VIRGINIA RACING COMMISSION

FEBRUARY 8, 2011

10700 Horsemen's Road

New Kent, VA  23124

Commencing at 9:35 a.m.

COMMISSION MEMBERS:

Peter C. Burnett, Chairman
I. Clinton Miller,
Mark T. Brown
Stuart Siegel
David Reynolds

COMMISSION STAFF:

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

ATTORNEY GENERAL'S OFFICE

Amy K. Dilworth

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NOTE: The meeting commences at 9:30 a.m.

MR. BURNETT: Welcome this morning to our first meeting of 2011. Let's hope that 2011 is on the upswing from 2010.

The first order of business is the election of a chairman.

MR. MILLER: Mr. Chairman --

MR. BURNETT: Mr. Miller?

MR. MILLER: -- I move the election of you as Chairman and Mark Brown as Vice-Chairman for 2011.

MR. REYNOLDS: I second.

MR. BURNETT: Moved and seconded. Any discussion? This is your chance, Mark.

All right. We'll call the question. All in favor indicate by saying aye.

NOTE: All indicated by voting aye.

MR. BURNETT: Thank you, gentlemen. That's behind us.

The next item is the approval of minutes of the December meeting under your Tab 1. There's a minor typo I notice on page two, the last paragraph, one, two, three, four -- fifth line down. Mr. Stewart went on to say as opposed to well on to say.

Any other changes?

NOTE: There was no response.
MR. BURNETT: Do we have a motion?

MR. BROWN: I move that we approve the minutes.

MR. SEIGEL: Second.

MR. BURNETT: It's been moved and seconded that the minutes of the December 15th meeting be approved. All in favor indicate by saying eye.

NOTE: All indicated by voting aye.

MR. BURNETT: The minutes are approved.

Next are the Commissioners' comments. We've got a relatively lengthy docket today. We'll have an opportunity to make lots of comments about lots of subjects, but if anybody has any others they'd like to make now, we're pleased to hear them.

All right. Executive Secretary's report. Mr. Lermond?

MR. LERMOND: Thank you, Mr. Chairman, Members of the Commission. The first item I have is under Tab 2 in your books. The last at least two years, I believe, instead of approving the simulcast schedule on a month-by-month basis, in fact the Commission decided it would be easier just to approve all the tracks at once at the beginning of the year, and since this is our first meeting of the year, we have a letter from Mr. Lindgrove and an attached list of tracks that Colonial Downs wishes to take signals from in 2011. Staff reviewed the list. I think there were unfort-
unately one or two tracks that have bitten the dust, gone out of business, which is not unusual in this day and age. However, Staff have reviewed the list and would recommend approval.

MR. BURNETT: Before we take a vote on that, Dave, I think this is a great way to do it, and I'll give you an example of why I'm going to ask this question, and that is how do we or how do you remain current on the changing circumstances of the tracks on this list? A track gets in trouble, a track gets indicted, and the track goes out of business, whatever it is -- doesn't that need to be made known to us or somehow be officially deleted from the list? Do we have a way of keeping up with that?

MR. LERMOND: I guess not so much as more than a year to year basis. If a track was to go out of business in 2011, they wouldn't be on the list for 2012, but we can do some interim notification if something like that should occur.

MR. BURNETT: Yeah, I just wonder if there's a monitoring that is more than on an annual basis. Maybe it's not necessary. I just -- there's a purpose I assume for us approving these tracks, and like I said, everybody's on the up and up and there's no negative influence or anything involving Virginia Racing. I just want to make sure that we're exercising the appropriate level of vigilance.
If you're satisfied with this method, I'll take your word for it.

MR. LERMOND: I am.

MR. BURNETT: Thank you.

All right. Do we have a motion to approve the 2011 list of simulcast tracks as presented to us by Mr. Lermond?

MR. MILLER: I make the motion to approve.

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

NOTE: All indicated by voting aye.

MR. BURNETT: All right. The next item?

MR. LERMOND: The next item under Tab 3 is -- I would characterize as good news. At the end of the calendar year, there is a balance remaining in the thoroughbred portion of the Breeders' Fund of $526,000. Back in March when the Commission approved the expenditures of the money for 2010, Staff had estimated that there would be approximately $350,000 left, of which 290 was going to be given in awards, and $60,000 would be kept in a reserve as we've done in the past. The last part of your motion, Mr. Chairman, in March was that if there was a significant difference from these amounts that the subcommittee could come back to the Commission and seek approval for a different amount.

Mr. Petty, one of the members of the subcommittee,
advocated that with the $526,000 remaining that we could up
the Breeders' Awards to $300,000 and leave the standing
awards at the current $25,000, and that would give us a nice
cushion of $200,000 to move forward into 2011 with.

Chairman Burnett is also the Chairman of the
subcommittee. He asked that I send an e-mail survey out to
the members of the subcommittee. Out of the seven respons-
es, six of the members were in favor of the $300,000 in
Breeders' Awards, for $25,000 for stallions, and leaving the
$200,000 balance to be used for into 2011. So we would need
a motion.

MR. BURNETT: If I may, I want to make one
additional comment about that. I think I read in one of the
e-mails that suggested in these difficult times a $200,000
cushion as we have historically maintained might be better
utilized by reducing it by some amount and using some of
that $200,000 for Breeders' incentives and other sorts of
programs that might come up, and I just wanted to voice my
support for such a notion. I would want to hear the de-
tails, but I don't think there's a particularly strong sense
that we need to have every bit of $200,000 sitting there as
a cushion. If there's a good use for it to get us through
some tough times and to incentive folks to fill the gate or
whatever it is, that any constructive and responsible sug-
gestions will be considered. Is that your understanding?
MR. LERMOND: That's correct, and that would be the one no vote that I referred to was the person that suggested the $200,000 was too high of a cushion to remain. One of the reasons a cushion is important is because of the timing of the payments. A majority of the money is going to be given away at the live meet in Colonial Downs which is held in the summer time. You've got have to that much money built up in the fund, so having a cushion helps you where you might not have to cap something if you didn't have the cushion.

You know, again, it also gives the Breeders Fund subcommittee some different options to look at next year as far as maybe doing a hundred percent owners' bonus or any other good worthwhile programs that may come out in the meeting which we will hold in March probably.

MR. BURNETT: And when you say next year, do you really mean this year?

MR. BURNETT: I'm sorry, 2011, yes.

MR. BURNETT: All right. Any questions about Mr. Lermond's report on the Breeders' Fund?

MR. REYNOLDS: I have one. You said there was one negative vote?

MR. LERMOND: The one no vote that was the person that expressed the concern that Chairman Burnett mentioned that they thought maybe the cushion was a little too high.
MR. REYNOLDS: Were there any other concerns expressed?

MR. LERMOND: No.

MR. BURNETT: Did you have any follow-up discussion with that no vote? I mean because if I recall, the sentiment was accompanied with, "Why don't we use some of that money for 2011 ideas?" Which is what I'm saying, I agree with that approach, and I thought with that we might convert that vote to a unanimous vote of seven as opposed to six to one.

MR. LERMOND: The one no vote was a breeder who runs horses here at Colonial Downs, so I think they thought maybe we could up the Breeders' Awards a little bit. I think was their angle.

MR. BURNETT: Okay. Any other questions?

NOTE: There was no response.

MR. BURNETT: Do we have a motion to approve?

MR. REYNOLDS: So moved.

MR. BURNETT: All right, it's been moved, the Chair seconds. It's been moved and seconded to approve the distribution of the Thoroughbred Breeders' Awards as set forth by Mr. Lermond. All in favor indicate by saying aye.

NOTE: All indicated by voting aye.

MR. BURNETT: All right, that passes unanimously. We'll next move to the Stakeholders, and the

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first item on that is a request by Colonial Downs for 2011 Thoroughbred Race Days. Information on that is contained at Tab 4, and I'm sure there's some additional information to be presented by the Track today.

Mr. Stewart, Mr. Weinberg?

MR. WEINBERG: Commissioner Burnett, I'm happy to elaborate on the matters reflected in the Race Day request. Just as a brief summary, Colonial Downs is requesting 33 days of thoroughbred racing commencing on June 8th and running to July 31st, which will be conducted on Wednesdays, Thursdays, Saturdays, and Sundays.

You will note in our request there is an alternative if lighting is installed on the turf course that we would modify that schedule slightly to start on Thursday, June 9th, and run Thursdays through Sundays, which is a substitution of Friday nights for Wednesday days, and the post times would switch from 4:00 p.m. to 7:00 on Thursdays and Fridays and from 12:55 to 7:00 on Saturdays.

I think the decision regarding lights will be made in the next couple of weeks. What we would ask for today is approval of the thirty-three days as if the lights were not there, and if we can proceed and do proceed with the lights, come back to you and ask for a modification.

If you are a superstitious group, I would encourage the setting of Race Days on the second Tuesday of
February given that this is the first year in memory where I don't believe there are any issues with the Thoroughbred Horsemen in that they join that request in all respects.

MR. BURNETT: Well, let me --

Anything further to your presentation?

MR. WEINBERG: No, and I'm really happy to respond to particular questions.

MR. SEIGEL: What's holding up the decision on lights? Is it pricing?

MR. STEWART: We're waiting for final quotes from a contractor.

MR. BURNETT: Let me start -- since we have unanimity coming to us and we can't possibly do anything in this system without some controversy, let me see if I can help.

I am deeply concerned about the direction of racing, and I think that the time -- and I look at overnights from 2010, '09, and '08, and I look at how low the overnights were last year, and I've heard many, many times from that side of the dais how the size of the purses has a lot to do with who we can attract to run, how we can fill the gate, who's going to come here and all the rest. And I think that the time has come for us to acknowledge that we can't afford one of the highest percentage stakes programs in the country for a program like this, and I base that not
because I don't like the stakes, I think that it's wonderful to have particularly if we have some beautiful days and some beautiful racing. But I say it because I think charity starts at home, and I think we need to support our local Horsemen, and I define that for me as those who fill the barn area, fill the gate, contribute a fair amount to handle as interested horseplayers, and I think that we need to sub-
stantially increase the overnights from last year for horse-
men and extend the days of racing.

It's not lost on me that the Thoroughbred Horsemen came to us with a racing contract and we approved it and they said they were going to apply for forty days for the next three years at the time. Not a word has been said as to why there's now a departure from that by about eighteen or twenty percent, and it's my view that if we have a stakes program that we're at the -- closer to the national average, there are some tracks that have less, some few that have more, but a stakes program in the range of twenty percent, we could support forty days of racing at $136,000 a day. I think that money is more in conformity with promoting, sus-
taining a successful program in Virginia than it is to per-
mit hundreds of thousands of dollars of Virginia purse money to leave the state.

I recognize the Virginia Derby is a signature race. I think it should stay and can stay. I think the
Breeders' races are there for local horsemen, but I think at the core of it is a truncating of our existing stakes program to provide money to local horsemen is where I'm coming from with it. I think that's what's going to bring people to our barns; it's going to help us with our purse start average, which is difficult, and I think it's something that it's time to try. We've tried the thirty percent, 35 percent, in that range -- a very nice stakes program, but what we've found is more than three-quarters of that money goes a long way from Virginia, and I don't mean to Maryland, I mean a long way from Virginia, and I think it's time for a C-change, not an incremental change. We can't afford to tinker. I think we need to make a statement in favor of the local program, the local horsemen at the expense of stake racing.

I'll certainly give you an opportunity, and I know you'll want to respond to that, both you and the horsemen as well, but I would ask if any of other Commissioners want to comment now or wait until they have heard what folks have to say?

MR. MILLER: We'll hold our comments and respond.

MR. WEINBERG: With all due respect, Mr. Commissioner, that is a paradigm switch from the business model that Colonial Downs has articulated at least for the last ten years.
I think the word charity is not a misnomer. I think we have appeared here every year consistently telling you that the most profitable days for Colonial Downs and the ones that really sustain a business model are those high stake days, that if you look at attendance and handle and revenue, the Turf Cup, Virginia Derby Day, and some of the other stakes on those cards for those two days are critically important to the financial success or viability of a thoroughbred meet, and so reallocating and diminishing those, which will adversely affect the economics of the meet in its entirety, has profound effects for Colonial Downs.

Secondly, I think if I heard your math correctly, you would extend the days and reallocate the breakdown so that overnights would be $136,000 per day, which candidly, is a model that I think year in and year out Colonial Downs has appeared and said running more days for lower purses has been a recipe for disaster for other tracks. It's not a model that anyone has demonstrated is viable for the sustainability of a racing program, and while I certainly understand the appeal that it would have for Virginia horsemen, I think we have always tried to strike a balance to be a track the does all things for all people in the sense of providing a venue for Virginia horsemen, particularly on the turf. I think there are opportunities to run on the turf here that are not available anywhere else in the country,
and so that there has always been this balance and continues
to be this balance in the contract that was signed last year
between providing big race days that attract a big crowd and
sustain some revenue for the track that helps offset either
loss days or neutral revenue days elsewhere during the meet.

So to suggest that we're going to give that up
to sustain a program that has substantially reduced daily
purses, with all due respect, sends us in a direction and a
business model that has yet to succeed elsewhere in the
country that we're aware of. So that would be a profound
difference, and candidly, those stake races and race days
and all of that has, as you may well be aware, go into the
mix of negotiating that contract, and a switch as you de-
scribe would in essence undo those contractual negotiations
and really put us back at square one.

MR. BURNETT: Let me just make one clarification,
excuse me for jumping in, and then I'll certainly listen.

when you speak of average purses going down by
having more days, just so that I'm completely clear about
this, if I understand correctly, the average overnight last
year -- overnight was $116,000, so the average -- I think
what I've come to conclude is that it is not helpful to look
at purses with such a broad brush as to characterize per
day. That is, the overnights are meaningless to the people
that come in to run for a $700,000 purse in a big stake.
Likewise, the $700,000 stakes and the greatest stakes programs and really nice stakes races and what is put into that is meaningless to the overnight people.

So I don't think it's helpful to average the two. It might be a way of comparing us as a state program for total purses, and people talk that way all the time, but for the success of the program and the people that patronize it and where the money is going, for what it's worth, I'm looking at two different numbers: How much goes to stakes, and how much goes to overnights, and under what I've just said, overnights to horsemen would increase by $20,000 a day and provide them with seven more days of opportunities to race.

So that -- and I understand from the VHBPA that the horsemen requested that racing -- they do have the four days a week this year rather than five, so the daily purses would increase, so I assume that no horseman in his right mind is going to turn down or not want increases in purses.

I'll stop there and let -- I just wanted to be clear about the analysis.

MR. WEINBERG: Well, no, it's important, and that's why I was trying to clarify what the 136 you were referring to -- that is overnights?

MR. BURNETT: Overnights exclusively, right.

MR. STEWART: Well, I've got a couple thoughts for you.
Obviously, we've discussed this issue in detail over the last few years, and I don't have my old notes, so I'm going to be working from memory a little bit, but I have a couple new thoughts for you.

I think one question you have to ask yourself when you look at live racing is: Who's the meet for? Why are we doing this? What's the point? I brought along a study that was commissioned by the United States Trotting Association relative to harness racing, and it has obviously a number of items in it specific to harness racing, but it has a couple other things that I thought were relevant to thoroughbred racing, and one item here especially that struck me as relevant to this conversation, and it talks about one of the problems with harness racing, but I think it applies to thoroughbred racing as well is a lack of an industry marketing orientation, and I guess -- so what does that mean? Well, what they're talking about here is what's the product focused on? Is the meet focused on the product, which is the race and the horsemen, or is it focused on the public? And their conclusion here is that one of the problems is that a lot of emphasis has been placed over the years on the product and very little emphasis has been placed on the public, the consumer.

It says, in contrast, a marketing orientation ought to place the public, the consumer, the fan at the
center of its business. So if you sort of accept that premise for a moment, what does that mean for this conversation? And I guess to me what that means is if the meet is about exposing the product to the most number of people and trying to encourage people to come to the track and getting interested in racing, are they going to get interested on Virginia Derby Day, the big races, jockeys that they've heard of, horses that they may have heard of? You can look at our alumni. Our alumni from both the Colonial Turf Cup and the other big races have done very well. Are they coming to that, or are they coming to watch sort of the bread and butter guys racing for a few bucks? And I would say that most of the people that come, if you look at our attendance, they're coming for the big days. If you want to grow this business, if your real goal is to have a sustainable business model, you've got to get people interested in this, and they're going to get interested on the big days.

You know, you mentioned charity, and that just kind of hits a nerve for me. You know, one of the things if you look at the situations around the country that are resulting in tracks closing, and there's plenty of them over the last few years, there's one common denominator I think. Maybe there's another one, but there's at least one I can think of, and that denominator is not the lack of race days, it's not the lack of purse money, it's not even the lack of
horses or even the lack of breeders. The common denominator is the tracks aren't making any money, and that's why when you see a track close, you don't see another one open. If you see a -- I don't know, sometimes you see a store close in one location, you see another one open right after it. Why is that? That's because that person thinks they can make some money in that location.

Why isn't that happening around the country in racing? It's happening because the tracks aren't making any money. So -- and Colonial Downs is no different. If you look at the last fourteen years -- we haven't discussed this in awhile, but I believe Colonial Downs has lost $60 million, which is a fair chunk of change, and we're basically at this stage of the game, we're operating under kind of a different model. Most tracks are operating under the model that they're trying to hang onto the slot machine income. We're basically operating under a model where we've got somebody that's willing to subsidize racing in this State, and that person over the last few years has sort of placed very few demands on that subsidy, and basically that person only comes to the track once a year for a number of reasons, but one of the reasons he comes is for the big races.

So I think from the standpoint of charity, there's been plenty of charity. If the goal is really to put people in the stands and grow this business and expand this indus-
try and get people interested in it, then I think you think
long and hard about what you want to do with the big stakes
races and the big days.

MR. BURNETT: I'm going to withhold my response.

Does anybody else have any comments or questions?
I'm sure the Horsemen want to comment. Frank, do you have
-- do you have a comment?

MR. PETRAMALO: Yes, my view is somewhere in
between the Chairman's and Colonial Downs'.

As you well know, over the years this has been
a point of -- contention is a little too harsh a word, but
active discussion between the Horsemen and the racetrack.
We always thought that the percentage of stakes races was
too high. Last year it was thirty percent. We thought that
was too high, and we're always trying to chip away at it.
You kind of take a look at over the last five years or so,
the two big races were a million dollars apiece, two
million. We've been able to chip away so that they're now
down to one-point-one. We'd like to even chip away more to
lessen the Derby and even the Turf Cup, and in my opinion,
doing so wouldn't jeopardize their graded status.

Anybody who reads the industry press knows that
even the big guys like Keeneland and NYRA and Churchill are
cutting back on their stakes purses with no ill effect on
their overall racing, so I think there is room to cut
stakes. I don't think it makes sense in eliminating them, because I agree with Colonial that those big days are certainly important to racing.

MR. BURNETT: You didn't hear me say that I was suggesting eliminating them, I hope.

MR. PETRAMALO: Well, I wasn't quite clear what you were proposing.

MR. BURNETT: I said twenty percent to stakes --

MR. PETRAMALO: Oh.

MR. BURNETT: Which would be $1,360,000, and 80 percent to overnights. That's where I started.

MR. PETRAMALO: Oh, okay. Well, I'm sorry I didn't pick up the arithmetic.

MR. BURNETT: So you can do the math and come up with your races, and $1,360,000 is a pretty good chunk of change to put on some big days in my view.

MR. PETRAMALO: Well, my personal opinion is you could run the Derby for 500,000, and the Turf Cup for 350,000, and you would not jeopardize their graded status, and more importantly, in my view, you would not lessen the attractiveness of those races to horses; horses would come whether the Derby is for 600 or 500, and the crowd would come. The crowd doesn't know what the purse is. All they know is it's a big deal day, it's the Kentucky -- it's the Kentucky Derby in Virginia -- I mean to Virginia, but it
kind of seems that way.

But with that said, sure, we'd like to have more money to go into overnights, and it's for that reason that we agreed to cut the number of race days from forty to thirty-three.

We conducted a survey of our actively licensed trainers, and we got a hundred responses to 386 surveys that we sent out, and roughly 70 percent said yes, reduce the days to bump the purses, and that seems to us to make sense and that's why we're supporting the thirty-three days.

Now, let me also make another observation. We talk about keeping money in Virginia, et cetera. Bear in mind, if my memory serves me correct, the last time I looked, if you looked at owners and trainers' licenses, only about twenty-five percent of them are Virginia residents. We have members who race here come from Kentucky, Maryland, West Virginia, you name it. So Virginia is really a small percentage of the overall population that comes to race here, and regardless of the purse structure, most of the money is going to go out of state because that's where all the owners and trainers come from.

MR. BURNETT: You would agree with this, wouldn't you, that to the extent that somebody comes from Tampa and brings a string of horses and employees and parks themselves out here on this nice barn area for a couple months to buy
local, use a local veterinarian, eat in local restaurants, go to local stores, buy local gas, et cetera, et cetera -- is it all of it? No. But it's a far cry in terms of local benefit, and they bring a little something else to the party that the ship-in stakes people don't, which is that they fill that gate day in and day out.

MR. PETRAMALO: Oh, yes, we're happy to have them here.

MR. BURNETT: Right. Well, we need them here. That's my point.


MR. BURNETT: So I think I heard you say you favor higher purses?

MR. PETRAMALO: Yes. Higher overnights. No doubt about that.

MR. BURNETT: And higher overnights?

MR. PETRAMALO: No doubt about it.

MR. SEIGEL: Mr. Chairman, I think everybody has made a pretty good case here on both sides. I think there's perhaps, you know -- that there's an opportunity for some compromise here, whether it be apportioning of the days as well as the amount allocated to stakes, but I don't think it has to be a win or lose. Perhaps there's a hybrid somewhere where everyone can be satisfied at the conclusion.
MR. BURNETT: In Virginia?

MR. SEIGEL: I don't know.

MR. BURNETT: Mr. Miller?

MR. MILLER: Pardon my ignorance, but Frank, who determines whether a race remains as a stakes race?

MR. PETRAMALO: There's a -- well --

UNIDENTIFIED SPEAKER: Can I -- it has to close 72 hours out, and they have to pay money to race. That qualifies it as a stakes.

MR. BURNETT: He might mean graded stakes.

MR. MILLER: The one you talked about that the purse --

UNIDENTIFIED SPEAKER: It's a committee.

MR. MILLER: But how far could it be reduced, and you said that if it's reduced a little bit, it could still be a graded stakes race, but who makes that --

MR. PETRAMALO: There's an organization called the Thoroughbred Owners and Breeders Association.

MR. MILLER: National?

MR. PETRAMALO: National, total. They have a graded stakes committee that on a yearly basis reviews all of the races to determine whether they should continue with their graded stakes status, or whether it should be changed or some ungraded stakes should now be graded.

We have, over the years, moved from Grade 3 for
the two big races to where it is now Grade 2.

MR. MILLER: I noticed just reading BloodHorse magazine that some of the fairly -- to me they seemed like fairly significant tracks have reduced --

MR. PETRAMALO: Yes.

MR. MILLER: -- their graded stakes purse amount.

MR. PETRAMALO: (Nodding head indicating in the affirmative).

MR. MILLER: Does a track like -- I know I should be asking Jim this --

For instance, if you wanted to make sure that the Virginia Derby or the Turf Cup remained a Number 2 graded stakes level, would you go and negotiate -- would you go and discuss that with this group of these people and say to them, "It's seems that some of the people in Virginia would like to have higher overnight purses, therefore, we would want to find out how far could we reduce the purse amount for this graded stakes race that would satisfy you so we don't loss our designation"?

MR. WEINBERG: Mr. Commissioner, as rational as that sounds, and I would like to say yes, my understanding is no, that this group is very somewhat subjective, and pardon the analogy, but like the College of Cardinals in selecting a Pope. They go into a closed room and they come out with their decisions, and some make sense and some,
people are scratching their heads. But the opportunity to have that dialogue --

MS. MILLER: Isn't there?

MR. WEINBERG: -- is not really there.

MR. BURNETT: The dialogue is not there, Commissioner Miller, but they just made these decisions, just announced them. I just read recently where Charles Town got a graded status for their class for the first time in 77 years.

MR. MILLER: Well, my follow-up question is in addition to the purse amount, there must be other factors?

MR. PETRAMALO: Yes, that's the key.

Let me give you an example. In Grade 1 Secretariat, which is a turf race at Arlington Park, the purse there is $400,000. It's always been that and it's always been Grade 1. What really goes into a determination is the quality of the race, which they kind of judge from a rearview mirror. If the horses that run in the Virginia Derby go on and do wonderful things like we've had here, bingo, we move up. Gio Ponte, bingo, that gets us up.

So it's a number of factors, and while the amount of the purse is significant, that in my opinion is not the determining factor.

MR. MILLER: Not the sole determining factor?

MR. PETRAMALO: Correct.
MS. RICHARDS: And also if you look at the list of alumni that Ian was referring to like Gio Ponte, all the horses that ran here, English Channel, you will find I think if you made a list that they did run in other races for less money. Even though they went on be champions or whatever, they didn't come here just because of the purse. As Frank said, they would have come to a race -- if it was important to them, they would have come to a race with a lesser purse structure.

MR. MILLER: One more question and then I'll quit.

MR. BURNETT: No, no, don't quit. We're getting educated.

MR. MILLER: The Derby was reduced in amount at least since I've been on the Commission -- I think it was a million dollar race.

MR. PETRAMALO: It went to a million and then 750 and then --

MR. MILLER: 750, then seven or whatever it is.

MR. PETRAMALO: Then down to 600.

MR. MILLER: Okay, two part question: Did you see any ramification from that reduction among the people that would come here with their big deal horses and big deal jockeys? The second part of that question is: Since this -- since industry-wide it appears that the stakes, graded stakes race purses are being reduced at all these other
significant tracks, wouldn't that lessen the likelihood that
a superstar horse or horses and superstar jockeys and so
forth -- wouldn't that lessen the likelihood that they would
not come here? In other words, they would still come be-
cause the competitive field, the competition is leveling
down at the same time that it's being suggested that you
level down here?

MR. PETRAMALO: I think that's correct, because
the whole industry is going down. If the industry was stay-
ing up or rising and we were going down, then I'd say we've
got a serious problem. But that's why I pointed out at the
outset that the big guys like Keeneland are also cutting
down.

But the other thing to bear in mind is our big
races are on the grass. Most of these other races with big
purses, much bigger than ours, are on the dirt. If you have
a grass horse, there are very few opportunities for you to
run for a lot of money, and $500,000 in a grass race for a
three year-old is a ton of money.

MR. WEINBERG: I guess I'd like to offer an
alternative view based upon observations over the last sev-
eral years in that when we started the Derby at a million
dollars, it made a big splash in that it attracted horses
that did not have Colonial Downs on their map, and that as a
consequence over the years, I think we have enjoyed the
light that emanated from that million dollar purse that
attracted horses that put that race -- those two races on
the map and got them here.

I think while I respect that other tracks are
decreasing, we've already taken our decreases over the years
in a period of time when other tracks were not as we went
from the million to the 600,000, and I think if you look at
the experience over the last three years, horses that had
initially committed to come to the Turf Cup and the Derby
have scratched in greater numbers than they did previously
when we had very big purses.

I think just -- and that's just an anecdotal
observation, but there's more competition during the summer
than when we originally started. As purses decline, I think
we're going to see and have seen an erosion of the number of
quality horses we get at those races.

So, I respect your observation that yes, other
tracks are cutting their stakes, but we were out in front of
that effort over the years and have cut it from a million to
600,000, so at some point we are -- I don't think we should
kid ourselves, we're disadvantaging ourselves of getting
those horses to come to Colonial.

I think we've been lucky and we've had some
good alumni who have done well, but we are not in as strong
a position, just from my observation, as we were when we
were at the million dollar purse.

    MR. BURNETT: Okay.

    MR. BROWN: Can I ask Frank a question?

    MR. BURNETT: Sure.

    MR. BROWN: You said you sent out a poll, so to speak, to the other trainers and you only got a hundred responses from 300?

    MR. PETRAMALO: 386. We got a 26 or 27 percent response, which I thought was pretty good for a survey. I mean we had a number of questions on there. Another significant question was do you favor moving the meet from the summer to the fall? The number dropped there. I think 25 percent were in favor of doing that. However, once you started weighing the results, if my memory serves me correctly, those who were opposed to moving represented more than half of all of the starts during the meet.

    It's just kind of an interesting footnote since we're not into the combined fall meet issue or anything. But we had five questions on the survey.

    MR. BURNETT: There were some comments made recently at an investors' meeting by Peter Carlino, who likes to think he's a horseman -- I don't know. When he bought Charles Town, he said we're a racing family that's using gaming to support us. It took him about two years to say we're a gaming family that's putting up with racing. He
is now saying that there is no way that racing can survive without slots, period, end of discussion; if you don't have slots, you're gone, you need slots, and slots -- and he's also honest that slots money, in his view, increasing purses doesn't benefit the quality of racing, that you get as he says, the same old horses running around the same old circle beating each other for bigger amounts of money.

I'm not sure I agree with very many of his conclusions, but you know, from a horseman's standpoint and a horse industry standpoint, I characterized it recently as it's a good thing he wasn't a doctor, because he'd be suggesting giving Ecstasy to the unhealthy because they were going to die anyway.

And I think it's fair for us to conclude, and I think Ian alluded to it, that there's no point in our doing any kind of thinking, planning, or considering slots-supplemented racing in Virginia. It doesn't make sense, and I think in fact suggesting the same could really hurt us. I'm not sure that this annual -- now annual rendition of putting up historic racing bills into the legislature helps us or hurts us, and I think that my difficulty with trying to sort of compromise this whole thing is, well, let's take the stakes, and you know, they're thirty percent, Burnett says let's try twenty percent, let's go to twenty-five percent, and we end up with a muddled result, and I think we have
given the high purse for stakes and the big days a heck of a good shot, and it's gotten us some recognition actually -- I couldn't agree more with Jim that we've gotten good recognition, and I think we've established a reputation. I think people have discovered Colonial Downs.

We were a three, four, five year-old track when we started doing this thinking. We've now been around a little bit longer, and I think people regard us as established. I think there are certain horsemen that point their grass two year-olds who are looking good, might go a distance and are ready to go a distance at the potential Virginia Derby on grass.

I will say that any time you've got a million bucks, you're going to get a few extra nominations, and I guess our racing secretary might be able to confirm it. But when you've got a huge purse, a lot of dreamers put themselves in there just in case, so you are inevitably going to get more scratches on a higher purse than when the purse numbers come down.

But I also agree with Frank that we have established these big days, and I think people will come out. I think to suggest that whether the purse for the Derby is $700,000, $600,000, $500,000 makes any difference in the fan turn-out is just not realistic. I just think that it's all about the promotion, the weather that day,
what publicity the horses get, where they have run before, who's talking about what, where, et cetera. But I do know that we're -- the owners are fleeing from the business -- fleeing from the business. Some of our most prominent named people in Virginia who it would be inconceivable to think that they would ever give away one of their -- any one of their best horses are now giving them away in multiples. I have that on personal knowledge.

The folks that are sticking in this business are scratching out a living and doing it for the love of the game. I recognize that local horsemen aren't pure Virginians, and I kind of characterize local horsemen as being of the Mid-Atlantic area who support this meet, shoot for this meet, and I'll even give some credit to the Tampa Bay folks and the Ohio folks, the ones who actually come here, live here, and stay here. These are the kind of folks that we need to support or we're not going to have a game, period.

And one comment about product versus fan. In my opinion, that is racing's biggest problem. Our notion of changing the product is to change purse amounts. That's it. That's all we do, change purse amounts. We can advertise it differently, talk about it differently, add a shopping center, add slots, add give-aways, add this, add that, but we have done nothing to change the way the public plays the horses. The standardbred horsemen play their horses the
they play them, they handicap them the way they handicap them, the purse structure's a little different than the thoroughbred structure. The thoroughbred people do it their way. To the young people, both ways are hieroglyphics and they're not interested.

And again, Carlino says the people that come to racing, the reason we've had a decline in fans is the death rate. If you want to calculate how long it's going to be before we don't have any fans left in racing, just go ahead and look at the average age of gray-haired people like me at the track, and that will be the end. Just calculate it out to the average death and we're done, and I do agree with him in that we're not doing much to attract the younger bettor, and I think if we don't find some ways to do that, to mess with that product in a way that today's fan will come to us and patronize, we've got no chance.

So what I'm suggesting in terms of an 80/20 ratio in 40 days of racing at $136,000 isn't anywhere near the answer. You know, Jeanna's got to put on the creative hat of her life to figure out how to get people out here, and I think we need to think about some of this exchange wagering, exchange betting, in-race betting -- other types of ways that in a perfectly legal fashion we can get fans to bet on racing, and to be -- because you know, we all know it's now -- people predicted it before and it's turned out to be
true that slots do not create racing fans, slots steal racing fans. And I don't see how a shopping center next to a race track at Gulfstream Park has done anything for them. Or the slot machines -- it's done nothing for them.

So either we -- and it's an avoidance of what the real issue is, and those of us that love horse racing, love it the way it is, love it the way it's always been, don't want to change it because we appreciate it and understand it, and we just, I think, are in denial about the young bettor. And until we step up and figure out how to deal with that, we're in trouble. Even with quality ADW expansion, which by the way we've got them all in the room and thank you-all for your efforts and hope you'll keep going, we'll talk more about that later, but I propose this 80/20 experiment, if you will. I'm still open-minded to a very big challenge of this combined meet of standardbred and thoroughbred at the same time, but I propose that we have tried the other way. Let's give a full and fair chance to this way and do it for a year or two years and see what it looks like together with a redoubled effort by the Horsemen, by the Track, and by this Commission to find a way to rejuvenate the product and the fan interest in the product any way we can.

And that's the end of my speech about it, but that's where I come from on it. Call me crazy, gentlemen,
anybody?

MR. BROWN: I don't call you crazy. I think the game needs a change. We've got to find some way.

MR. PETRAMALO: Well, we have legislation pending which among other things gives the stakeholders here the opportunity to come up with creative ways of making new bets to entice people to come. Right now we have a statutory 18 percent takeout for the standard bet. The legislation would give us the opportunity to change that.

You know, some tracks have tried successfully with coming up with some great wagers, lessening the takeout to ten or fifteen percent for some type of exotic wager that you can bet on for half a buck or a buck with a huge upside to it, kind of like the lottery. It's mindless. You know, there's things like that that we might well want to try.

My view is our problem is not the product. We don't think there's anything as exciting as horse racing. But it is too slow between races and it's too dead of intensity. Now we need -- let's pull machines or pull the levers or push buttons and get quick action. If there's some way to appeal to that segment, then you know -- then racing will become very popular.

One of the reasons that wagering is so high on the exchanges in England and Ireland, betting exchanges, is because they have got all these exotic things that you can
do. Without getting into too much of a Shaggy Dog story, last week in England where I happened to be, there was a race going on. The top jockey in the country was riding the odds-on favorite who was seven-to-four. Well, the horse was going absolutely nowhere. He was going out the back end. Now, because of the way they bet there, you can bet during the race on where that horse is going to finish. So some crazy people wagered a grand total of 240 pounds.

MR. BURNETT: They were crazy, Frank.

MR. PETRAMALO: Not me, unfortunately. 240 pounds at the halfway point that this horse was going to win even though he was dead last. Well, it was an amazing race; the horse won and the payout was a thousand to one because he was running so poorly at the half-mile mark that the odds went up to a thousand to one. Is that exciting or what? I mean that's what they can do to make it interesting.

That was kind of a Shaggy Dog story, but it illustrates the point.

MR. SEIGEL: They've got better technology than we do apparently.

MR. PETRAMALO: Well, no, we can do it. I mean the exchange wagering I believe has passed in New Jersey and perhaps in California. What it is is kind of an e-Bay for bettors. It puts backers and layers to each other. I'm backing the horse saying he's going to win; you're saying
bingo, he's going to lose, and it allows you to create all
types of interesting ways to wager money.

MR. BURNETT: Well, and clearly for a traditional
handicap, you need to fill the gate. The more horses in the
gate, the better the fans like it.

MR. PETRAMALO: Sure, absolutely.

MR. BURNETT: No doubt about that.

I will tell you a shorter Shaggy Dog story.

Speaking to a particular legislator that's supportive of
racing, when I explained to him what in-race betting was
about and how prop betting essentially could be such that
folks could bet against each other more or less, his comment
was oh, jeez, that would great. You mean if three or four
or five of us went to the races, we could each bet against
each other's horses and at least one of us would win? And I
said yes, I mean that's entirely possible, and that made a
light bulb go off with this individual. You know, it was
racing and I think probably the experience that you go out
there and can throw away two dollars, you've got a one in
ten shot and usually you don't get it, and that's his idea
of what racing is because he doesn't know how to read a form
and doesn't know how to improve his odds at all -- maybe he
doesn't even know how to read the odds board, I don't know.
But the notion that you could go in a crowd and have it be a
little mini pari-mutuel competition within that group of
people who were at the table picking horses, whether it was
the gray's going to beat the bay or whatever it is was
highly appealing. The technology is, I think, the major
hurdle. I think it's--

MR. PETRAMALO: Oh, it can be done. It can be
done.

MR. BURNETT: It only takes money.

More discussion of this issue? We want to make
sure we've got plenty of controversy.

MR. WEINBERG: I wanted to sort of try to narrow
the discussion a little bit, because I think we are not in
disagreement that we all agree, and I think we had antici-
ipated having this discussion in connection with standardbred
dates that we need to change, that there are changes that
are necessary in that we have been talking about and around
about getting together collectively with all the stake-
holders and discuss what those changes should be, and I
think as you have said, getting a younger generation in-
volved, making it an attractive product.

I think it is difficult to pick on one aspect
this morning and say let's tinker with the mix of stakes and
overnights and see what happens without being a little more
analytical about it, with all respect, in that the Derby and
the Turf Cup by our measurements are successful, and if
we're going to tinker with them and put them in jeopardy,
let's all agree on what we're trying to ascertain in return. You had characterized that this paradigm had failed, and I think we haven't agreed on what the metrics are for measuring success or failure, so I don't think we would all agree with that characterization that it's not working. I think there are aspects of it that are working exactly as we would measure success and working, and before we jeopardize that, with all due respect, I think we should spend a little more time looking at it very analytically, and by that, I mean just to use an example, if we're going to reduce the Virginia Derby purse, we should be looking at who are we competing with? What other races are going on, and where does that put us? Are we jeopardizing losing what we perceive to be a pretty strong draw at that time of year on the turf because we're now competing with tracks that have greater resources than us?

My impression is we're starting to see some of that as some of the horses that have indicated interest that would have made our race a lot more competitive are going elsewhere.

I would just ask that we look at all aspects, not this morning just pick one and say well, let's tinker with this and see what happens.

MR. BURNETT: I don't regard it as tinkering when you just say -- I think the tinkering is for going forward
with respect to how you want to do it for the exact reasons you raise. There's plenty of room in that $1,360,000 to leave the Derby right where it is. It's pretty close to leaving the Colonial Cup pretty close to where it is or at where it is.

Those are tough decisions, but I would submit to you they are no tougher than the decisions that the people on that back side have to make if they even are going to come to this back side. How are they going to feed their horses? How are they going to feed their families? How are they going to come down here and fill this starting gate? Because it is those folks that we are duty-bound to support. A couple of big days for racing I don't think is what the legislature had in mind when they wanted to create racing and breeding on an ongoing basis in an agricultural way in Virginia. Is it impossible? Maybe. It may be that we're just barking up a tree that we'll never get to. But I think that's our charge, and until they tell us otherwise, we have to look at that which is most likely to sustain a State racing program in Virginia, and I admit, I just respectfully disagree that cutting back to twenty percent is a fatal blow, reckless, or in anyway something that can't be dealt with quite well, and I think on balance, the horse community, the trainer and owner community will more than offset any negativity that you might hear about the adjustments.
that have to be made on the stakes side.

I think that the word going forth that we're holding forty days and there's going to be $136,000 a day available over ten weeks I think will be received in a very positive way by the horsemen themselves and the press.

MR. WEINBERG: And my only response to that is if we're not going to cut the Derby or the Turf Cup, then we're looking at the All Along and jeopardizing its greatest stakes, the Zeke and the six $50,000 stake races that are predominantly for Virginia horses. So, all I'm suggesting is if you cut those, are you really accomplishing the goals that I think you just articulated?

MR. PETRAMALO: Let me see if I can summarize where we are. The Horsemen and the Track are anticipating this year a 70/30 split, the thirty percent being the stakes purses, which is a little -- a smidgen more than two million dollars. What you've suggested is an 80/20 with your twenty being $1,360,000. The difference is $700,000, so somehow or other you've got to find $700,000 to cut out of the stakes program. That is very, very difficult to do while maintaining our ten or whatever we have, twelve $50,000 stakes, and some of the other lower races.

There is a compromise. If one were to look at a 75/25 percent split, one could achieve that by reducing the Derby from $600,000 to $500,000 and reducing the Turf Cup
from 500 to 350. I just happened to do the arithmetic here.

MR. BURNETT: There's another way you could go.

You could say, as they did in Maryland very painfully with
Pimlico Special, we're going to suspend the All Along course
this year, period, not going to be run this year, take your
horse some place else, hope you come back next year when
things straighten up, and there's lots of different variat-
ions of ways it can be done. But I think we need to get --
I'm not in support of compromises. We have gone the noncom-
promising way of thirty percent, thirty percent, thirty per-
cent for years now. I think it's time for a change that's
more than incremental. We can't afford incremental changes.
Maybe next year we're going to come back and have a combined
meet. That might be something that happens with the harness
horses and thoroughbreds, I don't know where that's going to
go, but I just think -- there usually is a time and it
usually is more appropriate to go in an incremental fashion,
but in this circumstance, I don't think it's a particularly
huge leap; I don't think it's a shocking difference.

I'm not suggesting a five percent stakes program
or a ten percent stakes program. I think if you look at the
tracks around the country, twenty percent is a pretty ample
stakes program, and we ought to be able to make that work.
And again, I'm -- you know, we don't have vans anymore
bringing horses down here, we have the cost of gas rising
again, there is increasing pressure from Pennsylvania. We need to get these horsemen here and fill that gate, my view is, and we need to have some consistency of what people can plan for every summer.

So I repeat myself.

MR. MILLER: Mr. Chairman?

MR. BURNETT: Yes.

MR. MILLER: Jim, when proposing the schedule set forth in Ian's letter, did you check on other major stakes races that are being held June 18th and July 16th this year to see what kind of direct competitive field you have for trying to fill your Derby and the Turf Cup?

MR. STEWART: Well, we've run those dates traditionally, but Tyler can speak to that.

MR. PICKLESIMER: Yes, most programs, you know, run about the same time. We've got the Jefferson, Churchill is pretty much the closest thing to us, and the race in Delaware, I think it's only 75,000, something like that. It's not a great race. So those traditional dates are, you know, really don't affect anybody.

MR. MILLER: Well, what I'm trying to get at is if you had a Virginia Derby at $500,000 on July 16th, what major races would you -- what major tracks would you be competing with that day against?

MR. PICKLESIMER: That day, I don't believe
anybody.

MR. MILLER: Okay. How about the other date for the Turf Cup?

MR. PICKLESIMER: That day, I don't believe anybody, but like I say, within a two-week span, there's going to be another one, two weeks in front or two weeks after there's going to be something. And a big part of it, you know, is trying to get to a Grade 1 stake, which you know, you're hard-pressed to find a small racetrack that has a Grade 1 stake, and we're pretty close. I mean we're about as close as you can get to not being a Grade 1. So you know, maybe another season or two, you know, the current purse might be enough to put us over the top just to track the horses that can go on and win other Grade 1s. So that's a big part of the goal too.

MR. PETRAMALO: I think I agree with Tyler that we're pretty close to getting a Grade 1 status, certainly for the Derby, but not because of the purse level. It's because of the quality of horse that's shown up, and after leaving here, has done wonderful things. That's the key.

MR. BURNETT: It is the key, but in fairness to Tyler's comment, if the rest of the industry is going down, as Mr. Miller suggested, and we hold the same at 600 for that race, it makes it just that much more --

MR. PICKLESIMER: A little bigger carrot.

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MR. BURNETT: That's the way to put it, a bigger carrot. And again, oh, by the way, just a little minor thing, you have to have the horse. If you haven't got the horse, they're not coming, and there are always a few.

But I agree with it, and it may be -- I mean that's the kind of tough decision-making I think needs to be made going forward. I mean are we going to -- some might argue if we're going to do that let's increase the purse on the Derby even though we have less money and focus more on a couple of signature races and leave it at that. I don't know.

MR. WEINBERG: Can I make a suggestion?

MR. BURNETT: Yes.

MR. WEINBERG: Clearly, you have spawned a debate, and I think you have always looked to the Stakeholders to present to the Commission something that the Commission could support as well. This year, we thought we had done that, in all candor. In contrast to prior years, we came to you with a very unified request.

I think you have raised some concerns this morning -- I'd like the opportunity -- which we had not heard before walking in this door as far as Race Days for this year and really did not realize we were going to have this discussion this morning.

I'd like the opportunity to go back, figure out
if we could possibly do this $700,000, what it would look like so that everyone is going in with eyes open, and we really haven't talked about duration. I understand why you want forty days, but I think we'd like the opportunity to reflect on that as well and come back to you at your next meeting, happy to report before then, of what the discussions and what it might look like, because I think it's also significant -- I mean we were focusing on that one day, what was the competition on that one day, but really as everyone knows it's sort of a two-week bookends we're choosing because a horse just can't return within two weeks, so it's really a broader swath of time that we're really competing with, it's not just that weekend.

And I think it's important if we're going to talk about substantially reducing those purses that we understand --

MR. BURNETT: The stakes purses.

MR. WEINBERG: Yes. Well, that's what we're talking about, right? And putting them into overnight, and then we're talking about --

MR. BURNETT: Substantially increasing the overnight, to use the same language.

MR. WEINBERG: That's right.

MR. MILLER: Mr. Chairman?

MR. BURNETT: Yes.
MR. MILLER: I think that's a good suggestion. Let me suggest further that during your analysis when you're going through all this, I don't know what kind of repercussions you would have if you eliminated one of those other lower graded stake races, you suggested the All Along and some of the others, and get some input. I don't know how strongly the horsemen feel about those races and so forth. I mean, take a look at those possibilities as the Chairman suggested, that there are other avenues to try to increase that overnight in addition to considering the Derby and the Turf Cup.

MR. WEINBERG: Precisely my point. I'm sorry I didn't articulate it as well as you did.

MR. MILLER: But what would happen if you completely eliminated one of those others where we have, you know, and so forth -- something like that?

Mr. Chairman, I like that suggestion. But you know, when do we need to reach our decision on this?

MR. BURNETT: Well, if I can comment on that and respond to that. I don't have any problem with really analyzing this closely and coming back with that question, but I'd like to do it this way: My motion is to going to be that we set it at forty days at $136,000 a day in overnights and twenty percent for the balance leaving the door open for the Track and/or the Horsemen, whether they agree or dis-
agree, to come back to us at our next meeting and say how about this? And show us something that is better than --
and that would give the overnight horsemen community, the stakes horsemen community, and the rest a clear target of the direction that this Commission wants to go and a chance to respond to say I like what they did, I want you to leave it just the way it is, or I think you messed up, I want to change it like this, and let these folks -- but the default would be the 80/20, and then show us a better mousetrap when we come back.

The date, I'm not sure. I would look to Tyler, who I think is worrying about his condition book as to what date he has to have it, but we won't educate him on how long we've gone sometimes with his predecessor's book.

MR. MILLER: I would suggest our next meeting technically would be March 22nd. Whether or not we should have a meeting before March 22nd or something like that --

MR. BROWN: I would suggest we do something like that.

MR. BURNETT: I hear you.

MR. BROWN: Somewhere 20 days out.

MR. SEIGEL: I was just going to agree with that. We could certainly have a meeting and get some presentation for each one of us to look at but -- and I agree with your suggestion not necessarily because I think that it's the end
all-be all, but I heard Jim say he's going to come back with
an analysis, and if that analysis doesn't come with a sug-
gested alternative, then we're just again wasting more time
it seems.

So I think that the Chairman's motion is a good
one. Again, I'm not necessarily prepared to vote that in
ironclad terms, but certainly put something on the table,
and I for one am open to suggested alternatives, whatever
that might be, that would help to solve the problem.

MR. REYNOLDS: Jim, what kind of timeframe would
you be looking at to be sufficient? Two weeks? Three
weeks?

MR. WEINBERG: Two to three weeks.

MR. BURNETT: I think that's a good idea.

MS. BOUZEK: Mr. Chairman, can I say something?

MR. BURNETT: Yes, ma'am.

MS. BOUZEK: I would suggest -- there's a lot of
people in this room that have been in the business a lot
longer than me, but this is just from my observation -- in
trying run the OTBs, to sustain the OTBs, if they're not
stake races for those customers to wage on, sometimes that's
what we hang our hats on when I look at, you know, when we
come to the end of the month, thank God, it's the Sunshine
Meet. Places like Vinton, Alberta, Martinsville, Scott
County wouldn't be open, so the customer on the other end,
you know, while it may be what may keep us going another
year until we have this discussion again, I mean we're as --
I've tightened the belt as tight as it can go in the OTBs.
we're running probably at some sites forty percent down in
labor. We've negotiated every contract. You start taking
stakes races, you know -- and it's happening because other
tracks are doing it. So what's happening? Our handle's
going down because they're not coming in. I mean it's a
vicious, vicious cycle, and I worry for me and everybody I
work with that, you know, I've listened to this argument for
twelve years, but you're in the industry. The tracks that
are surviving are running less days a week, higher purses,
whatever. But think of the effect that it's to have on the
OTBs if we cut our stakes and that track cuts their stakes,
and -- we may find a way to open here another year, but some
of our OTBs aren't going to survive with just the same old
overnight. And I say that as a personal opinion; I've not
had this conversation with anybody.

MR. BURNETT: And I think that's a valuable
component of the analysis as to whether or not you try to
keep stakes on for a slightly less purse or whether you try
and eliminate one, or whether you try to keep them all at
the same level. You know, that's what I think the analysis
is there for.

MS. BOUZEK: I agree, but I'd just ask that you
think about the OTBs.

MR. BURNETT: Let's be clear that we are where we are right now with the thirty percent stakes. It hasn't saved us. You're cutting all those costs, you know, your handle's down for lots of influences and reasons that frankly don't have much to do with you or much to do with us. Other parts of the country and other programs affect what you can sell.

MS. BOUZEK: Agreed, and I'm not speaking -- I'm speaking for the stakes, but as far as the four days versus the five days, I mean we've all seen, we used to be a seven day operation, and now all but two of our sites are five day operations or six day operations. You know, Mondays and Tuesdays no one's running so you can't be open, and you know, I think we need to be careful running five days a week if there's nobody out there to bet on the product.

Just think about what people in the other states are doing and the OTBs in the whole equation.

MR. BURNETT: And to be clear, if you heard five days, I don't think it came out of my mouth. What I understood was the current proposal was four days a week for whatever that is, a little over eight weeks.

I think also part of that analysis should be, and we should reserve to our next meeting the actual dates, it may be that five days a week makes more sense; it might be
that four days a week makes more sense, but I'm open to hearing what that analysis shows.

MS. BOUZEK: Just so I'm clear, your forty days would be, if we decide four days, you're going to be suggesting ten weeks?

MR. BURNETT: That's what the math says.

MS. BOUZEK: I got you.

MR. BURNETT: Because five days, it would be eight weeks, right?

MS. BOUZEK: That's tough.

MR. STEWART: I guess I'm a little confused. I mean if the goal is to increase overnight purses, doesn't the reduction in race days from 40 to thirty-three drive up overnight purses? I mean that's what it does. That's what we're doing.

MR. SEIGEL: That may be part of the conclusion.

MR. STEWART: I guess I -- so then the whole discussion becomes, well, are you going to take some more money out of the stakes to supplement it with? And you've got a situation where the two parties that are basically in agreement that are putting on the meet, they want to do it, this is the strategy that these -- you know, that the two, you know, parties have devised that actually, you know, meets that goal, and I guess -- I'm just a little bit flabbergasted.
MR. BURNETT: Well, let me flabbergast you some more.

By your argument to the extreme, why don't we just run one day? And then we can say we've got the highest per diem average in the country for overnights. That's -- it's not one way or the other.

We are looking at a continuum here, and the question is: Where is the right place along that continuum? What I'm saying is we've gone with the thirty percent stakes money; we've let overnights slip to 116,000, and you agree that that number is not a good number because you and the horsemen came back and said you want it to be 143 in thirty-three days. I'm saying I like 136 in forty days better, and it comes out of the stakes piece.

Maybe I'm wrong, but I think we've tried this way; I think we need to look much harder at a bigger change than tinkering with the program that we've got now. We've tinkered, tinkered, tinkered, and we're in trouble. I'd like to see a C-change. That's my thinking on it.

I don't own the racetrack, but I'm sitting here on this Commission and I've got a job to do too. I'm just telling you what I think. And believe me, none of it's any fun, and I just -- it's my view, and my fellow Commissioners may disagree with me and God bless them if they do and God bless them if they don't, we've got to each vote our con-
science the best way we can for what we think is best for
Virginia Racing to try to work through this. But flabbergasted ain't going to help us, Ian. Good, hard thinking and
not demonizing folks in the room is what we need.

   MR. STEWART: I don't think anybody's being
demonized. I think we've met the objectives and that's
why -- maybe I used a poor -- maybe I'm confused. Leave it
on me.

   MR. PETRAMALO: Well, putting some numbers to what
Ian is saying, reducing from forty to thirty-three days to
bump purses means the following: Now, at forty days, we
were averaging roughly $13,000 in overnight purse. By going
to thirty-three, it's jumps up to $15,000. Those are the
numbers.

   MR. BURNETT: Okay.

   MR. PETRAMALO: And that's why we agreed to cut
from forty to thirty-three.

   Now, let me also throw in something else. Ian's
projections in my view are rosy in that his projection is
based on 2011 purse money being the same as 2010 purse
money. I think that's a bit rosy. If you look what's been
happening over the last five years, the availability of
purse money has been dropping.

   I think we'd be very fortunate if we were able to
maintain in 2011 the six -- roughly 6.8 million dollars that
was paid out in 2010. Six point eight million is the basis for the proposal made by Colonial. Usually, it's the horsemen who have a rosy picture; this time, it's Colonial.

MR. BURNETT: Well, all I can say is that the Staff agrees with Colonial on that number. That's what we're being told, and Staff's got a pretty good track record on hitting the number, so I'm not going to substitute my judgment for theirs. I know Dave has looked very closely at these numbers.

But again, all of these issues I think are appropriate to be considered when we get together later, and so I'm going to say as part of my motion that we either reconvene for another meeting on the first of March or the 22nd of February. Those two dates are --

MR. MILLER: The 22nd would give them two weeks.

MR. BURNETT: Correct, and the 1st of March, and I'm happy to come either one of those days.

MR. SEIGEL: Is it possible if we can do the earlier date that we could move it back a day or is there some magic with the 22nd?

MR. BROWN: I can't be here the 23rd.

MR. PETRAMALO: I can't -- I have an arbitration case in Los Angeles on the the 22nd of February, and I have an arbitration case in Newark on the 1st of March.

MR. BROWN: What about the 24th?
MR. PETRAMALO: 24th is fine.

MR. BROWN: I should be good on the 24th.

MR. BURNETT: This is why I love my toy that becomes a tool. I am good on that.

MR. PETRAMALO: This works well too, it's called a pen and paper.

MR. BURNETT: Gentlemen, is the thinking the 24th? Frank's good the 24th --

MR. PETRAMALO: Thursday the 24th.

MR. BURNETT: That's okay with you, Ian?

MR. STEWART: Sure.

MR. WEINBERG: Yes.

MR. BURNETT: Let me make my motion as simplistically as I can.

I move that today we assign Thoroughbred Race Days of 40 days and purses for overnight races of 80 percent of the projected 6.8 million dollars in available purse money for the 2011 meet and twenty percent going to stakes purses. And I further move that we postpone further consideration of precise dates of the meet, that is whether it's four days or five days of racing and any other details or modifications to February 24th at the meeting of the Commission here in New Kent.

MR. BROWN: Second.

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

NOTE: All indicated by voting aye.

MR. BURNETT: The motion carries.

MR. SEIGEL: Do we keep the March 22nd meeting as well?

MR. BURNETT: Yes, sir. I think we should. That gets us back on the monthly schedule.

All right. The next order of business, if I can find my agenda, request from Colonial Downs for 2011 Standardbred race days. Tab five.

All right. Mr. Weinberg, Mr. Stewart?

MR. STEWART: All right. Well, before we talk about 2011, I'd like to review the 2010 meet again. The meet started with the New Kent County Fair. The fair's two days attendance was 3,194. That represented 22 percent of the total. So those two days were 22 percent. The per cap for those days was only a little over $23.51. But the total handle for those two days was the second highest for the meet outside of the Breeder's Cup, so it's the second best week.

Now, there are a lot of people at that fair that don't bet, but if you're going to have any future, you have to expose the product to as many people as possible. That's why we're pursuing fair legislation. That's why we're interested in moving and having racing at the State Fair and
at the County fairs.

Now, we also raced on the afternoon during the weekdays. Unfortunately, on this day it happened to rain, but if you look at the weekdays, the people that came out on those weekdays, they had an average per cap of $113. That compares to $47 for all the rest of the days except for the Breeder's Cup.

MR. BURNETT: I'm sorry, what were your numbers again on that? Compared what to what?

MR. STEWART: On the weekdays, the per cap was $113.

MR. BURNETT: On weekdays?

MR. STEWART: Yes.

Now, from a marketing standpoint, we ran two poker nights, two comedy nights, and a casino night. As you can see, still didn't generate big crowds, and most of the people were there to play cards; they really weren't there to bet. Did a good beer business, but not a very good wagering business. The people aren't there for the races, they're there to play cards.

We also had a casino night. People had, you know, we drew six hundred people. Beautiful night. Not a whole lot of people in the stands. People were there to play the casino games; they had a nice time doing that.

The people that come on the afternoons, they're
the bettors, but it's just not very many of them. You can see that's sort of a harness fan base of older folks, just not a lot of people.

The truth is it's not a whole heck of a lot different than when we ran it at night the year before. We averaged about 50 more people at night. Fifty more people really doesn't amount to a whole heck of a lot.

Had another poker tournament. These drew about 600 people, most of which were there to play cards.

MR. BURNETT: Are you allowed to charge for poker nights?

MR. STEWART: We're not. It's against the law to charge people to enter a contest.

MR. BURNETT: That's right.

MR. STEWART: So if you come to play poker, you get free admission, and we're pretty careful about monitoring that.

We can't complain about the weather, we had great weather. Beautiful nights. Sundays, we probably averaged, I don't know, 500 people. Another beautiful Sunday.

You can see out front there's a car there. We even ran a harness bingo promotion that lasted throughout the meet, it included all of the OTBs, and we gave away a car at the end. The Breeders' Cup was a nice event. We had about twelve or thirteen hundred people here, but the truth
is they would have come anyway. They were there basically
to bet on the Breeders' Cup. There was a live handle of
about $50,000 that netted the VHA about $4500 in purse
money. Most of the simulcast handle obviously is from the
Breeders' Cup, which is thoroughbred, so that money doesn't
go to the VHHA, it goes to the thoroughbred horsemen purse
money, which it would have done whether we were running live
or not.

I can assure you that the extra week that we had
to stay open cost us far more than that. And there's one
person that had a good meet.

MR. BURNETT: Did she give you a ride?

MR. STEWART: No.

So we worked it very hard. As I said we ran poker
nights, comedy nights, casino nights, meet-long bingo pro-
motion that gave away a car, and really didn't have a whole
lot to show for it. I mean we can spend a lot of time argu-
ing about whether we should have four more days of stand-
ardbred racing. We've requested 24, so we can spend a lot
of time arguing whether we should have four more days and
match what Colonial Downs did last year, 28 days, or eight
more days gets you to 32 days, which the Staff report
recommends, or you can get to the 38 days, which is what the
harness horsemen want. You know, we can talk about the cost
of the meet; but we've had that debate before. We had it
last year, and we can revisit it, but I just don't think
that that is really productive. The costs haven't changed.
I mean to run more days, if we ran eight more days, it would
probably cost us a couple hundred thousand dollars. But
anyway, that debate will just continue to be a discussion
about how we reallocate an existing or a shrinking pie
between the horsemen and the Track.

If we're going to succeed at this, we need to
find a different way of doing business when it comes to
standardbred racing. I think the video shows that the lack
of attendance at the live meet is not for a lack of effort
on Colonial Downs' part. And we've tried a varied mix, but
you know, basically the results remain the same. We need to
redirect our efforts in a new way if standardbred racing is
to sustain itself in Virginia.

The issues we face are not unique to Virginia.
New Jersey is illustrative of the problem. The governor of
New Jersey created an advisory commission and he requested a
study and report. The report concludes that the allure of
harness racing is disappearing and dramatic changes are
needed. They suggested racing six days at The Meadow-
lands -- six days at the home of The Hambletonian in a metro
area of twenty million people. Six days. They suggested
leasing the facilities to the horsemen or just eliminating
harness racing altogether. We can provide you with copies
of the report to the Commission.

Similar events are occurring elsewhere in the country. Rockingham Park in New Hampshire closed two years ago for live racing, and I don't think it's coming back. Prairie Meadows in Iowa is down to ten harness race dates a year. Ten. And there's a lot of effort there to concentrate their racing in the county and state fairs.

In Michigan, Jackson and Saginaw closed in the last few years. Harness racing in the Province of Quebec has ended, and as you know, Rosecroft has been closed for several years. It was recently sold in a bankruptcy auction to Penn National. Penn has made its strategy very clear, and I don't think that includes losing money in harness racing at Rosecroft. That's just my opinion.

Now, we've talked about the possibility of a joint meet as one approach that might help preserve harness racing in Virginia. We'll continue to explore this approach, but it's become clear that regardless of the track configuration, it will be impossible to have a track in place for a joint 2011 meet.

We're pursuing legislation that would allow venues like the State Fair to offer pari-mutuel harness racing. Exposure of harness racing to a large audience at the State Fair can help build a following that ultimately may find it's way back to Colonial Downs. Colonial Downs is
appreciative of the support the Commission has given to this legislation. If we all work together, we can create possibilities for growth. And profitable growth is essential.

As I mentioned before, the common denominator in my opinion for race tracks closing is the tracks aren't making any money. It's not that they don't have enough race days; it's not that they don't have enough purse money; it's not that there isn't even enough horses. It's simply the tracks aren't making enough money. And when a track closes, nobody else is stepping up to take their place.

Now, unfortunately, not all of the legislative initiative this year have been in that vein. As you'll have noted from the e-mails on which you have been copied, Colonial Downs opposed legislation that merely redistributes existing handle at its expense. While Colonial Downs supports VHA's causes, it does not support a funding mechanism that takes money from Colonial Downs just to redistribute it.

Similarly, efforts to change ADW revenues and taxes to redistribute existing handle, we're not in favor of. Colonial Downs is appreciative of the ambitious support and help to expand the number of SWFs which would grow the pie and making additional wagering alternatives more competitive.

In that spirit, I am also going to distribute a report on the harness racing industry that was commissioned

CAPITOL REPORTING, INC.
last March by the United States Trotting Association that I think is pertinent to our experience in Virginia. I hope that you will read it and have a chance to review and discuss the report's findings.

Colonial Downs is ready, willing, and able to examine the industry examples of successful models for live standardbred racing without support from other forms of alternative gaming. Unfortunately, where we really seem to find ourselves is the current function of the meets, the primary function is just as a distribution mechanism for the first funds for the horsemen. It costs us roughly $700,000 to distribute 1.4 million dollars in purses, and that's kind of an expensive way to do it.

So at the end of the day, in the interim, the question remains: Is it in the industry's best interest to expand the number of live race dates as the standardbred horsemen desire with resulting expense for Colonial Downs, or is better to focus on fewer days and use the cost savings in a manner to benefit the long-term viability of the industry?

Colonial Downs believes that expanding a program that is not working does not make sense. We believe that the industry's efforts should be directed to determining a successful live racing schedule and that funds should be expended in ways to create a lasting benefit and grow the
industry, including the standardbred industry.

The experience of the last few years in other
states more than demonstrates that increasing the number of
live race dates does not equate to long-term success, and is
frequently cited as one of the sources of the industry's
problems. Therefore, we believe that 24 live standardbred
days is enough in the overall best interest of the industry.

MR. BURNETT: Questions, gentlemen?

MR. MILLER: When you say $700,000 in expenses, that's for the total standardbred meet?

MR. STEWART: Yes.

MR. MILLER: And that's after all sources of revenue that you derive from the standardbred meet?

MR. STEWART: Yes.

MR. MILLER: On track, off track, everything?

MR. STEWART: Yes.

MR. MILLER: You still wind up with a negative figure of $700,000?

MR. STEWART: Yes.

MR. BURNETT: The question that I always had, Ian, is I think when racing was started in Virginia, it was as-
sumed that race meets in and of themselves could be profit-
able on a day-in day-out basis, maybe heavier on the week-
ends or less so, but the handle -- essentially handle was covering expenses. At the time in the early '90's, it was
that new thing called simulcasting would help people make a little bit of extra money selling simulcasting, but the meet was something where you could make some money.

It seems like we've migrated -- I want you to correct me here if I'm wrong -- but we've migrated in Virginia to a circumstance where we've accepted that the meets themselves are net losers in terms of what is made during the -- from the beginning to the end of that meet, and even leaving out the purse money, don't count the purse as an expense, just leave the purse out altogether both on the income side and the distribution side -- the meet itself is a loser and that the only way that you can have any viability from a business standpoint to keep going in that manner is to make up the difference during the dark part of the year.

If that's so, then are we not talking about how much you lose at each of these meets as opposed to whether you lose? Am I wrong about that?

MR. STEWART: I don't think you're wrong.

I think we can agree that Colonial Downs is not advocating that we eliminate live standardbred racing. That's not really the point.

MR. BURNETT: I'm not fastforwarding in anyway. I'm asking a straight up question on whether or not, for example, a thoroughbred meet, you can make money on each
1 week of an eight-week meet, but on a standardbred meet, you
2 can't, or whether you lose more money on the harness meet
3 even though it's less staff and all the rest, but still lose
4 money on the thoroughbred meet too?

MR. STEWART: Well, I guess my view of it is,
5 after more years than I'd like to remember doing this, I
6 still believe that the thoroughbred meet has the potential
7 to be financially successful. Unfortunately, I'm having a
8 hard time believing that we can be financially successful
9 with the harness meet. So that sort of leaves you as to,
10 okay, what is the overall purpose of the harness meet and
11 how can we best -- how much money should we spend on that
12 versus investing money in other aspects of the industry?
13 And that I think is the threshold question, and then ulti-
14 mately, the question is: Can we best expose the product
15 here at Colonial Downs in a way that ultimately grows the
16 product, ultimately preserves the product, or is it better
done in another fashion? And that is I guess the question
17 that we would like to have analyzed over the next year, be-
18 cause I guess all I'm saying is what we're doing isn't work-
19 ing, and it's not going to work, and the problem is I don't
20 think anybody's got a model for making it work that I've
21 seen in the rest of the country.
22
23 So while I confess that I don't have an answer, I
24 don't feel but so bad because I'm not sure anybody else has
one either.

MR. BROWN: Mr. Chairman, question real quick?

Getting back to your presentation, your card players had to come in, you don't charge any admission fee?

MR. STEWART: No, it's against the law.

MR. BROWN: Now, what about those card players who want to play the horses while they're there?

MR. STEWART: Well, we take their wagers.

MR. BROWN: Okay, but they can buy programs?

MR. STEWART: Right.

MR. BROWN: The other thing I wanted to ask is, in your -- I know what your request is as far as days, but as far as exposure again, wouldn't including Breeders' Cup Day be an asset, number one, for exposure, number two, because you have a good day anyway probably as far as your people, but it's exposure?

When I was down there this past year at the end of the meet, I did see a lot of families in there, a lot of youngsters being exposed and having a good time, which I think that's where thoroughbred horse racing needs to be, and I think that's where standardbred horse racing needs to be. I mean we've got to start appealing to the younger generations.

MR. STEWART: Well, I don't disagree with you that the Breeders' Cup is a good event. I guess the problem is
you've got the County Fair starts in mid September and then
you've got the Breeders' Cup in the first week in November,
so it becomes a cost factor, and that's the discussion we
had last year. I mean sure, but how much do you want to pay
in order to do that? Because really for us, what really
piles up the costs is the weeks. The weeks that we're open,
we have to pay all the security, all the race officers, all
of that. That's where the costs pile up.

MR. BURNETT: Any other questions or comments with
respect to this part of the presentation? Mr. Reynolds?

MR. REYNOLDS: Ian, you mentioned that you should
take next year and really analyze the entire thing.

MR. STEWART: Well, I think that, you know, the
first step is always realizing you have a problem, and I
think we need to admit we have a problem. So yes, we need
to find a solution.

You know, we've talked about, you know, exposing
it in other venues; we've talked about combining meets, but
I -- I just don't see a point doing the same thing. I have
no reason to believe it's going to be different. I don't
think there's anything in the water in New Kent that's going
to make our experience in Virginia any different than the
experience that is being experienced in other states.

MR. BROWN: One thing I did want to bring up
though, as far as your report on the New Jersey situation, I
mean I don't think you can consider us comparable to that situation. Your structure of labor is totally different than what it is here. The facility is what? Five times bigger than what we have here, and the cost factors are different.

MR. STEWART: I would agree. I guess what I think should really concern the standardbred industry about New Jersey is that if you can't make it in that venue, you can't make it that location where there's twenty million people in the heart of kind of standardbred country, and they're averaging, I don't know, 2500 people a night.

MR. BROWN: Have you been kind of following what's been going on up there I want to say in the last two weeks?

MR. STEWART: I know they've passed different bills, and Mr. Gural is interested in it.

MR. BROWN: Yes, Gural's talking to the labor union. I mean I'm not going to say it's going to work; hell, I don't know. Nobody does. But I think changing the management around the way it's being done, that situation could work.

MR. STEWART: And I hope it does.

MR. BROWN: I hope it does too. That's what it is.

MR. STEWART: My only point is if it should be succeeding anywhere, it should be succeeding there.
MR. BURNETT: Well, let's hear from Dr. Dunavant. And I'd like to just throw in here that one of the things in this analysis that ought to be considered is whether or not the regulatory environment or the requirements of the regulatory environment could be modified in some fashion that would be acceptable to all parties, including the Commission, in terms of the safety and integrity of the meet such that some of these expenses are reduced.

I mean there's something -- there's a history of harness racing in the State Fair environment. I mean I grew up next to one, and believe me, what's spent here in a day could cover five years of meets at that little thump, and not suggesting we run such a meet here, but I wonder if there's a creative way when we're looking for ways to survive to run meets that might attract fans in a way that has a fair-like feel or environment to them and don't bury the operator in overhead.

I don't know answer to that, but I'll let Dr. Dunavant --

DR. DUNAVANT: You know, I cannot disagree with all that's been said concerning the popularity of harness racing. It has declined. Everybody like myself has gotten a lot older. There is no exposure to the young people particularly in Virginia.

The situation at the Meadowlands, there's a
lot involved with that. I mean the governor withdrew thirty million dollars from The Meadowlands that was coming from the casinos. I mean there's a lot of politics involved there that we're not dealing with that's related to the casinos and The Meadowlands. Meadowlands is state run, all unionized, and it's a little bit ridiculous. We're not comparing apples and oranges, you know, when we're using that.

However, I don't think that the difficulties in all of racing are specific to standardbred racing. We do not have as many racetracks, standardbred as there are thoroughbred; we do a significantly smaller percentage nationwide. I mean, a little racing in California, but that's -- and some in Iowa, but the whole west of the Mississippi River is not involved. So, you know, obviously here again, you're not really comparing apples to apples.

However, I'm extremely concerned about the situation here in Virginia. I think Colonial will tell you that our association has been conducive to any change they wanted to make that would make things better for the horsemen and Colonial Downs. Everybody realizes they need to make money, and we're interested in having a place to race.

I think we've put on a good product. We've had very competitive races. The size of the fields for entries this last year, we averaged 8.6 horses per race, and the
people that were here had a good time, albeit they were
older than you see probably at the NASCAR.

Our stakes program, when we first started racing,
we allowed people to buy any bred horse in the country less
than two years old and make it a Virginia-bred hoping to
gets numbers up because our breeding industry was down.
Last year was the first year since we have changed our pro-
gram rules where horses racing in our Virginia-bred stake
races had to be either sired by a Virginia stallion or the
mares had to foal in the state and reside here for twelve
months. So we were down. We had twenty-five entries in
eight races for our Virginia-bred stakes. They were horses
that raced -- there were approximately thirty-six horses
eligible.

Already this year, and our registration doesn't
have to be in until May, we've got 84 Virginia-bred two
year-olds that have been registered to compete. So we have
more than doubled the horses that were bred to be two
year-olds this year. So, that part of our program is work-
ing, and hopefully that will create some more fans.

Most of their fans have some roots in harness
racing or grew up around it, other than people that horse-
men like myself have brought out to the racetrack. VHHA
rents a skybox and doesn't charge people, our members can
invite people and come and try to stimulate some interest.
Getting to the number of days, the VHHA the last couple of years, we have set some monies aside for rainy days, and we have propped up our purses and our stakes program and some of our overnight programs purses. Last year, VHHA albeit it's money to be used for purses, but we are allowed to set it in places where we want to, and we have some set aside. We put in $150,000 last year.

We based the request for 38 days on purse structure, as we have in the past, with the idea that VHHA would prop up those purses so that we race for those amounts a day. Twenty-four days, in my opinion, won't work. We get a diverse group of horsemen here that come from all over: Ohio, Michigan, Maine, Pennsylvania, New Jersey, Delaware, and I think if we only race six weeks -- all of our people stay here that are here. I mean I'm a hundred miles away and I stay here, and that contributes to the economy and the community.

I think our breeding program shows that we have more than doubled our Virginia-breds for this year. 38 days probably is not the best number. Reading the Staff report, that's kind of a compromise that makes sense to us, but I'm just afraid that we will lose -- the Horsemen can't afford to come here and just stay for 24 days, and I think that would further deteriorate our meet.

I think last year we had a pretty good meet. We
agreed to reduce it to 28 days from 36, and I still think that our legislators are looking -- they may not be aware of all the things that we're talking about, but I think that they are looking for a larger number of days. When you talk about reports saying we're racing too many days, Colonial Downs has probably got one of the shortest meets in the country. When you look at our neighbors, Pennsylvania, Delaware, New Jersey, New York, they race basically year-round, and that's it. I mean --

MR. BURNETT: Did you run four days a week last year?

DR. DUNAVANT: Yes.

MR. BURNETT: For what it's worth with legislators or anybody else that's not familiar with racing, I think we're better off to talk about meets in terms of how many weeks long the meet is rather than how many days it is, because anybody that's not familiar with racing just goes ahead, when you say days, they divide it by seven, and that's the length of the meet. I think it's a whole lot better to say we're running eight weeks this year than it is to say we're running 32 days or whatever it is. It just sounds better.

Any questions?

MR. BROWN: Mr. Chairman, I will say that I must agree with Dr. Dunavant in the respect that I don't think
you're going to get the horsemen we need to put on a meet with a 24 day meet. Last year at 28, I was kind of skep-
tical, but we did okay. But at 32, I think that's an accepta-
able number. I do agree with the Staff report on that respect.

DR. DUNAVANT: I would like to say that we don't know what Rosecroft's going to do. I mean they've just been purchased by Penn Gaming, but they're telling the horsemen that they're going to race, and they may well race in the fall and compete with us.

We get some people from Maryland, but our population at this meet is certainly not that many Maryland people. It's made up of people from other places. Ocean Downs won't compete with us, and they're going to be racing for quite a bit more than they ever have, but here again, they're propped up by that slot machine money at Ocean Downs.

The purses that we race for are as good as anybody that's not getting money from alternative gambling. The horsemen that come from afar really like it here, and I do agree we've got to do something to make things -- to get young people, and I certainly don't have an answer to that.

MR. BURNETT: You know, it's to me really, and I have some young people called children, that I don't -- it doesn't surprise me that a bunch of gray-haired people can't
come up with something that people without gray hair would like.

You know, we've got to figure out a way, and there's no other way to put it than to say that whatever we do here today, if we don't make some changes, it's really just a stopgap measure. And I think -- and I don't frankly limit that to harness racing. I think racing generally is headed in the same direction, it's just harness racing's got a little bit of a headstart for lack of a better way to put it in terms of the downward slide.

So do you have any ideas about how we can join together to try some very different ways to -- prop up is the wrong word, but to rejuvenate, to rebuild racing in such a fashion at least home here in Virginia so we don't have to ask Mr. Stewart to be supporting you every year?

DR. DUNAVANT: Yes, I'm excited about the discussions we had about having a dual meet racing horses on the same day. I mean some people that I've talked to say oh, that won't work, that won't work. A lot of things to be looked at, but one of the things that I have observed that turns the young people off is the speed. Not -- I don't mean horse racing. The time between races is too slow for them sitting there. The people that like to come and play cards and the casino night, they were whooping and hollering over moving horses on a board on video.
We have not gotten across how to handicap horses. People in Virginia don't have any idea how to read a program or get involved in it. The young people that I get interested are people that I let sit behind the horse and let them feel the power and see what it's like to drive a harness horse, and ninety-nine percent of those people are excited when they do that and I can get fans out of those. But with no training centers much in Virginia, it's hard to get people exposed. But yes, I -- the chance of making a big thing like the Mega Millions and things like that, you really don't have much of a shot, but that turns people on. I don't know if we can do something with wagering where you've got, you know, where you're looking at getting a $10,000 payoff every week some way, you know.

MR. BURNETT: Is the Harness Horseman's Association -- and I guess I'd ask this of the Thoroughbred Horsemen as well and this Commission -- would we all be willing to find some money within our budgets so we're not just asking Colonial Downs to shoulder the burden and take more out of their piece of the pie, that we all contribute whatever it is, 5,000, 10,000, 20,000 to either hire a consultant or to somehow create an environment in which we take the very best ideas -- seek the very best ideas that are out there, get them in one room with all the people who are stakeholders in this process and want to see it succeed, and
maybe some youth? I mean get these ideas in the room and
mash them around in such a fashion and do some serious
brainstorming and not be afraid to think about some truly
crazy ideas, because from them sometimes things that work
actually happen, and I think we've come to this point now,
and a lot of other programs in the country probably wish
they had given this that kind of thought before it was too
late. I just -- you know, maybe we're going down, maybe
we're aren't, but I sure would hate to look back and regret
that there were some opportunities that we could have under-
taken and we failed to do so, and maybe this is one thing
that we should try, and maybe other people have other ideas.

But it's a little bit of Einstein's law here: We
just keep doing the same thing with very slight variations
and we can't figure out why we keep getting the same result.
And I agree that Ian's been tearing his hair out, so has
Jeanna been trying to figure out how to make a sliding
income level and expenses probably increasing somehow look
better on a balance sheet, and it's damn near impossible.

So I'm sympathetic, but everybody's got to eat
while we go through the process too.

Any other questions?

MR. MILLER: Mr. Chairman, I just was looking
through this. What was the handle for harness racing for
2010, total handle?
MR. STEWART: Without the OTBs?

MR. MILLER: Well, I'd like the total handle and then segregate it. How much handle in the track -- I know we've got that in our records somewhere --

MR. STEWART: The OTB handle was roughly $22,000,000, I believe. The on-track handle is a million bucks.

MR. BURNETT: Twenty-three three.

MR. MILLER: Just for harness.

MR. BURNETT: For harness, it was --

MR. MILLER: What's your takeout from that handle?

MR. STEWART: Well, I mean after you deduct all the statutory deductions, roughly ten percent comes to us to pay our bills with.

MR. MILLER: And that's set by statute?

MR. STEWART: Yes, primarily. I mean there's some -- there's a major aspect of it that's not in the statute, and that is the -- for lack of a better word, the royalty that we pay the various racetracks in order to show their signal. That historically has been three percent, but it's creeping upwards -- maybe more than creeping. It's moving upward pretty significantly.

MR. MILLER: Has there been any movement in this country anywhere to reduce the amount of handle that goes back to the bettors, back to the purses?
MR. STEWART: Yes, there has. There actually has. They did that in California.

DR. DUNAVANT: Well, they did that with Mr. Gural who's looking to maybe take over The Meadowlands. He had Vernon Downs and Tioga Downs in New York, one up by Syracuse and the other down by Binghamton, and I can't quote you the percentages, but last year, they reduced the percentage of the takeout and give it to the bettors, and they thought it was a very positive thing.

MR. BURNETT: I think that's the opposite of what --

MR. MILLER: Yes, I'm looking at the opposite. I'm wondering what the impact would be, what the impact would be for the bettors if you reduced what went back to them in the amount of the purses.

MR. STEWART: Well, that's a subject that's received a fair amount of scrutiny over the years, and it's hard -- I think when you sort of stand back from it and look at it from an economic standpoint, it's hard to argue, I think, that making a product less attractive to the wagerer is overall a good thing.

MR. MILLER: Well, I'm just trying to think of some way -- I'm just trying to think of whether everyone has looked at every possible possibility of keeping a track open for harness racing, which I mean I've never seen -- not that
I watch it that much, but I do watch the racing stuff a little bit since I've got Dish Network now, but there's nobody -- there's nobody harness racing anywhere. The family of the horse people maybe, but nobody -- I mean I can't imagine anybody going to it. So why would you -- you said you don't -- I'm playing Devil's advocate here, don't anybody get upset with me now, but why in the world -- why in the world would you want to even run a harness race anywhere? Why?

MR. STEWART: Well, I mean I think my thinking on this subject has evolved over the last thirteen -- Charlie might appreciate this.

MR. BURNETT: Listen now, Charlie, this is going to be good.

MR. MILLER: Now the reason I raise that is I want to draw this out. I want to find out what it is --

DR. DUNAVANT: I need you to come to our next meet and sit in the cart with me behind the horse.

MR. MILLER: No, no, I understand that.

DR. DUNAVANT: Well, they just had a piece on the USTA website that Bill Finley wrote, Standardbreds vs. Thoroughbreds: Why the Harness Game Wins, and he took the yearlings that were sold in 2008, which were 2010 two year-olds, just finished their two year-old year, and he took the 24 most expensive sale yearlings. The 24 most expensive standardbred yearlings sold nor $5,617,000, and
they have returned as two year-olds $4,034,493. Conversely, the top 24 thoroughbred yearlings of 2008 cost 31.2 million, and thus far, they've returned $579,000.

So you know, if you took all the purses, there were 12,200 standardbreds born in '07 and the combined purses in Canada and the US was 613.7 million for a ratio of $50,300 per horse, the thoroughbreds, their purses were 1.2 billion, and there were 36,000 foals for $33,000 per foal. If you look at the economics, that's why they raise standardbred horses.

MR. REYNOLDS: Well, all of that being said, that's -- that's money being exchanged within the horse industry.

DR. DUNAVANT: That is correct. And the agricultural community.

MR. MILLER: What I'm trying to reach is, how are we going to be able to help the people that actually build and operate the track? How can we make it reasonable for them to continue with the standardbred racing so that this agricultural industry can thrive out there? The standardbred industry can thrive, but they can't thrive if they have nowhere to run.

DR. DUNAVANT: Exactly.

MR. REYNOLDS: And what I'm trying to get at is you can't continue losing money, and somebody mentioned New
Jersey -- I know that -- and I only know this from what I read, I know about that much (indicating) about horse racing compared to the square footage of this entire building, but what I'm -- some states have subsidies, I mean the state actually takes money out of the general fund I guess in some states or money out of some special taxing fund and give it over to the track, to the horse industry or the track or someone to encourage them to run these races. We can't do that in Virginia, so that's out; slots are out in Virginia. So how can we help Colonial Downs meet their obligations so that they don't continue to lose $700,000 every year?

MR. STEWART: I guess what I'd like to say is I have the feeling I left the wrong impression when I said my thinking has evolved. It has evolved, and where I really believe -- to just sort of speak to your question, why do we run live standardbred racing? The essential bargain -- I think the implicit bargain between the horsemen and the Track is that the Track is in the pari-mutuel wagering business. That's the business we're in. Dr. Dunavant, Mr. Petramalo, they're in the horse racing business. Those are two very different businesses. The implicit bargain with the horsemen is that we will share the proceeds of the wagering at the OTBs as opposed to the pari-mutuel wagering business, and given that we earn some sort of a somewhat of a profit on that product in those OTBs, they have some -- I
don't think right is the right word, but they have some --
as part of the bargain, they get to run their horses at the
race track. Now what those proportions are is to be
determined, but I think the thing that is particularly
worrisome about the standardbred industry is that we're
reaching a point with the significant decline in handle in
the OTBs for both thoroughbred and standardbred, and the
movement of handle to ADW which is less profitable to us,
where we recover say four cents, four percent from the ADW
companies on a wager that we were making ten percent on in
the OTBs, and what's particularly worrisome I think from Dr.
Dunavant's standpoint is that wagering on ADW, where it's in
the low twenties, say twenty-two percent of the wagers in
the OTBs are harness wagers. In ADW wagers, they're like
ten or twelve percent. So, harness is getting hurt from two
angles, and we're rapidly approaching a situation in which
the cost of that live meet is going to exceed the profit we
make on the harness signal in the OTBs, and that becomes an
untenable situation. I guess that's why I'm very concerned
that we need to do something.

MR. REYNOLDS: I was very interested in what you
said comparing the product and then the process, and we keep
talking about the process and how to divide it and so forth.
The product is not viewed favorably among the younger popu-
lation. It's just absolutely not.
I mean I can equate it to technology. I've got four children that range from twenty to thirty, and the differences in their technology is just unbelievable. My twenty year-old will not use the telephone. They can do text messages, e-mails, photographs, but if the phone rings and she's standing right beside it, she won't answer it. And if you ask her how to contact somebody, she'll say, well, I'll e-mail them. I said, no, I want you to call them, and she just will not do it.

And we've got to recognize that we've got a product that's old, that's gray-haired, it's all these other kinds of things, and we're losing that fight because of the product and because the people that we need to be interested in this old game just aren't buying it.

MR. BURNETT: Well, and I think that Charlie and most of the people I know in this room that own horses, they can barely understand what you're saying right now, and not because they're not just as smart as can be, that's not the reason. It's just they are almost hypnotized by that four legged animal, and you saw how quickly Charlie every time went to, "just get behind one of these horses and get in that sulky and then you'll know," and Robin will tell you the same thing, "you climb up on one and that's it." And the problem is we're our own worst enemy in that regard, because we can't very well put ourselves in the shoes of
these young people who haven't had that experience and
probably aren't going to have that experience, and the
distinction that Ian points out between the racing business
and the betting business is altogether true right there.
There's -- you know, just because you like to climb up on a
horse or get excited about them doesn't necessarily mean
you'd like to bet on one, and somehow we've got to find a
way to get the younger generation fascinated with some
aspect of the pari-mutuel piece. I think that's what I'm
hearing you say.

MR. REYNOLDS: Exactly.

MS. BOUZEK: And I think we're doing that with
the OTBs. I mean it's a start. We're at least going out to
where they are in the bars and restaurants and we've got a
prime example, Finn's. If you go and look at the clientele
out there, they're a little bit older, they come in from
Charlottesville. They've been involved with -- a lot of
them have been involved with racing before. We've gotten
some new people. But down at Mulligan's, it's all young
people. There's three times as many people in Mulligan's as
there are at Finn's but they just, you know, they'll try the
ten cent superfecta, or the -- you know, so it's a slow,
slow, slow process.

MR. BURNETT: Make it go viral. Not what the
doctor says. Computer viral. That's what the young people
MS. BOUZEK: They want to play poker, they want to play ping pong. It's just too -- it's not exciting is what it is.

MR. BURNETT: All right. Any other questions, gentlemen, before we try to make a decision here? Any recommendations from anybody sitting here at the dais?

I will say for what it's worth to everybody, I'm inclined to listen to our capable Staff --

MR. WEINBERG: Can I make -- if you're -- just to sort of restate what Mr. Stewart said earlier, if you're deciding between 28 and 32 days, that is $100,000 that is going to a placeholder and not to a long-term solution. The number of dollars we're dealing with is a finite resource. There are choices to be made, so as you think about those four days, in stark terms that's $100,000 that's somehow not going to be used to hire a consultant, to spend on resurfacing the tracks to get a dual meet.

I don't mean to say that in a threatening way, but the reality is it's a finite pool of resources.

MR. BURNETT: And I tell you what I weigh it against, Jim, that when I think about that is sort of a break point in the same thing with the thoroughbred people, when someone's packing up a van full of horses to come stay on the back side where -- it's different for everybody I'm
sure, but on average, on the odds, where is that line when they say, "It's not worth it, you know, I'm not going to go to Colonial this year because I just -- it's costing me this much in gas and I'm working it all out and I need this many days," and I think in a placeholder environment, the harness horsemen have got to be pleased with what they can get from one way of looking at it, and another, we want to -- if it's going to be a placeholder and we're going to make a big change, we're really talking about investing in image to a certain extent, we're still here, we're not going to pull up our tent and go home.

MR. WEINBERG: And along those lines, I heard a couple statements that 28 days was okay and that there were more horses here per race than there were last year. So as you look at where the break point is, I think you have some empirical data that suggests 28 days was better than what was expected when we were talking about this last year, 28 days.

MR. BURNETT: Do I hear thirty?

There is some appeal to numbers starting with a three as opposed to a two, I'll tell you that.

Mr. Brown, I'm hoping you can bring us some expertise here because you're so experienced with this particular part of racing.

MR. BROWN: Again, I think personally I'd like to
see the 32 days. I think you're going to get -- I know we
did okay on the horses last year, but it gives people more
incentive to fill the barn area.

I think as far as what we said earlier about
getting money for consulting, I think Charlie's group would
probably put up some money, the Commission can put up some
money, let's try to find a way to get this younger crowd in
here.

I've talked to a lot of owners just in the last
two years that -- they don't even like coming down here for
the fact that we are racing such a small amount of dates.

MR. SEIGEL: Colonial's talking about going 24,
and I think you're talking 32, but it was said that 28 did
work last year. Is that not a compromise to be reached
here, or --

MR. BROWN: Well, he originally asked for 38 days.

MR. SEIGEL: Well, I know but --

MR. BROWN: They want 24.

MR. SEIGEL: Well, I hear that, but did the 28
last year seem to work? I mean I'm certainly supportive if
we can come to a conclusion with more dates.

MR. REYNOLDS: There's kind of a downward pressure
on this thing from one side. It seems to me in my mind that
sticking with what we did last year is a good compromise.

MR. BURNETT: Yes, I was -- and I don't pretend
to have any great magic to it -- splitting the difference
between the requests, which is always a dangerous way of
doing business, it's 31 days, Staff recommended 32 days. I
just proposed thirty days to dead silence. You know, we're
-- I think we're some place between 28 and 32 days.

DR. DUNAVANT: What went through my mind with the
30 days is Ian always tells me weeks. Four days a week
works. Seven weeks is 28 days, eight weeks is 32 days.

MR. STEWART: Well, if you want to run thirty days
in seven weeks, I can live with that.

MR. BURNETT: Make that happen?

DR. DUNAVANT: Yes. I think we -- we can do a
Friday or something that does it, yes.

MR. BURNETT: I didn't hear Doc Harden yelp back
there with one start every eight days to fill the deal on
that last week. But if we can --

DR. HARDEN: It would be nice if the extra day
were early rather than late for the horses.

MR. BURNETT: Can we make that work?

DR. DUNAVANT: I can make that work.

MR. STEWART: If it's seven weeks, we don't have a
problem.

MR. BURNETT: Dave, you got any great objection to
that one way or the other?

MR. LERMOND: No, seven weeks, thirty days.
MR. MILLER: Mr. Chairman, before we vote, I'm assuming Colonial Downs has done everything they can to cut down on expenses like the area that's open for harness racing and so forth?

MR. STEWART: Well, we proposed closing the grand stand last year, but the Commission didn't want us to do that during the week.

MR. MILLER: But your upper part is closed?

MR. STEWART: It is.

MR. MILLER: So the only thing you would have open would be in the lower where you go in on the bottom floor and the grand stand?

MR. STEWART: Well, we proposed closing the whole building itself on Tuesdays and Wednesdays and just being outside. The Commission didn't want that.

MR. MILLER: Do you have stands outside like they do in Charlottesville?

MR. STEWART: Oh, sure, we've got grand stands. We have -- we have some areas that are where we have the game room and then we have the fan education center that we would have seating available in there, you know, if it rains.

MR. MILLER: How much of your cost is attendant to the fact that you open the grand stands? How much would that save if you didn't have to open that door? I mean you
have restroom facilities, right?

MR. STEWART: Yes, we would allow folks to go in

go to the bathroom. But you know, we would save on some of
the air conditioning and heating cost, and --

Jim, I do you want to comment on that? And the

cleaning cost. That's kind of a big number, cleaning the

building.

MR. MILLER: Well, I'd ask the other stakeholders,
is there a huge objection to not opening the building except
for restroom facilities?

DR. DUNAVANT: I don't think that's very palatable
to the people that would come. It wouldn't be to me. I
mean, if the building is not open, they think the facility
is closed. You know, if we have weather, we race when it's
pouring down. I mean where are you going to put those
people?

MR. MILLER: Okay, well, I'm just trying to find
pennies.

MR. BURNETT: And that's it, and I'm with you
on it. I think this discussion ought to continue. We also
have to remember that true or untrue, our statute says we're
running the finest racing known to mankind essentially is
the way that reads, and we may have to have a little bit of
an understanding of what that economically can dictate on
all this. I think our resistance last year to the grand
stand closing last year was sort of a message of the begin-
ning of the end and the other issues with respect to patrons
coming and finding it closed and thinking that's a little
bit -- you know, what is this? A going out of business sale
or what? So but maybe there's some other alternatives that
could accomplish both.

MR. MILLER: Well, I know there are temporary
grand stands that can be put up that are covered that you
can put up at some sporting events. And then you talk about
having harness racing at fairs throughout the Commonwealth.
If you go out to the few of the fairs that I know of, that's
about all they have. I mean they have might have a -- you
know, they don't have much in the way of grand facilities.
If the State sanctions harness racing at some of these
fairs, you're not going to have a grand building like this
over here.

DR. DUNAVANT: Let me say this: There's only
harness racing in one fair in the Commonwealth.

MR. MILLER: Oh, I know that. I'm well aware of
that.

DR. DUNAVANT: And we don't have -- and they do
have a covered grand stand.

MR. MILLER: They do.

DR. DUNAVANT: Yes, sir.

MR. MILLER: They not only have a covered grand
stand, they have restrooms, and they have rails around the racetrack, all of which were built shortly after the Civil War probably.

DR. DUNAVANT: Yes, I know.

But our fair situation, when I was a youngster, a teenager, harness racing at the Chesterfield County Fair was huge. Warsaw, I mean there were numerous county fairs. Those county fairs, I don't think they can get young people to come to the county fair. You know --

MR. BROWN: They come to hang out. That's it.

MR. BURNETT: Yeah, driving those big wheel pickup trucks so they can talk to each other.

MR. SEIGEL: Mr. Chairman, why not have all this worked out for the 22nd of February as well, and we can discuss both thoroughbred and harness?

MR. BURNETT: There isn't as much urgency for the harness.

MR. SEIGEL: Well, no, I thought you wanted to try to come to some conclusion here. It doesn't matter to me whether we do it on the 22nd, but it doesn't seem clear as to exactly which days you run on your -- in your seven weeks and whether that's to be open or not -- I mean the first floor will be open or not, just to give you some time to work through that.

MR. REYNOLDS: You said the 22nd?
MR. SEIGEL: Twenty-fourth, I'm sorry. Or whenever. Maybe our March meeting's fine. Whenever.

MR. BURNETT: We're not going to bring it to a conclusion today. Do we want to do it with actually setting the days and giving them a target as we did before, to adjust if need be, or do we want to leave it as an open discussion between now and our next meeting?

MR. SEIGEL: I think we've agreed on the number of days within seven weeks, so I think we could make that motion and then let them come back with details of which -- in terms of which days will be run and post times and whatnot.

MR. BROWN: I'd like to make a motion that for the Standardbred Racing for the year 2011, we've agreed on -- I'd like to propose thirty days of racing within a seven week period with the days being figured out date-wise --

Should we push that to our next meeting, push that off to our March meeting?

MR. BURNETT: February 24th meeting.

MR. BROWN: You want to do the February 24th meeting?

MR. SEIGEL: It doesn't matter. There's no sense of urgency.

MR. BROWN: Would anybody like to second that?

MR. BURNETT: I would like to second that motion.
MR. BROWN: All in favor?

NOTE: All indicated by voting aye.

MR. BURNETT: The motion carries.

We'll take a five minute break and then come back and do the ADW people. If you all are thinking that this might go at the same pace that we've been going, I have every intention to taking care of the licensing fees en masse and getting you all out of here as quickly as we can, and I apologize for as long as we've taken on other matters.

NOTE: The meeting observes a brief recess after which the meeting continues as follows:

MR. BURNETT: All right. I think we'll call the meeting back into order.

The next item on the agenda are the seven applications for new renewal of ADW licenses for 2011. We're advised by counsel that we're not required to have a formal factfinding hearing for renewal of these licenses, so at this time I would invite the EZ Horseplay, TVG, XpressBet and TwinSpires representatives to join us on the dais.

We have applications from all the parties. They are all in proper form according to our Acting Director. We have the Staff report recommending approval with the conditions contained therein.

Do any of the applicants have any comments, observations, complaints that you want to offer to the
Commission at this time?

Mr. Lermond, do you have any questions of any of the applicants? Is there anything about their applications that's incomplete or unclear to you before we accept your recommendations?

MR. LERMOND: Mr. Chairman, the Staff performed a detailed review of all of the renewal applications, and I have no questions or comments other than what was in the Staff report that you have.

MR. BURNETT: Did you inform them all of the new requirement in Virginia law that they double their handle next year?

All right. Absent any objection by anybody or any comment on any of the applications, I would move that we renew the licenses of EZ Horseplay, TVG, XpressBet, and TwinSpires on their completed and reviewed applications for the year of 2011. Do I have a second?

MR. BROWN: Second.

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

NOTE: All indicated by voting aye.

MR. BURNETT: The motion carries. Thank you-all, and if I had known it was going to be this easy, I would have had you headed to the airport a long time ago. We would have done this before we took up the other matters.
We'll try to remember that in years to come.

Have we set the next -- no, I'm sorry. We have set our next meeting. I'm going to jump to number nine, for March 24th, Thursday, March 24th here --

MR. SEIGEL: February 24th.

MR. BURNETT: I'm sorry, February 24th. Let me say it again. February 24th here at 9:30 is our next meeting.

And now we'll go back to 8. Is there any member of the public that's interested in addressing the Commission?

NOTE: There was no response.

MR. BURNETT: Seeing none, we'll move on. We have no apparent need for a closed session, gentlemen, am I right about that?

Then do I hear a motion for adjournment?

MR. SEIGEL: So moved.

MR. BURNETT: The Chair seconds. All in favor?

NOTE: All indicated by voting aye.

MR. BURNETT: We're adjourned. Thank you-all.

HEARING CONCLUDED

CAPITOL REPORTING, INC.
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 18th day of February, 2011.

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ROY GARRISON WOOD         ROY GARRISON WOOD         ROY GARRISON WOOD         ROY GARRISON WOOD

ROY GARRISON WOOD
REGISTERED PROFESSIONAL REPORTER

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