VIRGINIA RACING COMMISSION

March 22, 2011

10700 Horseman's Road
New Kent, VA 23124

Commencing at 9:34 a.m.

COMMISSION MEMBERS:

Clinton Miller, Chairman
Stuart Siegel
David Reynolds
J. Sargeant Reynolds, Jr.

COMMISSION STAFF:

David S. Lermond, Jr., Acting Executive Secretary
Kimberly M. Carter, Office Administrator
C. Richard Harden, DVM, Equine Medical Director
Joseph M. Roney, Director of Security & Enforcement

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MR. MILLER: All right. Good morning.
I'm the new chairman of the Commission by default.
MR. PETRAMALO: Congratulations.
MR. SIEGEL: Unanimous vote.
MR. MILLER: We're gonna try in the future to
actually start on time, so hopefully, when 9:30
comes, we will start right at 9:30 and so everybody
make it a point to try to be here promptly.
I forgot my first duty. Okay. Good morning
again. I'm the new chairman of the Commission and
this is our -- I'm calling the meeting to order.
The first item on the agenda is the approval of the
minutes of the regular meeting of February 8th of
2011. Do I hear a motion?
MR. SIEGEL: So moved.
MR. D. REYNOLDS: Second.
MR. MILLER: Moved and seconded that the
February 8th meeting be approved, all say aye.
MR. SIEGEL: Aye.
MR. MILLER: Chairman votes aye.
Approval of minutes of the special meeting
March 15th, 2011; is there a motion?
MR. SIEGEL: So move.
MR. D. REYNOLDS: Second.
MR. MILLER: So moved. All in favor, say aye.
MR. SIEGEL: Aye.

MR. MILLER: Minutes are approved.

Now, at the special meeting of the Commission on March the 15th, I was elected chairman to be called to the absence of a chairman due to Peter Burnett not having been reappointed to the Commission and we're gonna miss Peter and we'll have more to say about him in the future.

He did make a great contribution to the Commission and to the Commonwealth for the time that he was on the Commission and I've talked to him since and he is, of course, because of his deep interest in especially the Thoroughbred racing and racing in general, I guess, he'll do anything, help anyone, assist anyone in any efforts they may have in the future and he's willing to serve in any capacity that anyone here might want to call upon him in the future for advice or argument, either one or both.

But we have a new commissioner that is replacing Peter on the Commission and our new commissioner is gonna bring a lot of vitality and the enthusiasm that goes with being young.

MR. SIEGEL: Brings youth to us as well,
right?

MR. D. REYNOLDS: I just turned 50, I don't know.

MR. MILLER: I'd like to take this opportunity to introduce him to you now and say a few words about his background. The only problem I have with him is he reminds me of the fact that I am getting old, because I was a contemporary of his father many years ago. So I'd introduce to you Sarge Reynolds, Jr. Sarge.

MR. S. REYNOLDS: Thank you, Mr. Chairman. It's certainly a pleasure to be appointed and I look forward to serving on the Commission and serving with the commissioners and hopefully getting to know all of the stakeholders, and you know, my goal, obviously, is to work together to move Virginia racing forward, hopefully in a good direction. I know I have some big shoes to fill and I look forward to it.

Briefly, I live up in Richmond, Virginia. I'm a real estate developer up there. I think we're still alive up there. You never know these last couple years.

I have an 18-year-old daughter, a 13-year-old son and a wife I've been married to for 20 years.
I've loved horse racing all my life. My grandfather and uncle owned horses and told me never to get in it, so I guess I'm here now.

But then on my mother's side, she grew up in Louisville, Kentucky and I've got horse racing in my blood on both sides. So, you know, we'll see what happens, but I certainly add to the handle every year down here and I look forward to working with you all.

Thank you, Mr. Chairman.

MR. MILLER: Thank you, Sarge, and it's a pleasure to have you on the Commission and we look forward to working with you in the future.

Also, I'd like to take this opportunity to introduce you to someone. We have -- Our executive secretary left us last fall and we've been working on a replacement for him since and put a lot of time and effort into it.

We've had oodles of candidates and the candidates were culled down to five finalists and all five finalists were extraordinarily good people with good credentials and good backgrounds in the industry. We were very fortunate to have the kind of candidates for the office that we had this time around.
It was a decision that was, as when you do have a lot of good candidates, a tough decision to make to determine who should be the one who secures the position.

In this instance, we had one that was just outstanding and the person that we chose is with us here today and I asked him to come to be with us today so I could introduce him to you.

He will be taking the position, hopefully, on April the 1st of 2011. He's Bernard -- we call him Bernie -- J. Hettel, former executive director and chief steward of the Kentucky Racing Commission.

He's worked with Magma Entertainment Corporation. He's worked at Gulf Stream Park, Association Steward, also racing operations manager. I'd like for him to stand and be recognized and maybe say a few words.

MR. HETTEL: Thank you, Mr. Chairman. It's good to be with the Commission. Thank you so much.

Just by way of some background, I've been in horse racing since I graduated from college, the University of Louisville, 1972.

I started out as a groom and a hot walker and I really thought at that time, I was gonna be a horse trainer, but somehow that just didn't work.
As most horse trainers in this room all know, that's a tough go.

After that, I became a racing official and worked the Kentucky circuit. Became a steward when I was 29 and I replaced a man named Keen Dangerfield, who was probably the preeminent racing steward in America.

I've worked for the Kentucky Racing Commission, as the Chairman said, for a little over 20 years; was the executive director and chief steward. Left that position to go work for Frank Stronack [ph] at Magna Entertainment Corporation and I spent five years with him.

I'm here now and I'm really looking forward to it. I think this is a magnificent opportunity. Beautiful, beautiful facility.

I think there's some work to be done. I think we can do it. Looking forward to working with all of you in this building. So if you need me, I'll hopefully be on staff here by April, but we'll see. Okay. Very good.

MR. MILLER: Thank you, Bernie. We'll have -- Kimberly Carter will have available in her office contact points for Mr. Hettel for any of the staff or any of the stakeholders or anyone that might want
to get in touch with him prior to April 1st. She'll have his e-mail and phone --

MR. HETTEL: Look forward to hearing from them.

MR. MILLER: -- in case anybody wants to butter him up. April the 1st.

MR. HETTEL: April Fool's day, it might be appropriate.

MR. MILLER: Keep him apprized of current activities is the way I should have said that.

Any other commissioners have any comments under the Commissioner's Comments section of the agenda? Mr. Reynolds?

MR. D. REYNOLDS: No report on marketing.

MR. MILLER: No report on marketing.

From now on, we'll have to be careful when we refer to Commissioner Reynolds. Always use the first name, so we don't get any confusion. Make particular note of that. I wouldn't want anything that Commissioner Dave Reynolds does to reflect on Commissioner Sarge Reynolds.

MR. S. REYNOLDS: Dave Reynolds wants to make it clear that he's not related to Sarge Reynolds.

MR. MILLER: All right. Do you have anything, Stuart, other than to brag about your basketball
team?

MR. SIEGEL: No. Go Rams.

MR. MILLER: Okay. All right. The secretary's report, Mr. Lermond.

MR. LERMOND: Thank you, Mr. Chairman, members of the Commission.

On behalf of the staff, we'd like to welcome our new commissioner, Sarge Reynolds and also Mr. Hettel to the Commission. I think we're all looking forward to working with both of you in the future.

My report today will be brief, however, I'd like to call your attention to Tab Three in your notebooks.

We almost did the first two months of this year compared to the first two months of last year in bricks and mortar wagering. We were only .01 percent down. We missed it by $836 of breaking even. In fact, I mentioned several months ago that I saw this trend that I thought was beginning to occur and just glad to see it.

Also on the next page, if you -- just for a second, I'd like to talk about the ADW wagering. Overall, it's up about -- I'm sorry, down three percent, however, I'd like to call your attention to
EZ Horseplay and they are increased almost 70 percent over the last two months of last year compared to this year, due to primarily to the EZ Horseplay kiosks that have been operating in bars and restaurants.

I think the staff at Colonial has done a great job with that initiative and the staff certainly likes to see numbers such as 70 percent increases. It's nice to see and I applaud them for their efforts.

The only other item on my report today is just an FYI that I will be attending the RCI conference that begins tomorrow in New Orleans. A tough job, but I guess someone's gotta do it. I'll be down there to represent the Commission and will be happy to report back to you any significant things that go on at the conference.

That concludes my part, Mr. Chairman.

MR. MILLER: Thank you very much.

I had an opportunity last week to visit one of your EZ Horseplay terminal locations, Irish pub in Newport News and the fellow who runs the restaurant is very proud of it and he's very enthusiastic about it and showed me actually how to lose money on it and he said that it's really -- he has a specific
clientele, people that come in and they come in and gather around those terminals and really have a good time and he's very happy with it. So if you replicate that to other locations, we should be in very good shape.

All right. Next item on our agenda is the request for Colonial Downs for the 2011 Thoroughbred race days.

Just for a little history before we get started, at our February 8th meeting, we made a determination that regarding 40 new race days, no more than 20 percent, to be applicable to go to graded stakes races. I won't go into all that background. It's all a matter of record, so we won't waste time with that.

And then we requested that you give us something -- that the stakeholders present in writing their position regarding the determination that the Commission made at their February 8th meeting. Those items have been presented in writing and each commissioner has received them.

Oh, by the way, before I go any further, there are only four commissioners present, for the record. Let the record show Mark Brown is absent. All the other present commissioners are here and present and
accounted for.

So when those responses were made, we anticipated we would set up a special meeting to address your written comments. That didn't come to pass for several reasons and I did check in the interim to make sure that if we made the decision today, that it wouldn't be too late.

I was assured that as long as we made a decision today, that it would be on a timely basis, so you could proceed with your preparing a racing schedule and get the book, whatever, prepared.

So, Mr. Weinberg, do you want to proceed? Do you have anything additional or anyone have anything additional that you'd like to add or any comments that you'd like to make to supplement the written presentations that were made to the Commission?

MR. WEINBERG: Commissioner Miller, I think as an additive, I think we have very little to add. As there are two submissions; one is a joint submission on the Thoroughbred dates and I'm prepared to explain the rationale behind that submission and elaborate a little bit more, but I cannot represent to you that it's much additive as more --

MR. MILLER: I didn't mean -- I didn't mean --
I shouldn't say additive; supplement, embellish, whatever, however you want to describe it. The normal things that you would do in court if you were, Jim, giving your argument before the judge.

MR. WEINBERG: I'm happy to do that and as you are also aware, there was a submission on the Standardbred dates, which I think we have very little to add to.

I think we have largely accepted the Commission's order from the February 8th meeting. I think there have been a few refinements on which days of the week we are running, but I would spend most of my time reviewing where I think we are with the Thoroughbred race days, our request and the rationale for why we would like to preserve the stake schedule that is higher than the 20 percent mandated by the Commission and why we think fewer days than 40 days makes sense in the context of where we find ourselves both locally and nationally and let me begin there.

As a preliminary matter, I would just like to reiterate Colonial Downs' legal position on how the ratio of stake purses to overnight purses is set.

I do think the Commission has a role in that process, but that role is in the approval process of
the Thoroughbred agreement that was submitted to the Commission roughly a year ago this time and acted upon by the Commission at that time.

And if you recall, at that time, there was somewhat of a debate about the purses for the Virginia Derby and the Turf Cup and the three other graded races, recognizing that that contract set a floor of $1,450,000 as sort of the minimum devoted to the stakes schedule, not knowing what the purse funds will be over the next three years which that contract covered, it did not set a percentage; albeit, it allowed the HBPA to have approval of anything above 20 percent, but not any lower than the floor of 1,450,000.

So that's where we find ourselves, that that contract has been approved. That particular point was hotly negotiated. There were many trade-offs to arrive at the purse structure for the Derby and the Turf Cup in particular and that in the context of setting race dates, the Commission has different authority, but the scope of its authority does not run to undoing a previously approved contact. It runs to setting the number of dates, when those dates are held and certain other conditions of racing, but not with respect to the purse structure
and we would just like to reiterate that for the record this morning.

There are other objections outlined in a letter that I sent to the Attorney General's office. I don't think those are really pertinent to this morning's discussion, because I think this meeting and the opportunity to be heard on some of the points that were raised during February 8th will cure a lot of the objections raised in that letter, but not with respect to the mix of overnights and stake purses.

So from there, I'd like to move on to the substance, unless there are any questions.

MR. MILLER: Any questions from the Commission for Mr. Weinberg?

NOTE: There is no response.

MR. MILLER: All right.

MR. WEINBERG: In looking at the stake schedule, one could ask the question why are these two races that we seem to be hung up on, the Virginia Derby and the Colonial Turf Cup, so important?

I think as we look around the mid-Atlantic region, the question becomes how does Colonial Downs, how does racing in Virginia distinguish
itself from other jurisdictions?

Other jurisdictions have the benefit of added money from other forms of gaming, whether it be slot machines or tables. Hence, it will be very difficult for us to compete on purses for Breeders' Fund. Just the magnitude of resources available to other jurisdictions is much greater than ours.

But the one thing that we do have that distinguishes us is our turf course and over the years, we believe we have built a strong reputation for being a turf racing center.

I think as part of that image and building that program and building the attraction and differential, it is important to have marquee-graded stakes that are a part of that turf racing program. So we have devoted over time and through the contract and various other components heavily in the Virginia Derby and the Turf Cup.

As outlined in the presentation, you can see that the Virginia Derby is within a hare's breath of perhaps being upgraded from a Grade 2 to a Grade 1 stakes race. We think that's very important in helping to establish this differential as a turf mecca.

The alternative would be to reduce that purse
by I think we were speaking about at the last meeting 100,000 or 200,000.

When you take that 200,000, if it were that, and spread it over 350 overnight races, we feel the benefit attributed to that is much less than the risk that we were taking of perhaps not getting that Graded 1 stake and so we really feel very strongly that devoting the resources to that one race, recognizing there is strong disagreement of whether you're overpaying for it or not, is worth taking that risk to get that Graded 1 upgrade.

With respect to the Turf Cup, I think the discussion that began at the February 8th meeting continued with the stakeholders and we looked at the value of the Turf Cup and the purse being paid and came to the conclusion that -- Let me back up for one moment.

The Turf Cup was part of a four-race series called the Grand Slam of Grass, with the idea that if one horse could win four races, including being the Derby, the Turf Cup, the Secretariat and the Breeders' Cup race, that there would be a $5 million added bonus.

When that program was first announced, it attracted a lot of media attention. Some thought it
would prove to be too difficult for a two-year-old to do that --

MS. RICHARDS: Three-year-old.

MR. WEINBERG: Pardon?

MS. RICHARDS: Three-year-old.

MR. WEINBERG: Three-year-old. And I think that proved to be the case, that over time, the attraction, the Grand Slam of Grass, became too big of a challenge.

So there is an opportunity to reinvigorate the Turf Cup by opening it up to the older horses with the idea that a purse the size that we are speaking about would be able to attract past winners of maybe the Derby and the Turf Cup and other courses to create a very competitive and very different turf race for three-year-olds and up. That is the direction, that based upon the stakeholders' discussion following the last meeting, that we are headed.

We recognize that will void the graded rating of this race, but we are confident that the type of horses we think we can attract, that we would get that grade back very quickly and that that would create the type of excitement in the racing industry on the turf race that we hoped to achieve and that
was the original intent of the Grand Slam of Grass.

The next point I'd like to make is how important these marquee days of racing are just to the general program.

As we looked at the consequences of these graded races on a day of racing at Colonial Downs, we saw that it lifts the entire card for that day.

In the submission, I think you saw that the average Saturday handle is roughly $781,000. On a Derby or Turf Cup day, it's closer to $2.6 million, so you know, three-and-a-half times what is a typical day.

An average stake, here a $50,000 stake, and if you recall, there are about 13 of those during the course of a meeting. On a typical Saturday, that stake handle is $79,000. On one of the marquee days, it's $209,000. So again, a two-and-a-half time increase.

Even looking at a Maiden Special day for three-year-olds and up on a typical day is about $94,000. On the day of the Virginia Derby, that same type of race yielded $158,000.

So that once we attract wagers from across the country and locally to a quality race, they hang around and they continue to bet on the card.
We think that's an important fact and something that we would like to carry forward through the whole race program.

The next point I'd just like to highlight was again highlighted in joint submission and when we talked about being close to 30 percent of our purses devoted to stake races, where did that put us with other tracks.

You will see in the chart in the submission there are 14 other tracks identified on Page Four of the joint submission with higher stake percentages at their meets and so we feel like at 30 percent, yes, we're in the high part of the industry, but there are others as high or higher than us.

The next point I'd like to cover is what is the trend? As we talked about the February 8th meeting, undeniably, there is a trend at other tracks to cut the amount of purses devoted to stakes.

As noted at the February 8th meeting, what I'd like to reiterate here is Colonial Downs has been cutting the funds devoted to its stake races.

The Turf Cup and the Derby began at one $1 million when they were first conceived and are now at 600,000 and 500,000 respectively. So the
cutting that has occurred at other tracks, I think Colonial Downs is out in front of that trend by a couple years ahead of that trend.

Next, I'd like to note the joint stakeholders did spend a considerable amount of time considering alternatives. What would alternatives schedules look like if we did abide by the Commission's order of cutting to 20 percent?

We came to the same conclusion, much like the Commission staff in its staff report, which quoting from the staff report, if we use a revised projection of 6.4 million of available purse money for 2011, only 1,280,000 would be available for stake races.

Based on the attached schedule from 2010, which are, just to refresh your memory, the five graded races that have purses of 1,450,000 and then 13 other $50,000 stake races, six of which have some Virginia-bred component to them.

So the report goes on. There would not be even enough money to run the five graded stakes at their current purse levels and 13 of the 18 total stake races would have to be eliminated; six of which are for Virginia-bred horses.

As we looked at reallocating those funds to
the overnights, we thought the adverse consequences to the stake schedule were much greater than the benefits to the overnight schedule.

As a final point, just in dealing with the mix of overnights to stake races, we would reiterate that we really believe the Turf Cup and the Derby are the marquee events for the Thoroughbred meet.

They attract national attention, they attract very high caliber of horses, and as we have seen, the wagering on those races spills over to other races on the cards for those days, and hopefully, we'll have some spillover effect on other days that are not as high marquee days for the meet.

I am happy to pause here, but I was gonna turn my attention to talking about the number of dates.

MR. MILLER: Anyone have any questions so far for Mr. Weinberg?

MR. SIEGEL: Not yet.

MR. MILLER: Okay. Continue.

MR. WEINBERG: When we looked at the number of dates, the 33 versus 40, we, too, as a joint group, were focused on how we improve overnight purses from last year and we really looked at three scenarios.

One is 33 days with the current stakes program, which would provide for average daily
purses of 194,000 versus 169,000 last year.

On the overnights, would increase overnights
to 15,278, which is about a $2,400 per race.
Average overnight -- would increase
average overnights $2,400 on average from last year.

The second alternative we looked at was the 40
days with the reduced-stakes program.

Average daily purses would decline from 169
last year to 160 this year. Although average
overnight purses would increase to 14,000 for about
a $1,900 increase.

Finally, we looked at 40 days of racing with
the current stakes program, preserving the stakes
for the reasons we just discussed.

Again, daily average purses would be down from
last year and daily overnight purses would be down
as well approximately $344.

So when we looked at really Scenarios One and
Two, we thought we, for the reasons we just
discussed, wanted to preserve the stake program and
could accomplish increasing overnights by $2,400 as
well and we continued to believe that that approach
was the best approach in balancing all of the
competing interests that are part of Virginia
racing.
And by that, I mean we've consistently during race days talked about opportunities for the horsemen and more days provide more opportunities.

At the same time, making sure that the races that we do provide are competitive, in fact, in wagering and handle, which tends to be the higher the purse funds, the better quality of horses you get, the fuller fields you get, the fuller field yields more competitive wagering, more competitive wagering yields higher purse funds and a very positive feedback in that dynamic.

We recognize that there are competing interests and that the horsemen would like more opportunities to run, but we continue to think that that balance is struck around 33 days, where we preserve our stake program and we raise overnights by $2,400 from last year.

We did also look at the metric of average purse per day. I know at the February 8th meeting, we spent some time differentiating that from overnights, but nonetheless, it is a metric that many in the industry use.

The best analogy I could come up with is it's much like batting averages in baseball. Batting averages don't take into account a discerning hitter
who is able to recognize balls from strikes and it's usually a lot of base on balls.

It just doesn't factor into batting average; nonetheless, people tend to look at batting average in measuring the strength of a particular batter in the same way people look at average purses per day in measuring the vitality and strength of a racing program at the race track.

In your submission, I think you will note that $194,000 a day puts Colonial Downs in the middle of the pack for mid-Atlantic tracks. We are sandwiched between Preque Isle at 196 and Charlestown at 182, but we remain generally competitive with our peers in the area.

We also looked at the impact that race days has on field size and continue to believe that field size is very important and that again, the higher the overnights, the larger the field size will be and that to get there, we need to run fewer days.

And indeed, if one looks at Ellis Park as an example of whether that approach has had some success, as you will see in the joint submission over the last four years, they've raised average starters per race from an average of 7.7 to close to 9.6; almost two horses per race increase by reducing
the number of days, and in that case, the number of days per week of racing from five to three. Here, we're suggesting from five to four.

The next point I'd like to make is that this shorter meet is consistent with national trends. I know we spoke about trends at the February 8th meeting, but we really did not focus on national trends as far as the number of race days.

Monmouth Park achieved a lot of notoriety and attention last summer when it dramatically reduced its number of days and it realized greater handle, attendance and horses per race. It, too, increased by an average of two horses per race by substantially reducing its race days. This trend is going on in other parts of the country as well.

Many of you may be familiar with the dynamic in Texas, which at one point, one Thoroughbred track was going to surrender its dates and its purse funds to another track in hopes of running fewer days racing purses and being more competitive. That plan ultimately was not implemented, but I believe Texas has substantially reduced its Thoroughbred race days for 2011 as well.

There are a few things that we touched upon at the February 8th meeting that we would like to
elaborate on and that is efforts to improve
attendance, because we do think that that is a
critical component as well as to a successful meet,
and so we wanted to touch upon a few of the things
that we would be doing differently this year than
what we have done in the past.

MR. MILLER: All right.

MR. WEINBERG: Ian will talk about the infield
experience.

MR. STEWART: Yeah. Basically, we got three
ideas that we're gonna implement this year that are
building on some stuff we've done in the past.

We think it's critical to increase attendance
at the track, because ultimately, horse racing can't
survive if people aren't interested in it, and quite
honestly, that's one of the reasons why a larger
field size is more important; because it's a more
interesting product for people to watch. It's a lot
more interesting to have 12 horses run out there
than it is to have four, so that's one of the
reasons why we believe it's important to drive up
the purse per race and increase the field size.

But at any rate, first thing we're gonna do is
we're gonna move the post time on Saturdays from
one o'clock to five o'clock. In my view, over the
years of watching this, there's two big things that
are inhibiting our attendance out there, just basic.

   One is it's hot. In the middle of July at one
o'clock, it is warm out there. It'll be cooler
after five o'clock. I've watched people literally
melt on that tarmac out there at one o'clock in the
afternoon.

   The second thing is I've always been convinced
that it seems like every Saturday, we have a traffic
issue out on Route 64. It's usually right before
post time, because people are trying to go to the
beach.

   I think the traffic is much more manageable at
five o'clock. I think we've got a whole segment of
people who have just basically given up on coming
out here because they don't wanna deal with either
the traffic or the heat. So those things seem
simple, but I think they'll make a difference.

   I'm really excited to see what we can do on
Virginia Derby day with a five o'clock start time.

   Second thing that we're gonna do is we're
gonna try to get people closer to the action. The
good news is we run 85 percent of our races on the
grass. The bad news is it's 120 feet from the race
track, from the grandstand. So what we're gonna do
is we're gonna try to give people an opportunity to
come into the infield.

I'll let our vice president of operations,
Jeanna Bouzek, talk about that.

MS. BOUZEK: Good morning. We're gonna try to
get the customers to the infield. It's something
we've looked into every year, and you know, with
all due respect to the turf, we don't, you know,
wanna do anything to harm that, so we have found a
covering that we can roll out that protects the
turf.

We would roll it out every two races, let the
customers go into the infield, roll it back up.
We've done the test out there. You can see the
roll. If you look out there, it's in the gap.
We've had the guys roll it out and roll it back in.
It doesn't take any time, couple minutes. So we
would -- we roll the cushion out, we provide the new
viewing experience for the customer.

Other than Strawberry Hill, nobody's ever
watched a race from in there and it's nice to watch
the race from inside. It's pretty exciting.

We're gonna have to modify the rail to create
a gap so that the customers can get over there
safely, so that's something we're working on right
now and we'd install a platform with a tent so we can provide food, beverage, wagering, restrooms, that type of thing. We just think it'll be a lot of fun for the customers to go over there and see the races.

MR. SIEGEL: Are you gonna market that as well?

MS. BOUZEK: Absolutely.

MR. STEWART: We're still working on a name for it.

MR. MILLER: Well, I noticed at Pimlico, they opened up the infield and the big attraction, there are beer kegs, kegs of beer and you say go to the infield to watch the race.

The ultimate aim should be probably to just get those people to want to go to the infield, period, because they say at Pimlico, very few of the people watch the race by the time the race runs. Talking about the Preakness.

MR. STEWART: That would considerably improve our short-term financial gain.

MR. MILLER: Well.

MR. D. REYNOLDS: Are you directed at any particular part of the market?

MR. STEWART: I think that what we'll do is
we'll sell it as an additional add-on to people that come in.

   In my opinion, you know, when somebody comes to the track, the track's a four-hour experience, which is probably about two hours longer than most people are used to doing something.

   If you go to a movie, it's a couple hours. You go to a ballgame, it's a couple hours. Four hours is a long time and there's a lot of down time going to the races.

   So I think virtually anybody would be interested in doing something a little different, you know, walk out to the infield and sit for a couple races. It's a very different experience.

   As Jeanna mentioned, you might notice out there, there's a little platform on top of the tote board that we put in years ago for Strawberry Hill and we're gonna expand that. It's probably the best place to watch a race in the whole facility.

   MR. SIEGEL: So people would go out there for a race or two and then come back in? They wouldn't be admitted there at the beginning of the races and spend the day there?

   MR. STEWART: Well, they could, if they wanted to.
MR. SIEGEL: Or if you decided it worked.

MR. STEWART: Yeah. I mean if people wanted to, they could stay there. The concept though is I think we want people to -- we don't want them to be marooned out there, if you will. So the key to it is having a carpet that you can roll back and forth that people can access and that's easy for us to maneuver so it doesn't interfere with the flow of the racing.

MR. MILLER: And you would unfurl it several times during the day so people wouldn't be marooned? I mean they could just wait for the time when it goes down again.

MS. BOUZEK: Correct.

MR. SIEGEL: And carry the keg back and forth.

MR. MILLER: We laugh, but you know, that's a college fraternity aspect to going to the race track and if you can create it, create some buzz about it, you'll probably be pleasantly surprised.

MR. STEWART: That's a major initiative that we're using with Virginia Derby day; the Hoot On The Hill. We did that last year, which is a BYOB area over there. We thought it was real successful and we think that we could substantially increase the numbers, especially at five o'clock, so it's a nice
attraction.

MR. MILLER: You might even have a -- I hate
to belabor the point, but you might even have a
Greek day, you know. Try to get all the various
colleges and universities, fraternities interested
in some kind of, you know, create some kind of
little contest --

MR. SIEGEL: Or an event.

MR. MILLER: -- so that these people can come
out and they can compete against each other in some
kind of gaming thing that you'd have. I'm not
talking about gambling --

MR. STEWART: Right.

MR. MILLER: -- but some kind of competition.
There's nothing that brings out the vitality of
youth more than competition, right, Sarge?

MR. S. REYNOLDS: That's right.

MR. MILLER: Well, that sounds interesting.

MR. STEWART: Speaking of youth, we have a
special focus this year, just like everybody on the
social media. We're working on some initiatives
there that I'll be happy to report on at the next
meeting, but they're under way.

I think that's an area where it's very
economical to try to promote to somebody and you can
target the market a little bit. I think it's pretty exciting. I think it's a lot more effective than just putting up television advertisements and hoping somebody watches it. That's what we're working on.

MR. MILLER: Okay.

MR. STEWART: I guess the other comment I guess I would like to make is that in general, the critical thing is to create fan interest, to have an interesting product and it's important that, I think, that we focus the meet on what is going to attract the greatest number of people. What's going to be the most attractive product, because ultimately, I think that will filter down to the benefit of everybody involved.

The idea of just seeing how many the maximum number of days that you can run, stake the purse money and spread it as thinly as possible and still put on a semi-credible product, I think is an idea that its day has kind of come and gone. That's been done in a number of states and the results are self-evident and there's nothing particularly unique about Virginia that would lead you to believe that that model would succeed here when it hasn't succeeded anywhere else.

So I think it's critical that we put on our
best possible product. In order to do that, we need to have -- drive the average purse per day up. I think that's a model that's worked in other places and I think it could work here.

MR. MILLER: Thank you, Ian.

Anything further, Mr. Weinberg?

MR. WEINBERG: No. Just would like to conclude our remarks, just making clear what our request to the Commission is.

Our request is that the Commission reconsider its order, award 33 days of Thoroughbred racing commencing June 8th, 2011 to July 31st, 2011, with racing on Wednesday, Thursday, Saturday and Sunday with the exception of Monday, July 4th and on those dates, it would be a five p.m. post time on all days except Sunday, which would remain at one p.m.

With respect to Monday, July 4th, that would also be a one p.m. post time. Just to be complete, except on Sunday, July 3rd, which would be a five p.m. post time.

MR. MILLER: Thank. Mr. Petramalo, do you have anything to add?

MR. PETRAMALO: Just quickly.

I need to introduce myself. My name is Frank Petramalo. I'm the executive director of the
Virginia HBPA and with me is Robin Richards, president of the Virginia HBPA.

Two things. With regard to the stakes issue that Jim talked about and the days issue. With regard to the stakes issue, the mix between overnights and stakes is always a point of contention between horsemen and the race track.

For at least the last nine years, we have had in our contract the provision that you see here, which says 20 percent, unless the horsemen agree otherwise. (Indicating)

And in those nine years, we have never, ever had 20 percent. We've always been in excess of 20 percent and it's because of the give and take in the bargaining between us where we've sought to have the expansion of the offtrack betting locations to generate more handle.

The race track is sought to promote its turf festival. Those were the two issues that go back to 2002. So every year, we've voluntarily agreed to go above 20 percent.

For the first five years of our expansion plan from 2002 through 2007, everything was hunkey-dorey because the race track was expanding, handle was expanding, we were all doing quite well. Then the
economy started to deteriorate in 2008 and the handle started to drop and we did negotiate cuts to some of the stakes purses.

    In 2007, they were $1 million apiece for the two signature races and we chopped them down over the years to where they are now.

    The whole stakes issue is not something that is taken lightly. It's a point of serious negotiation between us every two or three years when our contract is up.

    Now, with regard to the number of days, our five-year program similarly proceeded on an upward trend until 2008.

    When we started out in 2002, we were running 26 days. In 2008, we were up to 45 days, but again because the economy fell apart, we started cutting back on days.

    What you see before you now, the proposal to cut back from 40 days to 33 days, believe it or not, is not an initiative that came from the race track. That came from the horsemen.

    Usually, the race tracks across the country like to run fewer days because the overhead is tremendous. But this year, it was our request to cut back to 33 days because we needed to boost up
the purses. We were just going too far below a reasonable purse average to attract people from Florida or Kentucky or wherever to ship here and race, so it was really our initiative.

But that said, we fully support the position of Jim and Ian here. We think this year, it's necessary to retrench somewhat.

We're hoping that the racing economy stabilizes. We're planning for a slight decrease, but we're hoping that it stabilizes, and you know, if in the future things change, particularly with the new initiatives like the kiosks and the EZ Horseplay platform, things start picking up, of course we're gonna look to run more days, et cetera, but we've got to recognize what's going on. We just can't be blind to the economics.

MR. MILLER: Thank you, Frank.

Do you have -- Does anyone have any questions for Mr. Petramalo?

NOTE: There is no response.

MR. MILLER: I would ask both of you, if you would, if you would comment.

Mr. Lermond suggested in his staff report a tweak of your request, to the extent that you might consider adding two Friday night races as an
incentive to better present the product, increase
crowds, attract a different clientele perhaps.

I would just like for each of you, if you
could or would, to comment on Mr. Lermond's
proposal.

MR. STEWART: Well, I guess as to the number
of days, we've contractually agreed to support the
horsemen's request, so I almost have to defer to
Frank a little bit on that.

As the issue of Friday nights, Friday night is
kind of a -- It's a perplexing one.

MR. MILLER: It always has been. Friday night
was date night. I could never get a date.

MR. STEWART: Well, I can't comment to that
too much.

MR. MILLER: Very perplexed.

MR. STEWART: From my standpoint though, the
perplexing comes from -- I always figured Friday
night would be a great night to run out here and for
years, I was very supportive of that and we tried a
number of promotions. We ran poker. I mean Darryl
could run through the whole list.

At the end of the day, 1,200 people come.
We'd stand on our heads and twist ourselves into a
giant pretzel and 1,200 people come.
In the big scheme of things, I think we'd be much better off devoting that money to running -- to building up the purses on the other days to the 33 days. I think ultimately, we'll do a lot better.

We've had to work very hard and really don't have a whole lot to show for it and I can't explain to you why and for years, I believed and invested money in it and it just never quite happened.

I suspect one of the reasons is we're not really very close to the population center. At five o'clock on Friday afternoon, to want to get on Route 64 and drive 30 miles out here after you've worked all day, maybe it's not -- maybe it's just not that attractive.

All I can tell you is in the years that we've done it, we've never had a whole lot to show for it.

MR. SIEGEL: Do you think it's attractive other days to come at five o'clock?

MR. STEWART: Well, probably, on Saturday is a whole different story.

The week days on the Wednesdays, Thursdays, I think there's two things that happen. One, I think it's a good corporate night. There's a lot of people -- we do a pretty good sweep business with the corporations and I think people are willing to
go to a midweek event. I think people are less excited about going to a corporate event on Friday night.

So and the other thing, too, is the midweek does very well for us in the simulcast market, so the attendance is almost a little bit secondary. Friday night is not a big simulcast night though.

MR. PETRAMALO: We took a look at this last year. The attendance on Friday compared to Wednesday is so much better. Wednesday, you get 600 or 800 people, you're doing okay. Friday, 1,200 people is almost twice what you had on Wednesday.

But if you look at our signal sales on Wednesday versus Friday, it's about three times as great on Wednesday, principally, because we have very little competition when we're sending out our signal on late Wednesday afternoon, so it's a balancing.

Personally, I think perhaps not this year, but going into the future, remember, we're still talking with the harness folks and Colonial about some type of combined meet, as well as maybe lighting the turf course. I think we may be on to something if we go to night racing, night Thoroughbred racing, particularly on the grass course.
If we had a 6:30 or a seven o'clock post on a Friday night, that might be attractive to bring people out there. And even on a Wednesday or a Thursday night, because I think, one, you have very little competition, and two, you've eliminated the traffic and the heat problem and you create a really unique product, because what we have to sell is horses racing on the grass. You see very little of that and certainly almost none at night.

But this year, at least from the horsemen's standpoint, we're happy to make the experiment to see what we can do with Wednesday, Thursday, Saturday, Sunday.

MR. SIEGEL: Well, I have no evidence to support this at all, but seems to me that night racing would be attractive, regardless of whether it's a weekend or not.

People -- Sometimes, you have a four o'clock post time on a Wednesday. It's hard for people to leave work and generally, you appeal to retirees who may not bet as much as the other demographics, I don't know, but I mean I think that not only on Friday night, but that might benefit you. You have a capital expenditure to light that race track that's probably not slight.
MR. STEWART: That's correct.

MR. MILLER: Anything else?

MR. PETRAMALO: No. That's it.

MR. MILLER: Any other comments from any commissioners?

MR. SIEGEL: I would just say -- make a couple of comments.

However you may interpret the Commission's authority, it's important, I think, to understand the intent of the commissioners in our February meeting and while we may well approve the race days as well as the price structure, I think the message being sent here is a sincere one.

The overnights are important, as are those horsemen who come here and train and race for the entire meet and I think that it's important to focus on those folks and to make sure that going forward, we do everything we can to better support them financially and otherwise.

And so I think that's the message I think that we need to be sending here, because I think that's part of the role of all of us, whether it be the race track, the commissioners or the horsemen and I think we need to put more focus there.

MR. MILLER: All right. Anyone else? Anyone
have any comment?

MR. STAPLES: Yes, sir. I'm glad to see everybody here today. My name's James Staples. I'm on with Fair Weather Productions. It's a marketing promotional company for horse racing, plus, we're owners of some Thoroughbreds.

The way we see things, since '06, about 80 percent of America really doesn't know anything about Thoroughbred racing, probably the trotters, either, but the name of the game in real estate is location, location, location.

In this game, we need exposure, exposure, exposure and that's what we're not getting. We're not getting street exposure. I mean it's all over the country. It's not just, you know, in Virginia and we just believe that's one of the things people need to look at. It's an expense, exposure.

Thank you so much.

MR. MILLER: Thank you, sir. Anyone else have any comments?

NOTE: There is no response.

MR. MILLER: Dave, you have any comments you want to make?

MR. LERMOND: I guess the one comment I would make about the handle on Fridays, as Frank points
out, it's not as high on the out-of-state level, but the track and the horsemen make about a sixth of what they do off the live racing when the money is bet from out-of-state. That's because there's only a three percent host, as opposed to the full take out that you would get on tracks. I don't know if you can make that fair comparison.

The other, I think one of the reasons I put the two Fridays at the end of the meet was a lot of times, the horsemen, as the meet gets ready to end, they're looking for one more race for their horse to try to get a little more money before they go onto the next stop on their tour and I thought that maybe the two extra days at the end of the meet would give the horsemen the benefit to maybe get an extra race before they go and also give Colonial Downs more time to market those by putting them at the end.

MR. SIEGEL: I'm not sure I'm clear as to whether or not the horsemen agree that -- with Colonial Downs as to the position on those extra two days.

MR. PETRAMALO: Yes. We -- Our agreement with Colonial is to request 33 days.

MR. SIEGEL: Okay.

MR. D. REYNOLDS: Mr. Chairman, can I comment?
MR. MILLER: Yes, sir. Dave Reynolds.

MR. D. REYNOLDS: My recollection is that we passed this the last time, on February 8th, to get some response to those voting and it wasn't an iron fist down, saying do this or do that.

And after looking at all the material and listening to you this morning, I want to support what they have proposed, the joint proposal for days, and part of that is because we've had discussions about taking the rest of this year and studying what it is we need to do on a grand scale, not incremental, smaller issues, but the total thing and we've learned that the Jockey Club has got a big study going on this year, with some results coming out of that in August, September timeframe. I think that's right.

Based on that, if we do that study, if that's in our minds, I'm in favor of what they have proposed about coming up.

MR. MILLER: Thank you.

Before we dispose of the issues though, I want to go into a brief closed session regarding the legal portion beyond the substance for race days and the purse.

So in accordance with provisions of Section
2.2-3711(A)(7) of the Code of Virginia, I move that
the Commission go into closed meeting for the
purpose of consultation with legal counsel employed
or retained by the Commission regarding specific
legal matters, requiring the provision of legal
advice by such counsel. Can I have a second?

     MR. SIEGEL: Yes. Second.

     MR. MILLER: Moved and seconded. Sarge
Reynolds, do you vote aye or nay?

     MR. S. REYNOLDS: I vote aye.

     MR. MILLER: Dave Reynolds?

     MR. D. REYNOLDS: Aye.

     MR. MILLER: Mr. Siegel?

     MR. SIEGEL: Aye.

     MR. MILLER: Mr. Siegel votes aye.

We'll go into closed session. We'll keep it
as brief as possible, because I know we have other
things to take care of.

When we come back, we'll dispose of the legal
issues and substance in a pretty quick dispatch,
let's say.

     NOTE: A brief recess is observed at
10:41 a.m.; thereafter, the hearing reconvenes
at 11:05 a.m. as follows:

     MR. MILLER: I move the adoption of the
WHEREAS, the Virginia Racing Commission has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act;

And WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Commission that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Virginia Racing Commission certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Commission in the closed meeting.

Mr. Siegel?

MR. SIEGEL: Aye.

MR. MILLER: Mr. Dave Reynolds?

MR. D. REYNOLDS: Aye.

MR. MILLER: Sarge Reynolds?

MR. S. REYNOLDS: Aye.
MR. MILLER: Chairman votes aye.

Now, getting back to the agenda, we were dealing with the request of Colonial Downs for 2011 Thoroughbred race days.

Did we cover the Standard -- Is there anything, any particular presentation you want to make regarding the Standardbred race days?

MR. WEINBERG: The only presentation I would make would just be clarifying that I think we're all in agreement as to the 30 days. I believe we're all in agreement that those days would be over seven weeks, and that's Saturday, September 17th and concluding Saturday, November 5th. Normal schedule will be four days a week on Saturday, Sunday, Wednesday and Thursday, except one additional day on Friday, November 4th.

MR. MILLER: All right.

MR. LERMOND: Post times.

MR. WEINBERG: Post time will be one p.m. and lower fourth grandstand will be open on all race days.

MR. MILLER: When we get ready for that motion, Dave, do you have all that specific --

MR. LERMOND: That's exactly what the recommendation of the staff report is, so if you
want to make a motion --

MR. MILLER: When I get to that point of race
days, I'll have you read the motion so we'll make
sure we get all those post times, et cetera, for the
record.

So there's nothing further on the
Standardbred?

MR. WEINBERG: Other than to reiterate I think
a point I made earlier, that we would welcome and
urge the Commission to help us participate in
looking at the long-range planning for Standardbred
racing, but this year is a stop-gap, but we need to
take a long-term look.

MR. MILLER: All right. Thank you.

Now, after consultation with counsel relating
to the filings by the stakeholders, the Commission
finds that it did not interfere with the horsemen's
agreement, the contract.

The Commission is authorized to set the ratio
of stakes purses as to overnight purses and the
Commission is authorized to set the number of race
days in its discretion.

That being said, the Commission also, due to
the noted trend in racing in this country and due to
the economic conditions and all the things that have
been cited by the stakeholders and the common
knowledge that we can pick up by reading newspapers
and articles and so forth about the state of racing
in this country, the Commission does recognize that
there has to be some modifications in our approach
to race days.

As Mr. Weinberg pointed out, as Mr. Petramalo
pointed out, we've gone from various race days; 46
days, 45 days, 40 days. They've all been tried and
different approaches have been taken to try to
address the problems that we face in the racing
industry to try to make it a viable product, to make
sure that not only the horsemen are protected, make
sure that the citizens of Virginia are represented
appropriately in the approach that we take to having
this product available in Virginia and to make sure
that in the private enterprise system that an
operator of a track can meet their obligations.

Also that we would, the Commission, for this
year, will approve the 33-day race schedule as
proposed by the stakeholders and we note that one of
the major --

Well, a prominent reason is that it is
unusual, at least since I've been on the Commission,
that we've had such agreement between the horsemen
and the track and that's not to be taken lightly.

I'm sure a great deal of thought did go into
how you reached the determination of having those
race days set up for this year.

The Commission will also support the stakes
overnight ratio as you proposed. We'll do it
properly here in a minute, because we'll have the
motion read by the deputy executive secretary before
we vote on it.

I do want to make a couple other comments.
Number one, the Commission was a bit concerned about
the fact that we have a three-year horsemen's
agreement in front of us that we've been dealing
with, a horsemen's agreement as to duration of three
years.

It was probably not the most prudent thing to
do when the Commission approved an agreement for
that duration and in fact, this Commission didn't
approve the contract horsemen's agreement for that
duration.

You have to realize that each year, there's a
new Commission.

MR. SIEGEL: Or candidate.

MR. MILLER: Or candidate.

We've got a new Commission. We've got
Mr. Siegel and Mr. Sarge Reynolds here, who never had any participation and never had an opportunity to disapprove or approve the horsemen's agreement we're dealing with.

The point I'm getting at is that for calendar year 2012, we're going to have to have a horsemen's agreement to approve or disapprove.

You can come back and assert that you still have one year left on your multi-year agreement, but the Commission's position is that from a technical standpoint, that contract is -- You're gonna have to come back.

You can Xerox the same terms, if you wish, and come back with the identical terms as a horsemen's agreement for calendar year 2012, but we are going to be looking for a horsemen's agreement for calendar year 2012 to approve or disapprove the terms thereof.

We were particularly concerned with the provision in that multi-year horsemen's agreement that provided for terms to be changed and modified, terms that the Commission may not have been comfortable with.

I point out the stakes, the ability of the horsemen to agree to an increase. As Mr. Petramalo
said, that has been done every year, so we shouldn't be surprised by it.

But where there's an agreement by the horsemen in concert with the contract, with the terms of the contract to increase the stakes race purse allocation to more than 20 percent, that's fine, but that's done outside the --

It's done in accordance with the provision in the contract which the Commission approved, but how do we know the extent of the change that's made in the 20 percent? You know, how far do you go? How much have you agreed to and is it in the best interest of the citizens of Virginia that those stakes percentages be increased at any particular time by the parties to the contract after we approve the contract?

But those terms can be significantly amended, modified, changed without our specific approval. I don't like to say at the whim, but at the instigation of one of the parties to the contract. Do you understand what I'm saying?

So the Commission's just not comfortable with that. We have nothing against Mr. Petramalo. We think he would use his best judgment and the horsemen are gonna use their best judgment to
protect their best interest.

I'm not suggesting that they're doing anything that's detrimental to the citizens of Virginia, but all I'm saying is that we're the Commission that's responsible for the ultimate product.

We have to -- We're the ones that approve and disapprove the terms of the contract. I just think the terms of the contract need to be clear and concise and something that's gonna be in effect for the duration of the contract and not subject to change without the specific approval of the Commission.

Everyone get that point?

Amy, how'd I do? Do you have anything you want to add?

MS. DILWORTH: You did well.

MR. MILLER: I'm always looking for reassurance. I'm serious, Amy. Is there anything else that I need to point out?

MS. DILWORTH: I think you addressed the issue of the multi-year agreement.

MR. MILLER: All right. Now, we need a formal motion on the record relating -- Oh, the other thing before we leave this.

We would like -- Since I've been on the
Commission, it seems that the race day -- Here we are March the 22nd. We're dealing with the race days for a meet that's shortly to begin and it seems like since I've been on the Commission, the requests have come in later and later and the Commission has acted later and later almost every year I've been on the Commission.

We need to set a goal to have the race days requests in here to the Commission and for you to pull your horsemen's agreement together.

Like I say, you can cut and paste, if you want to, however you want to recreate it, but anyway, I think by November the 15th of 2011, we ought to have -- This Commission should have before it filed with the Commission the race days request for 2012 for both Thoroughbred and Standardbred and I hope that you won't have any problem meeting that goal.

I know that we've let it slide in the past. I don't think we can, with the condition that the industry's in, we don't want to let it slide as it has in the past, so let's try to meet that goal; November the 15th, 2011 for the 2012 meet.

Now, if the deputy executive secretary will read the motion relating to Thoroughbred racings, we'll vote on that part first.
MR. LERMOND: Staff would recommend that the Commission approve 33 days of Thoroughbred racing for 2011 as requested jointly by the HPA -- Sorry. Colonial and VTA, being on Wednesday, June 8th and being on Sunday, July 31st, with live racing conducted on a Wednesday, Thursday, Saturday, Sunday schedule with post times at five p.m. on all days, except for Sundays and on Monday, July 4th, when the post times will be one p.m. and on Sunday, July 3rd, when the post time will be five p.m.

MR. MILLER: Did you all follow that?

MR. PETRAMALO: Yes.

MR. MILLER: Is that correct? All right. Do I hear a motion?

MR. SIEGEL: I so move.

MR. D. REYNOLDS: Second.

MR. MILLER: Moved and seconded that the motion be approved. All approved, vote aye.

NOTE: All commissioners vote aye.

MR. MILLER: Motion's approved.

MR. SIEGEL: Second.

MR. LERMOND: Staff would recommend that the Commission approve 30 days of Standardbred racing for 2011, which will begin on September 17th and end on Saturday, November 5th,
with racing conducted on a Wednesday, Thursday, Saturday, Sunday schedule, with one additional special day of racing to be held on Friday, November 4th, with post times of one p.m. on all race days.

MR. MILLER: Do I hear a motion?

MR. SIEGEL: So moved.

MR. D. REYNOLDS: Second.

MR. MILLER: So moved and seconded.

All in favor, say aye.

NOTE: All commissioners vote aye.

MR. MILLER: So we've now disposed of the race days. Any questions?

MR. PETTY: Mr. Chairman?

MR. MILLER: Mr. Petty?

MR. PETTY: Glenn Petty, the executive director of the Virginia Thoroughbred Association.

In order for Tyler to get his book out in a timely fashion, which I'm sure he thinks is tomorrow, we need to get Commission approval of the Breeders' Fund participation in the 2011 meet.

What that would typically entail is us taking your action today, taking the information back to the committee, making a proposal to the committee, being your committee, your VRC Breeders' Fund committee, then coming back to you for final
approval in April, which creates a time table
problem that's not acceptable to any of the parties.

What I would like to ask you to do, is if you
would give us preliminary approval today based on
the Commission's committee giving its final
approval, then we could move forward in a faster
manner.

All we would propose to the Committee, which I
believe will be accepted unanimously, is that we do
exactly what we did last year, with one exception.

Last year, year we did 60 percent owner's
bonuses for Virginia-breds that finished first
through fourth year. We paid a 25 percent bonus,
first through fourth in restricted races and we paid
a ten percent Breeder's bonus, ten percent of the 75
percent, to breeders of those horses.

All we would change for 2011 is the owner's
bonus would move from 60 percent to 75 percent.
So we're simply increasing the owner's bonus from 60
percent to 75 percent and we would again have a cap
established as we did last year of a half million
dollars for that total program so we can't run out
of money.

So if we could get preliminary approval of
some flavor that would suit everybody, including
Amy, so that we could take that to the Committee, get approval and then get it to Tyler so he can move forward without waiting until the end of April.

MR. MILLER: The only thing that would be changing is the owner's bonus --

MR. PETTY: Just the owner's bonus would be increased.

MR. MILLER: From 65 to 75.

MR. PETTY: -- from 60 to 75.

MR. MILLER: Sixty to 75.

MR. PETTY: Yes, sir. Everything else would stay exactly the same.

MR. MILLER: I don't know exactly who is on that committee. You're on the committee, is that correct?

MR. LERMOND: Currently, yes.

MR. MILLER: Who else serves on that committee?

MR. LERMOND: Mr. Burnett was on the committee.

MR. MILLER: Who else?

MR. LERMOND: Mr. Petty, Tyler, Sarah Colette, Don Denehey, Reynolds Cole and Mark Dean.

MR. PETRAMALO: Yeah.

MR. MILLER: But you need it by tomorrow?
MR. PETTY: No. I'm being facetious, but we do need it as soon as possible. If we could get some sort of preliminary approval from the Commission, we can go back to the Committee, who is already in the loop, and say if you guys sign off on this, then we can get it to Tyler and he can include it in the book.

MR. MILLER: When do you need preliminary approval?

MR. PETTY: We need the preliminary approval to go forward, but I guess you would make that subject to the Committee's approval.

MR. MILLER: I'm going to appoint -- Mr. Sarge Reynolds is going to go on the Committee to take the place of Mr. Burnett, but the Committee can't meet today.

MR. PETTY: The Committee has met previously sort of via e-mail. It's met in cyberspace.

Because we annually have these face-to-face meetings where we sit around and talk about reinventing the wheel and then we realize we don't have any money and that we can't reinvent the wheel with the limited amount of funds we have and that the only logical thing to do is move forward as proposed, which is not dissimilar to the
conversation you just had about racing days, you
know, so.

   MR. MILLER: Well, if you're doing the same
thing this year as you did last year, except for the
one noted item and that is increasing the owner's
bonus from 60 percent to 75 percent --

   MR. PETTY: Yes, sir.

   MR. MILLER: -- I suppose we could -- the
Commission could indicate to the Committee at this
time, if we wish to do so, that we find that would
be satisfactory for this coming year and ask the
Committee to so recommend.

   MR. PETTY: That would solve the problem,
because --

   MR. MILLER: Will that satisfy --

   MR. PETTY: I believe that would satisfy
everybody that we would move forward.

   MR. D. REYNOLDS: Are you in agreement?

   MR. LERMOND: I am. That's a good solution.

   MR. MILLER: But we all realize that the
Committee then may --

   MR. PETTY: Could throw us a curve ball?

   MR. MILLER: But you're satisfied -- I as
Chairman will suggest that the Commission -- Frank,
help me out.
MR. PETTY: Come on, all you lawyers, give me something.

MR. PETRAMALO: If the Breeders' Committee were to recommend a 75 percent bonus, the Commission would find that acceptable.

MR. MILLER: For the owners.

MR. PETRAMALO: Yes.

MR. MILLER: If the committee should recommend that they do the -- operate under the same conditions as last year, except for the increase of the owner's bonus from 60 percent to 75 percent, the Commission would not object.

MS. DILWORTH: Mr. Chairman, I would add to the record that any agreement submitted to the Commission for approval would also, as always, be subject to the regulations pertaining to the Virginia Breeders' Fund.

MR. PETTY: Makes sense. And I believe we would then come back for final approval in April, per our normal way of doing business.

MR. MILLER: All right.

MR. PETTY: We just need to get in front of April 20 whatever for --

MR. D. REYNOLDS: We need a motion for that?

MR. MILLER: Yeah. Make a motion, Dave.
MR. D. REYNOLDS:  Dave.

MR. MILLER:  If I could, I'm gonna take the liberty of having Frank Petramalo state the motion for us.

MR. PETRAMALO:  The motion is as follows: The Commission hereby agrees to accept a recommendation -- approve a recommendation from the Breeders' Committee of maintaining the same Breeders' program as last year, with the following change: The owner's bonus would be increased from 60 to 75 percent.

MR. MILLER:  And Amy, state what you said again.

MR. PETRAMALO:  Subject to the -- subject, of course, to the normal state regulations with regard to the Breeders' Fund.

MR. MILLER:  Okay.

MR. D. REYNOLDS:  And final approval.

MR. PETRAMALO:  And final approval.

MR. MILLER:  And final approval by the Commission.  Okay.

MR. SIEGEL:  So moved.

MR. MILLER:  Second?

MR. D. REYNOLDS:  Second.

MR. MILLER:  All in favor?
NOTE: All commissioners vote eye.

MR. PETTY: Thank you.

MR. MILLER: Does that meet your --

MR. PETTY: That's perfect.

MR. MILLER: We're here to serve.

MR. PETRAMALO: New Commissioner Reynolds, if you're not familiar with this, this is how it works.

What we're trying to do is improve breeding --

MR. S. REYNOLDS: Right. I understand.

MR. PETRAMALO: -- in the state. What happens is, in any open race at the race track, if you own a Virginia-bred and it's a $10,000 purse, if you own a Virginia-bred, you're competing for $17,500. That's the, quote, owner's bonus.

MR. S. REYNOLDS: Right.

MR. PETRAMALO: Last year, with the 60 percent bonus, the Breeders' Fund gave out I think $443,000 on top of the normal purses.

MR. S. REYNOLDS: Right. Now, my question was since I'm on this committee, have you set up a meeting yet?

MR. MILLER: I suggest you get together with Dave and Glenn.

MR. S. REYNOLDS: Okay.

MR. MILLER: You all can work something out
and let's be sure that that appears on the April agenda for the final approval of the Commission. So make that note, please.

Okay. Now, we have next on the agenda -- and I apologize for keeping my good friend Curry Roberts waiting so long, but he gets to see democracy in action here.

We have the application to conduct limited license of live races at Strawberry Hill State Fair Service Corporation. Mr. Curry Roberts.

MR. ROBERTS: Mr. Chairman.

MR. MILLER: You want to embellish on your application?

MR. ROBERTS: I'd like to say as little as possible, Mr. Chairman, if that's possible.

MR. MILLER: We'd probably like to hear as little as possible.

MR. ROBERTS: No. I've enjoyed the morning watching democracy at work.

You have, I think, in your package a recommendation from Dave Lermond, which is a review of our application. We have no disagreement with either the staff's report or the recommendation.

I do have one correction in Item Four in the deliverables. It should be 16 directors instead of
22. We have 17 members, but one of them is a common board member of the services corps and you already have his information on our application.

We are very excited about this opportunity.

I think we and Colonial Downs were very pleased with the participation last year in simulcast wagering.

We think adding four steeple chase races for live wagering adds another dimension to the races themselves and it also helps promote Thoroughbred racing in Virginia and promotes interest having Colonial Downs outside of our one-day event and it opens to an audience everyone would like to have wagering exposed to that's not typical demographic that attends races at Colonial Downs and we'd like to help that along as well.

We do own The Meadow. We do own the birthplace of Secretariat, so racing is something that we would like to promote and to promote not only at Strawberry Hill, but at other events we have year 'round.

With that, Mr. Chairman, I'd be happy to answer questions that you may have.

MR. MILLER: Any commissioners have any questions?

MR. SIEGEL: I don't have any questions.
I'd just like to welcome Curry and I think this is a great idea and given the struggles and the challenges of Thoroughbred racing in the Commonwealth and beyond and the ideas like this and perhaps others going forward would enhance our potential success.

MR. ROBERTS: Thank you.

MR. MILLER: Anyone else have any observations or statements, et cetera?

NOTE: There is no response.

MR. MILLER: Do I hear a motion that we approve the staff report?

MR. LERMOND: With the conditions as outlined?

MR. MILLER: That changed from 22 to what?

MR. ROBERTS: Sixteen.

MR. MILLER: Sixteen. Approve the staff report and its recommendations as amended. Item No. Four, strike 22 and insert 16.

MR. SIEGEL: So moved.

MR. D. REYNOLDS: Second.

MR. MILLER: All in favor?

NOTE: All commissioners vote aye.

MR. MILLER: Okay. Curry, nice to see you.

MR. ROBERTS: Thank you so much.

MR. MILLER: I agree with Mr. Siegel. I see
what you're doing and I believe it'll add to our efforts to try to get racing more in the forefront of some of our citizens, getting Strawberry Hill involved to a greater degree with the other racing. A lot of people think your racing is the only racing that goes on in Virginia.

MR. ROBERTS: We'd love to sell all of them a ticket, so that'd be just great. Thank you, Mr. Chairman. Thank you all.

MR. MILLER: Good to see you.

Is there any member of the public here who would like to -- We heard from one member of the public.

Do you have anything else to add?

MR. STAPLES: Yes, sir. I like what's going on in this room. I think everybody's heading in the right direction.

MR. MILLER: Well, that's what we like to hear.

MR. STAPLES: Promotion is very critical to this.

MR. MILLER: Thank you.

Anyone else have anything to add?

NOTE: There is no response.

MR. MILLER: Our next regular meeting date is
April the 26th. Does anyone have any problem with that date?

NOTE: There is no response.

MR. MILLER: April the 26th. That's the meeting that we'll have on the agenda the item that we discussed.

Would there be any strong objection to starting the meetings at ten o'clock rather than 9:30? Anyone? It would help me a little bit. I drive over here from way over in the valley, so just that little extra half hour would be helpful, but I don't want to do it to the detriment of anyone else.

MR. D. REYNOLDS: That's a small thing we could do for you. I'll support that.

MR. MILLER: So let's make a note of that, that unless it works out to be a problem, we'll start our meetings at ten o'clock. So our meeting on April the 26th will begin at ten o'clock, ten a.m., instead of 9:30, if that's all right.

Now, everyone is welcome to stay and enjoy the Commission for as long as you can stand it.

We have some personnel items we are gonna take care of by going into closed session and then of course when we take care of those items, we are mandated to come back to an open session.
I will promise you that when we come back to open session, the only thing that will be done will be a motion to adjourn so that you don't have to monitor to make sure that we don't go -- What is it? You know, we don't --

MR. S. REYNOLDS: Change the race days.

MR. MILLER: We don't reconsider the previous motion or something. So as I say, you're welcome to stay, but that's all we will do when we return is just come back in and read the mandated statutory language about coming out of closed session and then move to adjourn.

In accordance with the provisions of Section 2.2-3711(a)(i) of the Code of Virginia, I move that the Commission go into closed meeting for the purpose of discussion or consideration of the assignment, appointment, performance or salary of a specific public officer, appointee or employee of the Commission.

Do I hear a motion?

MR. SIEGEL: So moved.

MR. S. REYNOLDS: Second.

MR. MILLER: Do you vote aye?

MR. D. REYNOLDS: Aye.

MR. MILLER: Aye.
MR. SIEGEL: Aye.

NOTE: The hearing observes a recess at 11:37 a.m.; thereafter, the hearing reconvenes at 11:56 a.m. as follows:

MR. MILLER: I move the adoption of the following resolution:

WHEREAS, the Virginia Racing Commission has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act;

And WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Commission that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Virginia Racing Commission certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Commission in the closed meeting.

Mr. Siegel.
MR. SIEGEL: Aye.

MR. MILLER: Mr. Dave Reynolds.

MR. REYNOLDS: Aye.

MR. MILLER: Sarge Reynolds.

MR. S. REYNOLDS: Aye.

MR. MILLER: I vote aye.

Do I have a motion that we adjourn?

MR. SIEGEL: So moved.

MR. D. REYNOLDS: Second.

MR. MILLER: All in favor.

NOTE: All commissioners vote aye.

MR. MILLER: All right. All vote aye.

So adjourned until April 26th at ten a.m.

MR. PETRAMALO: Sharp.

NOTE: The hearing is then adjourned at

12:06 p.m.

HEARING ADJOURNED
CERTIFICATE OF COURT REPORTER

I, Sandra G. Spinner, hereby certify that having first been duly sworn, I was the Court Reporter at the meeting of the Virginia Racing Commission at the time of the hearing herein.

Further, that to the best of my ability, the foregoing transcript is a true and accurate record of the proceedings herein.

Given under my hand this 21st day of April, 2011.

__________________________________
SANDRA G. SPINNER
COURT REPORTER