VIRGINIA RACING COMMISSION

FEBRUARY 16, 2012
10700 Horsemen's Road
New Kent, VA  23124
Commencing at 9:43 a.m.

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

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

ATTORNEY GENERAL'S OFFICE
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INFORMAL FACT FINDING HEARING
Proposed Major Willy's Satellite Wagering Facility

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MR. SIEGEL: Good morning, everyone.

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

MR. WEINBERG: Good morning. Thank you.

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

MR. SIEGEL: Jeanna?

MS. BOUZEK: Good morning.

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

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

We're going to be in their game room. There will
be a couple of pool tables, but we've got the whole side of
one of them -- you'll see a drawing in your book there.

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

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

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

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

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

MR. SIEGEL: Okay.

MR. WEINBERG: I'd just to like to review briefly
the legal requirements for the grant of a license for this
satellite wagering facility, some of which are outlined in the Commission Staff report, but just to highlight a few.

Richmond has passed the necessary local referendum for locating a satellite wagering facility within its borders, and as you know, there are two currently located in Richmond.

Colonial Downs is the owner, and Stamps & Grace, Incorp. (phonetic) is the operator eligible for the licenses, and we would ask for the award.

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

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

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

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

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

NOTE: There was no response.

MR. SIEGEL: What about from the Horsemen?

MR. PETRAMALO: We support it.

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

MS. SMITH: Yes.

MR. REYNOLDS: I have a question.

Who is Major Willy Mayo?

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

MR. SIEGEL: Go ahead.

UNIDENTIFIED SPEAKER: Actually, he mapped out Church Hill.

MR. SIEGEL: Is this local ownership?

MS. BOUZEK: Yes.

MR. SIEGEL: You know, I would just comment that, you know, absentee ownership is never good particularly in something that requires the hands-on attention of a restaurant. I think there's some risk on Colonial's part of going into a start-up, you know, whether it be locally owned
or otherwise, and when we went to Finn McCool's, you know, they have been there awhile, and whether they do well or not I guess is questionable, but I think that moreover, you do have a proven track record at least with that area and the traffic and so on. There's a little greater risk here. For whatever reason, Stool Pigeons didn't make it. Who knows what will happen with this one? But you're going into a start up, and I'm sure you recognize the risks as opposed to going somewhere that's been in business for quite awhile and significant traffic is already established. And so, it's just a caution.

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

I would just like to say on -- in talking to Staff and also in talking to other Commissioners, we sort of just got this information complete here yesterday. I don't know that any of us would -- other than read the Staff report -- would read every word of this document, but we really haven't been allowed sufficient time to do that. I think that the -- I think as a professional courtesy, beyond what the governance manual suggests, but these things are supposed to be presented to us ten business days prior to presentation at a meeting, and this along with the -- another item that we're going to cover shortly are sort of last minute, and I
-- I had heard that the harness horse folks had felt that
they weren't kept up to speed and weren't part of the pro-
cess. I think this Commission sort of feels the same way.

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

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

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

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

NOTE: There was no response.

MR. SIEGEL: Staff?

MR. HETTEL: I'd just ask, is there anybody,
public or otherwise who has any comment? I think we've just
got to kind of encapsulate it into that.
There's a spot in the procedure that calls for public comment. Anybody have any comment who's not affiliated with an organization?

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

MR. HETTEL: There seems to be no opposition.

MR. SIEGEL: There seems to be no opposition.

Do we act at this point, or do we wait --

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

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

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

The first item on the agenda is, of course, the minutes from the previous meeting, which have been distributed, they're in your packet.

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

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

MR. SIEGEL: Second.

All in favor?
NOTE: All indicated by voting aye.

MR. SIEGEL: Okay. We are approved.

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

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

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

MR. PETRAMALO: Yes.

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

I'm going to suggest to Staff that we send a note of condolence to the family and thank them for all the years of service that she provided to this industry.
MR. HETTEL: We certainly will.

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

NOTE: There was no response.

MR. SIEGEL: Okay. Next on the agenda would be the committee reports, Breeders Fund Standardbred Subcommittee.

Sarge?

MR. J. SARGEANT REYNOLDS, JR.: Yes, Mr. Chairman.

These are the proposed expenditures from the Harness portion of the Virginia Breeders Fund for 2012. The Harness Subcommittee of the Virginia Breeders Fund voted unanimously to recommend the following expenditures from the Harness portion of the Virginia Breeders Fund for 2012:

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

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

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

4. $50,000 to the Virginia Harness Horsemen's Association for the administration of the fund.
I'd like to make a motion that we approve this as read.

MR. SIEGEL: Is there a second?

MR. REYNOLDS: Second.

MS. DAWSON: Second.

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

NOTE: There was no response.

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

NOTE: All indicated by voting aye.

MR. SIEGEL: The ayes have it.

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

MR. SIEGEL: Thank you, Sarge.

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

MR. HETTEL: Yes, the Commission Staff recommends the following administrative regs amendments and changes -- most of these are bookkeeping and clarification of the verbiage entailed. The details are within your booklet; they're highlighted in your booklet and it's related to 11 Virginia Administrative Code 10-50-40, which is licensed veterinarians -- and I'll seek approval after all of these.
MR. SIEGEL: Okay.

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

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

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

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

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

MR. SIEGEL: All right. Well, let's get a motion
on the floor first to approve these amendments.

    MS. DAWSON: So moved.

    MR. SIEGEL: Second?

    MR. REYNOLDS: Second.

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

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

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

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

    MR. SIEGEL: So everybody's --

    Okay. All in favor, say aye.

    NOTE: All indicated by voting aye.

    MR. SIEGEL: Any opposed?

    NOTE: There was no response.

    MR. SIEGEL: The ayes have it.

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

    MR. WEINBERG: Mr. Stewart will describe the
MR. STEWART:  Good morning.

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

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

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

The game itself -- as you may remember, we had a promoter for World Touch Gaming come by here prior to the harness meet to demonstrate the game. It's a sweepstakes game; there's a -- everything has a pre-determined outcome. There's nothing that the player can do playing the game that
impacts the outcome. It's just an entertaining way to re-
veal the result, and it's revealed in a form that simulates
a slot machine; however, it is not a slot machine. It looks
like one, but it is not one.

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

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

Did you pass out the other sheet?

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

MR. STEWART: Basically, as I'm sure you know,
the take-out is what's left after what is paid back to the
bettors. Sort of a standard rule of thumb is that 80 per-
cent goes back to the wagerers and 20 percent gets distrib-
uted to the track and to others.
If you break it down a little further, you have what are called straight wagers, which is a win-place-or-show wager, and then you have a few exotic wagers which are everything else. Typically, what happens is more is paid back to the bettor on a straight wager than is on an exotic wager. For instance, here in Virginia, 18 percent goes back to the bettor on a straight wager; 22 percent goes back on an exotic wager. However, this is not uniform throughout the country. There's a wide range of take-outs.

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

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

The way this is going to work is that we're going to have a separate pool on a race at Balmoral, which is a harness track out of Illinois. The reason we're using that track is that it runs five nights a week and it's a night track. We'll have a separate pool on the last race; it will only be offered in Scott County.
The reason we need -- we're going to use a separate pool is that we want a different take-out on that race than there will be on the other Balmoral races. So the only place that this take-out that we're requesting this morning will take place is on the last race at Balmoral at Scott County because that's the only place we're going to offer it.

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

We believe that this will enable us to attract a very different demographic than is currently coming to our OTB, and as I've said over the years more than once, our best chance to prosper is to grow the pie for everybody so that that is really the objective of this promotion, to bring in some new players and introduce them to pari-mutuel wagering in a way that I think they'll find entertaining,
and they'll get the experience of buying a pari-mutuel ticket and cashing in the pari-mutuel ticket, and the best way to create a player is to have them cash in a pari-mutuel ticket.

And it's interesting -- you know, I went down every afternoon and kind of looked around when we were running the Second Tri over at the race track, and what you found the first couple weeks is that, you know, people were sitting there playing the game, and I don't think they were paying that much attention to the horses, but after a couple weeks, we went down and saw that everybody had a program. They all of a sudden figured out that that pari-mutuel ticket they bought had value, so I think we created some players, so I'm very optimistic about this program.

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

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

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

MR. SIEGEL: Any questions thus far?
MS. DAWSON: I have one. You mentioned that this would only be in one location, Scott County, and that it would be for a particular period of time.

MR. STEWART: Uh-huh.

MS. DAWSON: Do you intend it to be a continuing thing? Are you going to try to expand it to other locations? Is this just a trial, or what?

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

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

MR. SIEGEL: Well, I think it's fair to say that this is a test to expand it much like you have done during the standardbred meet at the track to see how it works, and other Counties may not necessarily feel the same way as the Commonwealth's Attorney did in Scott County, so you really can expand it only as good as you're granted from these Commonwealth's Attorneys. So hopefully if this is a good experience, then you can use Scott County as an example, and perhaps you might find most, if not all, of the other counties would go along with it as well.
MR. STEWART: Agreed.

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

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

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

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

We've talked about not re-slicing the pie. This is really a promotion designed to put more food on the table.
so to speak than re-slicing the pie.

MR. STEWART: And Jim's exactly right. The only cash flow on this promotion is in the sale of the pari-mutuel tickets. There's no revenue generated by the game itself.

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

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

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

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

MR. WEINBERG: That's right.

MR. PETRAMALO: May I ask a question?

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

MR. STEWART: It's comes from the contract with the harness horsemen.
MR. PETRAMALO: Okay.

MR. SIEGEL: Which was a reduction from the previous, correct?

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

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

MR. PETRAMALO: Thank you.

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

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

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

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

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

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

The Racing Act provides for separate pools, which is one of the motivating factors for this Promotion, but we
require the Commission's approval to conduct that separate pool, so that really is the first request. For the reasons Mr. Stewart articulated, we'd like to use a 40 percent take-out for that separate pool.

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

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

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

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

MR. J. SARGEANT REYNOLDS, JR.: And this will just
be the last race down in Scott County?

MR. WEINBERG: On this take for the simulcast portion, yes; and as Mr. Stewart showed, nothing is altered by that 40 percent take-out because everyone who would normally get their share of the pari-mutuel wagering will get their share.

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

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

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

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

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

MR. SIEGEL: I'm just curious.

Okay. Jim, are you done?
MR. WEINBERG: I am. I'm happy to respond to questions.

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

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

MS. BOUZEK: Correct.

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

MR. STEWART: Exactly.

MR. PETRAMALO: Okay.

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

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

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

MR. LERMOND: Mr. Chairman, I just wanted to go
back to the percentage for a second.

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

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

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

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

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

MR. PETRAMALO: Right.

MR. LERMOND: I'm with you.

MR. PETRAMALO: If a Quinella were run during our summer, our summer Thoroughbred Meet, rather than getting
nine percent for purses for an exotic, we could get 16.35
percent under that Quinella.

MR. LERMOND: Okay. Thank you.

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

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

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

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

I'm going to suggest that we approve it through
our October 10 meeting, which is -- I guess we'll do that in
a minute, but we are going to set a meeting for October 10,
which should give you sufficient time to evaluate the pro-
motion, evaluate how it worked or didn't work, and come back
and ask as to whether or not you want to continue it or just
bury it there, who knows? Or change it to some other take
out that might work or other conditions, if that meets with
your approval then --

MR. STEWART: We have no problem.

MR. WEINBERG: We very much appreciate it.

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

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

Our Executive Secretary, Iain Woolnough, is not
here, he's in Florida. This gave him no chance at all to
get back here for this meeting, and our president, Dr. Duna-
vant, is in surgery all day. So again, we are ill-prepared
to make a recommendation, and we apologize for that, but I
think we would be better served with a longer notice.
MR. SIEGEL: And I think the point has been made. I think we're clear about that. It's part of my reasoning for wanting to do this on a short-term basis as well to give everybody a chance to evaluate it; and clearly, the regs suggest that you are part of the process and you will be in the future, and again, just common courtesy to the horsemen as well as the Commission to have this information to us ten days before any presentation to be made for any changes. So I think everybody's clear about that.

MS. SMITH: Thank you, sir.

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

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

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

NOTE: There was no response.

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

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

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

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

MR. SIEGEL: And a second?

MS. DAWSON: Second.

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

NOTE: There was no response.

MR. SIEGEL: All in favor, aye.

NOTE: All indicated by voting aye.

MR. SIEGEL: Any opposed?

NOTE: There was no response.

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

Can I get that motion?

MS. DAWSON: So moved.

MR. REYNOLDS: Second.

MR. SIEGEL: Any other questions, discussions?

NOTE: There was no response.
MR. SIEGEL: All in favor, aye?

NOTE: All indicated by voting aye.

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

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

NOTE: There was no response.

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

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

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

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

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

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

Does that give us enough time?

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

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

MR. HETTEL: Okay.

How about the 12th then?

MR. SIEGEL: You race Tuesday, right?
MR. PETRAMALO: No, Thursday. Thursday, Friday, Saturday, Sunday.

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

MR. HETTEL: Okay.

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

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

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

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

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

MR. HETTEL: We can have a handicapping session.

MR. SIEGEL: So let's set it at 5:00 o'clock, and
that may not even be enough time, but we'll see what the agenda items are.

And then the next meeting is October 10th, a Wednesday at 11:00 o'clock, and the harness racing is at 1:00 o'clock on that day. They are racing Wednesdays, correct?

MS. SMITH: We are racing, yes.

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

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

Yes?

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

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

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

MR. WEINBERG: No, as long as -- it's purely housekeeping to make sure that the licenses don't expire on December 31st, which they have traditionally done.
MR. SIEGEL: Yes, we changed that last year as well.

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

MR. WEINBERG: Thank you.

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

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

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

MR. HETTEL: That is correct.

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

Okay, if there's no further business, we'll entertain -- I'm sorry. Oh, Amy.
I just learned actually yesterday that this is Amy's last meeting, that the Lottery has decided they need her full-time because of all the problems that they have, and we have no problems, and so she doesn't have the great need to spend a lot of time with us.

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

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

Other comments?

NOTE: There was no response.

MR. SIEGEL: Motion to adjourn?

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

MR. SIEGEL: Second?

MS. DAWSON: Second.

MR. SIEGEL: We are adjourned.

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

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