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VIRGINIA RACING COMMISSION

5

FEBRUARY 16, 2012

6

10700 Horsemen's Road

7

New Kent, VA 23124

8

Commencing at 9:43 a.m.

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COMMISSION MEMBERS:

14

Stuart Siegel, Chairman
J. Sergeant Reynolds, Jr.
David C. Reynolds
Carol G. Dawson

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COMMISSION STAFF:

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Bernard Hettel, Executive Secretary
David S. Lermond, Jr., Deputy Executive Secretary
Kimberly M. Carter, Office Administrator

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ATTORNEY GENERAL'S OFFICE

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1 MR. SIEGEL: Good morning, everyone.

2 Prior to calling our meeting to order, we have an
3 Informal Fact Finding presentation that Colonial is going to
4 present to us and have a discussion on going forward, and
5 staff as well, and so we'll turn it over to Colonial.

6 MR. WEINBERG: Good morning. Thank you.

7 we'll begin with a presentation on the business
8 plan for the satellite wagering facility at Major Willy's
9 Restaurant in Shockoe Bottom, and Jeanna Bouzek will make
10 that presentation, and then I'd like to just march through
11 the legal requirements that I believe we have met for ap-
12 proval of the satellite wagering facility.

13 MR. SIEGEL: Jeanna?

14 MS. BOUZEK: Good morning.

15 We are excited about the opportunity to go down
16 to Downtown Richmond. We've been looking, I would say, the
17 last couple years for a place down there, and actually, we
18 started talking when it was Stool Pigeons Sports Bar, and
19 unfortunately because they had absentee owners, that restau-
20 rant/sports bar didn't make it.

21 So when we found out that Major Willy Mayo's was
22 coming, we immediately went down there, approached the owner
23 who was very willing to parley with us. We came to an
24 agreement.

25 We're going to be in their game room. There will

1 be a couple of pool tables, but we've got the whole side of
2 one of them -- you'll see a drawing in your book there.

3 we think that Major Willy's will be one day what
4 Finns is out in the Innsbrook area. You know, you've got
5 not only the major hotels down there, the financial dis-
6 trict, but you've got the condominiums where the young
7 people are starting to go live, and they can walk over.

8 So we're excited about introducing horse racing
9 to a whole different demographic, and we don't expect it to
10 take any other business from our Broad Street location or
11 our Finn McCool's location.

12 we're looking for, you know, the site to do about
13 150,000 to 250,000 eventually, just like Finn McCool's, a
14 month. We don't see any reason why it would not.

15 we're going to run the same signals; we're going
16 to run the same schedule; we're going to have the same em-
17 ployees going back and forth, so we really don't expect that
18 we'll have anything but success down there.

19 So we have got the approval of the landlord, the
20 landlord's lawyer, and the two co-owners, so we're very ex-
21 cited; and pending the approval today, we'll be ready to
22 open as early as next Tuesday.

23 MR. SIEGEL: Okay.

24 MR. WEINBERG: I'd just to like to review briefly
25 the legal requirements for the grant of a license for this

1 satellite wagering facility, some of which are outlined in
2 the Commission Staff report, but just to highlight a few.

3 Richmond has passed the necessary local referendum
4 for locating a satellite wagering facility within its bor-
5 ders, and as you know, there are two currently located in
6 Richmond.

7 Colonial Downs is the owner, and Stamps & Grace,
8 Incorp. (phonetic) is the operator eligible for the lic-
9 enses, and we would ask for the award.

10 There are written agreements with both of the
11 representative horsemen's groups that this Commission has
12 seen and approved, and that's the third requirement for the
13 grant of the license.

14 As reflected in the staff report, Colonial Downs
15 will agree to the two conditions listed there to abide by
16 all critical rules, regulations, and laws, and to only op-
17 erate the facility as has been represented to the Commission
18 in the application and at this Fact Finding hearing, and of
19 course, all of the employees there will secure the requisite
20 permits from the Commission to satisfy that need.

21 I would like to highlight that Colonial Downs
22 has advised the Mayor's Office and the City Councilwoman for
23 that District of our plans. As outlined to them, we have
24 not received any objections. I have also talked to the
25 local businessmen's group representing the Bottom, and they

1 are onboard as well.

2 And I think with that, we are happy to respond to
3 any questions that any of the Commissioners have.

4 MR. SIEGEL: Questions at this point from the
5 Commissioners?

6 NOTE: There was no response.

7 MR. SIEGEL: What about from the Horsemen?

8 MR. PETRAMALO: We support it.

9 MR. SIEGEL: And that includes the Harness Horse
10 folks?

11 MS. SMITH: Yes.

12 MR. REYNOLDS: I have a question.
13 who is Major Willy Mayo?

14 MS. BOUZEK: I would imagine it's the same person
15 that the Mayo Bridge was named after.

16 MR. SIEGEL: Go ahead.

17 UNIDENTIFIED SPEAKER: Actually, he mapped out
18 Church Hill.

19 MR. SIEGEL: Is this local ownership?

20 MS. BOUZEK: Yes.

21 MR. SIEGEL: You know, I would just comment that,
22 you know, absentee ownership is never good particularly in
23 something that requires the hands-on attention of a rest-
24 aurant. I think there's some risk on Colonial's part of
25 going into a start-up, you know, whether it be locally owned

1 or otherwise, and when we went to Finn McCool's, you know,
2 they have been there awhile, and whether they do well or not
3 I guess is questionable, but I think that moreover, you do
4 have a proven track record at least with that area and the
5 traffic and so on. There's a little greater risk here. For
6 whatever reason, Stool Pigeons didn't make it. Who knows
7 what will happen with this one? But you're going into a
8 start up, and I'm sure you recognize the risks as opposed to
9 going somewhere that's been in business for quite awhile and
10 significant traffic is already established. And so, it's
11 just a caution.

12 Any questions from anyone? We certainly by
13 procedure here have plenty of time to allow rebuttal, but we
14 don't seem to have a great deal of opposition to this.

15 I would just like to say on -- in talking to Staff
16 and also in talking to other Commissioners, we sort of just
17 got this information complete here yesterday. I don't know
18 that any of us would -- other than read the Staff report --
19 would read every word of this document, but we really have-
20 n't been allowed sufficient time to do that. I think that
21 the -- I think as a professional courtesy, beyond what the
22 governance manual suggests, but these things are supposed to
23 be presented to us ten business days prior to presentation
24 at a meeting, and this along with the -- another item that
25 we're going to cover shortly are sort of last minute, and I

1 -- I had heard that the harness horse folks had felt that
2 they weren't kept up to speed and weren't part of the pro-
3 cess. I think this Commission sort of feels the same way.

4 I had a discussion with the Executive Secretary
5 about whether we should even defer this so we'd have an op-
6 portunity to have sufficient time to review. But I don't
7 think there's necessarily on anyone's part the desire to do
8 that. Our role is to be cooperative and to try to be sup-
9 portive when it's appropriate to all the constituencies, and
10 we shouldn't vary from that mission.

11 But I would suggest to you in the future that
12 we do need time, and we do -- we would expect as a courtesy
13 beyond what the regs suggest that these things be submitted
14 to us well in advance so that we do have an opportunity to
15 ask the appropriate questions and to do our own research as
16 well as Staff more time to do their work.

17 So that said, I think that's a charge for you
18 folks going forward.

19 Any other questions, concerns, comments about this
20 particular hearing?

21 NOTE: There was no response.

22 MR. SIEGEL: Staff?

23 MR. HETTEL: I'd just ask, is there anybody,
24 public or otherwise who has any comment? I think we've just
25 got to kind of encapsulate it into that.

1 There's a spot in the procedure that calls for
2 public comment. Anybody have any comment who's not affil-
3 iated with an organization?

4 MR. SIEGEL: This by definition is an Informal
5 Fact Finding hearing, so we're pretty informal here, but I
6 do think we do want to give everybody here the opportunity
7 to you speak who cares to.

8 MR. HETTEL: There seems to be no opposition.

9 MR. SIEGEL: There seems to be no opposition.
10 Do we act at this point, or do we wait --

11 MR. HETTEL: You can defer it until deeper into
12 the meeting.

13 MR. SIEGEL: Okay, so we'll do that.

14 If there are no other questions or comments
15 regarding this request, then we will move into our monthly
16 meeting.

17 The first item on the agenda is, of course, the
18 minutes from the previous meeting, which have been distrib-
19 uted, they're in your packet.

20 Any comments, questions, additions, please, to
21 those minutes. If not, we'll entertain a motion to approve
22 them.

23 MR. J. SARGEANT REYNOLDS, JR.: So moved.

24 MR. SIEGEL: Second.

25 All in favor?

1 NOTE: All indicated by voting aye.

2 MR. SIEGEL: Okay. We are approved.

3 Any Commissioner Comments before we move further
4 in? Any Commissioner have a comment?

5 MS. DAWSON: Yes, Mr. Chairman, I would like to
6 mention the fact that one of the leading breeders and owners
7 in the Thoroughbred industry in Virginia passed away this
8 past week, Mignon C. Smith, who was the owner of Mede Cahaba
9 Stable & Stud. She raced many horses at Colonial Downs, and
10 she was active in steeplechase racing as well. She was in-
11 volved in the horse industry her whole life, and she passed
12 away at the age of 81. She never stopped being involved.
13 In fact, I think she still had some horses racing at the
14 time.

15 So I just wanted to recognize that fact. She
16 also had sponsored some big races at Colonial Downs in the
17 past, so we need more people like Mignon.

18 MR. PETRAMALO: Yes.

19 MR. SIEGEL: Thank you for that comment. I think
20 it's appropriate that we recognize people in the industry
21 that have been supportive of racing in Virginia and breeding
22 in Virginia as well.

23 I'm going to suggest to Staff that we send a note
24 of condolence to the family and thank them for all the years
25 of service that she provided to this industry.

1 MR. HETTEL: We certainly will.

2 MR. SIEGEL: Any other other Commissioner comments
3 before we move forward?

4 NOTE: There was no response.

5 MR. SIEGEL: Okay. Next on the agenda would be
6 the committee reports, Breeders Fund Standardbred Subcom-
7 mittee.

8 Sarge?

9 MR. J. SARGEANT REYNOLDS, JR.: Yes, Mr. Chairman.
10 These are the proposed expenditures from the
11 Harness portion of the Virginia Breeders Fund for 2012.

12 The Harness Subcommittee of the Virginia Breeders Fund voted
13 unanimously to recommend the following expenditures from the
14 Harness portion of the Virginia Breeders Fund for 2012:

15 1. \$240,000 to partially fund 8 Virginia-bred
16 stake races to be contested at Colonial Downs on Sunday,
17 October 14th;

18 2. Approximately \$18,000 for a 20 percent
19 owner's bonus program for Virginia-bred horses that finish
20 first through fifth in unrestricted races during the 2012
21 meeting at Colonial Downs;

22 3. Approximately \$12,000 for year-end awards to
23 to the breeders of Virginia-bred horses; and.

24 4. \$50,000 to the Virginia Harness Horsemen's
25 Association for the administration of the fund.

1 I'd like to make a motion that we approve this as
2 read.

3 MR. SIEGEL: Is there a second?

4 MR. REYNOLDS: Second.

5 MS. DAWSON: Second.

6 MR. SIEGEL: Any comments, questions? There's a
7 lot in that. If there's any comments from the Horsemen or
8 the Track or anyone in attendance, we'll certainly entertain
9 those comments.

10 NOTE: There was no response.

11 MR. SIEGEL: Hearing none, all in favor, say aye.

12 NOTE: All indicated by voting aye.

13 MR. SIEGEL: The ayes have it.

14 MR. J. SARGEANT REYNOLDS, JR.: That's my report,
15 Mr. Chairman.

16 MR. SIEGEL: Thank you, Sarge.

17 Next on the agenda is the Executive Secretary's
18 report. Bernie, you have a number of amendments to cover?

19 MR. HETTEL: Yes, the Commission Staff recommends
20 the following administrative regs amendments and changes --
21 most of these are bookkeeping and clarification of the verb-
22 iage entailed. The details are within your booklet; they're
23 highlighted in your booklet and it's related to 11 Virginia
24 Administrative Code 10-50-40, which is licensed veterini-
25 arians -- and I'll seek approval after all of these.

1 MR. SIEGEL: Okay.

2 MR. HETTEL: The next one is 11 Virginia
3 Administrative Code 10-60-20 for practicing Veterinarians
4 and Jockey Agents.

5 The third is the amendment relating to Commission
6 Veterinarians, which is entailed at 10-80-30 under duties,
7 and the next one is the amendment of the coupling regulation
8 that's entailed in code 10-110-90.

9 The final one is the medication, and this is
10 entailed at 10-180-60.

11 We will replace the verbiage in several pages
12 that are enumerated in your booklet with the reference
13 document known as the Uniform Classification Guidelines For
14 Foreign Substances and recommended penalties and model rules
15 that is published and republished and updated very regularly
16 by the Association of Racing Commissioners International,
17 and the necessity to do that is because this is a living
18 document and it changes very regularly. Rather than be held
19 to the current 2011 regs, this permits the Commission and
20 the Racing Stewards to use this as a reference document to
21 go ahead and deal with administrative reg violations on
22 possible medication violations.

23 So I seek the approval of those changes, and I ask
24 for your motion.

25 MR. SIEGEL: All right. Well, let's get a motion

1 on the floor first to approve these amendments.

2 MS. DAWSON: So moved.

3 MR. SIEGEL: Second?

4 MR. REYNOLDS: Second.

5 MR. SIEGEL: Okay. Discussion typically would --
6 certainly the Horsemen and other constituencies here would
7 be the ones most affected by this, I would be interested in
8 hearing comments.

9 MR. PETRAMALO: We've reviewed them and have no
10 objection.

11 MR. SIEGEL: Okay. Anyone else have any comments,
12 questions about any of these changes?

13 MS. SMITH: We've also reviewed them and have no
14 objection.

15 MR. SIEGEL: So everybody's --
16 okay. All in favor, say aye.

17 NOTE: All indicated by voting aye.

18 MR. SIEGEL: Any opposed?

19 NOTE: There was no response.

20 MR. SIEGEL: The ayes have it.

21 well, moving right along, we have -- again,
22 Colonial wants to present I guess a Second Tri Promotion
23 that has again been presented to us here, better late than
24 never.

25 MR. WEINBERG: Mr. Stewart will describe the

1 promotion.

2 MR. STEWART: Good morning.

3 As you may remember, we presented a a Second Tri
4 Promotion during the harness meet. This is -- well, it's a
5 very new concept that we developed and it combines elements
6 of pari-mutuel wagering along with a sweepstakes type of
7 promotion.

8 Basically, what happens is our customers can buy a
9 pari-mutuel ticket and if you buy a qualifying pari-mutuel
10 ticket on a specific race for a specific wager, then they
11 have the opportunity to play our promotion, which if you
12 haven't seen it, Jim will pass out some pictures of how it
13 looks during a harness meet.

14 We ran it here at the track at the opening of
15 the harness meet in January. It was basically market re-
16 search on our part to really understand what our customers
17 are looking for, what makes it attractive and such that we
18 can devise it and modify it so that when we roll it out more
19 extensively, we can obviously maximize our opportunities for
20 success.

21 The game itself -- as you may remember, we had a
22 promoter for World Touch Gaming come by here prior to the
23 harness meet to demonstrate the game. It's a sweepstakes
24 game; there's a -- everything has a pre-determined outcome.
25 There's nothing that the player can do playing the game that

1 impacts the outcome. It's just an entertaining way to re-
2 veal the result, and it's revealed in a form that simulates
3 a slot machine; however, it is not a slot machine. It looks
4 like one, but it is not one.

5 So, what we'd like to do is we'd like to start
6 offering this promotion at our Scott County OTB. Mr. Wein-
7 berg can go through why we believe that the game is legal.
8 Obviously, we've been running it for the last four months,
9 and we have a letter from the New Kent Commonwealth's At-
10 torney that concurred with our opinion, and we have a letter
11 from the Scott County Commonwealth's Attorney who concurs
12 with us that our game is legal.

13 So at any rate, we'd like to start the game on
14 March the 28th in Scott County and continue on to the end of
15 July. I'm not here this morning to ask the Commission's
16 permission to run the promotion; what we're here for this
17 morning is to talk about a change in the take-out in order
18 to facilitate the promotion.

19 Did you pass out the other sheet?

20 MR. WEINBERG: Yes. We've got it right here.

21 MR. STEWART: Basically, as I'm sure you know,
22 the take-out is what's left after what is paid back to the
23 bettors. Sort of a standard rule of thumb is that 80 per-
24 cent goes back to the wagerers and 20 percent gets distrib-
25 uted to the track and to others.

1 If you break it down a little further, you have
2 what are called straight wagers, which is a win-place-or-
3 show wager, and then you have a few exotic wagers which are
4 everything else. Typically, what happens is more is paid
5 back to the bettor on a straight wager than is on an exotic
6 wager. For instance, here in Virginia, 18 percent goes back
7 to the bettor on a straight wager; 22 percent goes back on
8 an exotic wager. However, this is not uniform throughout
9 the country. There's a wide range of take-outs.

10 what we're proposing here is that the return to
11 the player will be 75 percent, which is a 25 percent take
12 out, but that return is going to come in two forms. It's
13 going to come in the form of a 60 percent return on the
14 pari-mutuel wager and then a 15 percent return in the prize
15 pool.

16 what we're -- so in total, the wagerer in general
17 will receive 75 percent back, which is pretty comparable to
18 what you see across the country if you look at exotic
19 wagers.

20 The way this is going to work is that we're
21 going to have a separate pool on a race at Balmoral, which
22 is a harness track out of Illinois. The reason we're using
23 that track is that it runs five nights a week and it's a
24 night track. we'll have a separate pool on the last race;
25 it will only be offered in Scott County.

1 The reason we need -- we're going to use a
2 separate pool is that we want a different take-out on that
3 race than there will be on the other Balmoral races. So the
4 only place that this take-out that we're requesting this
5 morning will take place is on the last race at Balmoral at
6 Scott County because that's the only place we're going to
7 offer it.

8 The beauty of the separate pool is that all of
9 the pari-mutuel payout will occur to the people that are
10 wagering into this separate pool. It's as if all of us in
11 this room were in a separate pool that wagered on a race
12 where all the money that's won will be won by the people in
13 this room. In a comingled race, that money is won by people
14 throughout the country, so theoretically, we could all wager
15 and none of us could win. We could all have paid somebody
16 in Pennsylvania. But the beauty of this is that it will all
17 be paid to somebody at the Scott County OTB which will be
18 participating in this Second Tri promotion.

19 We believe that this will enable us to attract a
20 very different demographic than is currently coming to our
21 OTB, and as I've said over the years more than once, our
22 best chance to prosper is to grow the pie for everybody so
23 that that is really the objective of this promotion, to
24 bring in some new players and introduce them to pari-mutuel
25 wagering in a way that I think they'll find entertaining,

1 and they'll get the experience of buying a pari-mutuel tick-
2 et and cashing in the pari-mutuel ticket, and the best way
3 to create a player is to have a them cash in a pari-mutuel
4 ticket.

5 And it's interesting -- you know, I went down
6 every afternoon and kind of looked around when we were run-
7 ning the Second Tri over at the race track, and what you
8 found the first couple weeks is that, you know, people were
9 sitting there playing the game, and I don't think they were
10 paying that much attention to the horses, but after a couple
11 weeks, we went down and saw that everybody had a program.
12 They all of a sudden figured out that that pari-mutuel tick-
13 et they bought had value, so I think we created some play-
14 ers, so I'm very optimistic about this program.

15 So at any rate, in order to make this work and to
16 create enough of a prize pool to meet all of the obligations
17 that are required under the law and to pay the expenses of
18 running the promotion, because it's not free, and to have a
19 return to the track, that's why we're requesting a 40 per-
20 cent take-out.

21 Jim can take you through some of the legal aspects
22 of that.

23 MR. WEINBERG: Obviously, if there any
24 questions --

25 MR. SIEGEL: Any questions thus far?

1 MS. DAWSON: I have one. You mentioned that
2 this would only be in one location, Scott County, and that
3 it would be for a particular period of time.

4 MR. STEWART: Uh-huh.

5 MS. DAWSON: Do you intend it to be a continuing
6 thing? Are you going to try to expand it to other locat-
7 ions? Is this just a trial, or what?

8 MR. STEWART: Well, our goal is to expand it, but
9 it's like a lot of things -- you have to kind of walk before
10 you run.

11 The Scott County attorney's opinion is that a
12 sweepstakes has to have a beginning and an end, so our
13 sweepstakes is going to parallel the Triple Crown and the
14 Colonial Downs live meet. At the end of that sweepstakes,
15 we may have another sweepstakes.

16 MR. SIEGEL: Well, I think it's fair to say that
17 this is a test to expand it much like you have done during
18 the standardbred meet at the track to see how it works, and
19 other Counties may not necessarily feel the same way as the
20 Commonwealth's Attorney did in Scott County, so you really
21 can expand it only as good as you're granted from these Com-
22 monwealth's Attorneys. So hopefully if this is a good ex-
23 perience, then you can use Scott County as an example, and
24 perhaps you might find most, if not all, of the other count-
25 ies would go along with it as well.

1 MR. STEWART: Agreed.

2 MR. SIEGEL: Any other questions before Jim
3 presents the numbers here?

4 MS. SMITH: Yes, Mr. Chairman, I would like to
5 know if we could get a little, I guess, feedback from the
6 promotion this fall? I mean was it financially successful?
7 Did it achieve, I guess, the desired result?

8 MR. STEWART: Well, I think it was successful in
9 the sense that we got the game off the ground. We think it
10 attracted a number of people to play it. It wasn't partic-
11 ularly financially successful to the race track; however,
12 what you have to appreciate, and you may find this surpris-
13 ing, but if you were to run a ring study at intervals of
14 five, ten, and 20 miles around this race track and around
15 our OTB in Scott County, there's literally about five times
16 as many people in Scott County as there is here. So if we
17 could bring in five times as many customers we brought here
18 to the race track, I think we'll do very well.

19 MR. WEINBERG: I guess I would add, just so that
20 we are clear: The game is a promotion. It's a marketing
21 expense. The track doesn't make money on the promotional
22 game. It is all designed to build handle, from which every-
23 one benefits.

24 we've talked about not re-slicing the pie. This
25 is really a promotion designed to put more food on the table

1 so to speak than re-slicing the pie.

2 MR. STEWART: And Jim's exactly right. The only
3 cash flow on this promotion is in the sale of the pari-mut-
4 uel tickets. There's no revenue generated by the game it-
5 self.

6 MR. WEINBERG: And that's a crucial distinction as
7 we talked about what will be exempted in other localities by
8 the Commonwealth's Attorneys.

9 Just by way of background, over the last year, the
10 well has been poisoned somewhat by other operators who came
11 in and ran games of chance trying to generate revenue on
12 those games and calling them a promotion. This is clearly
13 not that.

14 Nonetheless, we are somewhat starting behind to
15 demonstrate to law enforcement officials we are not that;
16 this is what we regard as a true promotion designed to sell
17 a product.

18 MR. SIEGEL: It may require some selling on your
19 part.

20 MR. WEINBERG: That's right.

21 MR. PETRAMALO: May I ask a question?

22 How did you calculate the two percent going to the
23 purses? Where did that two percent number come from?

24 MR. STEWART: It's comes from the contract with
25 the harness horsemen.

1 MR. PETRAMALO: Okay.

2 MR. SIEGEL: which was a reduction from the
3 previous, correct?

4 MS. SMITH: Yes, that was a reduction that we
5 agreed to in Scott County in particular.

6 MR. WEINBERG: But clearly, as we hope to move
7 to other locations, it will change depending upon that
8 satellite facility and the race track.

9 MR. PETRAMALO: Thank you.

10 MR. J. SARGEANT REYNOLDS, JR.: Do you think
11 if it's successful it might be good for a place like Major
12 Willy's and McCool's and those type of places, and not just,
13 you know, a satellite wagering facility? Are you trying to
14 attract a new crowd?

15 MR. STEWART: well, I think those might be good
16 ideas. Our first objective would be to roll it out on Hull
17 Street.

18 MR. J. SARGEANT REYNOLDS, JR.: Have you talked to
19 anybody in Richmond yet, the Commonwealth's Attorney?

20 MR. STEWART: No, that's in process.

21 MR. J. SARGEANT REYNOLDS, JR.: Okay.

22 MR. WEINBERG: Let me just walk you through the
23 request of the Commission.

24 The Racing Act provides for separate pools, which
25 is one of the motivating factors for this Promotion, but we

1 require the Commission's approval to conduct that separate
2 pool, so that really is the first request. For the reasons
3 Mr. Stewart articulated, we'd like to use a 40 percent take-
4 out for that separate pool.

5 As the Commission Staff has pointed out to me,
6 and I'm appreciative of, in order to do that under the In-
7 terstate Horse Racing Act, there must be a matching 40 per-
8 cent pool on live racing in Virginia so that if you are
9 going to conduct a 40 percent pool on a simulcast race for
10 a Quinella wager, then the Quinella wager in Virginia must
11 also be a 40 percent pool or higher take-out.

12 Hence, the second request: That as permitted in
13 the Racing Act to adjust the 22 percent take out on exotic
14 wagers for Quinella wagers, that be increased to 40 percent.

15 And that is the nature of the request. They go
16 hand-in-hand. The Quinella wager is authorized in the reg-
17 ulations, but we're not asking for any new regulations to
18 address a Quinella wager. It just, in all candor, has not
19 been a popular wager because the odds are the Exacta box,
20 which mirror the Quinella, but are generally better than a
21 Quinella.

22 Nonetheless, it would satisfy the requirements of
23 the Interstate Horse Racing Act to have the ability to offer
24 a Quinella wager in Virginia at 40 percent.

25 MR. J. SARGEANT REYNOLDS, JR.: And this will just

1 be the last race down in Scott County?

2 MR. WEINBERG: On this take for the simulcast
3 portion, yes; and as Mr. Stewart showed, nothing is altered
4 by that 40 percent take-out because everyone who would nor-
5 mally get their share of the pari-mutuel wagering will get
6 their share.

7 MR. SIEGEL: Just out of curiosity, have you ever
8 offered quinella wagering at the race track?

9 MR. STEWART: We have not, to my knowledge.

10 MR. SIEGEL: You obviously have the statistics.
11 I for one have always enjoyed that at a race track, I think,
12 but just -- I guess I'm wondering -- on the few, I guess be-
13 cause obviously the odds are not that good as it would be,
14 but people recognize what the bet is when they make it.
15 Just curious as to whether other race tracks are still doing
16 that? I know dog tracks do it more often than race tracks
17 or horse tracks.

18 MR. STEWART: Jeanna may be able to speak to that.

19 MS. BOUZEK: We've never taken it here, and it
20 used to be a few years back, it's been quite a few years, we
21 weren't even allowed to wager on Quinellas from the OTB on
22 other tracks. That was lifted sometime ago, so we do take
23 wagers on any track that offers Quinellas.

24 MR. SIEGEL: I'm just curious.

25 Okay. Jim, are you done?

1 MR. WEINBERG: I am. I'm happy to respond to
2 questions.

3 MR. SIEGEL: Okay. Questions from the
4 Commissioners or public or horsemen? You look like you have
5 a question.

6 MR. PETRAMALO: Well, just a practical question.
7 It's on the last race at Balmoral, which I assume
8 probably goes off at 8:00 or 9:00 or 10:00, and what time
9 does Scott County open? At noon time or thereabouts?

10 MS. BOUZEK: Correct.

11 MR. PETRAMALO: In other words, if this would
12 start at 12:00 o'clock even though the -- and you just run
13 it all day, and then after 10:00, you would know who the
14 winner was for the Quinella?

15 MR. STEWART: Exactly.

16 MR. PETRAMALO: Okay.

17 MR. WEINBERG: I'm sorry, in order to accommodate
18 the change in the 22 to 40 percent take-out, that request
19 needs to be joined in by one of the representative horse-
20 men's group, and I'll let Frank speak to that.

21 MR. PETRAMALO: We support the request to change
22 the Quinella take-out from 22 to 40 percent.

23 MR. SIEGEL: Other questions or comments? All
24 right.

25 MR. LERMOND: Mr. Chairman, I just wanted to go

1 back to the percentage for a second.

2 The Code does let you change the percentage,
3 but when you do, three things have to be adjusted for that
4 change: One is the purses, which is taken care of by the
5 2 percent; the other was the operator's portion; the third
6 is the Breeder's Fund, so if I'm calculating it right, that
7 one percent of the Breeder's Fund is going to go to one
8 twenty-eight two.

9 MR. WEINBERG: Let's be clear, because I think
10 we're confusing two different portions of the Code.

11 On the simulcast wager that's occurring at Scott
12 County, it's governed by Paragraphs M and N, not 392.

13 MR. LERMOND: You don't think that applies, pools
14 generated at each satellite facility --

15 MR. WEINBERG: Conducted within the Commonwealth,
16 so that, yes, clearly a Quinella wager on a race at Colonial
17 Downs, you're absolutely right. The purse gets adjusted,
18 the contributions to the three stakeholders, the veterinary,
19 the horse council -- that gets adjusted, the Breeder's Fund
20 gets adjusted. All rise with the increase from 22 to 40 on
21 all pools generated from races run in Virginia.

22 MR. PETRAMALO: Right.

23 MR. LERMOND: I'm with you.

24 MR. PETRAMALO: If a Quinella were run during our
25 summer, our summer Thoroughbred Meet, rather than getting

1 nine percent for purses for an exotic, we could get 16.35
2 percent under that Quinella.

3 MR. LERMOND: Okay. Thank you.

4 MR. SIEGEL: Is that the reason why you don't run
5 it?

6 MR. WEINBERG: well, this is brand new, and I
7 think that as you alluded to earlier, we'll have to see what
8 the experience is in Scott County, and if that proves to be
9 appealing and all the numbers work, we may well --

10 MR. PETRAMALO: I can say we would prefer 16 per-
11 cent versus nine percent.

12 MR. SIEGEL: As you say, Jim, this is an
13 experiment and we'll have to see how it works in Scott
14 County or anywhere before obviously rolling it out, and it
15 may not work at all, in which case it will be discontinued.
16 But I think it might be wise on the part of this Commission,
17 if we choose to approve this, to approve it for some period
18 of time and then let the Track come back to us with the
19 statistics, with the numbers, and we can evaluate it -- and
20 report back to us, and we can evaluate the continuation of
21 it.

22 I'm going to suggest that we approve it through
23 our October 10 meeting, which is -- I guess we'll do that in
24 a minute, but we are going to set a meeting for October 10,
25 which should give you sufficient time to evaluate the pro-

1 motion, evaluate how it worked or didn't work, and come back
2 and ask as to whether or not you want to continue it or just
3 bury it there, who knows? Or change it to some other take
4 out that might work or other conditions, if that meets with
5 your approval then --

6 MR. STEWART: We have no problem.

7 MR. WEINBERG: We very much appreciate it.

8 MS. SMITH: Mr. Chairman, to echo your earlier
9 remarks, I only wanted to make a point that the harness
10 horsemen were only advised of this proposal yesterday
11 afternoon and didn't get our hands on any piece of paper,
12 the details or any information in the proposals. Therefore,
13 we're simply not in a position to either approve or disap-
14 prove, because most of our Board hasn't seen the informat-
15 ion.

16 I would request, again as I say, to echo your
17 earlier remarks, that we be given a bit more notice and some
18 more details of information when these kinds of things come
19 up.

20 Our Executive Secretary, Iain Woolnough, is not
21 here, he's in Florida. This gave him no chance at all to
22 get back here for this meeting, and our president, Dr. Duna-
23 vant, is in surgery all day. So again, we are ill-prepared
24 to make a recommendation, and we apologize for that, but I
25 think we would be better served with a longer notice.

1 MR. SIEGEL: And I think the point has been made.
2 I think we're clear about that. It's part of my reasoning
3 for wanting to do this on a short-term basis as well to give
4 everybody a chance to evaluate it; and clearly, the regs
5 suggest that you are part of the process and you will be in
6 the future, and again, just common courtesy to the horsemen
7 as well as the Commission to have this information to us ten
8 days before any presentation to be made for any changes. So
9 I think everybody's clear about that.

10 MS. SMITH: Thank you, sir.

11 MR. SIEGEL: Other comments, questions with
12 regards to this second chance promotion? Staff at all?

13 MR. HETTEL: I'll just point out that the October
14 10th meeting is in conjunction with the harness race meet,
15 so it will be a pretty good meeting.

16 MR. SIEGEL: Right. We're going to go over the
17 calendar here when you talk about setting meeting dates, but
18 I just want to get through this issue, and we obviously have
19 a couple of things to approve here, but any more comments,
20 questions regarding this second chance promotion?

21 NOTE: There was no response.

22 MR. SIEGEL: Okay. So we're seeking approval of
23 both the second chance promotion as well as the satellite
24 wagering facility at Major Willy's, and should we do
25 separate --

1 MR. HETTEL: Yes.

2 MR. SIEGEL: I think we should probably do it
3 separately for the record.

4 So the Chair will entertain a motion to approve
5 the license application for the satellite wager facility at
6 Major Willy Mayo's as presented.

7 MR. J. SARGEANT REYNOLDS, JR.: So moved.

8 MR. SIEGEL: And a second?

9 MS. DAWSON: Second.

10 MR. SIEGEL: Any other discussion, questions about
11 this motion?

12 NOTE: There was no response.

13 MR. SIEGEL: All in favor, aye.

14 NOTE: All indicated by voting aye.

15 MR. SIEGEL: Any opposed?

16 NOTE: There was no response.

17 MR. SIEGEL: Okay. Secondly, we will ask for a
18 motion to approve this Second Tri Promotion in Scott County
19 that has just been presented with an expiration date of
20 October the 10th, to be reviewed.

21 Can I get that motion?

22 MS. DAWSON: So moved.

23 MR. REYNOLDS: Second.

24 MR. SIEGEL: Any other questions, discussions?

25 NOTE: There was no response.

1 MR. SIEGEL: All in favor, aye?

2 NOTE: All indicated by voting aye.

3 MR. SIEGEL: All right. Well, thank everybody for
4 presenting your hard work.

5 The next item is public participation. Anyone
6 from the public here that would like to make a comment about
7 any matter?

8 NOTE: There was no response.

9 MR. SIEGEL: In setting the next meeting, we
10 had some conversation at the last meeting about reducing
11 from typically 12 meetings a year, getting it down to six
12 meetings a year. I think it was felt certainly by the Staff
13 and agreed to, I guess, by the Track at least, that we may
14 not need to have quite as many meetings, and we may do as
15 well with six meetings. So we have proposed meeting dates
16 through the end of the year, and as typical with our meeting
17 dates, we obviously at each meeting formally set the next
18 meeting date, which is predetermined, and then if there's
19 any need to change it or alter it a day or two by someone's
20 schedule and whatnot, it is certainly important that this
21 Commission have a quorum and that the horsemen as well as
22 the Track be comfortable with those dates. So they will be
23 subject to change as-needed, but we have dates proposed, so
24 we're going to circulate this, and I think the Executive
25 Secretary has sent some of these around Racing to both meets

1 to try to afford an opportunity for us to get together on
2 race day and enjoy the race as well.

3 MR. HETTEL: You can read those into the record if
4 you care to, and then we have distribution --

5 MR. SIEGEL: well, let's go ahead and pass these
6 out, and then we'll take a minute to see if there's any
7 particular objection. We've got copies here.

8 MR. HETTEL: why don't we go ahead and read it
9 into the record and then if there's any objection --

10 MR. SIEGEL: Okay, the first two meetings, of
11 course, of the year have been held, this one and the Jan-
12 uary 17th meeting. The next meeting proposed here is May
13 9th, which is a Wednesday at 10:00 a.m. Again, we're pass-
14 ing these out so everyone can have a list, but I want to be
15 sure they're in the record.

16 July 11th, a Wednesday late afternoon. We were
17 talking about having a meeting perhaps at 5:30 that day and
18 then post time that night for racing would be at 7:00
19 o'clock.

20 Does that give us enough time?

21 MR. HETTEL: No, we don't race on Wednesdays.

22 MR. SIEGEL: Okay. We don't race on Wednesdays.

23 MR. HETTEL: Okay.

24 How about the 12th then?

25 MR. SIEGEL: You race Tuesday, right?

1 MR. PETRAMALO: No, Thursday. Thursday, Friday,
2 Saturday, Sunday.

3 MR. SIEGEL: Okay, so then Thursday would be the
4 12th.

5 MR. HETTEL: Okay.

6 MR. SIEGEL: Well, again, everyone would need to
7 have an opportunity to look these over, and of course, we
8 can discuss them at the next meeting, assuming that May 9th
9 works for everyone. Anyone that has objection to any of
10 these later dates can certainly voice it at that time.

11 My question though, Bernie, was a 5:30 meeting
12 with a 7:00 o'clock post time, is that enough time?

13 MR. HETTEL: Should be, depending on what the
14 agenda is, but we can always start it earlier as we get
15 closer to that date. We can change the 5:30 to a 5:00
16 o'clock.

17 MR. SIEGEL: Well, I think we should set it at
18 5:00 o'clock. I say that because most of us like to be able
19 to look at the program before the first race. And I really
20 need to be on time because I know where the track is. 7:00
21 o'clock comes very quickly, and I need a lot of time.

22 MR. PETRAMALO: And as in the past, I'll give you
23 my selections.

24 MR. HETTEL: We can have a handicapping session.

25 MR. SIEGEL: So let's set it at 5:00 o'clock, and

1 that may not even be enough time, but we'll see what the
2 agenda items are.

3 And then the next meeting is October 10th, a
4 wednesday at 11:00 o'clock, and the harness racing is at
5 1:00 o'clock on that day. They are racing wednesdays,
6 correct?

7 MS. SMITH: We are racing, yes.

8 MR. SIEGEL: Then of course the last meeting,
9 November 30th at 10 a.m.

10 And again, we can talk about this at the next
11 meeting, but if there's anyone that knows about a problem
12 other than we're not racing that day, good time to mention
13 it.

14 Yes?

15 MR. WEINBERG: You may just want to look at
16 how you coordinate renewal of the ADW licenses. I think the
17 applications are due December 1st.

18 MR. HETTEL: well, typically like this year, we
19 did it at the first meeting in January of this year. So,
20 unless there's some major objection to the ADW thing --

21 MR. SIEGEL: And of course the 2013 first meeting
22 will be in January, right?

23 MR. WEINBERG: No, as long as -- it's purely
24 housekeeping to make sure that the licenses don't expire on
25 December 31st, which they have traditionally done.

1 MR. SIEGEL: Yes, we changed that last year as
2 well.

3 MR. LERMOND: And that's a good point: In the
4 November meeting, make sure that you approve the extension
5 until the meeting in January.

6 MR. WEINBERG: Thank you.

7 MR. SIEGEL: And Jim, in particular with you and
8 Ian, there may be things that are important to you that may
9 necessitate these dates moving a little bit. I think the
10 goal is to have six meetings, seven I guess if we need to.
11 We had 12 last year, so I think it wouldn't hurt to have
12 seven meetings.

13 But this again, much like your second chance
14 promotion, is a test. Hopefully it works, and if so, then I
15 think we'll continue with it. But unless I hear any par-
16 ticular objection today, then we'll accept these dates for
17 the rest of the year subject to taking a look at it at the
18 May meeting.

19 Okay. That said, the -- we have no need for a
20 closed meeting, as I understand it.

21 MR. HETTEL: That is correct.

22 MR. SIEGEL: Is there anything else to come before
23 the Commission before we adjourn? Anybody have a comment?

24 Okay, if there's no further business, we'll
25 entertain -- I'm sorry. Oh, Amy.

1 I just learned actually yesterday that this is
2 Amy's last meeting, that the Lottery has decided they need
3 her full-time because of all the problems that they have,
4 and we have no problems, and so she doesn't have the great
5 need to spend a lot of time with us.

6 But Amy, we wanted to thank you for your years of
7 service. You have been invaluable to us in keeping us out
8 of jail and helping to promote horseracing in Virginia, and
9 we're very appreciative of all of your efforts.

10 We don't, now as I understand at this point, know
11 about ongoing counsel, but I know that Amy will be happy to
12 talk to us any time we need her in the meantime, and so
13 again, our thanks to you, and we wish you well in all the
14 work you need to do at the Lottery that causes you to leave
15 us.

16 Other comments?

17 NOTE: There was no response.

18 MR. SIEGEL: Motion to adjourn?

19 MR. J. SARGEANT REYNOLDS, JR.: So moved.

20 MR. SIEGEL: Second?

21 MS. DAWSON: Second.

22 MR. SIEGEL: We are adjourned.

23 NOTE: The meeting adjourned at 10:54 a.m.

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CERTIFICATE OF COURT REPORTER

I, Roy Garrison Wood, hereby certify that 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 2nd day of May, 2012.



ROY GARRISON WOOD
REGISTERED PROFESSIONAL REPORTER