VIRGINIA RACING COMMISSION

May 9, 2012

Colonial Downs

Ballroom

10515 Colonial Downs Parkway

New Kent, VA 23124

Commencing at 10:17 a.m.

In Attendance
Commission Members:
Stuart Siegel, Chairman
J. Sergeant Reynolds, Jr., Vice Chairman
Carol G. Dawson
David C. Reynolds

Commission Staff:
Bernard J. Hettel, Executive Secretary
David S. Lermond, Jr., Deputy Executive Secretary
Kimberly M. Carter, Office Administrator
Joseph M. Roney, Director of Security and Operations
C. Richard Harden, DVM, Equine Medical Director

Attorney General's Office:
Amy K. Dilworth
1. Approval of the minutes of the regular meeting of February 16, 2012
2. Commissioners' Comments
3. Committee Reports
4. Executive Secretary's Report
   a. Approval of Racing Officials
   b. Approval of 2012 Wagering Format
   c. Approval of Colonial Downs Simulcast Wagering Guest and Host Sites
   d. Approval of Stewards of 2012 Thoroughbred Meet
   e. Award of Equine Drug Testing Laboratory
5. Stakeholders
   b. Approval of Benevolence Fund for 2012
   c. Approval of VHBPA Backstretch Benevolence Budget
6. Public Participation
7. Set Next Meeting -- July 12, 2012 at 5:00 p.m.
8. Closed Meeting
9. Adjournment
CHAIRMAN SIEGEL: Okay. The first item on the agenda before we do that is the approval of the minutes from the previous meeting, which I have distributed in your packets and I guess as well by e-mail. Any question, comments on the minutes?

MS. DAWSON: Just one.

CHAIRMAN SIEGEL: Yes.

MS. DAWSON: My middle initial is G, not R.

CHAIRMAN SIEGEL: Her middle initial is G, not R. Just one correction to the minutes.

Okay. If there are no other comments, we'll ask for approval of those minutes.

MS. DAWSON: Yes.

CHAIRMAN SIEGEL: Okay. Thank you.

All right. The next item we will take action on, the application from Racing 2 Day and we've had enough discussion. I guess if anyone else wants to ask a question or make a comment they can do so, otherwise, all in favor of this application indicate by saying aye.

MR. S. REYNOLDS: Aye.

MS. DAWSON: Aye.

MR. S. REYNOLDS: Do we need to make a motion and second and all that stuff?

MR. PETRAMALO: The application has been made.
At some point, can we get a copy of the application in the file?

CHAIRMAN SIEGEL: Yes. Okay. All in favor, indicate by saying aye.

MR. S. REYNOLDS: Aye.

MS. DAWSON: Aye.

CHAIRMAN SIEGEL: Okay. All right. The ayes have it. Congratulations.

MR. CALDWELL: Thank you very much.

CHAIRMAN SIEGEL: Okay. We'll proceed with committee reports. The executive secretary's -- Actually, there's no committee reports as I understand it, correct?

MR. S. REYNOLDS: Correct.


MR. HETTEL: Mr. Chairman, I seek approval on the following items and if I can put them all together, then I will seek a nomination --

CHAIRMAN SIEGEL: Okay.

MR. HETTEL: -- or an affirmation. The first item is the racing officials' schedule to work this upcoming Thoroughbred meet, submitted by Tyler Picklesimer, the director of racing and racing secretary. They are individually described in your
booklet.

The second is the approval of the 2012 wagering simulcast format, wagering format and simulcast format and approval the of the sites. They are also listed and enumerated in your booklet. They were submitted by Jeffrey Wingrove, director of simulcasting and mutuels here at Colonial.

And the final item is the approval of the stewards for this upcoming race meet. As everyone knows, we've had some discussion. We've got three new stewards coming in for this race meet.

Specifically, they're Clinton Pitts, who has worked in Hong Kong, for the Jockey Club in New York and in Maryland. Robert Herbstreet, who is a steward at Keenland and currently at Churchill and at Turfway Park has worked as a state steward in Ohio, and Dave Lermond from our staff, who is an accredited steward, who will have double duty during this race coming up.

So I seek approval of the following items.

CHAIRMAN SIEGEL: We can take them all as one.

MR. HETTEL: Yes, I wish you would, sir. Any questions?

CHAIRMAN SIEGEL: Any questions or discussion with regard to these appointments?
NOTE: There was no response.

CHAIRMAN SIEGEL: Hearing none, we'll entertain a motion.

MR. S. REYNOLDS: So moved.

CHAIRMAN SIEGEL: Okay. So you approve approval?

MR. S. REYNOLDS: Yes.

CHAIRMAN SIEGEL: Any other discussion?

Second?

MR. D. REYNOLDS: Second.

CHAIRMAN SIEGEL: Okay. All in favor, indicate by saying aye.

MR. S. REYNOLDS: Aye.

MS. DAWSON: Aye.

CHAIRMAN SIEGEL: Okay. The ayes have it.

Okay. You've got another item?

MR. HETTEL: Yes, sir. I do. As you know, this winter, we issued an invitation for bid for our official testing laboratory. We were well-responded to. We had -- What was it, Doc, six or seven?

DR. HARDEN: Six.

MR. HETTEL: Six laboratories throughout the country made formal application to do our official testing. After submission of a portfolio and examination of the contents of those portfolio,
Dr. Harden and I with some other input have decided to grant HFL Sports Science, which is located in Lexington, Kentucky. They are currently doing the Kentucky work, which is a pretty good notation for them.

The primary reason we chose this lab was they routinely test both the blood and the urine sample to an exacting standard that's required by TOBA, which is the Thoroughbred Owners and Breeders Association, which is the cornerstone of the Grand Stakes committee in Thoroughbred racing.

The intense testing is done at a reasonable cost, a pragmatic cost. In addition to all of that, we are going to set up through working of the laboratory a courier to transport our samples there more quickly than they would be if we sent them FedEx or some other mode of getting them to the testing laboratory.

So I think it's a win-win. One, they will get them sooner, we'll get a result quicker and the testing is more intense than any other offering that was made for our work.

CHAIRMAN SIEGEL: A courier is faster than FedEx?

MR. HETTEL: Yes, sir. They're gonna pick it
up in a truck and move it to the laboratory.

CHAIRMAN SIEGEL: Where is the laboratory?

MR. HETTEL: The laboratory is in Lexington, Kentucky and Dr. Sams who is here with us can explain that portion if you care to have it explained.

CHAIRMAN SIEGEL: I'm just curious how you would get it there faster.

MR. HETTEL: Doctor, would you explain, please?

DR. SAMS: Yes.

Mr. Hettel, members of the commission, we have hired a courier service that will come to the race track, pick up the samples. Wednesday and Thursday, samples will be picked up. Within the wee hours of the morning Friday morning, they'll be on the first flight out to Covington, Kentucky.

A courier will pick them up in Covington and deliver them to the laboratory by 11:30 on Friday and the samples will be logged in and TCO2 determinations will be done that day.

Your weekend samples will be picked up very early Monday morning. They'll be on the first flight out to Lexington. They'll be received in Lexington early Monday afternoon. They will be transported over to the laboratory, they'll be
logged in, TCO2 determinations will be done Monday.
So it's quicker than FedEx.

MR. HETTEL: The TCO2 is the milk-shaking
situation that I referred to you in the conversation
earlier.

CHAIRMAN SIEGEL: Right. It certainly doesn't
matter to me how you get it there. If you're more
reliable than FedEx, that's good.

MR. D. REYNOLDS: I have a question.

MR. HETTEL: Yes, sir.

MR. D. REYNOLDS: What about the cost compared
to --

MR. HETTEL: The cost was very comparable given
the value. And part of the invitation, the final
determination was not the absolute cost, it's the
value you get for the money.

It's very comparable to two other labs, but
given the intensity of the testing, it's a better
value.

CHAIRMAN SIEGEL: Apparently, we weren't
100 percent happy with our previous lab.

MR. HETTEL: Well, they were all right. It's
an out-of-state Kentucky testing previous one. When
I was in Kentucky, I actually had them through an
RFP is what they call it in Kentucky.
MR. HETTEL: A competitive bid. I was very pleased. It was all a very good competition. They were all pretty comparable, except Dr. Sams' group kind of kicked it one notch up with the intensity of the TOBA requirement, which I think eventually we're gonna have to get to. I'll speak a little bit later to this subject.

As we all know, all of the racing jurisdictions are eventually gonna have to consider a change in the race day protocol for medication --

CHAIRMAN SIEGEL: Yeah.

MR. HETTEL: -- and TOBA is affiliated with the Jockey Club and there will be a necessity for some conformity throughout not only Virginia but in the United States, so I think this is a good addition to our business and puts us a little bit closer to actually getting to the mainstream of Thoroughbred horse racing.

CHAIRMAN SIEGEL: Were you finished with your comments?

DR. SAMS: Yes, sir. I was.

CHAIRMAN SIEGEL: You answered my question about FedEx. It wasn't that important of a question.
MR. HETTEL: There was no need to vote there. It was a competitive bid.

CHAIRMAN SIEGEL: Right. I understand. Any other questions? Frank?

MR. PETRAMALO: With the weekend samples Friday, Saturday, Sunday, when will you have the results back to Virginia? Not the TCO2.

DR. SAMS: Right. The requirement is to issue a report no later than the third business day after receipt. So the day of receipt is day zero, so no later than Thursday.

MR. PETRAMALO: That's fine. The reason I asked the question is one of the major complaints that the horsemen had was the turn around time with Iowa State because of the transportation, et cetera, so this is a welcome change.

CHAIRMAN SIEGEL: Yeah. Right. Okay. Other questions?

NOTE: There was no response.

CHAIRMAN SIEGEL: Well, thanks to everyone for going through this process. Dr. Harden, thank you. I know you worked hard on that as well and we look forward to doing business with you. Congratulations. Thank you.

DR. SAMS: Thank you.
MR. HETTEL: Mr. Chairman, through that same vein of thought, after some discussion with the executive staff, we've decided to embrace the recommendations of something called the McKenzie Report. It's mimicked right now in Kentucky in terms of the selection of horses to be tested and the scrutiny that's followed. I have a list of those recommendations that I'll just give to Frank and all parties concerning, particularly, the Racing Commission members.

CHAIRMAN SIEGEL: Okay.

MR. PETRAMALO: I'm not sure I understand. What are these?

MR. HETTEL: Okay. In 1991, McKenzie wrote a report on the efficacy of testing and with it is the selection of the horses that go back to the detention barn here -- it's called the test barn -- for a sample extraction.

MR. PETRAMALO: Right.

MR. HETTEL: Within that, there's also another compilation or continuation of the scrutiny and individual tests would be subjected to. We are going to embrace that this year and follow that in terms of what we eventually will call our testing protocol.
MR. PETRAMALO: Right now --

MR. HETTEL: All winners will go back. There will be a selection of another one rather than the first two from each race.

MR. PETRAMALO: Right.

MR. HETTEL: A horse that finished last can go back now. Within that, some of those samples will be tested with more scrutiny than others. All will be tested.

MR. PETRAMALO: You're taking blood and urine and shipping it off to Dr. Sams?

MR. HETTEL: Yes, sir. It works well. As you know, you've been in racing as long as I have. For years and years, the first three went back in some jurisdictions. If somebody was doing something maybe nefariously to stop a horse, you would never know that.

MR. PETRAMALO: Right.

MR. HETTEL: This gives that extra added scrutiny of somebody who may be doing something suspicious. It comes to the direction of me, the board of stewards or any of our quality veterinarians.

MR. PETRAMALO: What about a horse that's claimed? It used to be that when the horse was
claimed, the stewards could send that horse back as one of the two.

MR. HETTEL: Well, I think we can say we don't get a lot of claims here, I don't think. That may be part of it. I wouldn't like to exclusively do that though.

MR. PETRAMALO: The reason I ask that, Commissioners, is your regulations provide for the voiding of a claim if a claimed horse turns up a positive test.

CHAIRMAN SIEGEL: But at this point, the test has to be requested?

MR. PETRAMALO: Well, it's my understanding that when there was a horse claimed, it was almost routinely one of the horses chosen to go back to the test barn.

CHAIRMAN SIEGEL: That's not the policy here --

MR. PETRAMALO: No.

CHAIRMAN SIEGEL: -- but if I claimed a horse --

MR. PETRAMALO: You could do that.

CHAIRMAN SIEGEL: -- I could request that it be tested to ensure that my purchase was legitimate?

MR. PETRAMALO: That's correct.

MR. HETTEL: There's not a lot of claims here
compared to some other racing studies.

MR. PETRAMALO: That's right.

CHAIRMAN SIEGEL: We don't get very many.

Certainly, if you don't get very many, it shouldn't be difficult to test any claim.

MR. HETTEL: Yeah, and going forward, as you know, everybody's read all the stuff going on in New York. (Inaudible) gonna be torn apart and reformulated and they're gonna do different things on how they test their horses and claim their horses. The game is changing quicker than probably all of us would like it to be, but in fact it is changing and you're either gonna get in with it or you're gonna be the contrarian.

As we go forward, I think everything we're doing this morning is a positive move to improve Virginia racing. Rome wasn't built in a day though, so let's take tiny steps and then we'll be running.

CHAIRMAN SIEGEL: Well, I think Frank made a good suggestion.

MR. HETTEL: He has, indeed.

CHAIRMAN SIEGEL: It certainly wouldn't be problematic or burdensome for us to test a claimed horse.

MR. HETTEL: No, it wouldn't, with the
exception of the cost. We want to maximize our
cost.

CHAIRMAN SIEGEL: It could be one of the
selected horses and the cost, therefore, would not
increase.

MR. HETTEL: Well, that's true, too.

CHAIRMAN SIEGEL: So it's up to you. You can
handle it, but I think it's a good suggestion.

MR. S. REYNOLDS: So are we talking about the
Thoroughbreds and the Standardbreds or are we just
talking about the Thoroughbreds right now?

MR. HETTEL: Well, they'll have the same
testing protocols when we get to the Standardbred
racing, but we'll have a meeting before the
Standardbred and I wanted to reintroduce that to our
Standardbred people who may or may not --

MR. S. REYNOLDS: Okay.

MR. HETTEL: We've got one representative here
today, but generally there's more harness people as
we get closer to the harness meet. I'd like to give
them the same courtesy I'm extending to the
Thoroughbred people today.

CHAIRMAN SIEGEL: Okay.

MR. HETTEL: That's all I've got for you today,
sir.
CHAIRMAN SIEGEL: Okay. You don't want to talk further about this drug testing?

MR. HETTEL: Well, again, to that point, I think there's going to probably be a necessity to look at our codes and our administrative regs and our statutes on the use of race day medication.

Dr. Harden can give us a little bit of this in a minute, but I was at the Kentucky Derby over the weekend, talked to the chairman of the Kentucky Racing Commission, the executive director of the Kentucky Racing Commission and a man named Ned Bonnie, who is the preeminent expert without portfolio. He's a lawyer. He's not a chemist, but he's done enough chemistry work.

MR. PETRAMALO: Lawyer's good enough.

MR. HETTEL: Well, yes. Anyway, he has spent a lot of time of his life studying the issue and I spoke with him also.

They're gonna have a May meeting in Kentucky and as everybody may know, they kind of came to an impasse at the April meeting on getting rid of Lasix as a race day permitted medication.

With that, that subject hasn't gone away, though, and both in Kentucky and in New York, eventually, there will be some consideration to
reduce or eliminate Lasix, anti-bleeder medication, from a race day permissive list.

I put together a bit of a packet of information for the commissioners to study. There's nothing we need to do this morning, but going forward by maybe the fall meeting, September or October meeting, we may want to start discussing what we intend to do for the 2014 race meets.

CHAIRMAN SIEGEL: Is Kentucky the only state at this point that's addressing this issue?

MR. HETTEL: To the point of anger, yes, sir. But eventually, Florida will have to do it; California will have to do it.

When the first domino falls, Frank, as you know, then it'll get to be a necessity for all of us to, because eventually, to have a graded stakes horse through TOBA, The Owners and Breeders Association, the horse is going to have to run medication-free. It might not happen this year or next year, but 2014, 2015, 2016, that's gonna be it. Would you agree to that?

MR. PETRAMALO: Yeah. What I was gonna say is New York currently has out for comment a proposal to eliminate race day use of Lasix. The comment period is running now.
MR. HETTEL: As well as both commissions, it's a necessity.

CHAIRMAN SIEGEL: It appears that's where the trend is going?

MR. HETTEL: Yes, sir.

MR. PETRAMALO: The trend is going to examine, not necessarily elimination. Elimination is a very controversial issue.

MR. HETTEL: Horsemen by necessity and through some logic would have some complication or some objection to the total elimination of any medication.

MR. PETRAMALO: Well, the total elimination of Lasix, yes.

MR. HETTEL: Now, within that, the conversation then would morph into nonsteroidal inflammatories being somewhat reduced on race day, too, I believe.

MR. PETRAMALO: Well, we are currently -- talking about an anti-inflammatory, phenylbutazone. We are currently at two micrograms, which is the lowest in the nation, but that said, there's a great misconception that because the limit is two micrograms, that means a horse on race day is getting that medication and is running on that medication. Wrong. That's not true.
The horse is not getting the medication on race day; he's getting it at least 24 hours out. The purpose of having two micrograms in there is for testing. Generally speaking, if it's two micrograms or below, that medication, that amount has got no medicinal effect on the horse on race day.

CHAIRMAN SIEGEL: Doesn't effect outcome?

MR. PETRAMALO: No. It's the regulatory scheme for determining whether a test is positive or negative.

CHAIRMAN SIEGEL: Right.

MR. PETRAMALO: You read the New York Times, it sounds like these horses are all being doped on race day because they say, well, they're allowed to run on Bute. That's not true.

CHAIRMAN SIEGEL: Okay.

MR. PETRAMALO: The only medication you can run on in Virginia is Lasix and at present, it's -- that's it.

MR. HETTEL: Dr. Harden, would you like to offer any comment on this?

DR. HARDEN: Not really, but I will anyway.

CHAIRMAN SIEGEL: So why'd you just stand up?

Just teasing you.

DR. HARDEN: There are three facts about Lasix

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that we need to understand. One, it is effective in mitigating the condition of bleeding. Probably somewhere between one and two percent of all race horses, Thoroughbreds and Standardbreds, will bleed externally. Nearly 100 percent will bleed internally.

The very minor internal bleeding is irrelevant, but it qualifies a horse then to receive Lasix. So Lasix does improve or mitigate the bleeding.

Second thing about Lasix, it is an athletic enhancement to racing; otherwise, you wouldn't have 95 percent of our horses racing on it. It doesn't effect performance.

Third thing, there seems to be a correlation between horses that bleed and the genetic family history of the horses.

So it's a strong case by the breeders, Thoroughbred breeders, that by allowing Lasix use in horses, you are weakening the breed for that one trait.

So those are the three things you need to consider and of the three things, they are on both sides of the fence, pro and against Lasix.

CHAIRMAN SIEGEL: Isn't there at least one state that prohibits Lasix now?
DR. HARDEN: No, sir. Not to my knowledge.


CHAIRMAN SIEGEL: I remember when I was racing --


CHAIRMAN SIEGEL: Yeah. I sort of remember that from a former life.

DR. HARDEN: I'd like to add one other thing though. We shouldn't consider Lasix in a vacuum because horses that bleed, there is a strong case that the usage of nonsteroidal anti-inflammatories, Bute, Banamine, even aspirin will contribute or enhance a horse's propensity to bleed.

So I know if any of you ever had surgery, the doctor tells you don't take aspirin, don't take Ibuprofen for two weeks before you come in for surgery. Why is that? They don't want you bleeding on the operating table. So we need to consider the whole gamut, rather than just pick on one drug.

CHAIRMAN SIEGEL: Well, interesting dialogue.

DR. HARDEN: Thank you.

CHAIRMAN SIEGEL: I guess the plot thickens as we move forward.

MR. HETTEL: It will, and certainly by the end
of the summer after the Jockey Club has their roundtable conferences and a few other notable meetings coming up, we'll have a clearer understanding of what the mainstream --

CHAIRMAN SIEGEL: I'm sure following Kentucky, every state will look at it.

MR. HETTEL: Yes. They have to get the first state to do it.

CHAIRMAN SIEGEL: We don't need to be a pioneer. We can certainly watch and see how it falls out as well before we take any action.

MR. HETTEL: And the beauty of how our race schedule falls, we'll open in three or four more weeks. Our meet will be over before Saratoga opens and by the end of Saratoga, certainly, we'll know what Kentucky has done and what New York intends to do.

CHAIRMAN SIEGEL: Good. Okay. Any other comments or questions?

NOTE: There was no response.

CHAIRMAN SIEGEL: Are you finished with your report?

MR. HETTEL: Yes, sir. I am.

CHAIRMAN SIEGEL: Okay. The next item is stakeholders. First, Colonial Downs is going to
talk about the upcoming meet, the 2012 meet.

MR. STUART: I'd like Joe Wood --

CHAIRMAN SIEGEL: Darryl is back there hiding.

MR. WOOD: Morning. I think the big hope this coming season is that with mostly the Strawberry Hill races and with the lights on the turf course racing at night, that we can get a younger crowd here, some of the 20, 30 somethings and maybe experience something like Churchill Downs and fair grounds has their twilight performances.

We are going to be doing a Friday night concert series here every Friday and having a $2 beer special to really hopefully drive that 20, 30 something here and expose a whole new audience to racing.

By the same token, we don't want to lose the family aspect that we've gotten here over the years and we're gonna continue a Sunday Family 4-Pack day, which has been pretty successful here as well.

With the younger aspect, we're gonna have three tailgating opportunities this year that coincide with our biggest days. Strawberry Hill day tailgatings outside the perimeter of the dirt track.

The next day would be Turf Cup Day on June 16th. We're gonna have cars coming up onto the
green. They'll be able to tailgate right there trackside and we're gonna have the state's largest cornhole tournament in conjunction with that tailgating.

Then of course on Derby Day, it's the Hoot on the Hill, which has grown and pretty much doubled the past several years in attendance. We do that in turns one and two. You don't drive cars out there, but you bring coolers and pop-up tents and grills and we're hoping that we can get several. There are 4,000 people out there on Derby Day this year. Again, try to emphasize that young persons participation.

A few of the higher profile promotions, we've got Father's Day has been a big deal here. We've even taken it up another notch this year. We've got a military salute to Fort Lee. We've got a boys' and girls' jockey. We put jockey costumes on them and let them run out of the starting gate for a family-type deal.

We're gonna have an ostrich and a camel race that day. It has been successful in the midwest and Tyler's gonna get jockeys for the ostriches and we have other folks looking for camel jockeys. Hopefully, we succeed.
Ladies Night shortly follows and this has been pretty good. We're doing a beauty contest with some of the mares at the Thoroughbred Retirement Foundation out in James River.

Tyler's got a fillies/mares stakes race that day. We've got an all female jockey race with the amateur riders and we're doing a free wedding contest and Ladies Night has kind of taken on a life of its own for the last few years.

It's our fifteenth anniversary. We're gonna bring back and celebrate the jockey champions from past years. Mary Ellen is gonna come back and we're trying to get her along with the others and do a meet-and-greet where people actually see them and talk to them, instead of just watching them from a distance.

On Derby Day, all the big names come into town and you see them, not this blur run out to the track and then run for the airplane, so we're trying to make it a day that people can enjoy some of the past stars that have competed here.

Experience opportunities for the customers. We've got a behind-the-scenes tour again. We offer tram rides between races to try to educate people in a six-minute trip around the dirt track. We've
expanded the top of the tote infield viewing area, give people a bird's-eye view with some of the races on the turf.

If you're familiar with Groupon and Living Social, when people subscribe to one of those products, when they buy it out here, they get a tour as well of the track. We take them into the paddock area before a race, they get to see everything up close.

We're doing a Facebook initiative. We hired a firm out of Richmond to help us bring our Facebook initiatives to life a little bit. We're offering a contest like to be able to sky dive into the winner's circle to kick off the Strawberry Hill races to hopefully make an impact and get some attention out here.

We try to do grass roots things as well. We have a EZ mobile trailer that we bring to different festivals and everything from Irish beer festivals on St. Patrick's Day to the Southern Women's Show and up to the Virginia Bowl Cup this past weekend to promote EZ Horseplay and the opportunities that we're doing here this summer. So that's kind of a quick snapshot.

CHAIRMAN SIEGEL: That's great.
MR. STUART: Tyler, would you like to talk about the races?

MR. PINKELSIMER: As every spring, we go out to try and recruit horsemen to this area. This year, spent some time in Maryland on the phone with guys from Ohio, Kentucky and elsewhere. Stall apps came back pretty well. We're about on par with where we were last year.

The first edition book is out. It's a list of races to run on each day of the meet. That was well received by the horsemen. Purse levels are pretty much what they were last year. The dirt track is down; adding more surface to it today to make the levels right, I guess.

I saw we caught the turf course on fire on purpose. It's green, so no fear. Stick your head out the suites there and take a peek, but I think he's planning on cutting here in the next couple days.

The turf lights I think are gonna be a tremendous help to help beat the heat. Darryl was talking about hopefully getting some more people to come out to the races.

I really think we'll be one of ten top nighttime signals out there, especially with the
amount of turf we can run, and you know, field size and everything holds true in the last year. I really think we'll put a pretty good dent in Charlestown and places like that.

The Kentucky Derby actually worked out pretty well for us. The horses finished in the top three of the stakes. We pulled horses from our Turf Cup Derby Day cards. Of eleven of the top 12 trainers, their horses that finished in the top three support us every year, so we should hopefully get some horses in the Kentucky Derby stakes to come here and race with us this summer.

Sort of as a side note, the price of fruit is down, which is gonna help the -- we got a shipment in, you know, so gas might be down 20 cents a gallon or something like that this summer, which does not sound related, but would help offset the costs of the guy shipping in. That's good news.

All in all, I mean we've got all of the pieces of the puzzle here for a good meet. As long as the weather holds up, it should be an exciting meet.

MR. D. REYNOLDS: Mr. Chairman, I have a question for Darryl.

CHAIRMAN SIEGEL: Darryl, a question for you.

MR. D. REYNOLDS: Darryl, who is the individual
you hired to help on the website?

CHAIRMAN SIEGEL: Who is the individual you hired to help on the website?

MR. WOOD: Hodges Digital down in Shockoe Bottom. They did the Richmond Convention Visitors' Bureau.

MR. STUART: As you can see, we're excited about this year. There's been a lot of effort and money and we're doing good. I'm really excited. I think it's gonna be a very good meet.

CHAIRMAN SIEGEL: To me, it sounds like we are taking giant steps from previous years that will help enhance obviously attendance and the handle.

The lighting project I take it is complete?

MR. STUART: It is.

CHAIRMAN SIEGEL: And it's been tested and you're happy with it?

MR. STUART: Yes.

CHAIRMAN SIEGEL: Good.

MR. S. REYNOLDS: I've got a question.

CHAIRMAN SIEGEL: Yeah.

MR. S. REYNOLDS: With the change in schedule going to night and trying to get more handle, more people watching, have you all revisited or thought about maybe trying to get your signal on TVG or

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HRTV? I know it's expensive, but are there any pros there versus?

MR. STUART: Well, TVG is -- when you actually do the math, putting our signal on TVG is exorbitantly expensive, so I don't anticipate we'll be on TVG.

MR. S. REYNOLDS: Okay.

MR. STUART: HRTV and dealing with those people, they don't tend to make a lot of promises. It's hard to get a commitment out of them because their primary objective is to show the Churchill Downs races because they own HRTV, so at best you're behind all the rest of them.


MR. PETRAMALO: Did Colonial sign up with what is that, Horse Race Now to broadcast our signal to them?

MR. STUART: We have not done so as of yet.

MR. PETRAMALO: There's an app out there that you can put on your iPhone and your iPad. It's not a wagering site, it's just a viewing site. It's very, very good. You can get entries, results and live video. So for example, whoever is racing this afternoon, if they send their signal, I can watch it
CHAIRMAN SIEGEL: Watch it live?

MR. PETRAMALO: Yes. It's great and they have

replays, too.

MR. S. REYNOLDS: What is it? What's the

website?

MR. PETRAMALO: I can never get it straight.

It's Horses Now. Here's what it looks like and they

have a little button for entries, one for results

and then live video and replay. So you can go to

any track and get the entries, the results. You can

only get live video if the track agrees to send the

live video.  (Indicating)

That's what I asked Ian about, but it's helpful

not only for people in the industry like our owners

who want to watch their horse. They may be up in

Warrenton, they can't watch it on TVG because TVG is

not showing it. HRTV isn't showing it and bingo,

they can go on their iPhone or iPad and there's

their race live.

MR. D. REYNOLDS: Horse Now?

MR. PETRAMALO: Horses Now. Horse Races Now is

what it's called.

CHAIRMAN SIEGEL: Horse Races Now.

MR. PETRAMALO: Horse Races Now. You can go to
the iTunes store and download it free.

MR. D. REYNOLDS: You got the Derby on that?

MR. PETRAMALO: I'm sorry?

MR. D. REYNOLDS: You got the Derby on that?

CHAIRMAN SIEGEL: Its already been run.

MR. PETRAMALO: No. Colonial -- I mean Churchill did not send the Derby.

MR. S. REYNOLDS: It's probably because they own Twin Spires --

MR. PETRAMALO: Oh, sure. Of course.

MR. S. REYNOLDS: -- and they want them on EZ Horseplay and you want to get them on your site because you can watch it and then you may have a chance to capture them for a bet or to sign up on an account.

MR. PETRAMALO: Right.

MR. HETTEL: And NBC owns the intellectual property of the Kentucky Derby. You can't even get a picture unless NBC sends it.

MR. S. REYNOLDS: Right. Yeah.

MR. PETRAMALO: To me, it's a personal view. I think it's short sighted not to get your product out there and let everybody see it, even if it's free.

MR. S. REYNOLDS: I agree.

CHAIRMAN SIEGEL: They may learn that.
MR. PETRAMALO: It's crazy.

CHAIRMAN SIEGEL: So other than Churchill's running of the Derby, do they participate otherwise?

MR. PETRAMALO: No, because as someone pointed out, they've got their own website.

CHAIRMAN SIEGEL: So it's not just the Derby that they shy away from.

MR. PETRAMALO: It's not likely that Churchill is gonna give the fairgrounds or Calder, et cetera, the Kenny McPeek app so people can watch the race free.

CHAIRMAN SIEGEL: Do other states?

MR. HETTEL: Yeah. I've watched it several times.

MR. PETRAMALO: Yeah. Keeneland was on here. I'm trying to think who else I watched.

CHAIRMAN SIEGEL: Just Churchill at this point?

MR. PETRAMALO: But it's very high quality. They must have put some money in it somehow, because there's no herky jerky. There's no --

CHAIRMAN SIEGEL: Plenty of power.

MR. PETRAMALO: Yeah.

MR. HETTEL: That probably will become a premium site. It's like anything you sell. You give it to them free for six months and then it's
like free HBO.

MR. PETRAMALO: What he told us, he was going
to charge $2.99 a month. Less than three bucks a
month to watch the races.

CHAIRMAN SIEGEL: And you can watch previous
races as well?

MR. PETRAMALO: Yes.

CHAIRMAN SIEGEL: Yeah. Okay. Anything else
with regard to the 2012 meet? Covered it pretty
much? Good.

NOTE: There was no response.

CHAIRMAN SIEGEL: All right. Frank, you're
gonna talk to us a little bit about benevolence?

MR. PETRAMALO: Yes. You should have before
you our budget. Let me just take a few minutes and
tell you about what our benevolence program is all
about.

MR. HETTEL: We didn't get it.

MR. PETRAMALO: Yeah. I sent it to you last
week.

MR. HETTEL: I didn't see it. That's why I
forwarded the e-mail I sent you last night.

MR. PETRAMALO: Oh, I'm sorry. I have some
copies here.

MR. HETTEL: We can make some more copies of
MR. PETRAMALO: I apologize for the follow-up on my part.

During the two-month or two-and-a-half months that we're on the back side -- when I say we're on the back side, our office moves from Warrenton down to the horsemen's building and I'm there full-time and we conduct out of that building various benevolent programs.

Probably the most important practical thing we do is we subsidize the track kitchen to the tune of $5,000 for the operator to cut down on the cost of food.

We also give out to grooms and hot walkers and other people working on the back side meal vouchers to go in and this is redeemable; it's worth $6. It's redeemable in the track kitchen.

We do that because the help on the back side is not well-paid, to put it mildly. I'm a former labor lawyer, so I would say that. They make a couple hundred bucks a week for working seven days a week. We also throw picnics for them during the meet, et cetera.

That accounts for the first item on the line, which is 20,000.
Let me quickly add that the harness folks, the VHHA, do a similar thing. They also subsidize the track kitchen to the tune of $5,000 because what you have before you is a joint budget.

Now, I should have started out by telling you where this money comes from. You have before you a budget of $130,000. There are two sources for that $130,000. The primary source is the breakage money.

When a bet is calculated, it comes out in odd cents. The payback may be $6.23. Well, the track doesn't pay $6.23, they pay an even number. Well, the three cents or five cents or the seven cents, that's called breakage. Thirty percent of that by statute is for benevolent purposes. That's where a portion -- This year I'm ball-parking, but we probably get of the 130, I'd say maybe 100, 110.

Do you think that's close?

MR. STUART: I'm not sure that's right.

MR. PETRAMALO: In the past, it used to be higher.

Now, the other portion of the funding comes from horse owners, our members, because every horse that starts pays a $15 gate fee for benevolent purposes, which on an annual basis is about 35,000 that weekend. So what you see before you is
$130,000 drawn from those two sources.

Now, the other major thing that -- well, there are a couple of big items.

Because the grooms come along and the hot walkers and the exercise riders are itinerate, they come along with the horses and trainers, they are put here in a rural atmosphere often times with no transportation.

So we rent a 12-person van that is available every day to transport them to stores to buy food, recreation, the beach, et cetera, and we employ a driver who takes them. The driver speaks both English and Spanish.

We also have a chaplain, Reverend Nick Lapsovick, who is the same cleric who runs the services here on Sunday for the New Kent area. Nick has been with us -- this will be his second year.

Then we also have two types of what I would call training programs. The principal training program is called the Groom Elite Training Program.

It's sponsored and put together by our national organization in Kentucky and what it is, this summer, it's a six-week course for grooms taught in both English and Spanish and we run it on the dark days, Monday and Tuesday, and it's in our building
from around noontime until 3:30 or four and it's a combination of classroom instruction plus hands-on training in the barn.

We have student notebooks like this. The principal instructor is Dr. Reid McLellan from Lexington, who comes in and teaches the course. He used to run the Equine Studies program at Louisiana State. He's probably one of the best instructors I have ever seen. He has been doing this for God knows how long and he is always very enthusiastic about it. The program is always very, very well received.

The other thing we do is we have an intern program. Each year, we have usually between three to five kids who come to work on the back side and learn about the industry. This year, we have two girls and a boy. I say that because I'm so old.

The first woman is graduating from the Equine Studies program at North Carolina State. She's interested in working in the administrative side of horseracing. She will be here and we'll have her with the cooperation of Colonial run through various aspects of the operation. For example, she will help in the racing secretary's office to recruit Virginia-bred horses to run here.
The second student is -- he's in his second year, I believe, at a community college in Richmond. We'll probably rotate him on the back side working with trainers mucking stalls, et cetera.

Then the third student is from Las Vegas, a young woman. I believe she's a senior, will be a senior in high school, and she will be doing the same thing and we provide a -- we rent a house for them and we have a chaperone who works in the racing secretary's office and we've been running this program for probably at least the last ten years and it gives young people an introduction to the racing industry, hopefully to bring them into the industry.

You'll see on your list of officials that Bernie put before you, Amber Carlisle, who works in the racing secretary's office. Amber was one of our interns probably six or seven years ago. She graduated from TCU. I was gonna say Texas A&M. I'm only kidding. She graduated from TCU and now she's working in the industry. That's the other part of our training program.

Then one final important part, at least in terms of service to people on the back side, is we provide medical and dental care; it's usually acute care.
Now, if someone is injured on the job, generally speaking, that's covered by workers' compensation, but we have people come in who are ill for whatever reason or need eye glasses or have a prescription that needs to be filled. We have an arrangement with an acute care clinic in Williamsburg. We transport them there and we pay for that.

But what we found out over the past three years is the most money we spend is for dental care. The level of dental services that are needed for the population on the back side is astounding.

We have an arrangement with Dr. Rosemond down in Providence Forge. We send all our people down there for treatment and we pay. I think last year, we spent maybe $10,000 or $11,000, maybe more for dental care, but that principally is what we do on the back side.

The budget that you see before you is not quite identical to last year's budget; it's $2,000 less. In 2011 it was 132. This year, it's 130.

One other thing that I should mention. Jockey insurance premium. There's a history here. Let me just bore you with it for a few more minutes.

Up until about 2005, Colonial Downs, as did
virtually every other track in the country, had an insurance policy for jockey accidents. Usually, the limits were 50 to 100,000 and on top of that, the Jockeys' Guild had another policy that usually went up to $1 million.

Well, in 2005, the Jockeys' Guild ran into all kinds of problems because of their internal leadership, et cetera. Long story short, they discontinued that $1 million coverage.

So in order to keep jockeys coming to Colonial and not keeping them away because of the lack of insurance along with the track, we agreed to buy a policy to cover the difference between what used to be and the $1 million.

So ever since then, there's been in force a $1 million policy and over the years, we've shared the cost with Colonial. The sharing formula has varied, but that's, you know, basically the history and we expect that we are gonna continue going forward with this in the future, although the Jockeys' Guild now seems to be on an even keel after the problems were fixed.

So you add them all together, that basically gets us to about $130,000.

CHAIRMAN SIEGEL: Any questions?
MR. S. REYNOLDS: I've got one. More curiosity and learning for me.

You said there were two sources and if you get about 35,000 for the gate fees, that means to get to your 130,000, you probably get about $95,000 from the breakage?

MR. PETRAMALO: Correct.

MR. S. REYNOLDS: That means the total breakage is $317,000. Where does the other 70 percent go?

MR. PETRAMALO: The other 70 percent by statute stays with Colonial Downs and it's for capital improvements. This is all set forth in the statute.

MR. S. REYNOLDS: Great. Thank you.

CHAIRMAN SIEGEL: The air conditioners are $4,000 a year. They last multiple years.

MR. PETRAMALO: We have 120 dormitory rooms.

CHAIRMAN SIEGEL: Right.

MR. PETRAMALO: I'm thinking to myself, yeah, same thing. We buy these 5,000 BTU units for $100 apiece and they run 24 hours a day and each year I'm saying, okay, we're gonna have to buy ten or 20. We usually end up buying 30 or 40 because they just die and for $100 apiece, we buy new ones.

CHAIRMAN SIEGEL: Well, that gives you 40 new ones each year.
MR. PETRAMALO: Yes. That's about right.

CHAIRMAN SIEGEL: That's a pretty big failure rate.

MR. PETRAMALO: That's correct. Well, if you run them 24 hours a day for ten weeks, 12 weeks.

CHAIRMAN SIEGEL: So it's a three-year life or so, I guess, which is not much, but I imagine they get abused as well a little bit.

MR. PETRAMALO: Well, they don't disappear. We know that. We're kind of good there. In the past, they were like many things around the race track; they develop legs and disappear. That's not our problem. It's a problem with just air conditioners dropping dead.

CHAIRMAN SIEGEL: Well, for me, this is very informative because I've been around a few years. I just haven't really heard the detail of all this, so I think this is a great learning experience, at least for me, and I'm sure for the others as well.

MR. S. REYNOLDS: Absolutely.

CHAIRMAN SIEGEL: I think you guys do great work, assuming all this works.

MR. PETRAMALO: I think if you ever have an opportunity to come over here during the day on a dark day, sit in one of these Groom Elite programs,
you'll be absolutely amazed. The high quality of
instruction -- we have plastic legs so that the
teacher can show how to properly apply a bandage. I
mean it is very high quality education.

CHAIRMAN SIEGEL: I imagine some fair
percentage of people in the back side do not speak
English.

MR. PETRAMALO: That's correct.

CHAIRMAN SIEGEL: Have you ever considered
having an English course, perhaps, during this
period?

MR. PETRAMALO: We have in the past. Let me
back up. First of all, the course is taught in both
English and Spanish --

CHAIRMAN SIEGEL: Right.

MR. PETRAMALO: -- but in the past, I think two
or three years ago, we had an English/Spanish class.
You wanted to learn to speak either language, you
could come to the HBPA office and we had an
instructor there teaching both English and Spanish.

To my surprise, we did not get a great turn
out. We may have had six or eight folks, but I
think something like that is very useful.

But what we do put out, and I don't have it
with me, is a little translator book with flip pages
geared to the horse industry so you've got English
and Spanish. If you want to know how to say reins
in Spanish, I don't know how you say it, but you
turn to the picture and bingo there it is and vice
versa is the English and we hand those out.

CHAIRMAN SIEGEL: Because I guess a few of
these people would seek out an English course if
you're Spanish-speaking. But as you pointed out,
it's pretty isolated out here, and you know, a
course would benefit some of these folks and they
may participate because they're sort of here anyway.

MR. PETRAMALO: Right.

CHAIRMAN SIEGEL: But apparently, you don't get
that kind of response.

MR. PETRAMALO: At least not for that. We get
a good turnout for the Groom Elite program.

CHAIRMAN SIEGEL: Of course.

MR. PETRAMALO: What's interesting is the
demographics range from youngsters, 17, 18 year olds
to older people, 60 or 70, who have been working in
the industry for a lot of time or a little time,
they still come and they always learn.

Often times, it's learning why is it you're
doing something that you've always been told to do.
You spray the horse in the back underneath its legs.
Why? Because there are large veins going through there carrying a lot of blood and when you cool there, it cools the butt a lot quicker than doing it someplace else. Those kinds of things and people say, gee, I never knew that, but they've been doing it. It's an excellent course. I just can't speak too highly.

CHAIRMAN SIEGEL: Great. Any other comments from anyone regarding this?

NOTE: There was no response.

CHAIRMAN SIEGEL: Well, thank you, Frank. That's really very helpful. So you had two items, I guess the fund and the budget and you've covered both those items?

MR. PETRAMALO: Yes. Yes.

CHAIRMAN SIEGEL: The next item would be public participation. Is there anyone in the public that would like to speak or a question or comments, issues?

NOTE: There was no response.

MR. LERMOND: Mr. Chairman, the Commission should approve that motion.

CHAIRMAN SIEGEL: I thought we had no action to take.

MR. PETRAMALO: I think we need formal approval
of the budget.

CHAIRMAN SIEGEL: Oh, we do?

MR. LERMOND: Yes.

MR. HETTEL: Well, last night in an e-mail you
sent me, you said what are you talking about. I'm
not trying to be contrarian, but I specifically sent
an e-mail on this subject and you said what are you
talking about approval.

MR. PETRAMALO: I thought you were talking
about approval by Colonial Downs.

MR. HETTEL: No. I don't care about that.

MR. PETRAMALO: No. We care very much about
Colonial Downs.

MR. HETTEL: All right. From now on, I'll call
you rather than e-mail you.

CHAIRMAN SIEGEL: No, it's fine. My colleague
Mr. Reynolds would like to make a motion --

MR. D. REYNOLDS: I make a motion that we
approve the budget.

CHAIRMAN SIEGEL: -- that we approve this and
my colleague Mr. Reynolds on my left would like to
second it.

MR. S. REYNOLDS: Second it.

CHAIRMAN SIEGEL: Any discussion?

NOTE: There was no response.

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CHAIRMAN SIEGEL: Okay. All in favor say aye.

MR. S. REYNOLDS: Aye.

MS. DAWSON: Aye.

CHAIRMAN SIEGEL: Okay. Congratulations. The ayes have it. You've been approved.

MR. PETRAMALO: Thank you.

CHAIRMAN SIEGEL: The next item is the date of the next meeting, which is set for July the 12th at five p.m. Does that still work for everyone? It was set at five, obviously, because it's a race day and it would be a nice outing for everyone.

MS. DAWSON: Are we gonna be here?

MR. HETTEL: Probably have to have it over in the other building because they use this on that race day.

CHAIRMAN SIEGEL: Yeah. So we'll go back to the barn, so to speak, for the next meeting. I think this is a good venue for meeting and if Colonial would like to continue to host us, I'm sure they'll provide a nice breakfast as well.

MR. STUART: At a very reasonable price.

CHAIRMAN SIEGEL: Just teasing.

MR. PETRAMALO: It was good today.

CHAIRMAN SIEGEL: Yeah. We enjoyed the breakfast and the coffee. The coffee was great,
Okay. We have no need for a closed meeting, as I understand it, so if there's any other items to bring before the commission, we will entertain that; otherwise, we have a motion for adjournment.

MR. S. REYNOLDS: So moved.

CHAIRMAN SIEGEL: Second?

MR. D. REYNOLDS: Second.

CHAIRMAN SIEGEL: Okay. All in favor, say aye.

MR. S. REYNOLDS: Aye.

MR. D. REYNOLDS: Aye.

CHAIRMAN SIEGEL: We are adjourned.

NOTE: The meeting is adjourned at 11:13 a.m.
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 17th day of September, 2012.

_______________________________
SANDRA G. SPINNER
COURT REPORTER