VIRGINIA RACING COMMISSION

May 25th, 2010

10700 Horsemen’s Road

New Kent, VA 23124

Commencing at 9:40 a.m.

COMMISSION MEMBERS:
Peter C. Burnett, Chairman
David C. Reynolds
Mark T. Brown
Stuart Siegel
Clinton Miller

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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MR. BURNETT: Good morning. We're dawdling a little bit this morning because Mr. Brown is going to be a little bit late, but we thought we'd start and make what progress we can and he can be here in time for any -- for the fun items, if we have any.

Let's start with item one, approval of the minutes. They're under Tab 1. Has everybody had a chance to review those? If so, are there any changes or amendments of any sort?

Hearing none, do I have a motion?

MR. SIEGEL: So move to be approved.

MR. BURNETT: The chair seconds. It's been moved and seconded that the minutes of April 27th, 2010, be approved. All in favor indicate by saying aye.

Note: (Aye.)

MR. BURNETT: Motion carries unanimously.

Item 2 is commissioners comments. Gentlemen, any comments? I guess the -- I got a comment and a question. I hope I'm correct when I look at the numbers of handle activity, that at least those double digit declines have gotten into the single digits. Is that fair that last month we were at about an eight percent decline month to month over
last year in handle? It seems like that's what I
looked at. It may sound odd that that's seen as a
positive sign, but that's where we are, and it's 40
percent in January in decline, let's put it that
way.

Vic?

MR. HARRISON: If you were discussing April
versus April, you did have the Kentucky Oaks in this
year's -- in the April figures and not in last
year's. So I don't know if it was April you're just
looking at or the quarter.

MR. BURNETT: No. I was looking at April, but
I was just hoping that -- recognizing that the
Triple Crown was -- is every year, and hopefully the
Oaks wasn't a gigantic influence on our monthly
members and that things will be even better for the
month of May.

We don't have any committee reports this
month, so we'll move on to the executive secretary's
report.

There's Mr. Brown.

MR. BROWN: Good morning.

MR. BURNETT: We're getting rid of all the
junky stuff so you could come for the important
decisions.
MR. BROWN: Good.

MR. BURNETT: Good to see you.

Let the record reflect that Mr. Brown has joined us. Thank you.

Mr. Harrison?

MR. HARRISON: Thank you, Chairman Burnett.

The staff has created a report recommending approval of the EZ Horseplay agreement, amended and restated agreement. We went through some of this at various earlier meetings this year, I think February and March. It was a big piece of our staff report on the Thoroughbred Horsemen's Agreement, but we at that time decided to break it out of that agreement so we can address the Thoroughbred Horsemen's Agreement on its own separate from this. So this relates specifically to EZ Horseplay.

So some of this you have seen before and we have gone over this, but I'd be happy to go through it either item by item or the parties are here, and I'm sure they'd be happy to answer your questions. My recommendation -- our recommendation is to approve with certain conditions shown on page 5 of the document.

MR. BURNETT: Gentlemen, any questions of Mr. Harrison about his report?
We'll give EZ Horseplay an opportunity to comment as well. I did have a couple of questions.

Is there a reason that the hardware definition in your report enjoys so much prominence? Is there any issue about that that requires us to know precisely what the hardware is?

MR. HARRISON: No. It just comes up time and time again in both the agreement and in the staff report. I thought I should make it clear that when we talk about hardware, we're talking about in betting terminals, which are computers that are dedicated to EZ Horseplay where you can wager and view the races, and the separate item, which is a stand-alone, upright kiosk from which you can open an account and print programs and add money to your account and take cash from your account at the end of the day.

It wasn't clear to me early on in all of our discussions that these were separate units. It took actually visiting the sites and going to the mobile trailer to understand exactly what it is. When we talk about hardware, we're talking about those two units, the betting terminal and the stand-alone kiosk. When we talk about location, really what I should have done is broken down the location. When
you talk about the EZ Horseplay location, the
standard locations are two betting terminals and one
upright kiosk.

MR. BURNETT: So hardware is limited to that
hardware that is on site?

MR. HARRISON: Right. When we talk about
manufacturing hardware, rolling out hardware, we're
talking about those items.

MR. BURNETT: I have a question on a different
subject. On eBet, are they required to be licensed
by us?

MR. WEINBERG: I believe you permitted them in
connection with the licensing of EZ Horseplay. You
may have recall --

MR. BURNETT: That's my impression. I don't
recall, that's the problem.

MR. WEINBERG: You may recall that at one
point the Commission licensed both Philadelphia
Park -- I'm blanking on the name of their back room
services and EZ Horseplay. When there was a
transition to eBet, eBet was permitted rather than
separately licensed as part of EZ Horseplay's
license, annual license for account wagering.

MR. BURNETT: Were you looking for the Racing
Channel?
MR. WEINBERG: Yes. Thank you.

MR. BURNETT: Have you had an opportunity to review Vic's report?

MR. WEINBERG: Yes, we have.

MR. BURNETT: And do you have any issues or questions or comments that you would like the Commission to hear about?

MR. WEINBERG: No. We're prepared to accept the conditions outlined in the staff report. I know we were working on the third bullet point, what that malfunction report will look like.

MR. BURNETT: As a partner in this venture, we certainly want to hear from the horsemen if they have any particular issues one way or the other with this report or agreement. I assume you're in support of our approving it?

MR. PETRAMALO: Yes.

MR. BURNETT: Any comments on the conditions or other features of the agreement that the Commission needs to hear from the horsemen?

MR. PETRAMALO: No. How about that, two words? Done.

MR. BURNETT: Is everything okay?

MR. PETRAMALO: Yeah.

MR. BURNETT: I take it that the draft, the
ADW Location Malfunction Report that's on the back is something you're intending to refine and work with Vic on to make sure we understand it?

MR. WEINBERG: Correct.

MR. BURNETT: I guess one of my questions about the malfunction report or that general subject of problems is it becomes a public perception issue -- it can become a public perception issue, a public relation issue, a political issue and all that if problems get too much negative attention.

I would also think that this is -- correct me if I'm wrong, this is part of an ongoing monitoring and auditing of the system as a whole by the Commission to be sure that we have a full understanding of its operation and the numbers all balance and whether patrons complain or not, that everything is on the up and up. Just as you would want to have it and the horsemen would want to have it. Does this help in that regard, this malfunction report?

MR. STEWART: Well, we actually track this kind of stuff already.

MR. BURNETT: So this is something that, as I understand it under the agreement, the Commission staff is entitled to anyway --
MR. STEWART: Sure.

MR. BURNETT: -- and whatever you track and your auditing processes, and this is a specific report that you all wanted and that EZ Horseplay has agreed to provide?

MR. HARRISON: That's right. We'll continue to work on it. As you can see, it's a draft. We thought at this point in time setting up a communication mechanism to get their information and to have it come to us in this form, this is probably the best thing right now until we thoroughly define what we have out there and what could possibly go wrong. This may never be completed and sent to us. On the other hand, if something does occur, this is the device to use so we can get it to the Commission.

MR. BURNETT: Is there -- I'm sorry that I've not read the agreement closely enough to remember this. A requirement in the contract that when there is a malfunction that the report be provided promptly to the Commission?

MR. HARRISON: There has not -- it's not in there currently, no.

MR. BURNETT: I guess if it gets put into a manila folder and put in a file drawer, it's not
much benefit to you. So it's a lot of work to put
this together, expect to see it, and then you don't.
I accept the representation that the track will
promptly provide the data, but I don't know that
we'll be amending the contract.

MR. WEINBERG: Right. If I understood
Mr. Harrison's comment, the report is only generated
if there is a malfunction.

MR. BURNETT: Right.

MR. WEINBERG: It's not a weekly report.

MR. BURNETT: Right.

MR. WEINBERG: But if there is a malfunction,
yes.

MR. BURNETT: We need to know about it.

MR. STEWART: I mean, it's roughly an analogous
to a tote system. If you have self-serving tote
machines, they malfunction from time to time.

MR. BURNETT: Oh, yeah.

MR. STEWART: It's a mechanical device.

MR. SIEGEL: What's the history on how often
that happens?

MR. STEWART: I couldn't tell you out of how
many transactions, but we've had it happen.

MR. SIEGEL: So there would be a fair amount
of those reports?
MR. STEWART: A fair amount? I don't know about a fair amount.

MR. PETRAMALO: Commissioner, are you talking about the tote machine or the EZ Horseplay kiosk?

MR. SIEGEL: Well, I guess anything that would generate a report.

MR. PETRAMALO: What's the experience been with the kiosk so far in terms of malfunction?

MR. STEWART: Once in a while it doesn't -- it's supposed to kick out a hundred and it only kicks out 80. Bills stick together or something like that happens. That happens at ATM machines. It happens at --

MR. SIEGEL: Yeah. It's infrequent, though; is that fair to say?

MR. STEWART: Right.

MR. BURNETT: I understand that the father of the ATM machine died last week. There's something like a million and a half or some gigantic number, maybe it's 15 million, but there's a lot of ATM machines around the world. You don't hear about them malfunctioning very often. I think they're fairly reliable.

MR. PETRAMALO: I think there are two inventions that advanced society in the last 200
years. One of them is the ATM machine and the other is the electric cordless drill. Those two things -- I mean, think about it.

MR. BURNETT: I will. All the way up the road to Leesburg, I'll be thinking about that.

MR. SIEGEL: No cell phone.

MR. BURNETT: That's way -- a distant third, and the computer is way down the list.

Do we have any further questions on the EZ Horseplay agreement or Mr. Harrison's report about it?

I don't see any reason why we should not go ahead and approve it today, and I would so move. Do we have a second?

MR. BROWN: Second.

MR. BURNETT: It's been seconded by Mr. Brown. All in favor indicate by saying aye.

Note: (Aye.)

MR. BURNETT: The EZ Horseplay agreement is approved.

We next move to the stakeholders. If I may, could I ask you all to give us some kind of a thumbnail sketch of how things are going with Finn McCools?

MR. STEWART: It's going real well.
Obviously, the Kentucky Derby and the Preakness were huge, but on Fridays and Saturdays, we've been doing very well. We're performing I would say ahead of our budget, ahead of our expectations. We're pleased. I think we're seeing a lot of people that we haven't seen before. I don't think we're seeing a lot of cannibalization of existing facilities. We're getting a lot of positive comments.

MR. BROWN: How about the negative side? Anything cropping up?

MR. STEWART: Not really. I mean, obviously we'd like to see a little more business on some days.

MR. BURNETT: It occurred to me that it might make sense for either myself or somebody from the commission staff to call the neighbor that took all the trouble to come out here and ask the same question, whether she's aware of any issues, and if she is, we'd like to address them and solve them. My guess is she's going to say no, but I think providing attention and interest and making sure that we're being a responsible corporate friend in the neighborhood there might be a good idea. If anybody has that number, I'd be glad to call that lady.
MR. STEWART: I think it's a great idea. We'd be happy to address any concerns she may have. We're not aware of any.

MR. BURNETT: Nobody has asked for better glasses to read the form?

MR. STEWART: Given our customer base, generally they aren't the youngest folks in the world. I would think it might be a benefit to her business.

MR. BURNETT: Exactly.

MR. PETRAMALO: Ian, do you have a feel for the share of the wagering that's going to the tote machine, the self-service tote, and the EZ Horseplay touchscreen?

MR. STEWART: Well, most -- we're not doing a whole lot through the EZ Horseplay touchscreens, but that's not unexpected at least from my standpoint because most people when they're offered the opportunity to, you know, wager through the traditional tote system versus wagering through EZ Horseplay, they'll take the traditional tote system. Where it is being helpful, though, is through the EZ Horseplay video streaming, we can in effect show virtually any racetrack.

So we've had situations where folks -- while
we're limited in the number of decoders that we have
out there and the number of signals that we show
through sort of the traditional means, if you want
to wager on any racetrack virtually, we can bring it
up via video streaming on EZ Horseplay. So it's
been beneficial from that standpoint.

MR. BURNETT: How many screens are in the
facility?

MS. BOUZEK: How many touchscreens? There's
two --

MR. BURNETT: No, no, no. How many showing
horse racing?

MS. BOUZEK: There's 12 televisions. There's
two touchscreens.

MR. BURNETT: What would you say the average
number of separate tracks are that are being shown
on those 12 screens at any given time?

MR. BOUZEK: We can only show five at any
given time.

MR. BURNETT: So you got two to one --

MS. BOUZEK: Right. Then the other two on
HRTV.

MR. PETRAMALO: If I wanted to watch Tioga
Downs, you can video stream that to me and I could
watch it on the touchscreen. Can I bet on that
through the self-service tote or the real tote?

MR. STEWART: Yes.

MR. PETRAMALO: I see.

MR. BURNETT: So a track that's not up on the wall that somebody -- you know, I don't want to call it unpopular, but a --

MR. STEWART: A niche track.

MR. BURNETT: A niche track, there you go. I want to go bet on Bangor Raceway. I can go bet my $2 at your window on that racetrack, and then they've got to go through that whole account settlement routine and everything at the end of the month with my two bucks?

MR. STEWART: Well, I'm not sure we take every single one.

MR. BOUZEK: We only take what we are approved to take in the OTBs.

MR. BURNETT: Right. But that's a lot of signals. I mean, it's a long list that gets submitted to us.

MR. BOUZEK: Exactly. We are to do settlements, so we're not creating --

MR. STEWART: You can certainly download any one of them. How many tracks do we take on EZ Horseplay? Probably about 50.
MS. CALABRESE: There's 50 now, but they're expanding it. It's limitless there. It doesn't matter how many you take.

MR. BURNETT: From a streaming standpoint?

MS. CALABRESE: Right. Well, from a betting standpoint. Right now tote has us limited to 50, but we're trying to expand it, but they all stream. All of them stream.

MR. BURNETT: Any other questions about Finn McCools? Yes, sir.

MR. HARRISON: Two things. On the motion for the approval of EZ Horseplay, it has to or it should be re-done to include the conditions.

MR. BURNETT: Thank you.

MR. HARRISON: And also the hours of Finn McCools are about to change. They're having slow Wednesdays, so they're moving the start time back to three o'clock on Wednesday.

MR. BOUZEK: Correct.

MR. HARRISON: I just wanted to let you know that.

MR. BURNETT: I'll come back to the contract. On the issue of hour changes, I don't know that we ever agreed on a standard by which the Commission or its staff needed to be notified or any approval
needed to be obtained from commission staff in terms of whether the hour changes by more than five percent or three percent or ten percent, whatever it is in a week or a month. I'm not suggesting we do it today, but I think -- it's good to know about it. It seems to me if you tinker with half an hour, we don't necessarily need to know about, but if it closes for a day, we might want to know. So they ought to know which side of that line they're on in terms of being required to tell us.

Now, with respect to my faux pas with regard to the contract, I don't know if we have any parliamentarians here that can tell us how we have to properly go back and re-open that issue, but I assume there's no objection to doing that. I would remove the approval of the contract and amend my prior motion to include the conditions set forth in the staff report provided by Mr. Harrison that we previously discussed. It's my understanding that both the horsemen and EZ Horseplay have agreed to those four conditions. Is that right?

MR. WEINBERG: Yes. The fourth bullet point is more of a statement of future plans, but I agree.

MR. BURNETT: With that caveat, I would couch my motion that way. Do we have a second to my
amended motion?

MR. BROWN: I'll second it.

MR. BURNETT: Seconded by Mr. Brown. All in favor indicate by saying aye.

Note: (Aye.)

MR. BURNETT: Thank you for catching that, gentlemen.

Now, we'll move to item A under the stakeholders portion of our agenda. Colonial Downs report on the opening of the 2010 thoroughbred meet.

MR. WEINBERG: Darrell Wood will report on some of the marketing.

MR. BURNETT: Thank you, Mr. Wood.

MR. WOOD: I've got a few passouts here to show to you.

Good morning. There's three documents here that kind of -- will go with some of the plans we got promotion-wise at least for the summer season. The first postcard is what you probably want to look at, but our marketing plans, as always, revolve around the two biggest races, the Turf Cup and the Virginia Derby. With the Turf Cup, we've had a pretty successful microbrew festival called the Rhythm Bets 'n Brews that we're going to come back with for the fourth time on June 19th. It's a
microbrew sampling event with live music
entertainment. It's been pretty successful and
hoping the growth continues.

On Derby day, you know, we're trying to
emulate what they do at Churchill Downs on Derby
day. We've got an official drink. We just had a
contest on Facebook. It's called the Gentleman's
Gallop this year. We've got a fancy hat contest
sponsored by the Virginia Lottery, and we've got two
parties. We're kind of book ending the facility.

On the green, we've got an all inclusive party zone,
which a $30 ticket gets you your food and booze and
live music, but in the first turn, this is kind of
what we're pretty excited about. We feel this has
got a great potential.

It's a BYOB party. We've got a non-profit,
Richmond Ski Club. Last year we did this for first
the time, it was called Chill on Derby Hill. We had
about 6 or 700 people out there, but it just felt
right. Everyone out there, different ages, male,
female, young, old, just had a great time, and we
shifted Hooters Day that we've had by itself and we
partnered it with this first turn event. We're
going to have 25 Hooter girls, a BYOB event. It's
going to be like Strawberry Hill in the summertime.
It's got a $10 price point and the hope is we can
get the derby attendance in the five figures for the
first time ever. This would be the -- I guess the
impetus to make that happen. Our ticket sales are
actually going pretty good. We had 11 Hooter girls
out here on Strawberry Hill Day going tailgate to
tailgate passing these out. So hopefully the --

MR. BURNETT: What number would make you say,
yeah, that was really a success?

MR. WOOD: Whatever he's happy with. Probably
3,000, 2,500.

MR. BURNETT: You had 700 last year. You're
hoping you're going to triple --

MR. STEWART: I think there's a good chance we
will, but I feel like we're having a conversation
about 1997 where somebody put the number 4,000 out
there and we averaged 3,400 people, and we were
failure. We're not going to set a number like that.
This is a long-term project.

MR. BURNETT: Well, some of those projects
that -- and you said that several years ago when you
engaged in the construction on the other end, and
that to me has been successful. I don't think
anybody has seen any of that as a failure, but the
bring your own last year on the hill with 700 people
was fairly populated up there. I wonder how the
facility has to spread to handle three or four times
as many people. Are you having to push the fences
further back and put more tables and chairs and that
kind of thing out there or do you think what you had
setup last year will do it?

MR. STEWART: I think what we had setup will
do it. I mean, if you've never driven back there,
there's a tremendous amount of space. It's much
bigger than it looks from a distance. You can
easily accommodate 10,000 people out there.

MR. BURNETT: Really?

MR. STEWART: That's my opinion. I mean, when
you start to spread toward the chute.

MR. BURNETT: It's a great location to watch
the race, a spectacular location.

MR. PETRAMALO: Are you putting a Jumbotron
out there?

MR. STEWART: A mini Jumbotron, like we did
last year.

MR. BURNETT: Isn't that an oxymoron? I just
wanted to make sure I understood that.

MR. PETRAMALO: A small, large screen.

MR. BURNETT: It's right up there with the
electric drill, isn't it?
MR. PETRAMALO: Cordless.

MR. BURNETT: Cordless. I'm sorry. Cordless drill.

MR. PETRAMALO: The 25 hooter girls, that's a firm figure?

MR. BURNETT: No pun intended.

MR. PETRAMALO: They were at Strawberry Hill. They were very nice and very friendly.

MR. BURNETT: Darrell, do you want to get us back on track?

MR. WOOD: Those are the two big events. Our theme is eight weeks of winning this year. The newsletter here pretty much -- you can look at that at their leisure, but it pretty much outlines the eight weekends.

The third passout is a thing we're doing with the Virginia Lottery. It's a winner circle scratch-off ticket, which is going to debut on June 1st. It's unique because there is an on-line second chance element, and it's the first time the lottery has gotten involved in this. If you have a non-winning ticket, you can go to VA lottery dot com and go to the winner circle. It's a simulated, animated horse racing game.

Based on the horse you choose in that game,
you'll accumulate points in a shopping cart, and then you can purchase any -- one of 15 items from now -- from June 1st through mid-November. They range from apparel items to tickets to the Derby to kind of fan experiences, like the inside track where you get to go next to the starting gate for the start of the thoroughbred race. One of the prizes is you can get a $10 win bet on every horse in every race. You get a ride in the harness starting gate.

So we -- I think we're pretty excited about this. The piece in front of you actually is a piece that's going in the Val Pack mailer this week, going statewide to 1.8 million homes, which is going to be -- I think it's a big, big plus for Colonial Downs. It's the first time since Commissioner Reynolds' committee that we've been able to do something, you know, that can get us some statewide presence. So this kicks off June 1st, and hopefully it'll get us some extra hype this year, too.

MR. BURNETT: That scratch ticket right there will be found in 7-Elevens and the thousands of retailers of tickets around the state?

MR. WOOD: And they've got a nice pamphlet in every one of those locations that tells you the prizes you can win, how to play the on-line second
chance game.

You know, hopefully it's going to be a good experience and we can take it maybe, if it works, to another level in the future.

MR. STEWART: It's been one of our goals for a long time to get a scratch-off ticket with the lottery. Darrell has worked hard on this for a number of years, and it's finally coming to fruition. I'm thrilled about it. I think it's going to be wonderful.

MR. BURNETT: Has the -- is the lottery board excited about it? We've got some people here that have had some experience with the lottery board, both legal and otherwise.

MR. SIEGEL: Yeah. You mentioned you're not -- that you worked for a lot of years. I'm not sure whether the lottery or the lottery board was opposed to it or whether there were legal issues, because I always felt like the lottery wanted to work with the racetrack. Were there legal issues that you had to overcome?

MR. STEWART: It just seemed like whenever --

MR. SIEGEL: Political issues?

MR. STEWART: -- we wanted to do it, there was some reason why we couldn't. One reason or another.
We've seemed to have avoided whatever those reasons were now.

MR. SIEGEL: I think it's a natural collaboration. So that's a good start, anyway.

MR. WOOD: So those are pretty much the firmer promotional plans. We've got -- I don't know if you saw it at the last meeting, but we've got a mobile promotional unit for EZ Horseplay. It's a 20-foot trailer that we've done a lot of grass root marketing with over the past couple months. We've been to any number of microbrew festivals, wine festivals, concerts, baseball games, and given out pocket schedules, EZ Horseplay information, brochures, free admit passes, stuff like that. So hopefully that will pay some dividends to us as we get closer to the meet.

MR. BURNETT: Can people open accounts right there at that trailer when you're out displaying?

MR. WOOD: They can, yes.

MR. BURNETT: Have you found folks doing that?

MR. WOOD: Have not.

MR. BURNETT: They look and think, wow, is that how that works?

MR. WOOD: Yeah. I mean, if you're at a microbrew festival or wine festival, you're with
friends, you've having cocktails, and do you want to
take the time with your group of friends to do it?
So we give out a lot of packets of information. I'm
sure there's been some sign-ups from these events,
but it's a great grass root vehicle that we're
taking advantage of.

MR. BURNETT: Did you have a good response at
Great Meadow?

MR. WOOD: Yeah. It was the first time we
were up in northern Virginia working, and really had
a good response.

MR. BURNETT: Good.

Okay. Sounds terrific. Any other questions
of Darrell on the marketing side of the opening of
the meet?

MR. BROWN: Good job.

MR. PETRAMALO: Darrell, is Ladies Day still
scheduled for June 26th?

MR. WOOD: It is.

MR. PETRAMALO: And are you having the all
female jockey race?

MR. WOOD: Yeah, they're coming in here the
twenty-sixth.

MR. PETRAMALO: There was a candidate in here
this morning who you may know, Reverend Marjorie
Bevins, she was very interested in that race.

MR. WOOD: We're expecting a big turnout.
We're hoping for a full field.

MR. PICKLESIMER: Just to give you an update
on the racing side.

MR. BURNETT: Please.

MR. PICKLESIMER: We were able to get the
racetrack down in, I think, three days. We opened
that up a day earlier than we had scheduled. We've
got roughly, I don't know, 350 horses on the
grounds. We should be pretty much full by this
weekend. Actually, it's a pretty strong opening
day. We're taking entries today for Sunday.

I offered an invitation for you guys to come
over and view the entry process and see what goes on
on the racing part of it if you haven't had an
opportunity to do so. It's day by day. We'll see,
you know, how it goes, but right now things are
looking good. The track is down. It's safe. It's
even.

MR. BURNETT: Are you getting good reports
from the horsemen on the surface?

MR. PICKLESIMER: Yeah. No complaints. The
rain helped it that we've had here the last couple
days. So we're on target for more people, more
horses, and more people to ride around in circles.

MR. BURNETT: I understand you have some
larger stables or some expansion of the stables?

MR. PICKLESIMER: Yeah. Ms. McDonald, she
grew. I think she's up to about 40. A few other
guys have gotten bigger. We've got about 90
trainers on the ground, which is good, a little
diversity. You don't have, you know, a whole lot of
big outfits tying up a lot of stalls. I'd like to
get more starts out of those 10, 15 horse outfits,
but so far, we're pleased.

MR. BURNETT: Great. Thank you.
Anything further?

MR. WEINBERG: No.

MR. BURNETT: Thank you.

We'll move next to the standardbred racing
dates, award of those dates. As I understand it and
so often occurs, there's been a continuing
discussion to resolve issues. I'm told that the
issue of days themselves has been resolved. Please
correct me if I'm wrong about that, but there's an
outstanding matter of the grandstand at this point.

MR. STEWART: No. There's -- as far as I'm
concerned, there's no agreement.

MR. BURNETT: All right. Tell us where you
are, if you would.

MR. STEWART: I'd be happy to. I think it would be useful to just kind of go through a chronology of how we got here and why we're sitting here again discussing a relatively minor matter.

Back in the fall, we commenced negotiations with the horsemen of both breeds. We were interested in help with the western OTBs in order to make them financially viable. We were interested in help with EZ Horseplay in order to expand that a little faster than we would normally, and we were interested in help with Finn McCools because with relatively small volumes, we needed some participation from the horsemen.

Colonial Downs was willing to work with the horsemen to help them achieve what their goals might be if they're to help us achieve ours. Fortunately, we were successful in doing that with the thoroughbred. Unfortunately, from the standpoint of helping us with the western OTBs, the harness association was unwilling. They were unwilling to help us with EZ Horseplay, and they were unwilling to help us with Finn McCools.

So we went ahead and made our agreement with the thoroughbreds and we filed our timely race day
request on December 1st for the standardbred racing days for 2010. On the 14th of December, the harness association filed a response, which included the following sentence. The VHHA is not opposed to Colonial Downs opening the grandstand only on Saturdays and Sundays.

At the December racing commission meeting, we discussed the 2009 harness meet, including a number of comments from the staff and the commissioners, racing concerns about the 2009 meet, which the VHHA representative agreed with. However, no action was taken regarding the race days.

The January meeting comes, Colonial Downs is prepared to discuss race days, but there's no action. I believe -- and I may be wrong, but I believe it was at the harness association's request.

The February meeting, it's basically the same thing. Colonial Downs is prepared to discuss race days, and we don't discuss them.

At the March meeting, Dr. Dunavant refuted all the comments from the December meeting, and basically a 28-day meet is awarded with essentially the same purse structure with the harness association and Colonial Downs delegated to work out the details.
Now, if you look at the 28-day meet, four days a week, that would end on a Wednesday before the Breeders Cup. The harness association wanted to extend it to the Breeders Cup, and as I sent around a schedule, this will cost Colonial Downs another $9,700 because of additional training days. What would basically happen is the Tuesday and Wednesday where we would be racing would become the training days, and then the Friday would become a training day, and then we would race on Saturday and Sunday or Thursday would become a training day, and we would race on the Friday and Saturday. So this would cost us another $9,700.

The harness association wants to do this because by running on Friday and Saturday, Breeders Cup, instead of Tuesday and Wednesday, there's additional wagering on the live meet, which if you net it out comes to about $2,700 in additional money for the association. I offered to run their schedule if they'll give us the 2,700 bucks, to help offset some of that 9,700. They refused.

Then on Thursday, I said fine. We'll give you the $2,700 if you run our schedule. They refused. On Friday I call them and I'm told that they refuse. I hear nothing further. Then on Monday, I open my
e-mail. There's an e-mail -- a copy from Vic that
has a letter from the harness association that
contains a counter offer. I didn't get a call. I
just happen to read my e-mail, so I called and I
basically agreed to their proposal.

Then I find out that the harness association
has now decided that they don't like our grandstand
proposal in spite of their statement in the
December 14th letter and in spite of Dr. Dunavant's
testimony at the March meeting, which I'm shuffling
my papers to find. At the March meeting,
Commissioner Miller says, "Mr. Chairman, before we
vote on the motion, you don't have any problem with
the suggestion by Mr. Stewart that they don't open
the full grandstand on certain days?"

Dr. Dunavant: "No. We have no objection to
that."

At this point I just cannot agree. I mean,
we've been going on with this for the last seven
months. For the last seven months, I've done my
best to reach an accommodation with the harness
association. It's just without success. This is
just another example, as we pointed out in our
letter, of death by a thousand cuts. I'm not trying
to be unreasonable, but there's a limit and we've
reached it.

MR. BURNETT: Would the horsemen like to offer any response, harness horsemen?

MR. WOOLNOUGH: Well, basically -- Iain Woolnough for the VHHA. I was not here for any of those meetings. I was in Florida, but I have been in touch with Dr. Dunavant on most of them.

Let me go back to the first one you say there, the western OTBs and that the thoroughbreds made that deal. At that time the thoroughbreds were in a contract negotiation for their horsemen contracts. We already had one in existence. So really I think that may be part of that play. When ours comes up, it may be part of that issue. At that point, it was not. When the OTBs opened in the first place, there was a discount rate given to the western OTBs. We've honored that and we'll continue to honor that. When the new horsemen's contract comes up, it may be up for discussion.

Going back to EZ Horseplay, I believe that Mr. Stewart may have talked to Dr. Dunavant, I know he has, and explained that. We had the harness horsemen's board meeting here on Sunday. The majority of the board members did not really know what's involved here. They're under the impression...
they have to front money, and we tried to explain
that's not the case.

We have since then called Mr. Stewart and
requested a committee sit down with him and discuss
the feasibility of this. The harness association is
not against getting involved with EZ Horseplay.
Never has been. It needs to know exactly what's
going on. That's all. The board members don't.
The suggestion will be at the board meeting that
Colonial Downs come over and explain it to as many
members as we can get here. That would be easy to
do.

I'm not sure again on Finn McCools, what the
issue is with Finn McCools. If there's an issue
there, I'm not aware of any. I don't know what they
did or didn't get involved in.

Going back to Mr. Stewart's offer of $2,700 to
make us go away, it's not entirely about money.
You've got a marketing opportunity where you have a
much greater amount of people coming to the Breeders
Cup. They may be coming to the Breeders Cup. It
doesn't matter. They're being here and we're
exposing harness racing, and we thought that was
important to us.

The same way as we got the opening of the
fair. We never said we wouldn't open the first day of the fair. We always said we would. You get 4,000 people plus at the New Kent County Fair. I know half of those are probably children. So half of those is exposed to the marketing, and that's what we're looking to do. We did give up three training days on the front end and three training days on the back end. So this should compensate for any of the training days, the three in the middle. We'll double that one up there.

Going back to the March meeting, and I've talked to Dr. Dunavant on this, his basic thing was he had the discussion with Mr. Stewart on the grandstand and was his understanding and what I can read in there, not open the full grandstand. Just the bottom portion of it. If you don't open anything, you're inviting people to come to the races and basically telling them we're closed. That's not what we're trying to do.

We're willing to turn around and give up the fourth floor on Tuesdays and Wednesdays. We've always had that open. We've said we don't need that. Just a portion -- not the whole first floor, you would have one bay of tellers, which you would have outside if you didn't. You have bathroom
facilities inside. You have self-service inside. You have TVs out there so you can watch the other races that they have going on, and then Saturday and Sunday you have our normal schedule. I don't think that's really unreasonable.

MR. BURNETT: Any questions of either party?

MR. SIEGEL: I just have one comment. I think when Mr. Stewart read what was offered and what was accepted by you, the word full grandstand was in that, I believe. So there may be just a communication issue whether full means all or whether you agree not to have the full grandstand open, whether that means none.

So I think there's a basic communication issue about what you thought he meant what he said full.

MR. WOOLNOUGH: Well, when I went to Dr. Dunavant about that, that was his understanding also, was not open the full grandstand, which means that the third floor and the fourth floor would remain closed and a portion of the first floor would remain closed. We would just need one end, the western end. That's all we need.

MS. SMITH: Mr. Siegel, I had several conversations with Dr. Dunavant around that time -- Katherine Smith -- and his understanding to me and
to other members of the board from his conversations with Mr. Stewart were that the full grandstand was what we were viewing as the traditional opening, which was the fourth floor, as we had last year, the suite, and the first floor.

His understanding was that we could manage on the two weekdays with just the bottom floor of the grandstand, open where people could get something to eat, go to the bathroom, wager and watch the races.

MR. STEWART: I'd like to point out that I know what Dr. Dunavant said because I explained exactly what I meant. If I meant that we were only going to shut down the fourth floor, I assure you that that's what I would have put in the race day request.

MR. HARRISON: Ian, it would helpful I think to explain exactly what you do mean. What do you envision for Tuesdays and Wednesdays?

MR. STEWART: What we envision for Tuesdays and Wednesdays, it's free admission. We'll open the gate by the paddock. We'll have seating in the outdoor grandstand. We will have concessions under the overhang on the green side. We'll have the education center open so that any folks that want to come in and wager on simulcast can come in and watch
the television. We will have the bathroom open on
the first floor that we will basically corner off so
that, you know, you can just go to the bathroom and
come out.

It's important to us because the cleaning bill
alone -- the cleaning bill alone in the grandstand
building is $7,300 a week for four days. If you do
the math, I guess that's $1,800 bucks a day just to
clean it. Plus, we've talked to the New Kent
Sheriff's Office and instead of having two officers,
they think we can get by with one officer to save us
some money, plus obviously the food service on the
fourth floor was a cash drain.

So I think that we can easily accommodate the
people that are likely to come, and I think the
accommodations will be fine and it will save us a
ton of money. I don't know if any of you have been
here on a day when there's 150 people rattling
around that building, but it's -- not to mention,
it's a little depressing, but it's awful expensive.
That doesn't even include the utilities.

The utility bill over there just as a
comparison for the last four months, which granted
is the winter, but on the other hand, you do have
air conditioning in the warmer weather. Our total
utility bill is somewhere in the neighborhood of about $30,000 a month. So, you know, if you can cut that down, you could probably save close to a thousand bucks a day. We're talking about real money here.

MR. WOOLNOUGH: In response to that statement right there, I do believe that Colonial Downs still operates the second floor during those days. So the utilities, the lights, the heat, air conditioning, whichever one it needs to be, it's still going to be ran.

MS. SMITH: And the cleaning as well.

MR. STEWART: As you know, there's zones. You can turn off certain zones.

MR. WOOLNOUGH: That building, if you look at it, you can certainly do certain things. It's a wide open building, and it was never constructed to be temperature controlled.

MR. BURNETT: Mr. Brown, you had a question or an observation?

MR. BROWN: As far as -- yes. As far as the grandstand goes, it's not in the best interest of the track to just keep the west end of the bottom section open as far as like a food concession-type thing and you have your simulcast people in there?
MR. STEWART: Well, we can accommodate those people in the racing education center. We can also accommodate them with the outdoor concessions. We'll have outdoor tellers. I mean, it's really no different than going to the Diamond, you know, on a fall afternoon.

MR. BROWN: But you're going to have people coming in on the hotter days that are going -- you know, you're going to have some older folks that are probably going to need a little air conditioning at times.

MR. STEWART: That's why the education center is available to them. It's air conditioned in there.

MR. HARRISON: Will the hours of operation, will the race start at one o'clock?

MR. STEWART: Uh-huh.

MR. HARRISON: You're in agreement on that.

MR. BURNETT: Couple of observations from my perspective. One is I'm guessing that attendance will go from 150 in the evening on Monday and Tuesday to about 75 or 80 during the day. That's kind of the way it is, I think. I could well be wrong, but I don't think that change in time necessarily is going to increase attendance. My
guess is it will decrease it.

I would prefer not to be making a decision based on who struck John at prior meetings and who says what, double hearsay and everything else. I look at the two principal issues here of racing or no racing on Breeders Cup Day and this closing the grandstand as -- both of those as being image issues more than anything. I don't mean for a minute to diminish folks who are writing the checks since it's important to this, and I think that's a big deal.

I worry, for example, that an article in the Times-Dispatch that there's no grandstand open a couple days a week and somebody starts jumping on this decline of racing bandwagon, which seems to be popular these days, they can just start pointing to these kinds of things as Virginia dying by a thousand cuts. Here's a couple more, and they acknowledge they're dying. There's this cut and that cut and everybody is doing it, and I worry about that.

I'm encouraged that the VHHA wants to get back up on the power curve here and learn about what's going on, and I frankly put it at the VHHA's feet that they don't know about this. They should know it. It affects racing in Virginia. It affects
their own bottom line. It affects the host track where they spend the most time at, and it's incumbent upon the leadership and membership alike to stay up on these issues. If you end up saying no thank you, we don't want to be involvement, that statement should be made based on an informed and well thought out understanding and decision of what is being offered. Simply to say, wow, we said no because we don't know what's going on, we've got to do better, folks, than that.

I'll leave those observations there for the moment to see what other people have to say about this. Anybody down on the end?

MR. REYNOLDS: I've got a couple questions. We've been talking about this since December the first. Negotiation, we're at a standstill. What happens if we don't have an agreement?

MR. BURNETT: Subject to legal counsel, my understanding is that since an application has been filed with us, we can amend it and order days. I assume the incidental features that go with it, but I may be wrong.

MS. DILWORTH: That's what the regulation says.

MR. WEINBERG: Could I?
MR. BURNETT: Yes, please. Mr. Weinberg, please.

MR. WEINBERG: I'll let my client kick me if he disagrees. I think your order is pretty narrowly crafted in the regulations as to six particular matters, which are pretty clear. Number of days, which this commission has already decided is 28; the days of when the races are to be conducted, which I think we're all in agreement that September 17th is the beginning date; which days are dark, I think we've reached agreement that those are Monday, Tuesday, and Friday; breeds to be utilized --

MR. WOOLNOUGH: No, no. Monday, Thursday, and Friday. Race Tuesday, Wednesday.

MR. WEINBERG: I'm sorry. My mistake.

Breeds to be utilized, standardbreds; types of racing to be offered, characterized as harness racing; and the horse racing facility at which that's to be conducted, which in Virginia is only Colonial Downs.

So in answer to the question, what does the order need to specify, I believe it needs to specify those six things.

MR. BURNETT: Any other questions?

MR. REYNOLDS: Perhaps we approve those six
items today, that doesn't cover the grandstand opening? I don't know what happens.

MR. WEINBERG: Can I attempt to respond to that?

MR. BURNETT: Please.

MR. WEINBERG: I think the answer is -- as you've heard Mr. Woolnough identify, there are a number of other issues that are being discussed. I would say that there are certain issues that should be discussed between the parties, that the Commission need not necessarily rule upon, and I would think dealing with the business at hand, which is issuing an order as to the race days and when they're conducted and what type, would address that and leave the parties to work out what, if any, portion of the grandstand is open and how we deal with Finn McCools, western OTBs, and EZ Horseplay.

MR. SIEGEL: Do you believe you can reach satisfactory conclusions left with that option?

MR. WEINBERG: I would hope so. With all due respect, I believe the parties in good -- I will say from my side of the table for the last two weeks, those issues have been raised. We've addressed it. I mean, we started off -- not to beat a dead horse, pardon the pun. We had -- we started off with
wanting to race five days of the week, we're down to four. We started off we wanted to race Monday night because the simulcast market is much better for Colonial Downs than it is on Wednesday during the day, but we resolved that. We resolved the post times. I think we've agreed tentatively one and five. We're working out a resolution of this Breeders Fund issue.

As you heard Mr. Woolnough propose, cutting days earlier rather than later. This issue literally arose sometime yesterday afternoon. I think the documentary evidence was that this issue was discussed from day one in the fall, December 1st, December 14th, March 17th. Thought it was done.

So if there's a history that issues had been resolved, there is a history that issues had been resolved. So I can't promise you that we'll be able to repeat that experience, but I am optimistic that we can.

MR. BROWN: Is this something that by next meeting if we don't have any kind of real positive thing that if you bring it back to the Commission, we could -- would you feel comfortable with us making a ruling on it?
MR. STEWART: I don't know. I mean, I suppose. At the end of the day, I think the Commission can basically do whatever it wants to.

MR. BURNETT: We would like to avoid that image.

MR. BROWN: We need to see a positive from both sides.

MR. HARRISON: Chairman Burnett, setting the -- excuse me, Mark. Setting the race dates alone would allow the track and the horsemen to advertise so that horsemen around the country can make plans to come here. So doing that today would be very helpful.

MR. BURNETT: We have entered no order at this point.

MR. WEINBERG: That's correct.

MR. BURNETT: Our good counsel has provided me with a shopping list from the reg of no less than 25 items, the last one being all inclusive, anything else you want to consider of things we need to consider before we make any ruling on these six items as set forth.

I'm a little tired of this thing coming back. We've been the Commission that said, if it had blamed others for not getting in front of us in time
and these things dragging out, one thing or another, it would be awfully nice if we could put this issue to bed today. Now, I don't know whether we have the authority or jurisdiction to pass specifically on these -- all of the items that are in front of us, but to start this discussion, for what it's worth, we do have the right to set the days and if we set the days for 28 days through the Breeders Cup, that takes care of that issue.

And I don't know whether it's apples to apples or not, but it's strikes me that when we're down to $2,700, that is more a gesture than an economic hardship on anybody when I see later on we're going to be talking about $135,000 worth of money going to benevolence, of which the standardbred folks are going to get exclusively about 35,000 or whatever the number is. I'm sorry. I don't remember what it is exactly.

I would like to -- I'd like to see that grandstand open and I wonder -- how it would play to have the horsemen make that helping gesture of giving up that $2,700 in exchange for having the ground floor of the grand stand open and re-visit next year if need be. We could get to those -- do that, I think we're done, I think. Am I wrong about
that from the track side?

MR. STEWART: I made that offer.

MR. BURNETT: Is that something that you all can live with?

MR. WOOLNOUGH: What was that?

MR. BURNETT: You give up $2,700 in one form or another and they stay open as you've requested for Breeders Cup and they open the grandstand on Tuesdays and Wednesdays on the ground floor, half of it.

MR. WOOLNOUGH: And we're giving up 2,700?

MR. BURNETT: You give up 2,700.

MR. WOOLNOUGH: We gave up six days already. He's asking for three, and we gave up six. Also, we turned around and agreed to run days instead of night. There's tremendous savings on the lights. I don't know what it's going to do on Tuesdays. Tuesdays by far are our best simulcast day at night by far. It's not much out there. By going on Tuesday on days, I have no idea. We don't have any idea.

MR. BURNETT: Commissioner Miller?

MR. MILLER: I'm a little bit confused and other than being generally confused, I'm also confused about this.
You say you gave up nights and that saves on electricity, but I understood they wanted to race on Monday night because of the additional simulcast handle.

MR. WOOLNOUGH: There's a reason that we have that in there, Commissioner. We go Saturday and Sunday and have Monday off, and then Tuesday and Wednesday. There's a lack of horsepower. We don't have that many horses here. Standardbreds are different than thoroughbreds. With a standardbred, you can run him on Saturday and run him on Tuesday, but to run him on Saturday and back Monday is tough. It's hard to do. That gives us more opportunity for them to race. So we have a day off in-between.

MR. MILLER: One other thing, in reading all this stuff, I see there's an attendance figure for certain days that I see and there's average handle in all the documentation. What is the average attendance for -- what was the average attendance for the standardbred meet last year, daily attendance?

MR. WOOLNOUGH: I'll have to go back to my office and get it.

MR. WEINBERG: Overall or on particular days?

MR. MILLER: No, no. I don't care on which
particular day. What's the average --

MR. WOOLNOUGH: 367. I'm sorry. I brought it with me.

MR. MILLER: Pardon?

MR. WOOLNOUGH: 367.

MR. MILLER: 367 people?

MR. WOOLNOUGH: Yeah.

MR. REYNOLDS: Mr. Chairman?

MR. BURNETT: Yes.

MR. REYNOLDS: I keep trying to hone in on what happens if we don't have an agreement. Do we have a meet?

MR. BURNETT: I think until we assign days, I don't know how they can have a meet, but the good news and the bad news is that doesn't happen until the fall. So we have the thoroughbred meet to get through and all the rest before they actually have to come to it.

Now, every day that goes by that they would otherwise be publishing the meet and recruiting horsemen and doing all the things necessary in preparation is delayed by virtue of a decision not being made doesn't help.

And just to be clear, if it's the consensus of this Commission that we need to wait another month
and let these folks knock heads for about a month, 
that's fine. It just would be nice if we could close this chapter on this meet and this year, but I don't think it's life and death if we go 30 more days. We have a wonderful history of turning 30 into 90 into 120. I would like to avoid all of that if we can.

MR. MILLER: When -- Mr. Chairman?

When do you have to -- what's the deadline for going out and contracting for the horses for the standardbred meet?

MR. WOOLNOUGH: The advertising should have gone out this month. Our stake program, our early closers, we call that the Virginia-breds should have gone in all the trade magazines this month.

MR. MILLER: It appears to me, Mr. Chairman, we ought to do something today.

MR. SIEGEL: We can rule on the six items today and let the rest go 30 more days if we have to.

MR. BURNETT: Is the harness horsemen's contract silent as to days for this year?

MR. STEWART: I believe it is.

MR. WEINBERG: Yes.

MR. MILLER: What was that question?
MR. BURNETT: Is the harness horsemen's contract with the track silent as to days this year? Both sides would agree we're not going to get any assistance from reviewing the contract itself between the horsemen and the track.

MR. STEWART: I don't think so.

MR. WOOLNOUGH: No.

MR. BURNETT: Well, I suggested what the Commission would like to do in terms of putting this to bed and I made a suggestion, which so far has gone nowhere. What is the sentiment of the parties in terms of what -- how you would have us go forward?

MR. STEWART: Colonial Downs is happy to support your suggestion. If the harness association is willing to pay us the $2,700, we would open the grandstand. I have no problem with that.

MR. PETRAMALO: And run on Breeders Cup Day?

MR. STEWART: Right. Run on Breeders Cup Day and open the barn area on the day Mr. Woolnough and I agree.

MR. WEINBERG: September 10th.

MR. WOOLNOUGH: Well, that was -- the opening of the barn area is on the tenth is what we talked about. That was all part of running -- we've gone
back and re-visited that twice.

MR. BURNETT: I understand that. I understand that you might be feeling leveraged and they might as well. The question is are we going to get this done or are you going to have the Commission enter some order that might be unhappy for everybody or delay it and let y'all keep talking for another month at the detriment to the program?

MR. WOOLNOUGH: Well, I think -- again, we have enough legal people here to answer those questions, but I think the racing issues are already answered. The only issue that remains there. I don't know if it's in your jurisdiction whether you're indoors or outdoors over there. I think that can be worked out between the two parties. It doesn't affect the days that we race or the times we race. We agreed to that.

MR. BURNETT: The way I read this reg that I have in front of me is, it says the horse racing facility where the racing days will be conducted. To me --

MR. WOOLNOUGH: Which is Colonial Downs.

MR. BURNETT: Correct. I don't think there would be much disagreement, but that doesn't cover what part of the facility is open, whether they've
got a Coke machine or don't have a Coke machine, whether there's beer and not beer and all this. We could get involved in all of the plenary power and the rest, but it would be nice if we could have the parties come to an agreement. That's just a better way to do it in my view.

MR. BROWN: Mr. Chairman?

MR. BURNETT: Yes, sir.

MR. BROWN: Mr. Stewart, as far as the six days that they're giving up, they're giving up three in the front and they're giving up three in the back, what kind of money is that saving you?

MR. STEWART: Well, as we know, the three on the back really don't mean anything because they all pack up and leave as fast as they possibly can. The three on the front would compensate us for the additional time between -- the additional training days. That's a swap. So I'm agreeable to that.

Our plan in closing the grandstand, which, as I said, I believe was fully disclosed, would save us a bunch of money. I'm willing to -- in the interest of compromising, I'm willing to settle for $2,700, which I think is probably about 15 cents on the dollar, but I'm doing my best.

MR. BROWN: Mr. Chairman?
MR. BURNETT: Yes.

MR. BROWN: What I would suggest -- and this is just my thought at this point. You may have some variations. If we -- if it's agreeable with Ian, Ian Stewart and Mr. Woolnough, let's go ahead and put the days down as far as the way we want to do it, and let's see if we can get this negotiated out as far as the grandstand goes.

MR. BURNETT: It would certainly be nice if that could happen.

MR. BROWN: I think we have to get together and work this out.

MR. WOOLNOUGH: I agree.

MR. BROWN: Is that okay with you, Mr. Stewart?

MR. STEWART: Sure.

MR. SIEGEL: Is there anything else that you feel you -- that you're willing to do beyond what you said? If there is and we can put it on the table now, we can deal with it. Otherwise, I would suggest that Mr. Brown's suggestion is a good one.

MR. STEWART: If the harness horse association is still willing to give up the three days on the front end and three days on the back end, then I'm agreeable to -- we'll negotiate out the grandstand.
solution. I'm agreeable to that.

MR. BROWN: All right.

MR. WOOLNOUGH: We are in agreement with that.

MR. BROWN: Pardon?

MR. WOOLNOUGH: We are in agreement with that also.

MR. BURNETT: I guess the one piece that I'd throw in here that's been mentioned, but no one is particularly jumping at, it seems to me that the biggest prize in all of this is maybe to get the VHHA to be a working partner on this, whether it be Finn McCools or whether it be ADW activity, because it has long-term ramifications. It gets everybody on board.

It's a different population and demographic that bets the races, and whether it's a 10 percent, 90 percent split between the thoroughbred and the standardbred horsemen, I don't think the amount matters so much as -- and it can be done by handle or it can be done some other way if y'all agree on it, but I just think that's a big deal to have everybody on the same page.

It strikes me that -- and I don't want to speak for the racetrack, but if I'm sitting in the racetrack's shoes, I would guess that they would be
very quick to give up that $2,700 that seems to be
the sticking point if they had some great sense of
confidence that the VHHA was going to get serious
about joining in on this EZ Horseplay agreement.

MR. WOOLNOUGH: Again, Mr. Chairman, as I
pointed out earlier, I was gone all winter in
Florida, so I wasn't involved in those conversations
before that. Since coming back, I've talked to a
lot of the board members of the VHHA and the vice
president right here. We've gone through a lot of
trouble to convince people let's take a serious look
at EZ Horseplay. You discounted it very quickly,
but you don't know enough about it.

I talked to Mr. Stewart. There is a committee
being formed right now of the VHHA to sit down with
EZ Horseplay and just go through the whole -- you
had a track record on there also. That is a good
selling point. Just take a look it, look at its
projections, look at its cost, look at the expenses,
whatever, we're willing to do that -- more than
willing to do that.

MR. BURNETT: All right.

MR. WOOLNOUGH: I'm not saying I don't know
what the answer is going to be when they've all seen
it.
MR. BURNETT: We've got someone here that's very experienced in mediation of late. He'll --

MR. WOOLNOUGH: Frank and I had a long conversation yesterday.

MR. BURNETT: He'll tell me whether I'm screwing up or not here, but let me suggest a side agreement that might make this thing go away today. How about y'all agree that if you give up the $2,700 on Breeders Day and they open the grandstand and all that, if you're on board with the EZ Horseplay agreement by the end of the year, if that's a reasonable amount of time for you guys to talk it out and get it figured all out, if you enter into that partnership, they'll refund you the $2,700?

MR. STEWART: Sure.

MR. BURNETT: That's a side agreement. All you've got to do is just shake hands on that one. You said it in front of all of us. We don't have the power to push you into it. We'll just put that out there.

MR. WOOLNOUGH: You can also say it the other way. By the end of the year and we don't, then we'll give you the $2,700, sitting on it for that length of time. What people don't understand --

MR. BURNETT: Will you give him that last one,
Mr. Racetrack?

MR. WOOLNOUGH: We're already putting up over 200,000 into the accounts. We're sponsoring the Patriot's and we're putting up the money for the Breeders Fund, putting up money to keep the purse accounts at 50 a day.

MR. BURNETT: We're down to this little tiny end.

MR. WOOLNOUGH: I know. I know. I think Mr. Stewart is looking at it the same way probably that I am. It's called principle.

MR. BURNETT: We're looking at it as what's best for racing --

MR. WOOLNOUGH: Yeah. And I do, too.

MR. BURNETT: -- and moving things forward. We'd like to see the grandstand filled with people and racing on Breeders Cup Day. I think we'd like to -- I don't want to see anything negative about old folks not being able to get into the air conditioning and the area they want to be in the grandstand.

MR. WOOLNOUGH: And this is our main concern because out there, Mr. Chairman, those are our fans.

MR. BURNETT: We would like to see you engaged in the ADW side of life there as well.
MR. WOOLNOUGH: If it makes sense, then they will be. No one is going to turn down any good opportunities or good money. Maybe it wasn't explained right. I don't know. I wasn't there. If it's a good program, they put it out there, it makes sense, then sure they're going to join you.

MS. SMITH: Excuse me. I was there. Dr. Dunavant and I were taken over and shown the trailer that Darrell mentioned earlier. We saw the kiosk. It was not operational at the time that we saw it, however. That made the experience a little difficult, frankly. It's tough to visualize especially for people who may not be up to snuff with ADW satellite wagering.

However, we came back and we entered into discussions with the board, which has only met the one time since that happened, by the way. At that point, there was a lot of discussion about it. We had a meeting Sunday, at which time there was a committee formed to go pursue details of that. Mr. Petramalo was here, as a matter of fact, he helped us by supplying us with some information to look at so people could actually see the machines and what they look like and so forth. So I don't think in any way that this is a neglected issue or a
denied issue.

Just for the record, I don't understand what help we were asked for on Finn McCools. I was not aware of any help that we were asked for. Maybe that -- again, maybe that's a conversation I was not involved in.

MR. BROWN: I think they need to talk about it.

MR. BURNETT: Am I making any progress here anybody?

MR. PETRAMALO: Oh, yeah. I think we're almost to a deal. Let me see if I summarize it.

MR. BURNETT: Our mediator is going to close it. Here it comes. We're counting on you, Frank.

MR. PETRAMALO: Our mediator, by the way, was $1,000 an hour. Believe it or don't. It wasn't me.

MR. SIEGEL: That's a minute and a half worth.

MR. PETRAMALO: In all seriousness, it seems that on the major issue, there's an agreement. The harness association is willing to do the three and three day give up; Colonial is willing to keep the grandstand open -- excuse me, not keep the grandstand open, run on Breeders Day. So the only issue is the grandstand and what you suggest is why don't you folks talk about it and, in addition,
broaden the discussion to talk about Finn McCools
and EZ Horseplay.

Let me suggest kind of an amendment to that.
It might be helpful if the discussions -- at least
to the extent we're talking about Finn McCools and
EZ Horseplay and the western SWFs, that we have
three parties involved, our horsemen's committee,
their horsemen, and the track, because we've been
through this all before, and I think maybe we can
help both sides understand the perspective of the
harness association.

I did talk briefly with some of the board
members and Iain on Sunday only because I was
unpacking my boxes, and they were clearly
interested. They weren't saying, you know, bologna.
This is crazy stuff. They were interested, but it
was also clear that they weren't as steeped in the
history of all this as we were on the thoroughbred
side.

MR. SIEGEL: I thought you were going to
mediate this.

MR. BURNETT: Yeah.

MR. PETRAMALO: Well, it seems to me you've
got a solution here. On the main issue of days,
dates, and whether or not it's going to be on
Breeders Cup, that's been solved. The only issue now is --

MR. BURNETT: We'd like to go away from here knowing whether or not we're going to tell them the grandstand is open.

MR. SIEGEL: We're close enough to do that. It's a question of when the 2,700 is paid I think is where you are.

MR. WOOLNOUGH: That's it. If we don't, at the end of the year, then we'll give them the $2,700.

MR. WEINBERG: I'd like to set the context a little bigger than that.

MR. BURNETT: All right.

MR. WEINBERG: From Colonial Downs' perspective, one, when we began this discussion, I think we confided in you, we lost $19,000 a day last year to run the standardbred meet. We were awarded seven more days than we requested. That's roughly $133,000. I mean, we're down to talking about 2,700.

Closing the grandstand was a premise from day one of starting the negotiations for race days. That's an $80,000 issue. We're saying it's $2,500, but I suspect that Mr. Stewart added all that up.
So, you know, we've already moved a couple hundred thousand dollars off of where ideally we wanted to save. To suggest that this is -- we're fighting over $2,500, what we're fighting candidly is a lot of frustration in that there are bigger issues. We've articulated them, as you articulated them, Mr. Chairman, and what you see today is Mr. Stewart's frustration, you know, I give up. I feel like I'm punching a marshmallow. Someone sit down, negotiate with me. If you want to talk about the grandstand, sure, but let's talk about the other bigger elephants in the room.

So my request to you is award the days, the times, the dates. Let us negotiate the dollars and maybe we can bring some conclusion today.

MR. SIEGEL: Next month, you mean?

MR. BURNETT: I feel like we're at that very darkest moment right before dawn and, you know, I'd like to just push us into a little bit of sunrise here. The reason being is because I'd like to finish that issue on the grandstand. It bothers me to think that people are coming here and finding that grandstand locked in any form on the ground floor. So, you know, if we can't get there, we can't get there.
While the bigger issues were there in the beginning, we're down to as so often occurs in a settlement to those last couple of dollars and now it's a matter of which way the money is going to flow six months from now. That strikes me as too small for anybody at this table to let it hang things up. I guess maybe I'd ask our mediator whether he can think about a way we can split the difference on that. Make it 1,350 upfront now and 1,350 at the end of the year. Can we have that children, please? Yes? No? You guys go work it out, okay?

MR. WOOLNOUGH: We can work it out.

MR. BURNETT: May I have a motion?

MR. BROWN: Do we have to go over all these?

MR. BURNETT: No. You may have to correct me if I'm wrong.

I move that we award 28 racing days that will begin on Friday, September 27th through Saturday -- I'm sorry, September 17th through Saturday, November 6th, running four days a week, Saturday, Sunday, Tuesday, and Wednesday with racing on Tuesday and Wednesday beginning -- I'm sorry, Tuesday, Wednesday, and Sunday beginning at one o'clock in the afternoon and Saturday racing at
6:00 p.m.

MR. STEWART: Five.

MR. BURNETT: The request that I'm reading says six, but five is fine.

Do I need to put in the days that the track is going to be open or closed? Can somebody help me with those dates for training, beginning and end?

MR. WEINBERG: Open September 10th.

MR. BURNETT: The track will open on September 10th for training and close --

MR. STEWART: Close for training after November 6th.

MR. WOOLNOUGH: After the 6th.

MR. BURNETT: After November 6th. And with the premises to be vacated by the horsemen how many days thereafter?

MR. WOOLNOUGH: Seven days afterward.

MR. BURNETT: Seven days thereafter. What am I leaving out, folks?

I think that's my motion, is it not? I covered the dark days. It's going to be standardbred racing. It's going to be held at Colonial Downs. I think I've covered what's in the reg.

MR. BROWN: I'll second it.
MR. BURNETT: It's been seconded by Mr. Brown. All in favor indicate by saying aye.

Note: (Aye.)

MR. BURNETT: Dates are awarded. We would like a report next meeting that everybody has got this figured out, and because I said six months or so for figuring out the ADW, please don't use that full amount of time. I think -- just say this. This is the direction we're going. The Commission is looking at ADW and ways that we can support it and ways that the Commission can continue to function in a highly ADWized environment, and sticks and bricks are not going to have a place in my opinion.

We all need to figure out how to take maximum advantage of ADW in Virginia if we're going to survive. It doesn't matter if you're a thoroughbred horsemen or a standardbred horsemen, we've got to stick together and we need to invest together and we need to find a way to make it work together because it's going to be hard enough with all of this together. Separate, we don't have a chance. With that, we'll move on to the next subject. Thank you for this computer.

Standardbred management contract, that's under
your Tab 4, gentlemen. This is a continuation of
the contract or the same amount that goes back many,
many years; is that right?

MR. WOOLNOUGH: That's correct.

MR. BURNETT: Do we have a motion on the
continuation of that contract?

MR. BROWN: Motion to approve.

MR. BURNETT: The chair seconds. All in favor
indicate by saying aye.

Note: (Aye.)

MR. BURNETT: The last item that we have under
stakeholders is the approval of a benevolence fund,
which as I understand it from what was provided to
us is essentially $27,000 to the harness horsemen
108 to the thoroughbred horsemen with some
overlapping uses of those funds.

Let me stop for a second and just say because
it's the subject of this money. As I often do when
I come in in the morning during a race meet, I drove
through the backstretch. I saw the paper signs on
the dormitory doors. I stopped to look to see how
my air conditioners are doing. There was one that's
kind of hanging a little sideways and tried the
door, and the door was open.

I pushed the door open. I was first
overwhelmed with the smell of stale cigarette smoke,
and I didn't think there was any smoking allowed in
the dorms so that made me wonder how much
enforcement we're seeing there. And then -- I know
you can't do much with a cinder block cell, but the
floor was pretty dirty, the bed and the
mattresses -- two beds and two mattresses were up
against the wall out of the way. Maybe they haven't
been swept out yet, but they need to be swept out
and better yet if you could get a coat of paint on
the floors, that would help. It was pretty ragged
looking even for one of those rooms. So I think if
it could freshened, it would be nice.

Anybody have any questions or does anybody
want to present anything on this benevolence budget?
This seems like it has been well worked out since
our last meeting.

MR. WOOLNOUGH: The only thing I just wanted
to bring up was when Frank mentioned on the
recreational equipment and I pointed out that we
hadn't been on the backside of the standardbred
meet, because the volleyballs, basketballs, or
soccer balls don't really fit with our staff, and
he's worked that out.

MR. PETRAMALO: Let me say this. I am over
60, I can still hit a softball.

MR. WOOLNOUGH: It was something I hadn't seen.

MS. BROWN: Croquet ball.

MR. BURNETT: Any questions, gentlemen? Do we have a motion?

MR. BROWN: I move that we approve.

MR. REYNOLDS: Second.

MR. BURNETT: It's been seconded by Mr. Reynolds. All in favor -- any discussion, any further discussion?

All in favor of a 135,000 benevolence budget as described indicate by saying aye.

Note: (Aye.)

MR. BURNETT: Motion carries unanimously.

Move to public participation, does any member of the public wish to address the Commission?

MS. SMITH: I would.

MR. BURNETT: Please, Ms. Smith.

MS. SMITH: I would like just like to say that on behalf of the standardbred horsemen, we are excited for the thoroughbred's meet. We hope you have a wonderful meet with lots of attendance, and you make great gobs of money. Good luck and best to you all.
MR. PETRAMALO: Thank you.

MR. BURNETT: All those things will happen.

MS. SMITH: Absolutely.

MR. BURNETT: Anybody else like to address the Commission?

Seeing none, we'll set our next meeting.

June 22nd; is that acceptable?

MR. SIEGEL: I may need to be absent. Unless someone else does, I think you should go forward.

MR. MILLER: I'll be out of the country June 22nd.

MR. BURNETT: Do you have an alternative date you'd like to join us or should we forge on without you? What's your preference?

MR. MILLER: Stuart, are you going to be absent, too?

MR. SIEGEL: Yeah. I'm afraid I'll need to be.

MR. HARRISON: There's actually a fifth Tuesday next month. We could do it the following Tuesday.

MR. BURNETT: I'll guarantee you I'll be in a much cooler climate on June 29th.

MR. MILLER: How about the 15th?

MR. HARRISON: When is the Turf Cup?
MR. PETRAMALO: Nineteenth.

MR. HARRISON: Would you consider meeting during that week and run up to that?

MR. PETRAMALO: That's fine with us.

MR. SIEGEL: What date?

MR. HARRISON: That's three weeks from today?

MR. SIEGEL: Tuesday, June 15th, is that what you're saying?

MR. BURNETT: Yeah. We changed the date. If we're going to go to that week, we can do it that Wednesday.

MR. MILLER: Fine with me.

MR. BURNETT: That will be Wednesday, the 16th. That will be great if you can do that.

All right. Thank you all. I don't think there's any need for a closed meeting.

Mr. Brown moves for adjournment, the chair seconds.

MR. BROWN: That will work.

MR. BURNETT: All in favor.

Note: (Aye.)

MR. BURNETT: Thank you all.

Note: The proceedings concluded at 11:08 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 May 25th, 2010, 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 9th day of June, 2010.

__________________________________________________________
Melissa H. Custis, RPR
Notary Public for the State of Virginia at Large

My Commission expires:
March 31, 2011