?

1 MR. HARRISON: We met last week and I expect  
2 to have that language shortly. It's just that we  
3 didn't get it before this meeting, but we're  
4 generally, I believe, in agreement that this is a  
5 good starting point and that we fully expect to have  
6 a lot of input from our stakeholders.

7 MR. BURNETT: There's been some concern  
8 expressed that -- oh, just to pick one here --  
9 parking attendant might not really be in need of a  
10 background check and license and knowing that  
11 sometimes these proposed regulations get on track  
12 and develop a life of their own, I just want to make  
13 sure that we give ample opportunity to any  
14 stakeholder to amend these or suggest amendments to  
15 these at this point, although, as I understand it,  
16 they'll be more opportunities; is that correct?

17 MR. HARRISON: Yes. That's a fair statement.  
18 I fully expect input from the other stakeholders.  
19 Welcome it.

20 MR. BURNETT: Mr. Weinberg, anything on behalf  
21 of Colonial Downs with the respect to this?

22 MR. WEINBERG: I think it's an accurate  
23 characterization, but we will have some views, and  
24 we've talked about a number of different -- whether  
25 this is the proper approach of general language

1 versus moving away from a list, which we have in the  
2 current regulations. So I think as long as everyone  
3 appreciates that there may be radical departures  
4 from this language in the regulatory process, we're  
5 content to move forward and understand it is a long  
6 process and the sooner it gets started, the better,  
7 and look forward to the opportunity to have a  
8 fulsome discussion about who should and shouldn't be  
9 included in this licensing process and how we deal  
10 with large events, like the Virginia Derby, where  
11 there is an influx of people for one day and how we  
12 might deal with them within the context of these  
13 regulations.

14 MR. BURNETT: Well, and I appreciate that, and  
15 thank you for you taking the trouble to really look  
16 closely at this because I think it's probably to the  
17 extent it exacts an inconvenience or difficulty on  
18 anyone, it's mostly on the racetrack. So we would  
19 look to you to help us look at a practical solution,  
20 but at the same time protects the public adequately.

21 MR. WEINBERG: That's right.

22 MR. BURNETT: Thank you.

23 MR. WEINBERG: And that was the nature of our  
24 discussion.

25 MR. PETRAMALO: Does this --

1 MR. BURNETT: Any input from the horsemen?

2 MR. PETRAMALO: This is the first time I've  
3 seen this. Does this mean that the \$10 license fee  
4 that owners and trainers now pay would be raised to  
5 \$50?

6 MR. HARRISON: That's right.

7 MR. PETRAMALO: I always thought \$10 was the  
8 best deal in the entire world.

9 MR. BURNETT: Well, that's what --  
10 Mr. Harrison discovered that and did a little study  
11 nationally and said we've got to catch up with the  
12 rest of the world. That was the notion.

13 MR. PETRAMALO: Fine.

14 MR. BURNETT: Although I think West Virginia  
15 is 15.

16 MR. LERMOND: Very close.

17 MR. BURNETT: I think that's what I paid in  
18 January.

19 All right. Anything further? We need a  
20 motion. Do we have a motion to adopt the proposed  
21 changes as provided to us to 11VAC10-60-15, fee  
22 schedule for permanent holders?

23 MR. MILLER: I move we approve.

24 MR. FERGUSON: Are we going to adopt it, or  
25 are we going to set up a study group?

1           MR. BURNETT: What we're going to do is --  
2           what this motion is is to start the regulatory  
3           process. During that process, there are  
4           opportunities for changes and amendments.

5           MR. FERGUSON: It starts the process.

6           MR. BURNETT: That's correct.

7           MR. PETRAMALO: Is it likely that it could be  
8           in effect for 2010?

9           MR. BURNETT: I don't know about the likely  
10          part, but I think if it falls within a number of  
11          days for this to all happen, it could well be by  
12          then. What is it, 280 days I think it takes to get  
13          them -- under the normal course?

14          MR. WEINBERG: Well, as with all things, there  
15          is a range of opportunities for people to act on  
16          them. And so they may sit with planning and budget.  
17          They may sit with a different agency. I think the  
18          agency has anywhere from 30 to 60 days to act. So  
19          if they act the early part of that period, then it  
20          moves faster. I don't know what the absolute  
21          outside date is, but it could be 260, 280 days.

22          MR. LERMOND: The governor has no time limit  
23          on how long he has to take. Everyone else has a  
24          time limit. The first step is really the notice of  
25          intended regulatory action, which is really the

1 first stage, the second stage is proposed, and the  
2 third is the final. With any luck, you can get done  
3 within a year or ten months.

4 MR. BURNETT: All right. Do we have a second  
5 to the motion?

6 MR. FERGUSON: Second.

7 MR. BURNETT: It's been moved and seconded.  
8 All indicate by saying aye.

9 NOTE: The motion is made by Commissioner  
10 Miller and seconded by Commissioner Ferguson. All  
11 were in favor. The motion carries.

12 MR. BURNETT: Anything else, Mr. Harrison?

13 MR. HARRISON: The only other thing I had was  
14 a request from the racetrack to move the racing  
15 season up a week to July 5th from July 12th, but I  
16 don't know if you want to --

17 MR. BURNETT: June 12th.

18 MR. HARRISON: June. I'm sorry.

19 To table that to our discussions which will  
20 arise later on with the issue of the horsemen's  
21 agreement and how it impacts the racing season and  
22 racing days.

23 MR. BURNETT: I think that's our next item, so  
24 it's a good segway.

25 Stakeholders, Colonial Downs and the horsemen

1 are going to help us with where they are with an  
2 agreement or without one. Mr. Weinberg?

3 MR. WEINBERG: We would like to begin where  
4 Mr. Harrison left off.

5 MR. BURNETT: Okay.

6 MR. WEINBERG: When the race days were  
7 originally submitted, I think we anticipated that  
8 Maryland would continue racing through the Belmont  
9 weekend. Since our last meeting together, Maryland  
10 has announced that they will end their season  
11 May 23rd. So we would like to take advantage of  
12 being -- having live racing on the weekend of the  
13 Belmont, particularly we will hope for the  
14 possibility of a Triple Crown winner.

15 So we would like to move the meet up a week,  
16 which would mean we would start June 5th rather than  
17 the 12th and end July 28th rather than August 4th, I  
18 believe.

19 MR. BURNETT: Might I ask when Saratoga opens  
20 this year?

21 MR. WEINBERG: I do not know.

22 MR. BURNETT: That would shorten the overlap,  
23 would it not?

24 MR. WEINBERG: It would certainly shorten the  
25 overlap, if not eliminate it.

1 MR. BURNETT: And it would be the usual five  
2 day a week schedule?

3 MR. WEINBERG: Yes. Friday through Tuesday.

4 MR. BURNETT: All right. From my perspective,  
5 that's a moot point until we resolve this issue of  
6 whether the horsemen have an agreement and what the  
7 days are going to be. Should we move into that now,  
8 or do we need to discuss anything else first?

9 MR. WEINBERG: Let me just highlight -- as  
10 long as we're talking about race days.

11 MR. BURNETT: Sure.

12 MR. WEINBERG: When we submitted the harness  
13 dates, there was the assumption that the New Kent  
14 County Fair would be at the racetrack during those  
15 days. New Kent, in an effort to reduce their cost  
16 of operations, has moved the fair back to the high  
17 school. So we would like to make some changes in  
18 the harness dates as well and we will submit those  
19 to the Commission, but as long as we're talking  
20 about changing the race dates, I wanted to try to be  
21 complete.

22 MR. BURNETT: Can you give us some sense of  
23 how dramatic the change might be?

24 MR. WEINBERG: The schedule I have seen is  
25 racing would start September 9th and end

1 November 7th. We were considering starting --

2 MR. BOUZEK: We're starting the same and  
3 ending the same, but we're running -- we had  
4 proposed running Fridays and not Sundays.

5 MR. WEINBERG: I apologize. It really is a  
6 change of live race days, moving -- being dark on  
7 Fridays rather than live and being live on Sundays  
8 rather than dark, so I apologize. The dates remain  
9 the same.

10 MR. BURNETT: I take it that the harness  
11 horsemen have had some input on this. At this  
12 point, there's no objection.

13 MR. CANAAN: My understanding is they're still  
14 discussing it.

15 MR. BURNETT: Okay. Well, you're not asking  
16 for any action today anyway, correct?

17 MR. WEINBERG: I'm not.

18 MR. BURNETT: All right. Anything else?

19 MR. WEINBERG: No. I'm happy to turn to where  
20 we are in the contract.

21 I think at our last meeting, I identified a  
22 number of issues that we needed to resolve. We have  
23 narrowed the field substantially. We are really  
24 focused on one issue and that is how do we balance  
25 the desire between stake purses and overnight

1 purses, and we have engaged in a variety of give and  
2 take. The Derby continues to be a focal point for  
3 discussion.

4 The Derby is very important to Colonial Downs  
5 for the reasons that we've previously articulated  
6 about being really part of the premium marquee  
7 event, preserving the biggest day of racing at the  
8 track, biggest crowds, biggest handle, but really an  
9 important component of a business plan that we see  
10 as a path to success.

11 With that said, you know, we are working  
12 closely with the horsemen to figure out a way to  
13 narrow what is now a relatively small gap between  
14 where the track is on the distinction between stakes  
15 and overnights and where the horsemen would like it  
16 to be. I think -- you know, we've been working  
17 fairly diligently since both lawyers have been in  
18 town. We have -- Mr. Stewart apologizes that he is  
19 not here today. He developed some type of infection  
20 overnight and is at the doctor now trying to get  
21 that under control, but hopefully he'll be available  
22 later this afternoon.

23 Mr. Petramalo and I spoke before the meeting  
24 as to some possible alternatives to narrow that gap  
25 on overnights and stakes, and we have a couple

1 possibilities that might work, in which case I think  
2 we'd have a contract within a day or by the end of  
3 the week. We really are down to that one point.

4 MR. BURNETT: It certainly sounds like  
5 progress. Mr. Petramalo?

6 MR. PETRAMALO: I concur.

7 MR. BURNETT: Any questions from fellow  
8 commissioners?

9 MR. MILLER: Mr. Chairman, just an  
10 observation. Reading the trade papers, I have  
11 learned that the Kentucky Derby is no longer called  
12 the Kentucky Derby. It's the Kentucky Derby by Yum  
13 Yums or something.

14 MR. PETRAMALO: Yum Brands.

15 MS. RICHARDS: Yum Brands.

16 MR. MILLER: Has Colonial Downs explored  
17 supplementing the purse with corporate sponsorship  
18 by someone like Anheuser-Busch or Wal-Mart where if  
19 you officially change the name of the race, then CVS  
20 or whoever carries the race, every time they mention  
21 it, they have to mention that official name?

22 MR. WEINBERG: Commissioner, I know that has  
23 been actively pursued in prior years. I don't know  
24 if it's been pursued this year, and it had not been  
25 successful in drawing a meaningful sponsorship in

1 prior years.

2 MR. MILLER: I would suggest that maybe it  
3 would be worth the effort, a phone call or a letter  
4 or a meeting in a CEO's office or whoever handles  
5 their advertising account, because I've also read  
6 they're looking for ways to get their brand name out  
7 at a cheaper cost --

8 MR. WEINBERG: Uh-huh.

9 MR. MILLER: -- as these companies cut back in  
10 these very hard and difficult economic times. So it  
11 would appear to me that this would be a golden  
12 opportunity because to throw a quarter of a million  
13 dollars or half a million dollars into a race, and  
14 then it gets mentioned on network television, sport  
15 pages, and magazines dozens and dozens and dozens of  
16 times, you get several million dollars worth of  
17 advertisement for a quarter of a million dollars.

18 MR. WEINBERG: Absolutely. It's a very  
19 rational argument.

20 MR. MILLER: So if you would -- I would  
21 suggest that you might want to do that because it  
22 wouldn't -- I don't know whether it would bother the  
23 traditional people in Virginia, you know, the very  
24 liberal state of Virginia to have it called --

25 MR. STAPLES: It is getting more liberal,

1           though.

2           MR. MILLER: To have it called Wal-Mart  
3 Virginia Derby. It wouldn't bother me one iota. In  
4 fact, you could call it the AIG Virginia Derby as  
5 far as I'm concerned as long as you get the money  
6 first.

7           MR. FERGUSON: Are we going to get national  
8 television for the Virginia Derby this year?

9           MR. WEINBERG: I don't know the answer to  
10 that.

11          MR. FERGUSON: Well, as a comment, as this  
12 economy has been sinking, confectionary sales are  
13 up. I think one of the richest families in Virginia  
14 is the Mars family. They sponsor race cars, I know  
15 that, M&Ms, and things like that.

16          MR. WEINBERG: That's an excellent idea.

17          MR. BURNETT: Any other questions,  
18 observations? Any suggestions? Sir, we're going to  
19 get to you in the public participation.

20          MR. STAPLES: I'm sorry.

21          MR. BURNETT: I know you're going to have some  
22 good ideas. I'm looking forward to it.

23          MR. STAPLES: Thank you.

24          MR. BURNETT: Any suggestions on a path  
25 forward? I'll just think out loud here. What I'm

1 hearing is if Frank hadn't gone and gotten himself  
2 into the Himalayas or wherever he was, he might have  
3 had more time to discuss this with Colonial --

4 MR. WEINBERG: To be fair, I was also on  
5 spring break when mister --

6 MR. BURNETT: The problem is that the lawyers  
7 haven't had enough time to talk to each other. I'm  
8 wondering whether or not maybe some more time would  
9 make any difference.

10 MR. PETRAMALO: You know, I think I ought to  
11 be candid. My Blackberry was working in the  
12 Himalayas, and I was in touch.

13 MR. BURNETT: I'm sorry to hear that.

14 MR. PETRAMALO: We're very close. An  
15 objective observer would think this is a no brainer,  
16 so I honestly believe that we should have a contract  
17 within a day or two. We're at an impasse over  
18 \$50,000, whether it's in stakes money or whether  
19 it's in overnights. You would think if that's all  
20 we're talking about within the ambit of eight and a  
21 half million dollars in purses, we ought to be able  
22 to figure some way to work that out. That's where  
23 we are.

24 MR. FERGUSON: Are you a 501(c)(3)?

25 MR. PETRAMALO: The HBPA?

1 MR. FERGUSON: Yes.

2 MR. PETRAMALO: No, we're a 501(c)(6).

3 MR. FERGUSON: So I couldn't write a little  
4 check and deduct it?

5 MS. DILWORTH: Not anymore.

6 MR. PETRAMALO: Well, we have a Horsemen's  
7 Assistance Fund that's a 501(c)(3), but we probably  
8 couldn't take the money from that and put it into  
9 the purse.

10 MR. BURNETT: The VTA is a 501(c)(3), and  
11 they've been known to contribute for --

12 MR. PETTY: You can't deduct us either, sorry,  
13 but we also have a foundation.

14 MR. BURNETT: Mr. Reynolds?

15 MR. REYNOLDS: One of the -- what are the  
16 current percentages in the stakes?

17 MR. PETRAMALO: Oh, wow. Under our proposal  
18 the -- if I'm correct, under our proposal 27% is  
19 stakes, which is extremely high, probably the  
20 highest in the country, except for small boutique  
21 meets like Keeneland, but that said, the 27% is  
22 bringing it down from where it was in the past.  
23 It's principally because of the million dollar  
24 purses that we used to have for the Derby and the  
25 Turf Cup.

1 MR. BURNETT: As a follow-on to that question,  
2 where are the parties with respect to overnights? I  
3 think I read in the trade papers that as a result of  
4 Pimlico's negotiations with their horsemen and the  
5 track, it resulted in a reduction of 20 days, which  
6 is what I think gave rise to our change of days, and  
7 overnights of about 169,000. I know that's stake  
8 heavy meet. Where would ours be in comparison to  
9 that?

10 MR. PETRAMALO: If you give me a second --

11 MS. RICHARDS: It's within 3,000 or something,  
12 isn't it?

13 MR. PETRAMALO: Assuming that we bridge this  
14 gap, the way I calculate it is as follows. We've  
15 scaled back the total purses to be paid out to about  
16 eight and a half million based on the economy and  
17 what's been happening at the OTBs. Our scenario  
18 with reducing these stakes, the daily overnight  
19 average would be a few pennies short of \$159,000,  
20 which would be -- which would compare to last year's  
21 153,000.

22 MR. BURNETT: Up 6,000 in overnight?

23 MR. PETRAMALO: Correct. And in terms of  
24 average races, average per race, it would be  
25 18,000 -- eighteen-five per race as opposed to last

1 year's seventeen-eight. So each race goes up about  
2 700 bucks.

3 MR. HARRISON: Peter?

4 MR. BURNETT: Yes.

5 MR. HARRISON: We're a member of the  
6 Association of Racing Commissioners International,  
7 and this goes to Dave's point. They have a survey  
8 function on their website. So I put the question to  
9 the other racing commissioners, and the responses I  
10 got back -- this is with respect to the percentage  
11 of stakes to overnight purses. Generally, you can  
12 say it's an average of 20% versus 80%, 20% stakes,  
13 but you can't -- this is one of the reasons why this  
14 industry nationwide is in trouble, there's no real  
15 template.

16 You can't compare Colonial Downs and Virginia  
17 to another state. Maybe we're thinking Oaklawn  
18 might be the only one that's similar to us, but even  
19 a track like Keeneland or Del Mar or Saratoga, those  
20 are part of a racing circuit in that state, in that  
21 racing jurisdiction. We don't have that here.

22 So the fact that ours is 27% or will be or  
23 could be 27%, it really didn't give me -- the mean  
24 figure, this mean 27%, I don't know if you can  
25 relate that to Virginia or not, but I just wanted

1 everybody to have the perspective. This is the  
2 national perspective. Generally, you could say it's  
3 about 20 to 80, but then you have to qualify that by  
4 saying, well, is there -- do we fit in this template  
5 anywhere? And it's really hard other than Arkansas  
6 to compare us to another jurisdiction.

7 MR. FERGUSON: I have a question. Are there  
8 any tracks making money on races other than stakes  
9 races on a day-to-day basis?

10 MR. BURNETT: I think you just leave the last  
11 part off. Are there any race tracks making money?

12 MR. FERGUSON: I mean, are stakes races  
13 typically profitable for most tracks?

14 MR. WEINBERG: If all you were racing were the  
15 big day stake races, sure. That would be a  
16 profitable model. Can anyone get away with that, I  
17 think you've hit -- Saratoga and Keeneland are the  
18 closest models, and I think Vic's point was because  
19 they fit into a statewide program where there are  
20 other tracks racing more day-to-day.

21 I mean, we asked Tyler to say, well, what's  
22 the practice -- what's the breakdown among the  
23 tracks in Kentucky, for example. And his survey was  
24 Churchill is 32%, Turfway is 20%, Keeneland is 50%,  
25 and Ellis Park is 15%. I suspect if you blend all

1 those races together, you'd come out in the low  
2 20's.

3 MR. FERGUSON: So looking at your high capital  
4 costs, we'll start at the bottom here at the table,  
5 you got a substantial capital cost, fixed cost, and  
6 so forth with your facilities and everything, then  
7 you have being a service industry on top of that,  
8 you have another layer of operating costs.

9 Do you need the stakes -- if you just have  
10 your monies down at the 159,000 level or 17, 18,000  
11 level, is there any opportunity for the track to  
12 make money at that level, or do you need the spikes  
13 to have any profitable days to get above those two  
14 layers?

15 MR. WEINBERG: Right. Obviously, you need the  
16 stakes on the big days to make a profit on the  
17 entire enterprise. If all you're doing is running  
18 156,000 a day --

19 MR. FERGUSON: In other words, all of the rest  
20 of the races are below those two lines, right?

21 MR. WEINBERG: That would be my guess.

22 MR. FERGUSON: So you don't make a -- you  
23 don't make any profit until you do the stakes?

24 MR. WEINBERG: Until you have the big day --

25 MR. FERGUSON: Is that correct?

1 MR. WEINBERG: Well, you have the big days.

2 MR. BURNETT: You don't make any profit unless  
3 you are driving enough handle to make a profit. The  
4 real question is what impact do big stakes races  
5 have on the betting handle.

6 MR. FERGUSON: Sure.

7 MR. PETRAMALO: But more importantly,  
8 attendance. Pimlico and Laurel, the Maryland Jockey  
9 Club lose money year-round, but they make it up on  
10 one day, the Preakness, and 80,000 people show up.  
11 That carries them -- that carries them for the whole  
12 year.

13 MR. PETTY: They make it in the infield. If  
14 you make a million bucks in the infields, that turns  
15 the table.

16 MR. STAPLES: You better believe it, they're  
17 going to do away with that drunk, but --

18 MR. PETRAMALO: Well -- but that's even --  
19 Commissioner Ferguson, really it's the attendance.  
20 What helps with the Virginia Derby is it's the  
21 biggest attendance day in the entire meet. Last  
22 year 9,000 people showed up. If we had 9,000 people  
23 or even 5,000 people show up every day even though  
24 we were running cheap races, Colonial would make  
25 money.

1 MR. BURNETT: It's really about draw --

2 MR. PETRAMALO: Yeah.

3 MR. BURNETT: -- more than it's about -- just  
4 the better races draw --

5 MR. FERGUSON: That's the point I'm trying to  
6 make.

7 MR. PETRAMALO: Yeah.

8 MR. FERGUSON: The only time that you get  
9 those are during the spikes.

10 MR. PETRAMALO: Sure. Something special.

11 MR. WEINBERG: And that is the model. I mean,  
12 Pimlico, I remember when LA had the riots. Those  
13 riots coincided around the Kentucky Derby weekend.  
14 Hollywood Park had a tremendous drop off. I mean,  
15 they were running stakes races and simulcasting the  
16 Kentucky Derby when they couldn't take the Derby --  
17 when people couldn't get there, their whole year was  
18 ruined, in essence.

19 MR. BURNETT: Keeneland, for example, they do  
20 a variation of what we do. They spend the year  
21 selling horses and getting commissions on the sales  
22 of those horses, and then they fund a lot of these  
23 races. So the meet looks very profitable, but  
24 there's no way on God's green earth that the signal  
25 sales and wagering handle in that -- those two

1 30-day meets would ever fund their \$650,000 a day  
2 that they put out. Those big, big purses that draw  
3 people in are funded by all those commissions from  
4 selling \$950 million worth of horses every year  
5 through the sales ring. So it's kind of the chicken  
6 and the egg. The fancy race brings the attendance  
7 and people spend the money, but it's sell them or  
8 not.

9 Another example is Charles Town, they don't  
10 have much stakes racing at all and they have, you  
11 know, mediocre at best overnights, but they get 25  
12 or \$30 million a year on a slot that's just dropped  
13 on them as a subsidy and from that, they call  
14 themselves profitable. It's --

15 MR. WEINBERG: You can look at Churchill  
16 Downs' results. They're making all their money on  
17 one race, their non-horse racing assets, and a  
18 little bit of money on TwinSpires.

19 MR. FERGUSON: To back that up, last week I  
20 was at the Sebring 12 hour race. The hotel room  
21 that's normally \$80 was \$240 for that week. They  
22 rely on those spikes to carry them through the rest  
23 of the year, because there's only one 12 hour  
24 Sebring race all year.

25 MR. BURNETT: Churchill Downs has discovered

1 that with respect to selling their signal for the  
2 Kentucky Derby. When it's normally 3 to 5%, I think  
3 they're up to about 10 or 11% now for the Derby  
4 signal. And all these tracks don't make any money  
5 on it in and of itself, but they take that signal to  
6 bring the crowd in so they'll bet the other races.  
7 It's, as you say, marquee situations.

8 MR. FERGUSON: The point I'm trying to make is  
9 you need the spikes.

10 MR. WEINBERG: That's right.

11 MR. PETRAMALO: Yes, we agree.

12 MR. REYNOLDS: But the other point is, this is  
13 still a small percentage of the total revenue coming  
14 in when you take off-track betting revenues, right?

15 MR. BURNETT: Correct.

16 MR. REYNOLDS: That's where the money really  
17 is.

18 MR. BURNETT: The on-track handle is about \$85  
19 per capita during our meet, and in our OTBs, more or  
20 less year in year out, 280 to 300, in there  
21 someplace, average. So that steady customer that  
22 likes to bet that will come into our OTBs and leave  
23 8% dollars with us as opposed to 3 and 4% dollars  
24 with us in other fashions of betting are our best  
25 customer in many ways.

1           MR. WEINBERG: But the long-term vision is  
2 that the Derby and the Turf Cup become such big days  
3 that they contribute significantly to the bottom  
4 line.

5           MR. BURNETT: Right.

6           MR. HARRISON: Is it the concern of the race  
7 track or the track owner that a \$50,000 cut in the  
8 purse of the Virginia Derby would bring less people  
9 out or a less quality -- less grade or quality grade  
10 of horse?

11          MR. WEINBERG: I think he has taken a very  
12 long-term view, and he looks at a race that started  
13 at a million dollars and has every year been nicked,  
14 and he has said, you know, enough with the nicking.  
15 This race is the most important race we have. We  
16 need to draw some minimum. We can't continue to go  
17 down year after year. It sends the wrong message of  
18 what we're trying to do.

19          So is it as analytical as cost benefit of  
20 \$50,000, it is not. You know, as with many things  
21 in this industry, not all of them are rational or  
22 principled, but they are frequently principled, and  
23 I think that is where we are in this instance.

24          MR. PETRAMALO: Needless to say, there's  
25 another side to the story.

1 MR. MILLER: Mr. Chairman?

2 MR. BURNETT: Yes, sir.

3 MR. MILLER: Surely, though, the owner of the  
4 track would never let principle stand in the way  
5 of -- I would say an ideological principle stand in  
6 the way of the very future of horse racing in  
7 Virginia.

8 MR. WEINBERG: If we agreed on what that  
9 vision looked like, I would agree with you,  
10 Commissioner, that it would be much easier. I think  
11 you will hear from both of us once this contract is  
12 done. It's only a one-year contract. The most  
13 important thing that we can do collectively as  
14 stakeholders is come together and see if we can  
15 forge a consensus for a common vision, because we  
16 are not going to have -- it would be extremely  
17 difficult to have a long-term contract until we all  
18 can agree in some form or fashion on what we're  
19 shooting for.

20 MR. MILLER: Mr. Chairman?

21 MR. BURNETT: Yes.

22 MR. MILLER: Another little question about the  
23 mechanics of this.

24 Again, remind us of when do we need to have  
25 these racing dates established. If you can reach a

1 consensus or an agreement or a compromise, whatever  
2 you call it, within the next five, ten days, 15  
3 days, we need to set these racing days as quickly as  
4 possible. Are we getting to the point where we  
5 might be up against the time constraints of setting  
6 the dates in order to get the good horses in here?

7 MR. REYNOLDS: January, February.

8 MR. MILLER: Pardon?

9 MR. REYNOLDS: January, February.

10 MR. PETRAMALO: I think we're there. The  
11 racing secretary, Tyler Picklesimer, is sitting  
12 there with a draft of a condition book that he can't  
13 send out to the horsemen and racetracks because,  
14 one, he doesn't know what the dates are going to be  
15 and, two, he doesn't know what the stakes schedule  
16 is going to be, and he doesn't know how much money  
17 he's going to have for overnights.

18 MR. MILLER: My question is we're really  
19 hurting racing in Virginia --

20 MR. PETRAMALO: Yes.

21 MR. MILLER: -- if we don't get that out  
22 yesterday almost.

23 MR. PETRAMALO: What I would suggest you  
24 consider is revising the dates as requested by  
25 Colonial and supported by the horsemen so that we

1 start a week earlier, conditioned upon our  
2 submitting a contract, a signed contract to you  
3 within three days or something of that sort. I  
4 mean, we've got to get -- we've got to go someplace.  
5 We can't keep drifting here.

6 MR. REYNOLDS: Mr. Chairman, don't we have a  
7 schedule that you introduced last time?

8 MR. BURNETT: I did.

9 MR. REYNOLDS: It's been passed and approved.

10 MR. BURNETT: It was subject to modification  
11 today is the way we passed it. It was a schedule  
12 that nobody much likes and was intended to stimulate  
13 folks finding a way to get together, and they seem  
14 to be very close.

15 My thought is that Mr. Petramalo's suggestion  
16 is probably a good one. I would like to hear from  
17 Jim as to what he thinks, but I think we can dangle  
18 the carrot of the dates that we all want out in  
19 front of them for a very few more days, and I think  
20 it's in everybody's interest, to the horsemen, the  
21 track, and the Commission to resolve this issue so  
22 that we can get down to business in trying to have a  
23 successful meet happen. I think we will.

24 MR. STAPLES: And the owners. The owners.

25 MR. BURNETT: I'm an owner. I hear you.

1 MR. STAPLES: All right. I want to make sure  
2 because they don't hear us all over the country, but  
3 you guys are sure talking nice today. We're hearing  
4 some good things here. Thank goodness.

5 MR. BURNETT: I think what we want to avoid is  
6 having set another special meeting and go backwards.  
7 So I would suggest that today is Wednesday, perhaps  
8 we set a date like Monday or Tuesday.

9 MR. PETRAMALO: Friday?

10 MR. BURNETT: Friday is fine by me. I like  
11 sooner. I don't know how the track feels about it.

12 MR. PETRAMALO: Today is Wednesday. I mean --

13 MR. BURNETT: Well, I worry that Ian may -- he  
14 might go to the hospital instead of coming back to  
15 his office. So if he's unavailable, what does that  
16 do with the negotiating piece of it and all the  
17 rest?

18 MR. PETRAMALO: Well, I would defer to Jim.

19 MR. WEINBERG: I mean, I would suggest if you  
20 can -- look, I will tell you we are as eager to get  
21 this done and behind us as soon as possible for the  
22 reasons that Frank articulated. I would like to  
23 finalize the condition book and also, you know, I  
24 think -- you won't be surprised, Tyler has been out  
25 there hustling horses for the 12th, but I'm sure he

1 would like to be able to start focusing on the  
2 fourth and that first week. Just to be candid, I  
3 mean, the mix of races might be slightly different  
4 because we're dependent upon how quickly the grass  
5 comes in --

6 MR. PETRAMALO: Sure. Right.

7 MR. WEINBERG: -- on how we set the races for  
8 that week. So moving it up a week is a little more  
9 complicated than just taking everything we had and  
10 moving it up.

11 MR. BURNETT: I'm fine with Friday.

12 MR. WEINBERG: With that said, I don't know  
13 Ian's availability. I have revised the agreement  
14 but for this one provision. I'm hopeful that  
15 Mr. Petramalo has some time afterwards and we can  
16 flip pages and so that by Friday, it is on Vic's  
17 desk and you have it. It would be nice to have  
18 until Monday in the event Ian is not available.  
19 That would be the only issue.

20 MR. REYNOLDS: I like Friday noon.

21 MR. BURNETT: I can live with Friday noon. If  
22 there's a medical emergency that we need to hear  
23 about, it can be called in, if that suits others.

24 I guess then we are looking for a motion to  
25 modify the assignment of thoroughbred racing days to

1 have racing in 2009 begin on June 5th and end on  
2 July 28th with the usual five days per week of  
3 racing and that modification being contingent upon  
4 notification to Mr. Harrison by noon on Friday that  
5 the parties have reached an agreement with the  
6 signed agreement whether by fax or otherwise hitting  
7 Mr. Harrison's desk no later than Monday. Does that  
8 impose any hardships on anybody other than the ones  
9 we intend?

10 All right. That's my motion. Do we have a  
11 second?

12 MR. REYNOLDS: Second.

13 MR. BURNETT: It's been moved and seconded.  
14 All in favor indicate by saying aye.

15 NOTE: The motion is made by Commissioner  
16 Burnett and seconded by Commissioner Reynolds. All  
17 were in favor. The motion carries.

18 MR. BURNETT: Please get us a contract. I  
19 think this is a nice opportunity for Virginia to  
20 start a little bit earlier, you know, I think we --

21 MS. DILWORTH: Peter?

22 MR. BURNETT: -- might have some busy OTBs and  
23 a busy racetrack on Belmont day. It's a great way  
24 to kick off the season. With a little bit of luck,  
25 we get green grass on the turf course and maybe with

1 a little bit of luck, we'll have a lot of horsemen  
2 wanting to come down here for the thoroughbred  
3 bonus, and we can use that as a segway to ask  
4 Mr. Petty to talk to us about where we are on that  
5 program.

6 MS. DILWORTH: Peter, I'm sorry to interrupt.

7 MR. BURNETT: I'm sorry. Hold on for a  
8 moment. Counsel?

9 MS. DILWORTH: Can we take a moment to hear  
10 from counsel? I think Mr. Ferguson has some  
11 comments.

12 MR. FRANK FERGUSON: Mr. Chairman --

13 MR. BURNETT: Yes. Please.

14 MR. FRANK FERGUSON: -- of course, the statute  
15 requires that you approve the contract.

16 MR. BURNETT: Yes.

17 MR. FERGUSON: So my query is that  
18 understanding that your motion is contingent upon  
19 receiving a contract and it being with the executive  
20 secretary by Monday, do you want to consider having  
21 an additional meeting to approve that contract --

22 MR. BURNETT: Yes.

23 MR. FRANK FERGUSON: -- or setting up some  
24 kind of meeting so that the things that need to be  
25 done to actually implement the dates beginning in

1 June will -- can go forward?

2 MR. BURNETT: Let me attempt to see if I can  
3 fix my previous motion that was passed. I would ask  
4 the Commission to permit the prior motion to be  
5 amended to approve only the horsemen and the track's  
6 agreement as to racing dates and that any other  
7 provisions of the contract -- I take that back.  
8 Racing dates including stakes purses and overnights,  
9 et cetera, with any remaining provisions of the  
10 contract to be subject to our approval at our next  
11 regular meeting. Does that solve the problem?

12 MR. FRANK FERGUSON: I suppose. It leaves  
13 open ended the final overnights versus stakes  
14 purses, which I guess the Commission does not have  
15 before it at this point. So --

16 MR. BURNETT: They have an agreement as to the  
17 stakes and purses.

18 MR. FRANK FERGUSON: You're accepting that  
19 agreement without having --

20 MR. BURNETT: We'll accept that agreement or  
21 whatever they come to --

22 MR. FERGUSON: At face value?

23 MR. BURNETT: At face value and assign the  
24 dates that I -- were in my previous motion. If they  
25 do not have an agreement on days -- stakes and

1           overnights, then the prior assignment of three days  
2           a week throughout the summer remains in effect.

3           MR. FERGUSON: Frank, can we do this through  
4           the mail or does it have to be in open session?

5           MR. FRANK FERGUSON: The final vote on the  
6           contract has to be done in a public meeting.

7           MR. BURNETT: But that can wait until our next  
8           regular meeting as long as they have the certainty  
9           that they've got a deal and Tyler can get to work is  
10          what it amounts to.

11          MR. FRANK FERGUSON: Yes, sir. That's what  
12          I'm trying to make sure can happen.

13          MR. PETRAMALO: Bear in mind -- I love being a  
14          lawyer. Bear in mind that the only issue in the  
15          contract that would be before you that is at issue  
16          here is a very narrow one. There's nothing in the  
17          contract about overnights, et cetera. The only  
18          contract provisions that you would be concerned with  
19          is the purse for the Virginia Derby and the purse  
20          for the Turf Cup, the purse for the Virginia Oaks,  
21          and the purse for the All Along. Those four are  
22          mentioned in the contract and they're the subject of  
23          discussion. Everything else is outside the  
24          contract.

25          MR. BURNETT: Would it help if the parties

1 would agree that they would make the dates that we  
2 have assigned for this year since it's a one-year  
3 contract part of that contract?

4 MR. WEINBERG: Those are in the contract.

5 MR. PETRAMALO: We can do that.

6 MR. BURNETT: All right. Does that solve  
7 everybody's issues with this? So I'll make that  
8 motion. Do we have a second?

9 MR. FERGUSON: I'll second whatever you said.

10 MR. MILLER: You're suggesting that we today  
11 are approving the race days for 2009 conditioned  
12 upon the receipt of the horsemen and the track's  
13 agreement?

14 MR. BURNETT: Yes, which would be subject to  
15 approval at our next meeting because we have to  
16 approve it in a public meeting.

17 MR. MILLER: Yeah. Well, but we're approving  
18 the race days no matter -- I mean, if that book goes  
19 out, we're stuck with that. Right? Once --

20 MR. BURNETT: And I would say that if they put  
21 a signed contract in front of us, which is what we  
22 asked them to do, they're stuck with that, subject  
23 only to our saying we won't approve this piece of it  
24 or that piece of it.

25 MR. FRANK FERGUSON: Mr. Chairman, I would

1 just add to that, if I might, that obviously when  
2 guys see the contract on Monday or Friday, if  
3 there's something that just sets off alarms, an  
4 emergency meeting could be called and you could  
5 address that.

6 MR. MILLER: Okay. That's fine.

7 MR. BURNETT: All right.

8 MR. FERGUSON: I can come back next week.

9 MR. BURNETT: We're not going to need to.  
10 We're going to be optimists. This is going to be  
11 Friday at noon or before.

12 All right. So it's been moved and seconded.  
13 I'm not sure exactly what my motion was at this  
14 point. We'll let the record reflect what my motion  
15 was. It's been moved and seconded. All in favor  
16 indicate by saying aye.

17 NOTE: The motion is made by Commissioner  
18 Burnett and seconded by Commissioner Ferguson. All  
19 were in favor. The motion carries.

20 MR. BURNETT: All right. Now, Mr. Petty, tell  
21 us about the bonus program for 2009.

22 MR. PETTY: If I may, Mr. Chairman, I want to  
23 comment very briefly on Commissioner Miller's  
24 suggestion about commercial sponsorship just to give  
25 you some quick practical experience that I've had

1 with it, and I use the caveat of previous experience  
2 because I know the world is changing dramatically.

3 Typically, what happens with commercial  
4 sponsorships -- in steeplechasing, for example,  
5 people do, in fact, write you a 25, 50, or \$75,000  
6 check which ends up in a purse account because  
7 purses for steeplechases only come from that kind of  
8 money. My experience with the Maryland Jockey Club,  
9 when you started seeking sponsorships for races like  
10 the Pimlico Special or the Preakness, what people  
11 wanted to do -- big companies wanted to do, they're  
12 seeking at a minimum statewide exposure, if not  
13 regional and most likely national exposure, like a  
14 Wal-Mart or a Budweiser, because they didn't want to  
15 put their money in a purse account. The money that  
16 goes into a purse account makes about four people  
17 happy, one of them really happy. What they really  
18 wanted to do with their money was increase the  
19 marketing budget of the event to further distribute  
20 their name.

21 So while it does have a benefit, it may not --  
22 you know, I would think that you would be lucky if  
23 at best you can negotiate with Budweiser putting 125  
24 in the purse and 125 into additional advertising,  
25 because ultimately what they want is what Yum Brands

1 is getting is they want somebody to say the Kentucky  
2 Derby brought to you by Yum Brands every time they  
3 say the race name, and they want the race name said  
4 as often as possible.

5 And the other point is on the television  
6 contracting, we paid ESPN several years ago to put  
7 the Virginia Gold Cup on -- we purchased the time  
8 segment in their pre-Derby show, and they would --  
9 ESPN would never refer to it as the Mercedes Benz  
10 Virginia Gold Cup, because we never purchased -- we  
11 never included that in the contract of the purchase  
12 of the time, and they said to us why do we want to  
13 give Mercedes free advertising when we could sell  
14 them advertising.

15 So you have to -- whoever does that for  
16 Jacobs, I'm sure understands that you have to be  
17 careful, that if you do, in fact, have a Budweiser  
18 Virginia Derby, that when you go to CBS, you  
19 negotiate that. That's all just preface of it's  
20 never quite as easy as it looks or it sounds or it  
21 seems when you -- now, has the marketing environment  
22 changed in the last five years, I'm assuming it has.  
23 Maybe it's better, maybe it's worse, but just before  
24 we admonish Colonial for not coming up with a  
25 commercial sponsor for those races, there are some

1 intricacies in there that make it a lot more  
2 complicated than we would like it to be.

3 Having said that, we'll go out and get a  
4 sponsor for the 100% bonus program.

5 MR. BURNETT: Now we're talking.

6 MR. PETTY: Our Breeders' Fund works in a  
7 fairly simplistic manner. We divide the fund into  
8 three categories, owners' bonuses at the racetrack,  
9 stakes and overnight purses for restricted  
10 Virginia-bred races, and then we pay year-end  
11 awards, both breeder awards and stallion awards.

12 In 2008, as you all know, we decided to  
13 prioritize the owners' award program here. We put  
14 together a 100% bonus program that doubled the purse  
15 of anything you won first through sixth. We  
16 estimated that program based on 2007 when the 50%  
17 bonus cost us \$250,000, that the 100% bonus would  
18 cost us \$600,000, thus leaving us adequate funds to  
19 fund the restricted races in category two and to pay  
20 back what it awards in category three.

21 We make AIG look like geniuses because it  
22 wasn't \$600,000. It was 1.1 million, which  
23 completely depleted the fund. We also paid our  
24 \$180,000 in stake purses last year. I think we -- I  
25 think we funded one or two Virginia-bred main races.

1 It'll probably cost us another 30,000. So probably  
2 210,000 there, 1.1 million in bonuses, and presto,  
3 chango, you're out of money. And when I say out of  
4 money, that includes our 200,000 cushion that we had  
5 been riding along for just such a happy event.

6 Now, the 100% bonus had a tremendous impact --  
7 in fact, I would say without hesitation of all the  
8 things we tried to do to bring attention to Virginia  
9 to Virginia-bred horses, that the 100% bonus has  
10 been the most successful. Has it increased the  
11 value of the horses? I don't know. Has it  
12 increased the likelihood that Virginia horses get  
13 claimed before the meet? Absolutely. Has it  
14 created buzz within the industry with owners,  
15 trainers, breeders? Yes. Do trainers want  
16 Virginia-breds? Yes. Do owners want  
17 Virginia-breds? Yes. Are people at least talking  
18 about them at yearling sales? Yes.

19 So it has achieved the -- it has permeated the  
20 consciousness of the horse world, which is a tricky  
21 endeavor. So I think we were very successful in  
22 that manner.

23 Knowing the financial impact of it, we started  
24 as early as the Timonium yearling sale in October,  
25 talking to people about, all right, we got a

1 little -- we got a math problem. We can't afford to  
2 pay 100% bonus and to have any money leftover to do  
3 anything else, and the people in phase two and in  
4 phase three deserve some attention for what they're  
5 doing, even though it isn't happening here. And the  
6 suggestion was a pretty simple one, Ferris Allen,  
7 three or four other people I talked to said, well,  
8 just pay the winners 100% bonus.

9 Okay. It seems like a simple solution. So  
10 that brings us to sort of where we started the  
11 conversation. How does it work if we just pay the  
12 winners? So you got really two -- two base numbers  
13 you have to deal with. The first one is what do you  
14 project will be available for distribution in the  
15 fund, and if you take Dave's numbers, you crunch  
16 them around, he comes up with 900,000 and change.

17 So let's just say \$900,000 is available for  
18 distribution. For everything. After administration  
19 and promotion, 900,000 typically goes out the door  
20 and on another day, we'll come back and tell you  
21 that we're going to cut that back as well because  
22 that's the world we're living in.

23 Then you have -- the next base number you have  
24 to deal with is what do we project that the winners,  
25 Virginia-bred winners 2009, over here across the

1 turf course, are going to win. So we took the 2007  
2 or 2008 results, and we put our glasses on, and we  
3 went through by age category, and last year we had  
4 seven year -- eight year olds, seven year olds, six  
5 year olds, five year olds, four year olds, and three  
6 year old Virginia-breds win at Colonial, and one two  
7 year old.

8 So we started out doing simple math. We're  
9 gonna run 40 days instead of 45. We'll just  
10 decrease everything 11%. So last year those horses  
11 for wins only won \$700,000. So they won 700,000 of  
12 the 1.1 million. So the winners are obviously the  
13 most expensive category, and that's a logical point  
14 to get because the winners get 60% of the purse for  
15 each race. So we knew going in that that would be  
16 the biggest.

17 So we decreased everybody down 11% based on  
18 fewer racing opportunities, so that takes your  
19 700,000 down to 500 and change. Now, you factor in,  
20 okay, some of these four, five, six, seven, and  
21 eight year olds are not going to come back, injury,  
22 old age, what have you. There's not a lot of  
23 science to that one, so let's just randomly decrease  
24 it 15%. Then at this point you're thinking, okay,  
25 this is gonna cost us less. This is going to work.

1           Then you look at how many three year olds you  
2           had because your three year olds are the most likely  
3           group to win money. Last year, the -- for example,  
4           the three year olds won 192,000, the four year olds  
5           won 237,000. So the three and four year olds are  
6           your most expensive crops, okay? So you look at  
7           them and you figure, okay, that core group is going  
8           to cost me 400,000.

9           Now, the bugaboo comes when you look at your  
10          attrition of your five and your six and your seven  
11          and your eight year olds, but you now have to plug  
12          in the new crop of three year olds because, see,  
13          only one two year old won last year as opposed to 21  
14          three year olds. So when those two year olds of '08  
15          become three year olds of '09, suddenly they go from  
16          winning \$9,000 to \$150,000.

17          So what happens to you -- and then you can  
18          look at the crop size and say, well, is there wiggle  
19          room? Well, the 2008 three year old crop was 346  
20          registered Virginia-breds. These year's crop is  
21          going to be 305. So you got a little 15% leeway in  
22          that number, but what happens when I finished the  
23          math, and I think Vic and Dave came up to a  
24          different number, but I was being very conservative  
25          because I've already blown one prediction by almost

1 100% so I figured let's make sure we're careful. We  
2 came up with about \$735,000 as the prediction of  
3 winners only over there. Driven primarily by the  
4 fact that those new three year olds are gonna win a  
5 lot more than the aging attrition horses will go.

6 Now, I don't know the current environment,  
7 economic environment will mean that fewer horses  
8 will be here running because people can't afford to  
9 train them or more horses will be here running  
10 because people are trying to win money to pay for  
11 all the others that aren't winning. I just don't  
12 know if that will have any impact or it won't, but  
13 if you look at even \$700,000 in potential winners  
14 only owners' bonuses, that only leaves you \$200,000  
15 for everything else.

16 Now, there's other variables. One is ADW.  
17 Will the ADW law that was passed kick in July 1st  
18 and all of a sudden all these companies will start  
19 contributing to the Breeders' Fund? I'm not gonna  
20 cash that ticket until I see the money. I mean,  
21 there's contractual issues. There's all sorts of  
22 different things that we haven't figured out yet as  
23 to how that's going to work, so let's set that aside  
24 as found money that will be better for the next  
25 year.

1           The next issue we have with the potential  
2           \$700,000 payout at this meet is the gap funding  
3           question. When this meet opens on Belmont day or  
4           Belmont weekend, the Virginia Breeders' Fund won't  
5           have \$700,000 in it. It won't have anywhere near  
6           \$700,000 in it. It'll probably have more like  
7           500,000. So you would have that same issue if we  
8           did dam the torpedoes, pay 100% owners' bonus, we  
9           might not be able to pay it without borrowing money  
10          from whatever fairy godmother is out there that does  
11          gap funding.

12                 So we started to consider various  
13          alternatives. One was do we pay half of the bonus,  
14          the 100% bonus that we're paying to winners, slid  
15          everybody else aside and said, "Sorry. We can't  
16          afford you for now. Hopefully next year we can get  
17          this whole thing going again." We'll pay the 100%  
18          bonus to the winners. We'll pay you 50% with your  
19          purse. That's how these bonuses are paid. They're  
20          paid in the purse. So it ultimately would account  
21          to average purses and the trainers get a share of  
22          the money, the jockeys get a share of the money. So  
23          when you win \$6,000 over here and that's really  
24          12,000, your trainer gets a bump and that's part of  
25          the incentive to bring horses to the racetrack.

1 Trainers drive most of the traffic.

2 So if we split it and we'd say we'll pay you  
3 50% as part of the purse and 50% at year-end when we  
4 have the money, that's one solution. The unknown  
5 there is how does that impact the trainer's  
6 motivation to run his Virginia-bred here. I don't  
7 know. I haven't had time yet to go poll that.

8 MR. PETRAMALO: Can I interrupt here a second  
9 on this gap funding? I mean, this -- what you're  
10 talking about is premised on the gap problem,  
11 correct?

12 MR. PETTY: Well, it's just part of a larger  
13 equation, yes.

14 MR. PETRAMALO: But didn't we have a gap  
15 funding problem in '08 that was solved because the  
16 harness folks advanced us money and we used that,  
17 and we gave them consideration in other ways later  
18 on to acknowledge that?

19 MR. PETTY: The short answer is yes, but I  
20 think it was a small five figure loan. I don't  
21 think it was multiple hundreds of thousands.

22 MR. CANAAN: It was what, 50?

23 MR. BURNETT: Fifty is my recollection.

24 MR. LERMOND: Forty.

25 MR. CANAAN: Forty.

1 MR. BURNETT: Forty.

2 MR. LERMOND: We paid it back monthly.

3 MR. PETRAMALO: So the number is too big.

4 Okay.

5 MR. PETTY: Yeah. I think that's certainly --  
6 and I'm not proposing that we know the answers. I'm  
7 giving you that torture treatment of just throwing  
8 out all the equations. I'm happy to keep going or  
9 answer as we go.

10 MR. FERGUSON: Can you backload the whole  
11 thing?

12 MR. PETTY: You certainly could backload the  
13 whole thing. That's an option. That's another way  
14 to look at it. You could do 50/50. You could do  
15 zero and hundred. Again, how does that, you know,  
16 impact the motivation to run here. Those are all  
17 different relative issues. We can decide how  
18 important they are as we go along.

19 Then the second idea that came about, which  
20 was interesting, is paying a 10% bonus to the  
21 winners as they already get 60% of the purse and  
22 paying the 100% bonus to second, third, fourth,  
23 fifth, and sixth. Again, with the caveat, we're  
24 telling people, this is sort of a bridge year. This  
25 is -- we're going from point A to point B. We're

1 running an experimental program. We're gonna try  
2 another treatment for your ailment, and this  
3 treatment is going to be outside the box and we're  
4 gonna pay 10% to the winners and 100% to second,  
5 third, fourth, fifth, and sixth. We're in the  
6 process of organizing a poll, which we can e-mail  
7 out to our constituents and get a reply on that.

8 MR. BURNETT: Stop there for a second, Glenn,  
9 just for the benefit of all of us. Tell us, as I  
10 think you did in the e-mail, what those numbers come  
11 out to in a race. So the winner of the race ends up  
12 with about 70% of the purse --

13 MR. PETTY: Right.

14 MR. BURNETT: -- and the second horse ends up  
15 with about 42; is that right?

16 MR. PETTY: Uh-huh.

17 MR. BURNETT: And so forth.

18 MR. PETTY: It makes for a pretty good payday,  
19 and it cuts your total cost down to -- from 700,000  
20 to 400 and change or 500,000. It knocks off a  
21 couple hundred thousand bucks and, you know, I don't  
22 know in my own head if I've really gotten  
23 comfortable with the merits of either direction.  
24 We're just -- we're trying to come up with a  
25 creative solution to keep something that works

1 working when the bottom line is we don't have enough  
2 money to do it. So how do we skin the cat?

3 So those are -- that's basically where we've  
4 walked in the door today, with those concepts. Any  
5 other concepts, bring them on, because it's a tough  
6 one to solve.

7 MR. BURNETT: Commissioner Reynolds?

8 MR. REYNOLDS: But you're saying at the end of  
9 the year, you would have enough money to fund it?

10 MR. PETTY: I would have enough money to fund  
11 that, but I would have pretty much only that is one  
12 of the other issues. If we only have \$900,000 in  
13 the fund and we pay 180,000 of it in purses for our  
14 Virginia-bred stakes program, and then we pay 700  
15 out in bonuses, again we're out of money. Again,  
16 we've left the people who breed horses and stand  
17 stallions in Virginia, which believe me is a dying  
18 breed. We're trying to prop them up as best we can  
19 with no money.

20 And so we're trying to -- simply put, I think  
21 the way we've developed our program is as good as it  
22 can be for Virginia. The problem is we don't have  
23 enough money to fund all the components, and we  
24 struggle a little bit with the idea of fully funding  
25 one component and zero funding another, and how do

1 we find some happy medium where we can 70% fund this  
2 guy and 15% fund this guy, and 50% fund this guy.  
3 Now, we can go to our friends at the HBPA and ask  
4 for some relief on our stakes purses, but they may  
5 not have the money to do that.

6 So it's not -- unfortunately, it's not  
7 something you can consider in a vacuum. You've got  
8 to bring it to the table with everybody and say how  
9 do we make all this work together and how do we make  
10 it work out.

11 MR. BURNETT: Can I throw a little structure  
12 at this just to -- for us to take it in pieces a  
13 little bit? It seems to me we've got two major  
14 issues. What is the distribution, you know, how  
15 much money and to whom is going to go, and the other  
16 piece that you talked about is the cash flow piece,  
17 when is it going to be paid.

18 MR. PETTY: Uh-huh.

19 MR. BURNETT: Let's leave the when is it going  
20 to be paid off to the side for a moment and talk  
21 about your two proposals. Pay the winner 100% and  
22 nobody else is consistent with this historic  
23 philosophy in racing that is how we got to the  
24 winner getting, in most jurisdictions, 60% of the  
25 purse. The idea is that second is such a distant

1 second from first that no one is going to be  
2 satisfied with it and that everybody will try hard  
3 to win because that's where the money is, and the  
4 second money is just unacceptable.

5 So the other suggestion you make of 10% to the  
6 winner, and then 100% to each -- to second and on  
7 down, in some respects I see as a -- more consistent  
8 with the modern way that racing actually works, and  
9 what I mean by that is that the average owner and  
10 trainer these days are looking to get the bills paid  
11 at the end of every month. We've got a lot of  
12 regulation that punishes jockeys for not encouraging  
13 a horse through the lane. We've got lots of ways of  
14 scoping out cheating, and I'm not sure this would  
15 change it anyway, but this -- your second proposal  
16 would give significantly more money to a guy that  
17 loses. So I think one of the things that's in front  
18 of us is --

19 MR. PETRAMALO: Which is a majority of the  
20 guys. Overwhelmingly the majority of the guys.

21 MR. BURNETT: All but one.

22 MR. PETRAMALO: Right.

23 MR. BURNETT: All but one in every race. So  
24 to the extent that we're trying to fill a gate and  
25 we're trying to fill the stands, which of those two

1 approaches is likely to bring horses to Colonial  
2 Downs to run along with their connections that will  
3 run a little money through the window while they're  
4 here. Do you have an opinion about that?

5 MR. PETRAMALO: What are the two alternatives,  
6 100% for the winner and --

7 MR. BURNETT: And same old same old for second  
8 through sixth.

9 MR. PETRAMALO: Right. Right. Right.

10 MR. BURNETT: The condition book comes out is  
11 what you get.

12 MR. PETRAMALO: Right. Or 10% and 100%.

13 MR. BURNETT: So somebody who was running --  
14 my comment to Glen was, gee, if I had a maiden, I'm  
15 not so sure that just kind of coasting through the  
16 stretch and catching that second three or four times  
17 before I let it win is such a bad deal because it's  
18 ten grand a pop. You know, instead of getting 5,000  
19 for second and 20% of 25,000, I'm get 10,000 for  
20 running second and I'm in my favorite condition, you  
21 know, I'm running against losers. So, you know, no  
22 horse has ever won. I just sit there and just fold  
23 my jockey up through the lane and get my 10,000. I  
24 mean, that's the conspiratorial look at it.

25 MR. PETTY: I don't know that -- I think

1 ultimately what drives -- we need a racing  
2 secretary, and Robin and Frank will have input on  
3 this. What drives who comes here is the book. We  
4 have a niche. I think a big part of our niche is  
5 what -- for racing vernacular would be cheaper races  
6 on the turf and that this bonus frankly is gravy. I  
7 mean, it's icing on the cake.

8 Will guys who win a lot of races like Ferris  
9 growl about it? Well, of course, they will and  
10 rightfully so. It's money coming out of their  
11 pocket. Is it enough to prevent them from coming?  
12 Is it enough for their owners to say, "I don't want  
13 to go win that race"? I don't think it is. I think  
14 like everything else, they'll be some head  
15 scratching. They'll be some people that don't like  
16 it, and then at the end of the day, they'll come  
17 down here because this works for them at this time,  
18 and this is extra money they're gonna see one way or  
19 the other.

20 MR. BURNETT: Bear in mind that our very best  
21 trainers, Ferris being right there at the top, lose  
22 three-quarters of the time.

23 MR. PETTY: Which I remind him of --

24 MR. BURNETT: Right.

25 MR. PETTY: -- every chance I get.

1 MR. BURNETT: If you can win 25% of your  
2 races, you are one very happy camper whether you're  
3 an owner or whether you're a trainer.

4 MR. PETTY: Right.

5 MR. BURNETT: And so I think that -- that's  
6 why I call it the modern way of looking at things,  
7 how many times do you hear around the racing, "I got  
8 a check"? And I think it would -- I think it would  
9 motivate people to come if that second through sixth  
10 money is pretty healthy and getting 70% of the pot  
11 for a win feels pretty good anyway. So that's sort  
12 of where I lean on it. I'm not that worried about  
13 chicanery in terms of holding horses in a lane, that  
14 sort of thing.

15 MR. PETTY: And I think, too -- I think we  
16 need -- whatever we do here, we need to stress to  
17 people that this is a -- this is kind of our  
18 stimulus package while we're trying to figure out --  
19 I mean, if everything works properly with our new  
20 ADW bill and in 2010 it's generating \$400,000 a year  
21 for the fund, the problem is solved. We can do all  
22 the things we want to do and pay everybody what we  
23 want to pay them. We just don't have enough money  
24 right now. So we can -- if we advertise it as this  
25 is our -- we promised 100%. We're delivering 100%.

1 This is the best we can do this year. Let's see  
2 what happens next year. Come on down and win some  
3 money.

4 MR. BURNETT: One more question on the math.  
5 If you paid the 10% addition to the winner as part  
6 of the purse --

7 MR. PETTY: Uh-huh.

8 MR. BURNETT: -- and you paid the other  
9 matching money, the 100% bonus at the end of the  
10 year, you have no problem coming up with that cash,  
11 right?

12 MR. PETTY: It depends on the ADW scenario.

13 MR. BURNETT: No, no. Leave the ADW out.

14 MR. PETTY: I'm sorry.

15 MR. BURNETT: You're paying that 10% to  
16 winners is the only money you're gonna pay out  
17 currently -- pay out with the purse funds two days,  
18 three days after the race.

19 MR. PETTY: So pay everything else on the  
20 back?

21 MR. BURNETT: Pay everything else on the back,  
22 you've got tons of money, right?

23 MR. PETTY: Yes. You've got plenty of it.

24 MR. BURNETT: Okay. Flip it around the other  
25 way. What happens if you pay -- how much was it

1 going to cost you to pay -- leave out the winners.  
2 You're gonna pay second through sixth. What piece  
3 of that second scenario was the second through sixth  
4 amount?

5 MR. PETTY: 400,000.

6 MR. BURNETT: No, that was all of the money.

7 MR. PETTY: Right.

8 MR. BURNETT: How much of -- leave out the 10%  
9 that's going to the winners, 10% match to the  
10 winners. Just the piece that's going to second and  
11 below, how much of your 400,000 is that?

12 MR. PETTY: The whole package was 475, 10% --

13 MR. BURNETT: Okay. Thank you. I  
14 misunderstood you.

15 MR. PETTY: So 400, and then 75.

16 MR. BURNETT: So the 400 you might have?

17 MR. PETTY: Yes.

18 MR. BURNETT: So the winner might have to wait  
19 for its 10%.

20 MR. PETTY: According to Dave's money, I think  
21 we'd have the 400.

22 MR. BURNETT: All right. So that you could  
23 pay all those guys that are coming in second through  
24 sixth, further motivation that I'm gonna get my  
25 money and Ferris is going to get 75% of the time his

1 second through sixth money and get his piece of  
2 that.

3 MR. PETTY: And we're not chasing 128 people  
4 at the end of the year trying to find them and pay  
5 them their owners' bonus, which is a burden all the  
6 way around, just collecting the 1099. They've  
7 already got them in here. We give them the money or  
8 Dave gives the money to Connie. Connie runs it  
9 through the purse account. It's done. It's very --

10 MR. PETRAMALO: But I thought Glen said that  
11 they would have -- he was expecting they'd have  
12 around 500,000 in the Breeders' Fund at race time  
13 during the race meet.

14 MR. BURNETT: I heard half, maybe not. What  
15 do you think you're gonna have?

16 MR. PETTY: 500,000.

17 MR. BURNETT: So you can pay the whole  
18 shooting match?

19 MR. PETRAMALO: Right. Right.

20 MR. PETTY: Well, I know where Frank is  
21 probably heading with this. There's one other  
22 component. You've got your Virginia-bred stakes  
23 purses, and let's say those races come down to  
24 50,000, we'd still need 150 grand to pay those. So  
25 there's still --

1 MR. BURNETT: Well, you're starting to get in  
2 range of that five figure loan.

3 MR. PETTY: Now, how much we have in the  
4 Breeders' Fund at the end of the meet is the next  
5 question, the next important question, how much is  
6 in the fund at the end of the meet theoretically.  
7 In other words, in the next two months, what do they  
8 produce? Do they produce enough to cover it? We've  
9 still got to crunch some numbers, but we can't  
10 afford the 100% winners only on the front end. That  
11 much is a given, so --

12 MR. FERGUSON: Why do you go back six places?

13 MR. PETTY: Because that's what the purses pay  
14 and those categories honestly don't cost you a lot  
15 of money. I can tell you what -- for example, the  
16 breakdown -- let me just give you the three year  
17 olds since that's the -- what was last year, '08?  
18 All right. On the 0-5, if you look at what all the  
19 three year olds won first through sixth -- well,  
20 she -- I'm sorry. She just gave you first through  
21 third. This is demonstrative of it. The three year  
22 olds last year, the horses that won won \$192,000.  
23 The horses that were second won 63,000, so it's a  
24 big drop. The horses that were third won 60,000,  
25 and then when you get to fourth and fifth and sixth,

1           because the purse amounts are so small and the  
2           percentages are so low, it becomes incremental.

3           MR. FERGUSON:   So it falls off.

4           MR. PETTY:   It falls off dramatically after  
5           third.   So it drops 75% from first to second, and  
6           then second and third might be close, and then  
7           fourth, fifth, and sixth, it tails off very  
8           dramatically.   So you can kick out fourth, fifth,  
9           and sixth, for example, and maybe you'd save  
10          yourself \$40,000 or 50,000, you know, there's some  
11          number, but those guys down there, you could make  
12          the argument that the guy that's fourth, fifth, and  
13          sixth needs the money as much or more than the guy  
14          that's first, second, third, depending on which hat  
15          you have on on the day you're having the  
16          conversation.

17          MR. BURNETT:   That's what gets the guy to  
18          come.   And so the guy that's teetering --

19          MR. PETTY:   Well, and it's also to help the  
20          entry office out, that gets a guy to run his horse  
21          even if the conditions weren't perfect.

22          MR. BURNETT:   Right.

23          MR. PETTY:   So when you're trying to fill  
24          races because filling races generates handle and  
25          handle drives everything we do.   So we're sensitive

1 to what Tyler and his people have to deal with to  
2 fill the card because ultimately that's good for  
3 everybody. That's the old -- the field size that we  
4 talk about is literally the tide that floats all the  
5 boats. So that fourth, fifth, sixth bonus money,  
6 that's part of that tide, I believe.

7 MR. HARRISON: And, Glen, maybe as further  
8 inducement to the winners, maybe it can be  
9 structured or written that at the end of the year,  
10 this 10% will be paid, but that's a minimum. Maybe  
11 the ADW money has kicked in or some of it has come  
12 in or we done better than we thought. So maybe  
13 it'll be 15%. Maybe it'll be 20%. I don't know.

14 MR. PETTY: And we also -- the other thing I  
15 didn't mention that we talked about, not to further  
16 muddy the water because you can't get any muddier,  
17 is approaching all this with some sort of cap, which  
18 has merit on some level, but it also means you  
19 could -- the last week of the race -- of your meet,  
20 you'd have a hard time filling races. Yes, you  
21 could go open-ended. You could say the minimum is  
22 10% and see what you have.

23 MR. BURNETT: The max in the fund or this  
24 percentage of the fund or some much.

25 MR. PETTY: Just see where you end up, and

1 then guys get that surprise check and everybody  
2 likes a surprise check.

3 MR. BURNETT: Yeah.

4 MR. PETTY: You know, when it comes and not  
5 only were you surprised it came, but by golly it's  
6 more than I thought it was gonna be. That's winner  
7 winner chicken dinner all over that one. And so  
8 with this small amount of money where you can't  
9 really motivate people to change how they do  
10 business, if you could at least give them that  
11 positive experience, it makes them want to come  
12 back. You've accomplished something. You've  
13 increased the value of your brand, both your race  
14 meet and your Virginia-bred horse.

15 MR. BURNETT: Maybe we can get the track to  
16 give them a chicken dinner.

17 MR. PETTY: I'm sure it's in the contract.  
18 I'm sure Frank has argued that on our behalf.

19 MR. CANAAN: An order of free chicken wings.

20 MR. BURNETT: Wing dings.

21 MR. PETRAMALO: The philosophy of spreading  
22 the money out to cover costs I think is consistent  
23 with a plan that we expect to implement with the  
24 racing secretary; that is, we are going to pay purse  
25 money all the way through last place. So that in

1 the typical race with eight or nine horses, if you  
2 finished eighth or ninth, you're still gonna pick up  
3 \$150, which will cover a jock fee or, you know,  
4 maybe --

5 MS. RICHARDS: Some of the vanning.

6 MR. PETRAMALO: -- some of the vanning, et  
7 cetera. Again, though, the same philosophy, it  
8 costs a lot of money to race these horses, and it's  
9 nice to be able to at least cover expenses.

10 MR. BURNETT: Delaware did that --

11 MR. PETRAMALO: Yeah. They still do it.

12 MR. BURNETT: -- for many years. Three  
13 hundred bucks I think they pay.

14 MR. PETRAMALO: Only they have a lot of money.

15 MR. BURNETT: Yeah.

16 MR. PETRAMALO: And they don't take it out of  
17 the purse account. It comes on top.

18 MR. BURNETT: Do we have any regulatory  
19 restrictions on that in terms of the statute saying  
20 we pay first through sixth? Are we free to just  
21 distribute it?

22 MR. PETRAMALO: No. I believe there is no  
23 restriction.

24 MR. BURNETT: You might want to make sure  
25 we're okay with that.

1 MR. PETTY: Is there a rule? There seems like  
2 there might be a rule on that. Actually, what we're  
3 proposing and actually what Vic just said of maybe  
4 having the winner's share open-ended helps with that  
5 because obviously those 150's for seventh, eighth,  
6 ninth, tenth, and eleventh are coming out of the  
7 previous guy's pocket. So if we can boost his  
8 purse, then that makes it -- you know, if you have a  
9 seventh, eighth, and ninth and win \$150, that \$450  
10 has got to come from somewhere.

11 MR. PETRAMALO: It's not coming out of the  
12 winner's purse. The winner is actually getting  
13 more.

14 MR. PETTY: But I'm saying it's coming from  
15 those other guys. So if we supplement them, then  
16 that's an easier pill for everybody to swallow.

17 MR. MILLER: Mr. Chairman?

18 MR. BURNETT: Yes, sir.

19 MR. MILLER: Do you have other states that we  
20 can reference that has this similar plan?

21 MR. PETTY: Commissioner Miller, I think Vic  
22 put it eloquently. Virginia is like no other state.  
23 No one else, for example --

24 MR. MILLER: You mean no other state has a  
25 breeders' bonus?

1 MR. PETTY: No other state --

2 MR. BURNETT: Ours is the highest in the  
3 country by double.

4 MR. PETTY: No one else pays 100% bonus.  
5 Probably because with year-round racing, they would  
6 go broke.

7 MR. BURNETT: Right.

8 MR. PETTY: Other states basically combine two  
9 things, restricted stakes and open purses.  
10 Maryland-bred stakes you hear about. New York-bred  
11 stakes you hear about. You hear about Florida-bred  
12 stakes. Or they pay a back-end award to the breeder  
13 based on a percentage of what the horses win, which  
14 is something we do.

15 We do a little bit of everything because we're  
16 driven to because of the short nature of this meet.  
17 If it were year-round, we'd approach it -- probably  
18 approach it differently, but since we have so little  
19 money, it's --

20 MR. REYNOLDS: Frank, I didn't understand what  
21 you said a minute ago about the winner gets more  
22 under this.

23 MR. PETRAMALO: Yes. The current breakdown --

24 MR. REYNOLDS: Last year?

25 MR. PETRAMALO: Last year and I think it's

1           been this way forever. The winner doesn't get 60%  
2           here. The winner gets 57%. Under the new schedule  
3           that we proposed and agreed to with the racing  
4           secretary, the winner would actually get 58%. So he  
5           gets a little more.

6           MR. BURNETT: Yeah. I can give you a little  
7           history on that. It used to be, if I'm not  
8           mistaken, 60, 20, 10 --

9           MR. PETRAMALO: Yeah.

10          MR. BURNETT: -- 3, and 2, if I'm not  
11          mistaken, to pay down five places, and then they  
12          decided to pay down six and to find the extra money  
13          for the sixth, they had to yank some of it out of  
14          the top, and I think they left the second alone.  
15          Typically, all the extra money comes out of the  
16          winner's share. It went down to 57. They took that  
17          3% and shoved it down to the bottom for the sixth.

18          It was just a way of adding -- the same theory  
19          we're talking about. The further down you can pay,  
20          the more likely someone is to enter. I mean, it's a  
21          fairly sick feeling when you're all high and hoping  
22          your horse is going to do well and all the rest and  
23          whatever happens, the racing gods don't favor you  
24          that day, and there you are seventh.

25          You say, geez, paid the jockey, paid the groom

1           some extra money to get ready for the race today,  
2           paid the vet a fortune for getting the horse  
3           pre-raced, and then I paid to ship it over here and  
4           blah, blah, blah, and you're out 6, 8, \$900 to run.  
5           The horse only gets so many times a year. If you  
6           can console yourself by saying, wow, at least I got  
7           that 500 bucks or 300 bucks, whatever it is, believe  
8           me, it's motivational for most folks.

9           MR. PETRAMALO: Well, I think it's a good  
10          idea, this 10% --

11          MR. BURNETT: Ten and a hundred.

12          MR. PETTY: Is that the way the wind is  
13          blowing toward, ten and a hundred?

14          MR. PETRAMALO: I think it's a wonderful idea.

15          MS. RICHARDS: I do, too, because I think we  
16          were hearing that in our board meeting, that it's  
17          such a risk to have Virginia-breds anyway for this  
18          short window and to just aim it all to win and you  
19          just don't win for 100 different reasons, you know,  
20          you only have so few opportunities. I think --

21          MR. BURNETT: Is it fair to say that more  
22          people would get money, albeit perhaps a little  
23          less, under the ten and a hundred arrangement than  
24          if you just --

25          MS. RICHARDS: I think so.

1 MR. BURNETT: -- piled it on? By a mile,  
2 wouldn't it?

3 MR. PETRAMALO: Oh, sure. Of course.

4 MS. RICHARDS: Absolutely.

5 MR. PETRAMALO: Absolutely.

6 MS. RICHARDS: And the native Virginians --

7 MR. BURNETT: That should be taken into  
8 account.

9 MR. PETTY: The numbers, one of the  
10 interesting trends is, as far as the number of  
11 horses to run first, to run second, to run third are  
12 very consistent. If you get into a category where  
13 18 horses won and probably 18 ran second, and so  
14 it's amazing how consistent that one runs. It  
15 always surprises me, but there's no question that 18  
16 times 5 is more than 18 times 1.

17 MR. BURNETT: I'm being called a socialist for  
18 suggesting spreading the wealth. That's  
19 redistribution of wealth, isn't it, Glen? We can't  
20 do this.

21 MR. PETTY: It's a common theme these days.  
22 We just roll with the punches. Just dealing the  
23 cards we've been dealt.

24 MR. BURNETT: All right. From a procedural  
25 standpoint -- I'm sorry. I'm going brain dead on

1 what we need to do. Anything?

2 MR. PETTY: Nothing, because what we typically  
3 do is we have a -- unfortunately, it's  
4 multi-layered, but it can move fairly quickly. We  
5 have a Breeders' Fund Committee, the VTA does, the  
6 Virginia Thoroughbred Association. We typically  
7 bring that group together, reach some sort of  
8 consensus, and then we offer that to the Racing  
9 Commission Breeders' Fund Committee. On some days,  
10 we have them -- we try to get them both to meet at  
11 the same time, then they make a recommendation and  
12 bring it to you for approval. There's other issues  
13 on the table like the steeplechase races we've  
14 approved for back end --

15 MR. BURNETT: Right. Right.

16 MR. PETTY: -- and the VTA's contract, and  
17 then the harness guys, I imagine, have a similar  
18 process, but we ought to be able to have this thing  
19 back to you by next month and have it --

20 MR. BURNETT: Don't we need to for the obvious  
21 publicity benefit --

22 MR. PETTY: Absolutely. Absolutely.

23 MR. BURNETT: -- and the promoting and all the  
24 rest?

25 MR. PETTY: Unfortunately, we don't apparently

1 have money to market it like we did last year and  
2 just -- I'm preaching to the choir, that made a big  
3 difference. Running ads in the trades that said  
4 100% bonus in Virginia, that had a big impact.  
5 We're gonna miss those. They're expensive, but  
6 those really helped fuel the fire.

7 MR. HARRISON: It'll be a little trickier  
8 marketing this because it's a change from last year.  
9 It's still kind of a 100% bonus, but --

10 MR. PETTY: Well, we're gonna have to go grass  
11 roots and we're gonna have to go -- we're gonna have  
12 to grill them a little bit. We can get the word out  
13 there. One nice thing about the racing industry is  
14 they typically tend to talk only to themselves, so  
15 there's a lot of time spent conversing among one  
16 another. So once the word gets out, the word will  
17 get around.

18 MR. HARRISON: Just a reminder that since we  
19 pushed this meeting back a week, the next meeting is  
20 essentially three weeks from now.

21 MR. BURNETT: Is there potential -- actually,  
22 let me just suggest that you explore sponsorships of  
23 Virginia Breeders' Awards. It sounds odd in some  
24 ways, but maybe you could have general sponsors that  
25 throw a little bit of money at you and use that for

1 promotion. Get your name in lights by some sponsor  
2 and maybe, you know, Virginia-Bred 100% Bonus Award  
3 sponsored by or promoted by, and then somebody gets  
4 the name of their company and that pays for your ad.  
5 That might be something to think about.

6 MR. PETTY: All right.

7 MR. BURNETT: Call me.

8 MR. PETTY: We'll get our sales team on it.

9 MR. BURNETT: All right. Anything else on the  
10 breeders' bonus, gentlemen?

11 The next item is public participation. Might  
12 there be any member of the public that would like to  
13 address the Commission?

14 MR. STAPLES: I would.

15 MR. BURNETT: Would you identify yourself,  
16 sir, and tell us what you'd like to tell us.

17 MR. STAPLES: I'm James Staples. I don't own  
18 Bellwether Productions anymore. My wife does.

19 MR. BURNETT: For the benefit of the -- excuse  
20 me.

21 MR. STAPLES: I'm sorry.

22 MR. BURNETT: For the benefit of the court  
23 reporter, would you state your name, please?

24 MR. STAPLES: James G. Staples.

25 MR. BURNETT: Thank you.

1 MR. STAPLES: Do you need my address?

2 MR. BURNETT: No. We're all right. We need  
3 your thoughts.

4 MR. STAPLES: I'm a Virginia boy. I  
5 appreciate that. This has been a wonderful day in  
6 here so far. It really has.

7 You were talking about Oaklawn compared to  
8 here. In two weeks they had 230,000 people two  
9 weeks ago. I don't give the exact dates. Churchill  
10 Downs actually made money last year. CDI, they did  
11 really well. Laurel Park made money last year. I  
12 guess Pimlico with the Preakness, it seems that  
13 that's all they're trying to save now is the  
14 Preakness.

15 Here we're looking at 10,000 that they're  
16 averaging for the -- I believe for the Virginia  
17 Derby and 6,500 for the Colonial Turf Cup. Cheaply,  
18 I say cheaply, we can double -- Bellwether can  
19 double these numbers. We need 90 days, but I'll  
20 work with Mr. Wood, and we talked already and had a  
21 communication really for the first time. Y'all  
22 excuse me. I'm passionate. I'm really more  
23 passionate than the Arabs about these horses, and  
24 that's the truth. It's hard to believe as much  
25 money as they've spent, you know, but it has been

1 good for our country, I think, that they've come  
2 over here and grasped this sport the way they have.

3 I know we can double these numbers, and we can  
4 help the breeders people also with their marketing.  
5 Jamestown was a bust. Virginia busted Jamestown.  
6 They lost so much money on that, and I'm not blaming  
7 anybody, but people down in South Hampton Roads  
8 agree with that because the bulk of them never went  
9 to Jamestown over the 400 year celebration, which  
10 was sad.

11 Like I say, we're promoters and we believe we  
12 can help the Commonwealth. The first thing I think  
13 we need to do -- and I'm giving this away -- is we  
14 need to get the governor here every year to the  
15 Virginia Derby. He needs to help us promote this  
16 big time, and they haven't been doing it. I don't  
17 know if Mr. Warner -- there again, we're not  
18 throwing darts. We just know we need to get these  
19 people to this race.

20 Television, we can get television. Winacom is  
21 our people, but like you said, we'd have to pay them  
22 to get them here, but we know that Norfolk  
23 Southern -- I'm giving up a real secret now.  
24 Norfolk Southern is definitely interested in horse  
25 racing. I told Mr. Segenfeld at Triple Crown

1 Productions that. I told Mr. Nick Nicholson that at  
2 Keeneland. Nobody is listening.

3 I'm not gonna stand here and preach all day,  
4 but I'm from this Commonwealth, and at one time I  
5 wanted to leave. I haven't spent -- we spent \$50  
6 here on a halter, and we spent over 300,000 in  
7 Maryland. We have a tapit there right now that's  
8 doing quite well, and everything you said today --  
9 and I didn't know you were an owner -- is true. I  
10 say you know better -- owning them is one thing.  
11 It's a whole other deal once you own a race horse.

12 I can work with Mr. Wood. However the  
13 Commission wants to do it. We got the proposal. I  
14 submitted it to Mr. Reynolds. Mr. Reynolds asked me  
15 to send it to him. I have a basic right here of the  
16 proposal. We can really do this inexpensive. I  
17 told Jacobs Entertainment, those people really, but  
18 I'm not giving these ideas away. They pay a lot of  
19 money. I have a logo that would probably cost  
20 anybody 50,000. I got it for \$350. You know, it's  
21 like those tapits. They may go for a million over  
22 there. I got one for 5,500. We can do this here.

23 I'm getting out of -- I'm losing my train of  
24 thought, but all I'm saying is if they'll work with  
25 Bellwether, if Jacobs and them will work with us, I

1 know we can help them this year. We'll do it on a  
2 performance basis to double those numbers. I see  
3 this gentleman looking at me like I'm crazy as hell  
4 and really --

5 MR. BURNETT: He looks at me like that all the  
6 time.

7 MR. STAPLES: But I do mean that. And the  
8 breeders -- everybody. The breeders, anything y'all  
9 need, we'll give some of it away. Some of it we  
10 need to get paid for.

11 I don't know -- let me ask this. If we could  
12 double the Derby to 10,000, would we -- should we  
13 deserve -- can we legally from a regulatory  
14 standpoint, can we take a percentage of the handle  
15 that is increased? See, she's saying no. I don't  
16 know that.

17 MR. BURNETT: I think indirectly the track  
18 could pay anybody who can help increase the handle.  
19 That's what they do when they spend half a million  
20 dollars on advertising. You know, certainly we  
21 wouldn't have legislation that designates a piece of  
22 the handle for you. On the other hand, there are  
23 certain recipients of part of the handle that use  
24 part of that money to promote more handle. So it's  
25 certainly something that could happen.

1 I make one observation to you, Mr. Staples,  
2 that we've struggled with and that is that this  
3 facility is a wonderful facility and one of the best  
4 in the country as far as I'm concerned. The  
5 difficulty with it is when you get a crowd above 8  
6 to 10,000 people, it starts becoming a chore to keep  
7 that crowd happy. The lines get long. The bathroom  
8 lines get long. The concessions have difficulty.  
9 The betting has difficulty. What I've been trying  
10 to preach for a long time is let's hold that Derby  
11 10,000 or more, and don't let it get any lower than  
12 that, but let's look at those other weekends and  
13 look at the Colonial Cup.

14 MR. STAPLES: Right.

15 MR. BURNETT: That's gotten 6,000. Let's get  
16 that to ten.

17 MR. STAPLES: Right.

18 MR. BURNETT: Let's get every weekend of  
19 racing in Virginia to 10,000 people.

20 MR. STAPLES: He told me it would hold 20. I  
21 mean, that it would. I mean, that's being safe. Is  
22 that safe? Is that a safe number to say? Let's  
23 drop it down to 16 or 18,000 because we can presell  
24 8,000 tickets this year. I'm gonna bet now. Do  
25 they believe that? We can presell 8,000 tickets

1 this year.

2 MR. FERGUSON: I have a question.

3 MR. BURNETT: Yes.

4 MR. FERGUSON: Who is Bellwether?

5 MR. STAPLES: Bellwether Productions. It's a  
6 Virginia company out of Chesapeake now. It was  
7 Portsmouth.

8 MR. BURNETT: It's Mr. Staples' wife's company  
9 now.

10 MR. STAPLES: She owns it. My wife has taken  
11 over Bellwether.

12 MR. FERGUSON: That does what?

13 MR. STAPLES: Promotional marketing for horse  
14 racing.

15 MR. FERGUSON: Gotcha.

16 MR. STAPLES: That's it. That's all we do.  
17 We don't promote -- of course, we could get Mick  
18 Jagger maybe if we want -- you know, if we --

19 MR. BURNETT: Bring him on.

20 MR. STAPLES: Right. But we want to race  
21 here, too. We really do. We want to come back  
22 home.

23 MR. FERGUSON: Are you asking permission to do  
24 business with Colonial Downs?

25 MR. STAPLES: I'm asking -- yes, sir. I'm

1 trying to ask them if they'll just discuss these  
2 things and see if we couldn't work something out.

3 MR. FERGUSON: Isn't that something that you  
4 should discuss with Colonial Downs since we don't  
5 have the money to give you?

6 MR. STAPLES: I've tried, but I couldn't get  
7 any communication with them, but I'm dropping all  
8 that.

9 MR. FERGUSON: So you're not getting  
10 communication --

11 MR. STAPLES: Nick Nicholson won't call me  
12 either.

13 MR. FERGUSON: So you're not getting  
14 communication.

15 MR. STAPLES: Huh-uh.

16 MR. FERGUSON: So you're asking us to do what.

17 MR. STAPLES: I'm just asking you if you can  
18 kind of be like a mediator and maybe -- Mr. Wood  
19 already -- Darrell Wood talked with me this morning,  
20 which I appreciate so much, you know, just to give  
21 us the shot is all we're asking.

22 MR. FERGUSON: For who to give you a shot?

23 MR. STAPLES: Jacobs Entertainment. Do they  
24 own Colonial Downs?

25 MR. BURNETT: He's looking at a shot to

1 promote racing --

2 MR. STAPLES: To promote racing, yes.

3 MR. FERGUSON: So that's a discussion that you  
4 should have with Jacobs Entertainment.

5 MR. STAPLES: Well, okay. That's why I'm  
6 here. I know that the Commission -- I tried to get  
7 them, but like I said, they're not the first ones  
8 that wouldn't communicate. The only one that does  
9 is Ed Segenfeld with Triple Crown Productions. He  
10 does communicate with us, because I'll tell you that  
11 nobody has got the ideas we do. You can believe it.  
12 They're gonna find -- I guarantee you we couldn't  
13 get a snowball here in August. We need a snowball  
14 machine, too, up here seriously for the children.

15 We're into carousels. We're into all kinds of  
16 things to promote this sport, but nobody is  
17 listening seriously. I'll stop.

18 MR. BURNETT: Mr. Staples, thank you. And we  
19 appreciate your having forwarded what you have to  
20 Mr. Reynolds, and I'm sure he'll look at it with  
21 great interest as will we.

22 MR. REYNOLDS: I've communicated back. We  
23 have no money.

24 MR. BURNETT: Right. Everybody is tight now.

25 MR. STAPLES: Right. I understand that. No,

1 no. We're not asking for any money.

2 MR. BURNETT: Understood.

3 MR. STAPLES: Right.

4 MR. BURNETT: I just want to make sure --

5 MR. STAPLES: We'll put up some money if  
6 Jacobs will.

7 MR. BURNETT: I just want to make sure you  
8 understand the Commission's role.

9 MR. STAPLES: Oh, I do. Yes, sir.

10 MR. BURNETT: We cannot direct --

11 MR. STAPLES: Right.

12 MR. BURNETT: -- Mr. Jacobs to hire you or  
13 anybody else.

14 MR. STAPLES: I understand that tee totally.  
15 No, no. I understand. That's on me.

16 MR. BURNETT: But we are delighted that you  
17 have such passion, particularly as a Virginian for  
18 this game --

19 MR. STAPLES: Thank you so much.

20 MR. BURNETT: -- because we need more like  
21 you --

22 MR. STAPLES: Thank you.

23 MR. BURNETT: -- who show the interest and  
24 writing that check for horses to train and come here  
25 and the more of that, the better. We're grateful

1 for it and hope you'll just keep thinking of those  
2 ideas, and I'm guessing that Mr. Jacobs and his  
3 people will look at them.

4 MR. STAPLES: One other thing. I want you to  
5 know this because they get a bum rap. Charles Town  
6 is doing super. The place is clean as a pin. It  
7 didn't bring in any gangsters that they didn't  
8 already have, and they're gonna have two million  
9 dollar races this year y'all, stakes. They're  
10 growing. But they won't change that track. That's  
11 the only reason I say they can't get huge is because  
12 they need a mile and something track.

13 MR. BURNETT: They had a chance.

14 MR. STAPLES: Well, but they're doing good.  
15 The place really -- I'm impressed with the place.  
16 We don't need slots here. We don't promote slots or  
17 any kind of foreign game. We promote horse racing,  
18 the sport of it. I appreciate you letting me talk.  
19 Thanks a lot.

20 MR. BURNETT: We appreciate you coming,  
21 Mr. Staples. Thank you.

22 MR. STAPLES: Yes, sir.

23 MR. BURNETT: Would anyone else like to  
24 address the Commission as a member of the public?  
25 Yes, sir.

1           MR. CHARLES: My name is Torrey and last year  
2 we put together a production series called Fast  
3 Facts at the Track. It was something that the  
4 Commission helped us with, and we wanted to come and  
5 say thank you for letting us do that. Along with  
6 that, we wanted to qualify it with saying that --  
7 I'm comfortable with saying that I think it was  
8 successful, and there's a couple of things to say  
9 how that would have occurred.

10           The first thing is the hits that we got  
11 through YouTube and broadcasting through networks  
12 like that were over 6,500 for the 20 videos that we  
13 put up. So in general -- for just general videos,  
14 that's not bad. You know, maybe some of these crazy  
15 ones where people are sticking things up their nose,  
16 they get a lot more, but this was just an  
17 educational video that we thought was very  
18 successful.

19           Along with that, we had a couple of nuggets  
20 thrown our way that we just didn't expect at the  
21 time. We had the right cameras and the right mikes  
22 and got a great interview with Michael Iavarone  
23 where he talks about Virginia racing, how he loves  
24 it, how he loves the Virginia Derby, and how he's  
25 going to come back every year. So that was a

1 wonderful thing. We've been broadcasting that.  
2 We've been kind of lobbying his company to actually  
3 put these videos that we have on his website that --  
4 are all branded with Virginia Racing Commission. So  
5 it's not advancing Fast Facts. It's advancing you  
6 as a sponsor.

7 Along with that, Edgar Prado also gave us a  
8 great interview in the paddock the day of the  
9 Virginia Derby and said, "Virginia isn't for lovers.  
10 It's for horse lovers." We felt that that was a  
11 great little quote, and we tried to get that out as  
12 much as possible through the Fast Facts  
13 distribution.

14 We had several clients that were at the  
15 Breeders' Cup this last year and while they were  
16 there, it was kind of our job to make sure that they  
17 were entertained. I had called a friend of ours at  
18 the Hollywood Inn prop just to say, hey, I've got  
19 some guys that are in the horsing industry that I'd  
20 like to put on your guest list tonight. He asked  
21 what I did. I told him I was with Fast Facts  
22 Production. And the first thing out of his mouth  
23 was, oh, you do that horse bonus for owners in  
24 Virginia, right? This guy saw one of the fast facts  
25 in some other track in California and remembered

1 this particular program. So as much as -- I don't  
2 know how this happens. I mean, well, I kind of have  
3 an idea. I think that it's good production. I  
4 think it's put in the right places for people to see  
5 these things.

6 If you just kind of crunch very, very loose  
7 numbers, I mean, these aren't Arbitron-type ratings,  
8 but based on the distribution of simulcast of  
9 Colonial Downs, which Colonial was so cooperative in  
10 actually airing these things for us for the Virginia  
11 Racing Commission, that those were broadcast through  
12 every other track that will take it.

13 So we just did a quick little crunching of the  
14 numbers, and let's just say that there were 20  
15 tracks on a regular basis that aired the numbers and  
16 aired that it was here, there very well could have  
17 been 60 to 100,000 people that were exposed to those  
18 videos over the course of the whole country.

19 So for a very -- you know, kind of a small  
20 job, it was basically just a reporter on the street  
21 that gets out and gets the stories, talks about  
22 horses in Virginia, talks about how to shoe a horse,  
23 you know, in a comical fashion and things like that.  
24 We felt that it really -- at least it penetrated  
25 deeper outside of maybe in the trade magazines of

1 the horse industry to regular people and educated  
2 regular people about Virginia racing.

3 As we, you know, developed this thing, Fast  
4 Facts at the Track is a pretty dear thing to me. We  
5 developed fantastic relationships with Ferris, with  
6 Karen and Donna Dennehy, with the VTA, with a lot of  
7 people that are here, and we'd love the opportunity  
8 to continue to explore that with the standardbred,  
9 with a Point-to-Point, and I'm not here to ask for  
10 money. I'm here to say we appreciate what it is you  
11 let us do because I believe in my heart that what we  
12 did advanced the causes of the Virginia racing  
13 industry and felt that it was a successful  
14 adventure.

15 So I wanted to say thank you, that we're not  
16 giving up. We're going to keep going at it. So if  
17 you get some money, I'll take it, but I wanted to  
18 say thank you very much and, you know, all those  
19 videos are on our website. We've got about 15  
20 different partner websites, like Virginia horse  
21 lovers dot com or something like that. All kinds of  
22 people picked up these videos and put them on their  
23 own website because we made it possible for them to  
24 just click the URLs and drag it over to their own  
25 website. So it's getting a lot of viewership.

1           It's not traditional, right? But the thing is  
2           let's look at Facebook, look at Twitter, look at  
3           these social networking sites, all of which we're  
4           really proficient with using and are very simple,  
5           very inexpensive, and cheap. It doesn't cost  
6           anything to get any one of those accounts and you  
7           can actually broadcast your message and get it out  
8           there. And in times like today, we need to be  
9           looking at these gorilla marketing tactics and these  
10          free things that really can broadcast your message.

11           It doesn't necessarily have to be some huge  
12          thing. You know, if you just put it in the right  
13          place at the right time and consider core marketing  
14          services, you can really get your message out there.  
15          Again, I appreciate it and thank you very, very  
16          much.

17           MR. BURNETT: Thank you very much for taking  
18          so much time to come here and listen to us chat  
19          about all these things, and I hope in better times  
20          that we're gonna be in a position not only to  
21          support you with good words, but to find some way to  
22          help fund you. We are just in really tough  
23          financial times at this point as you well know.

24           MR. CHARLES: I understand. I appreciate it,  
25          because I really -- it's something that's dear to my

1 heart and I really enjoy Virginia horse racing. I  
2 can't own a horse. I'm not that rich, but it's a  
3 wonderful thing to be involved with people in the  
4 horse industry and it's formed some relationships  
5 that I certainly won't be giving up anytime soon.  
6 It's been a wonderful event.

7 MR. BURNETT: Well, thank you, sir.

8 MR. CHARLES: Thank you.

9 MR. BURNETT: Yes, sir.

10 MR. DAVIDSON: My name is Darrell S. Davidson.  
11 I'm a Maryland horse owner, and I enjoy coming up  
12 here to race.

13 Back on July 8, '07, I had a serious injury to  
14 one of my horses and tried to do this ethically and  
15 still want to try to resolve it peacefully. A horse  
16 of mine got fileted and got over a hundred stitches.  
17 When I approached the officials before, and I said,  
18 you know, I bring horses here every year. I buy  
19 Virginia hay and employ Virginia people through my  
20 trainers. I don't come here to steal the purse. I  
21 hate to say it, but I was told on a -- if you can  
22 come here to steal the purses, you don't need to be  
23 here, which is not -- you know, I own three  
24 different businesses. It's not the best thing to be  
25 saying. Fortunately, that gentleman is no longer

1 here.

2 I would like to try to resolve this peacefully  
3 and ethically, and I'm not trying to make money off  
4 of this. I had about \$3,000 worth of -- a vet bill  
5 and a couple of training things. Frank knew about  
6 it, and he said it was going to be resolved. Months  
7 went by. It never got resolved.

8 Getting off topic here a little bit, I think  
9 you guys have a great shot of doing something here  
10 because I can't even get a horse to race in Maryland  
11 right now. I mean, 15 -- 25,000 on the turf, didn't  
12 even go. They didn't fill the field. Then we drop  
13 to 15,000, didn't even go. A mile and an eighth at  
14 Charles Town, didn't even go.

15 This is the same horse who broke his maiden  
16 and maiden special weight, and I just want to see if  
17 I can resolve this peacefully. I had a lot of  
18 insight because I run horses basically drug-free.  
19 When I first started out and I had these 8, \$900 vet  
20 bills and up and they were running for a nickel and  
21 losing, I had horses running maiden special weight  
22 and holding their own and even George Anne said, oh,  
23 the vets must hate you.

24 So there is some theory for being able to run  
25 them clean and not let the vets and even some of the

1           trainers tell you you've got to do this, this, and  
2           that. You may run at a little slight disadvantage,  
3           but it's so hard to win anyway. You don't need to  
4           be doubling your monthly bill. I just wanted to see  
5           if I could talk to the right person just about  
6           trying to resolve this nicely and ethically.

7           MR. BURNETT: I'm not sure I can tell you who  
8           the right person is, but I'm going to tell you to  
9           talk to Vic as a starting point just to understand  
10          what we've got here, and we'll certainly listen.

11          MR. DAVIDSON: That's all I ask.

12          MR. BURNETT: I don't know if we can do  
13          anything else, but certainly we'll listen and thank  
14          you for -- as long as I've been on the Commission, I  
15          cannot remember when I have said does anybody from  
16          the public -- is there anybody here who would like  
17          to speak --

18          MR. PETTY: Three is the record.

19          MR. BURNETT: -- and anybody has stood up.

20          MR. PETTY: Three is the record.

21          MR. BURNETT: Yeah. This is a record.

22          MR. PETTY: Two might have been a record.

23          MR. DAVIDSON: You guys have a great track,  
24          great facility. It's one of the best turf tracks  
25          around and another -- and maybe I'm off cue here,

1 but you know, I don't know how many horses were bred  
2 this year versus last year, and if the breeders'  
3 bonus -- if these bonuses aren't increasing  
4 breeding, you do need to, I think, look to cut it  
5 and save it for the bigger races because that's what  
6 I would think it would be to bring -- to have more  
7 people get Virginia-bred horses and breed a foal in  
8 Virginia.

9 MR. BURNETT: That's a good point.

10 MR. DAVIDSON: If it's not happening, then you  
11 know, if nobody is paying 100%, why should you guys.  
12 I mean --

13 MR. BURNETT: We just want to give it enough  
14 of a chance to see if it changes a downward trend.

15 MR. DAVIDSON: Right. I agree.

16 MR. HARRISON: Are you saying that your horse  
17 was injured here due to some kind of negligence?

18 MR. DAVIDSON: Yeah. I was told that there  
19 was -- the rail was separated like this  
20 (Indicating). I have pictures I'll show you. When  
21 he -- when my horse made the inside move on his  
22 first very race that he ever ran, my jockey said,  
23 hey, he was -- he was green and he didn't go through  
24 the hole. He hit that -- he didn't hit it. He just  
25 got nicked -- raised that rail, and it fileted him.

1 He still finished seven out of ten after being  
2 fileted when he was running against --

3 MR. PETRAMALO: Commissioner Miller, the horse  
4 was running close to the guard that's on the rail,  
5 and the guard, it jutted out leaving a sharp point,  
6 and his horse scraped the rail and was cut severely.

7 MR. MILLER: I'm not puzzled by the injury.  
8 My puzzlement is if a horse was allegedly injured  
9 here at the track by some alleged negligence by the  
10 track, your claim would be against Colonial Downs  
11 and I trust that they have lawyers and they have  
12 insurance coverage to cover any negligence at the  
13 track.

14 The Racing Commission, we would have -- I  
15 don't think we have a role to play in this  
16 particular situation.

17 MR. DAVIDSON: Well, without the horse -- if  
18 this is the kind of treatment a horse owner gets and  
19 it's all about the horse and the owners bringing  
20 their horses and they're being -- their backs are  
21 being turned on them, somebody has got to at  
22 least -- I'm not looking to make money off this.  
23 I'm trying to do the ethical thing.

24 MR. MILLER: What I'm trying to explain to you  
25 is maybe --

1 MR. DAVIDSON: Well, if the Commission --

2 MR. MILLER: We don't have a role other than  
3 to encourage the owner of the track to abide by all  
4 principals of justice and law --

5 MR. DAVIDSON: Right.

6 MR. MILLER: -- and that when a claim is made,  
7 you respond to that claim. That's all -- we have  
8 kind of a moral perhaps to -- okay. Mr. Weinberg is  
9 the attorney for the track. I don't know that he  
10 gets into these kind of situations, but I would urge  
11 you to contact Colonial Downs and Colonial Downs  
12 through their legal counsel then will respond, and  
13 then you would have to go from there to get some  
14 kind of satisfaction for your claim.

15 Now, you can, of course, talk to the executive  
16 secretary, but all he can tell you I think is about  
17 what I'm telling you.

18 MR. DAVIDSON: But it still makes sense if he  
19 says, hey, Darrell, yes, what you're doing, you have  
20 a legitimate complaint, that the more people -- just  
21 like Frank had told me he thought it was fair.

22 MR. MILLER: I will tell you on the face of it  
23 anyone -- I used to practice law. I don't anymore.  
24 But anyone that has an alleged -- has a grievance of  
25 any kind, I would always encourage them to exercise

1 that grievance. If you have a claim, if you feel  
2 you have a claim and you feel that you should be  
3 reimbursed for some negligence or some fault  
4 committed by some other person or entity, certainly  
5 you should pursue that. I would encourage you to do  
6 that, but I would encourage Colonial Downs as the  
7 operator of a track in Virginia to respond  
8 adequately to such claim through their legal  
9 department.

10 MR. DAVIDSON: Isn't it better to keep the  
11 lawyers out of it because nobody wins?

12 MR. MILLER: Well, the only problem there is  
13 when you have a -- it's a legitimate legal claim.  
14 It's not something that you just may handle between  
15 yourself and another horse owner or yourself and  
16 another -- some supervisor of a track or yourself  
17 and a steward or yourself and a racing secretary or  
18 yourself and a commissioner, this is a legal claim  
19 you're asserting and it has to be handled through  
20 legal means.

21 MR. REYNOLDS: If I could ask a question.  
22 When did the accident happen?

23 MR. DAVIDSON: July 8th of '07. I was told it  
24 would be resolved originally. Nobody ever called me  
25 back. Like I said, Frank was involved.

1 MR. MILLER: Now, I will tell you, sir, I  
2 don't want to interrupt you. I want to get this out  
3 so there's no question about this. You said 2007.  
4 I know the personal injury statute of limitations  
5 for human beings, I don't know what it is for  
6 injuries to horses or property of that kind -- it's  
7 five years.

8 MR. STAPLES: Three or five.

9 MR. MILLER: Whatever it is, you need to  
10 check --

11 MR. DAVIDSON: It's at least three years.

12 MR. MILLER: Check with an attorney wherever  
13 and make sure that you are within the statute of  
14 limitations.

15 MR. DAVIDSON: No, I checked.

16 MR. MILLER: Don't let the statute of  
17 limitations run out.

18 MR. DAVIDSON: I don't want to use an  
19 attorney. It's so simple. I'm just trying to get a  
20 vet bill covered and a month or so of training.  
21 That's it.

22 MR. MILLER: Well, that's up to you. I've  
23 done all I can tell you.

24 MR. DAVIDSON: Okay. Thank you.

25 MR. BURNETT: Sir, let me just add one comment

1 to this. I agree with everything Commissioner  
2 Miller has said to the extent that this is truly a  
3 private dispute. It is not something that the  
4 Commission would inject itself in or try and guide  
5 you on how to deal with that. I'm an attorney, and  
6 I agree with you. If you can resolve things without  
7 an attorney, that's great, and I encourage you to  
8 try and do that.

9 The Commission's interest in this would be one  
10 of not having more people standing in your shoes  
11 saying the same thing happened to them, and our  
12 interest would be if there's been any notion of an  
13 unsafe condition at this facility, we would want to  
14 be comfortable that it's been addressed. I'm sure  
15 that the racetrack has taken that into account, but  
16 I wanted our executive secretary to know of the  
17 circumstances such that he can check with the track  
18 so that we're not going to have any more horses  
19 getting a hundred stitches, right?

20 MR. DAVIDSON: Right.

21 MR. BURNETT: That would be the objective. So  
22 that's why I wanted you to speak with Mr. Harrison.

23 MR. DAVIDSON: He can probably lead me to the  
24 right person.

25 MR. BURNETT: I think he probably could.

1 MR. DAVIDSON: Perfect.

2 MR. BURNETT: Great. Thank you for coming.

3 MR. DAVIDSON: You're welcome.

4 MR. BURNETT: We've had a lively and spirited  
5 public participation session today.

6 MR. STAPLES: He's raced since then, too.  
7 He's came back here and raced.

8 MR. BURNETT: That's good. Did you promote  
9 that?

10 MR. STAPLES: No. Hey, when I get through  
11 promoting, y'all are going to be ashamed of  
12 yourselves.

13 MR. BURNETT: Come on now.

14 MR. STAPLES: I'm serious. Jamestown proved  
15 that, folks. I'm serious.

16 MR. BURNETT: The next meeting, April 15th,  
17 2009, any problem with that, gentlemen?

18 MR. FERGUSON: Tax day.

19 MR. BURNETT: Yeah, tax day. We'll all have  
20 long faces on that day or maybe we'll just be  
21 writing off our losses. No need for a closed  
22 meeting. Do I have a motion to adjourn?

23 MR. MILLER: So move.

24 MR. BURNETT: Chair seconds. All in favor,  
25 aye.

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NOTE: The motion is made by Commissioner Miller and seconded by Commissioner Burnett. All were in favor. The motion carries.

Note: The proceeding concluded at 11:35 a.m.

## CERTIFICATE

VIRGINIA:

COUNTY OF NEW KENT:

I, MELISSA H. CUSTIS, RPR, hereby certify that I was the Court Reporter for the Virginia Racing Commission meeting on March 25th, 2009, New Kent, Virginia, at the time of the hearing herein.

I further certify that the foregoing transcript is a true and accurate record of the meeting and other incidents of the hearing herein.

Given under my hand this 1st day of April, 2009.

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Melissa H. Custis, RPR

Notary Public for the State of Virginia at Large

My Commission expires:

March 31, 2011