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**VIRGINIA RACING COMMISSION**

September 28, 2011

10700 Horsemen's Road

New Kent, VA 23124

Commencing at 10:05 a.m.

**COMMISSION MEMBERS:**

Clinton Miller, Chairman  
Stuart Siegel  
David C. Reynolds  
J. Sargeant Reynolds, Jr.

**COMMISSION STAFF:**

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

**ATTORNEY GENERAL'S OFFICE**

Amy K. Dilworth, Esquire

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1           CHAIRMAN MILLER: Good morning. Sorry we're a  
2           few minutes late getting started. We will finally  
3           get started.

4           Welcome, everyone, to the meeting of the Racing  
5           Commission and the first thing we'll note is that  
6           Commissioner Siegel and Commissioners Reynolds and  
7           Reynolds and myself as chairman are present.

8           The fifth commissioner, Mark Brown, is not  
9           present, but there is a quorum present, so we will  
10          take up the business of the Commission at this  
11          meeting today.

12          The first order of business is approval of the  
13          minutes of the regular meeting of August 23rd, 2011.  
14          Have the other commissioners had a chance to review  
15          those minutes?

16          MR. S. REYNOLDS: Yes, sir.

17          CHAIRMAN MILLER: Do I hear a motion for their  
18          approval?

19          MR. S. REYNOLDS: So moved.

20          MR. SIEGEL: Second.

21          CHAIRMAN MILLER: Its been moved and seconded  
22          that the minutes of the regular meeting of August  
23          23rd, 2011 be approved. All in favor, say aye.

24                 NOTE: The commissioners vote aye.

25          CHAIRMAN MILLER: They are approved.

1           The second order of business is commissioners'  
2           comments. Any commissioner wish to make any comment  
3           at this time regarding any matter?

4                     NOTE: There is no response.

5           CHAIRMAN MILLER: All right. Third -- Let the  
6           record show that no commissioner wished to make any  
7           comment.

8           Third item of business are committee reports.  
9           I might say that we're having a work session in  
10          October --

11          MR. HETTEL: Yes, sir.

12          CHAIRMAN MILLER: -- prior to our regular  
13          meeting.

14          MR. HETTEL: I think that would be convenient  
15          for everybody involved. Yes, sir.

16          CHAIRMAN MILLER: I would suggest that we,  
17          unless there's some urgent committee report that  
18          needs to be made today, that we hold off on the  
19          committee reports until the next regular meeting of  
20          the Commission, which will be --

21          MR. HETTEL: The third Wednesday of November,  
22          which is Thanksgiving week.

23          CHAIRMAN MILLER: -- October.

24          MR. HETTEL: October. Okay. I'm sorry.

25          CHAIRMAN MILLER: Third Wednesday of October,

1 which will be the 19th of October, 2011, and have  
2 we -- Mr. Hettel, have we determined that we will  
3 definitely have a work session on that date?

4 MR. HETTEL: Well, we could. We mentioned it a  
5 few times. We talked about it a few times with the  
6 other commissioners since my employment.

7 It is strongly suggested by the governor's  
8 office that we have a governance meeting yearly, if  
9 not more frequently. I've been here since April and  
10 we haven't had one, but by the same token, we have  
11 encapsulated our business very well, from my tenure  
12 anyway.

13 If you'd like, maybe we can make that the first  
14 piece of business for January, if you care to do it,  
15 and have an expanded meeting in October to include  
16 how we're gonna go forward.

17 CHAIRMAN MILLER: Well, we need a work session  
18 in addition to the one that's called for in our --

19 MR. HETTEL: All right.

20 CHAIRMAN MILLER: -- governance rules. With  
21 the legislative session coming in January, we need  
22 to review where we are as a commission and where the  
23 industry is, what steps we need to take, at least to  
24 meet the status quo, which I don't believe is  
25 sufficient. We need to go far beyond how we're

1 operating now.

2 We had a work session the first few years I was  
3 on the commission and they were very, very good  
4 sessions. I believe, Jim, you participated;  
5 Mr. Weinberg; Mr. Petramalo, you participated; I  
6 think Glenn Petty participated. Many of the  
7 stakeholders participated.

8 I would suggest that we have a work session,  
9 and of course it has to be noticed just like any  
10 regular commission meeting, so it probably would be  
11 good to just have it at a time when we're gonna have  
12 our regular monthly commission meeting.

13 Let me see from the stakeholders and from the  
14 commission members whether Wednesday, October the  
15 19th of 2011 would be an appropriate date.

16 MR. SIEGEL: So you'd want to have the work  
17 session in the morning and then the meeting?

18 CHAIRMAN MILLER: I would suggest that we have  
19 a work session beginning in the morning and then --  
20 to have an appropriate session --

21 We used to have an all-day session. In fact,  
22 we had a day-and-a-half session, I think, a couple  
23 of years ago. We ought to try to set aside three or  
24 four hours for a work session, so I would suggest  
25 that we do that in the morning, in the a.m., and

1 then have a break.

2 MR. HETTEL: Mr. Chairman, the next scheduled  
3 meeting is October 26th.

4 CHAIRMAN MILLER: October 26th?

5 MR. HETTEL: Yes, sir, and I would suggest, if  
6 you wanted to also --

7 That's a race day, I believe. What we could do  
8 is meet at nine o'clock for the work session, break  
9 for lunch, or we could serve lunch and then have a  
10 meeting, include whatever we need to in that October  
11 meeting on the same day and might want to stay and  
12 take a lunch, watch the racing. We have racing  
13 available also.

14 MR. SIEGEL: Just keep the date the same that's  
15 on the calendar.

16 MR. HETTEL: Keep the date the same, but start.  
17 I'll send a notice out and we can start something --

18 Now, you come farthest, Mr. Chairman. What  
19 works for you? What time would you like to start?

20 CHAIRMAN MILLER: Ten o'clock is better for me.

21 MR. HETTEL: All right. Ten o'clock. That'll  
22 last as long as it lasts. We'll break for lunch  
23 when we have concluded the work session, have a  
24 regular Racing Commission meeting at a time  
25 appointed, one hour, two hours after.

1           CHAIRMAN MILLER: Let me make a suggestion,  
2 Mr. Hettel.

3           MR. HETTEL: Yes, sir.

4           CHAIRMAN MILLER: Because some people come to  
5 the regular commission meeting and might not want to  
6 participate in the work session, let me suggest, if  
7 it's all right with everyone, that we have a regular  
8 commission meeting say at ten a.m., take care of the  
9 regular monthly matters that we need to take care of  
10 with the Commission, and then take a break and then  
11 begin a work session as soon as we can thereafter,  
12 and then just keep the work session going as long as  
13 everyone can stand it. It might be an hour, two,  
14 three, four.

15           If we feel we need a long time, we'll just keep  
16 going right up until the evening, if it gets that  
17 voluminous.

18           MR. HETTEL: All right. Good idea.

19           CHAIRMAN MILLER: Is there a place --  
20 Mr. Stewart, is there a place if we met at -- Is  
21 there a place to meet over in the --

22           MR. STEWART: Sure. We can find space.

23           CHAIRMAN MILLER: -- in the building over  
24 there? That way, we could have our regular  
25 Commission meeting there. We haven't done that

1 since I've been on the Commission.

2 MR. STEWART: That'd be fine.

3 CHAIRMAN MILLER: I don't think the citizens of  
4 Virginia can assert that we're taking undue  
5 advantage of a licensee by --

6 MR. SIEGEL: Unless he charges rent.

7 CHAIRMAN MILLER: -- by requesting -- by  
8 requesting that they provide a facility for us for  
9 one meeting. That way, we can -- and people could  
10 be right there at the track. People that are  
11 interested in attending the work session could be  
12 there right at the track. If they get disinterested  
13 at what we're discussing in the meeting, if they  
14 wanna watch a race, that's fine.

15 MR. STEWART: And that's fine.

16 CHAIRMAN MILLER: And we could have lunch right  
17 there at the track. Is that suitable to everyone?  
18 We'll pay for the lunch.

19 MR. STEWART: I didn't expect anything else.

20 CHAIRMAN MILLER: You have food there anyway.  
21 That keeps from having to send out for food.

22 MR. STEWART: I believe we can supply  
23 something.

24 CHAIRMAN MILLER: Would October the 26th then  
25 be a date that would be satisfactory?

1 MR. PETRAMALO: Yes. That's fine.

2 CHAIRMAN MILLER: Jim?

3 MR. WEINBERG: Yes, sir.

4 CHAIRMAN MILLER: Ian?

5 MR. STEWART: Yes.

6 CHAIRMAN MILLER: Dr. Dunavant?

7 DR. DUNAVANT: Yeah.

8 CHAIRMAN MILLER: Members of the Commission?

9 Amy? Anyone have any conflicts?

10 NOTE: There is no response.

11 CHAIRMAN MILLER: Let's do that then. We'll  
12 have a regular meeting at ten a.m. on October 26,  
13 2011, and after we've completed the business of the  
14 regular meeting, we'll take a brief break and then  
15 we'll go right into a work session and I want to try  
16 to notify as many people as we can who -- It might  
17 be beneficial to have this at the work session,  
18 Bernie. We'll talk to you about that.

19 MR. HETTEL: We can send out some  
20 announcements.

21 CHAIRMAN MILLER: You may want to have some  
22 people from outside the Commission if we move it  
23 outside the stakeholders' room to volunteer to give  
24 us some guidance at the work session.

25 MR. HETTEL: That would be helpful.

1 CHAIRMAN MILLER: All right. Very good.

2 Due to circumstances, I had previously  
3 appointed a subcommittee to deal in particular with  
4 harness racing and Standardbred and I appointed a  
5 separate subcommittee to deal with Thoroughbred  
6 racing and so on and so forth. That's chaired by  
7 Commissioner Sargeant Reynolds.

8 What we'll do -- I don't know how much has gone  
9 in to the different subcommittees' work, how much  
10 has been done. Commissioner Brown was the chairman  
11 or is the chairman of the harness subcommittee.

12 What I'm going to do today is, due to the  
13 absence of Chairman Brown and he hasn't been here  
14 for the last couple of -- several meetings, I'm  
15 gonna ask that you, Commissioner Sargeant Reynolds,  
16 take over the chairmanship of that subcommittee also  
17 and just roll it right in to yours, and that way, it  
18 will just be a racing subcommittee.

19 MR. S. REYNOLDS: Sounds great.

20 CHAIRMAN MILLER: At the work session, we'll  
21 discuss further -- you can make whatever report you  
22 can at our meeting that day, but then we'll discuss  
23 further what the subcommittee needs to be doing then  
24 for the next several months leading up to the 2012  
25 meets of both the Thoroughbred and the harness

1 industry and you'll have a lot to add to your  
2 harness agenda following this meeting and also  
3 following any formal presentation of any harness  
4 racing plan for the 2012 meet.

5 MR. S. REYNOLDS: Okay. Happy to do it.

6 CHAIRMAN MILLER: All right. Mr. Hettel, do  
7 you have an executive secretary report to make?

8 MR. HETTEL: Yes, sir. Probably just a  
9 continuation of a couple things that we already  
10 talked about.

11 I believe there'll be a necessity to establish  
12 a legislative impact study on racing to provide to  
13 the state legislature that goes into session the  
14 beginning of next year.

15 I think we need some stakeholders, obviously,  
16 to be involved with it along with the Commissioners  
17 and I'd like anybody who would like to volunteer for  
18 that committee to let me know in the next short  
19 period of time.

20 Secondly, there's a Jockey Club report that  
21 I've distributed to any interested party. There's  
22 also an economic impact of the horse industry in  
23 Virginia report that Glenn Petty has sent to  
24 everybody, so I think everybody should maybe study  
25 that.

1           We'll put that committee together and it can  
2 dovetail with what Sargeant is doing with his two  
3 committees and what Dave is doing with his committee  
4 and we can talk more about that at that working  
5 session on where we need to get legislatively for  
6 the upcoming session.

7           CHAIRMAN MILLER: All right.

8           MR. HETTEL: Also this week, I attended on  
9 Sunday evening the Virginia Harness Horsemen's  
10 Association meeting and most of them are here today.

11           I'm glad you all took the time to come. I know  
12 it's a busy cup day with training in the morning and  
13 then coming to race in the afternoon, and we  
14 certainly want to engage you all and have any  
15 comments you'd like to make, and hopefully, this  
16 will be a productive meeting for everybody.

17           With no further comment, Mr. Chairman, we can  
18 go ahead and continue on with the rest of the  
19 agenda.

20           CHAIRMAN MILLER: Thank you, Mr. Hettel.

21           The next item on our agenda is to hear from the  
22 stakeholders; first from Colonial Downs matters  
23 pertaining to harness racing.

24           MR. STEWART: Good morning. I'm Ian Stewart,  
25 president of Colonial Downs. Colonial Downs has

1 indicated at these meetings since at least February  
2 and actually prior to that, that Standardbred racing  
3 in Virginia is kind of at a crossroads.

4 The agreement between Colonial Downs and the  
5 VHHA expires at the end of the year. Colonial Downs  
6 believes that Virginia Standardbred racing can and  
7 must do a better job of achieving common objectives  
8 that lead to promotion, growth and sustenance of a  
9 native Standardbred industry, which is the  
10 legislative mandate. And by native, I take that to  
11 mean the Virginia Standardbred industry.

12 Preserving the status quo of racing is not an  
13 option. Without change, I believe Standardbred  
14 racing in Virginia is gonna continue a steady  
15 decline by every important measure in the industry's  
16 health.

17 Currently, between purses and live meet costs,  
18 the stakeholders, Colonial Downs and horsemen are  
19 investing over \$2 million in a Standardbred meet  
20 that in reality really kind of offers few rewards to  
21 Virginia Standardbred horsemen.

22 It suffers from declining attendance and handle  
23 and it faces significant competitive challenges from  
24 neighboring Standardbred tracks, particularly Ocean  
25 Downs and Rosecroft, that are gonna offer purses

1 much higher than what Colonial Downs offers.

2 I think we must redefine our objective to  
3 stakeholders; both the horsemen, the Commission and  
4 Colonial Downs.

5 Colonial Downs over the last 18 months has  
6 explored a number of possibilities, including a dual  
7 meet, racing at the state fair. More recently,  
8 discussions this summer have involved refocusing the  
9 Standardbred meet on Virginia harness horsemen.

10 I think both Colonial Downs and the horsemen  
11 desire to manage the purse fund in a way that  
12 rewards Virginia horsemen and provides incentives to  
13 grow and sustain the Virginia Standardbred industry.

14 Unfortunately, increasingly, Colonial Downs  
15 will not be able to compete on a national level for  
16 Standardbred horses as Ocean Downs and other tracks  
17 supplement their Standardbred purses with other  
18 gaming revenues.

19 When we discussed Thoroughbred racing, we spent  
20 a lot of time talking about the beneficial  
21 consequences that quality racing has; a larger field  
22 size that generate larger handle, provides for  
23 larger purses that in turn generates larger field  
24 size.

25 This cycle, unfortunately, does not exist in

1 our Standardbred program. It is not attracting  
2 attendance and it is not attracting the level of  
3 handle that the Thoroughbred program has.

4 I think we should recognize that Standardbred  
5 racing in Virginia is a program basically to support  
6 the Virginia Standardbred breeders and trainers. As  
7 the numbers suggest, we can do a more effective job  
8 of distributing the purse funds if we change the  
9 focus of the Standardbred program to a Virginia  
10 program.

11 We believe the way to build a Bible harness  
12 industry is to give virtually all the money to  
13 Virginians and build from the ground up. This focus  
14 will result in a shorter meet but will create  
15 stronger incentives to require Virginia-bred horses.  
16 As there are more Virginia-breds in the future, the  
17 meet should grow.

18 In response to this discussion, the VHHA and  
19 Colonial Downs talked about a plan for 24 race days  
20 in 2012, 18 in 2013 and four hot (inaudible) days in  
21 2014.

22 Colonial Downs endorses and supports this plan  
23 as long as the 24 days are conducted over five  
24 weeks, 18 days over four weeks and the four days  
25 over two consecutive weekends. Those expenses

1 incurred on a weekly basis define the meet in terms  
2 of weeks and is important to Colonial Downs.

3 I think that we can work with VHA in this  
4 program.

5 In July, we submitted a draft agreement for a  
6 contract for the VHA for its review and comment that  
7 captures many of the concepts we've discussed today.  
8 We can work with the VHA and come to an agreement on  
9 this.

10 We've completed six days of the harness 2011  
11 meet so far. Total attendance has been 3,300 people  
12 this year, versus 5,333 for the first six days last  
13 year.

14 Live handle at the track on the Colonial Downs  
15 races is 116,000 this year, versus 139,000 last  
16 year; it's down 16 percent. The average per day is  
17 \$19,345.

18 As a point of comparison, the average per day  
19 for Thoroughbreds is \$97,841, or over five times as  
20 much.

21 Simulcast handle at the track on non-Colonial  
22 Downs races is \$49,000 this year, versus \$37,000  
23 last year. We were open more days because of our  
24 second trial promotion.

25 Our average out-of-state handle, which is

1 handle that people around the country bet on our  
2 races, is \$66,968 versus \$55,000; 55,646 last year.  
3 As a point of comparison, the average daily  
4 out-of-state for Thoroughbreds is 723,000 or 11  
5 times more.

6 As of Sunday, we had 331 horses on the grounds.  
7 In six days, we have had 528 horses race; which 195  
8 shipped in. As you can see, that means that the  
9 horses on the grounds have raced quite a bit.

10 Looking at today's program, you can see there  
11 is a number of horses that are gonna make their  
12 fourth start today, which is the seventh day of  
13 racing of 11 days. The truth is there's not enough  
14 purse money. There's not going to be enough purse  
15 money in the future to attract enough horses to run  
16 as many days as we've run in the past.

17 Harness handle in the OTBs is down 42 percent  
18 since 2007, if you look at just the eight-month  
19 August to August difference.

20 Account wagering handle is up, but what's  
21 important is that the profit margin for both the  
22 horsemen and the track is much higher on the OTB  
23 handle than it is on the account wagering handle.  
24 The horsemen arguably get five percent on OTB  
25 handle, but probably less than four percent on

1 account wagering handle when you put it all  
2 together.

3 The difference is even more stark for the  
4 track. We probably are on the margin of getting  
5 about 11 percent on the OTB handle and we're getting  
6 less than four on ADW handle.

7 The numbers aren't a whole heck of a lot  
8 different for Thoroughbred.

9 So account wagering handle is up, but it  
10 provides less purses than the OTB does and over all  
11 handle is down 27 percent. When you compound that  
12 with the fact that I've shown at previous meetings  
13 that most of the money is going to out-of-state  
14 horsemen, it's obvious to me that something needs to  
15 change.

16 I believe that Dr. Dunavant is on the right  
17 track with the proposal and I think with just slight  
18 modifications, we can be supportive, as long as it  
19 is part of a three-year agreement.

20 CHAIRMAN MILLER: Any questions? Does that  
21 complete your --

22 MR. STEWART: That's all I have to say at the  
23 moment.

24 CHAIRMAN MILLER: I know that we pick that  
25 up -- our record picks up what you've just

1 presented, but do you have that written in a  
2 statement that you can file with the Commission?

3 MR. STEWART: Sure.

4 CHAIRMAN MILLER: A clean copy that you can  
5 file with the Commission so that we can put in our  
6 record.

7 Any questions from the Commissioners of  
8 Mr. Stewart?

9 MR. SIEGEL: No.

10 MR. S. REYNOLDS: Not just at this second.

11 CHAIRMAN MILLER: Just to review, 24 days in  
12 2012?

13 MR. STEWART: That's what Dr. Dunavant and I  
14 have talked about. As I've mentioned to  
15 Dr. Dunavant, the big cross drive with Colonial  
16 Downs is the number of weeks, and we recognize that  
17 the Racing Commission only assigns days on a  
18 year-to-year basis, so that would be important for  
19 us to have an over all plan that is encapsulated in  
20 a contract with the VHHA.

21 CHAIRMAN MILLER: But your proposal is for 24  
22 days?

23 MR. STEWART: That's not the proposal that I'm  
24 making; that's the proposal that has been discussed  
25 with Dr. Dunavant.

1           CHAIRMAN MILLER: That's what has been  
2 discussed. Okay. The proposal that has been  
3 discussed as to the next year is 18?

4           MR. STEWART: Yes.

5           CHAIRMAN MILLER: And the proposal that's being  
6 discussed for next year is how many?

7           MR. STEWART: Four.

8           CHAIRMAN MILLER: Four days, two weekends?

9           MR. STEWART: Yes.

10          CHAIRMAN MILLER: Just wanted to be clear on  
11 that.

12          So there are no questions for Mr. Stewart at  
13 this time.

14          All right. Dr. Dunavant from the Virginia  
15 Harness Horsemen's Association.

16          DR. DUNAVANT: Thank you. I'd like to say  
17 we've got a pretty good group of people on the back  
18 stretch. We've had nice, competitive races. We  
19 have been plagued by terrible weather. Our  
20 attendance is down a bit, but the fair was supposed  
21 to boost us up and we were in a monsoon. Weren't  
22 that many people here at the fair and they couldn't  
23 get outside if they wanted to.

24          But we've had some good racing. We've had  
25 three to five horses get to the wire together.

1 We've had some good pay-offs.

2 I think everybody enjoys racing here, but the  
3 horsemen agree that there are problems with all  
4 racing, not just Standardbred racing. We're in an  
5 all-time sense of the Great Depression. Economy is  
6 down. People don't have money to wager and at any  
7 rate, I don't know that anybody has a quick answer.

8 I appreciate the fact that Mr. Miller has  
9 appointed a new chairman of the committee to study  
10 Standardbred racing.

11 Mr. Brown knows harness racing as well as  
12 anybody in this room and I've been quite upset that  
13 I can't get in touch with him and we haven't had an  
14 opportunity to meet with that committee.

15 Look forward to meeting with Mr. Reynolds.  
16 Mr. Stewart and I met and discussed some things  
17 about the future of harness racing.

18 There is some dissension among my harness  
19 horsemen as to what is the best approach to take and  
20 we have ongoing negotiations in that area. I don't  
21 know that anybody really has what's the answer to  
22 increase the popularity of harness racing in this  
23 state, but we will come up with a plan.

24 I'm not gonna tell you that we are going to  
25 have -- ready to sign a contract next month or when,

1 but I feel like we'll certainly have something in  
2 place by the time our current contract expires at  
3 the end of December.

4 I've got a member of the Board of the Virginia  
5 Harness Horse Association that wants to make some  
6 comments today, Dr. Scott Woogen. He and I are  
7 great friends and colleagues and we have a little  
8 bit of a difference of opinion on what is the proper  
9 approach and that carries over to our horsemen that  
10 are here from out-of-state.

11 They all want to come here and race. I wish we  
12 had the money and the wherewithal to race 150 days a  
13 year, but the model has changed and we're at a  
14 crossroads and we've got to come up with some  
15 answers.

16 CHAIRMAN MILLER: All right. Thank you  
17 Dr. Dunavant. Any questions of Dr. Dunavant?

18 NOTE: There is no response.

19 CHAIRMAN MILLER: Dr. Scott Woogen. How do you  
20 spell that?

21 DR. DUNAVANT: W-O-O-G-E-N.

22 CHAIRMAN MILLER: W-O-O-G-E-N. So Dr. Scott  
23 Woogen.

24 DR. DUNAVANT: He's a gastroenterologist here  
25 in Richmond and quite an amateur driver. I don't

1 know if he's still an amateur or not.

2 DR. WOOGEN: I'm still an amateur.

3 CHAIRMAN MILLER: Dr. Woogen, just come up and  
4 have a seat, if you would, and we'd like to hear  
5 from you, sir.

6 DR. WOOGEN: I appreciate the opportunity to  
7 speak to the Commission. I am a gastroenterologist  
8 first, but my passion is harness racing. I'm an  
9 amateur driver and owner of horses and have been  
10 involved in the efforts to bring racing to Virginia  
11 first, then bring on-track betting parlors to  
12 Virginia second, and finally, bring Colonial Downs  
13 to the state third.

14 I think since we've been involved for so long,  
15 I wanted to give a historical perspective of where  
16 we started and where we are today.

17 About 20 years ago, not quite 20 years ago, the  
18 license was approved by the state to build a race  
19 track. Nobody came forward to build a track because  
20 a stand-alone race track is a losing proposition.  
21 We all recognize that; we all understand that. I  
22 don't know of any race track in the country that  
23 without supplementation of some form could survive  
24 in today's world.

25 Because of that, we went back to the

1 legislature and worked hard to get them to allow the  
2 licensee to have off-track betting parlors,  
3 understanding that that was basically a way to  
4 defray the cost of a live racing meet and allow for  
5 a profit beyond, and the model was great when it was  
6 implemented.

7 It was further strengthened by six additional  
8 licenses being granted to Colonial Downs several  
9 years later, now allowing them over tens of OTBs in  
10 the state.

11 With that, we've had some live racing and we've  
12 enjoyed racing here. We've always been  
13 approximately 20 to 25 percent of the total handle  
14 throughout the year in racing in the state, so  
15 harness racing is generally in the low 20 percent of  
16 the total handle.

17 That has not changed in 13 years, meaning that  
18 no matter what the economy does and how betting  
19 fluctuates up and down, we have a faithful following  
20 that continues to bet harness racing, as opposed to  
21 Thoroughbred racing. We are about a little more  
22 than a fifth of the total handle.

23 That doesn't sound like a lot, but when you  
24 consider that beyond the cost of doing business on  
25 your Thoroughbred side, that with the off-track

1 betting parlor, that additional 20 to 25 percent is  
2 generally profit, I think Colonial Downs has failed  
3 to recognize that that's made them solvent and  
4 probably made them quite a bit of money over the  
5 years.

6 Having said that, I just want to point out  
7 again that no matter how the economy fluctuates and  
8 no matter how our meets have been conducted, we've  
9 been able to maintain our market share.

10 So although the numbers that you heard from  
11 Mr. Stewart show some doom and gloom, it really  
12 reflects doom and gloom on the industry. If the  
13 percentages haven't changed, then certainly the  
14 Thoroughbred handle has dropped to a significant  
15 amount as well.

16 The real issue here is racing in general and  
17 not harness racing and we feel somewhat scapegoated  
18 because we're easy prey. We feel we're easy prey  
19 because not many people understand the game. Not  
20 many people understand what's going on here.

21 But we strive to put on a live meet. We have a  
22 lot of dedicated trainers and drivers and people  
23 come from out-of-state. We fill the box. We  
24 generally have large fields and we generally have  
25 competitive racing.

1           Unfortunately, we have not had stability. We  
2           have not had partnership with Colonial Downs. We  
3           have had an adversarial relationship for 13 years.  
4           Each year is a struggle. Each year, we hear how  
5           harness racing is a losing proposition. What we  
6           don't hear is the whole story; that all racing at  
7           Colonial Downs, live racing is a losing proposition.

8           My understanding is the Thoroughbred meet lost  
9           more money than the harness meet, to the tune of a  
10          million dollars versus \$600,000 last year.

11          We understand that. We also understand that  
12          it's expected. It's expected that you're not going  
13          to be able to make money as a single proposition by  
14          racing live horses. We understand that the  
15          off-track betting parlors have been commissioned for  
16          that reason.

17          Now something's happened the last few years  
18          which I think is the reason that Colonial Downs has  
19          been more adamant about changing harness racing.

20          There's been the advent of Internet betting and  
21          Internet betting now is easy. It's comfortable.  
22          You can bet the races, watch them on your computer.  
23          You can bet them in your living room and you can sit  
24          there. You don't have to pay an admission to an  
25          off-track betting parlor. You don't have to drive

1 30 minutes from Richmond to get to this facility.

2 Not only that, but a lot of these Internet  
3 sites will offer a rebate, so for the real betters,  
4 there's a substantial amount of money coming back to  
5 them by betting on the Internet.

6 What has that meant to Colonial Downs? I  
7 suspect it has meant drop off in attendance and drop  
8 off in handle, both at the off-track betting parlors  
9 and in live racing.

10 To further complicate things, Colonial Downs  
11 has implemented -- what they hope to implement is  
12 hundreds of betting machines around the state and  
13 bars and restaurants. I think there's nothing wrong  
14 with that. I think it's an excellent idea, but what  
15 you're looking at is competing with yourself.

16 You've competed now. You've opened up your own  
17 Internet site and your own telephone wagering.  
18 You've opened up tens of these betting sites in bars  
19 and restaurants and hope to open up hundreds, and  
20 yet you worry about attendance here. Well, unless  
21 you make this facility an area where there's an  
22 event going on beyond racing, there's absolutely no  
23 reason for people to come here.

24 It doesn't mean they're not watching the races.  
25 It doesn't mean they are not betting. I suspect

1 more people are watching our races than have before  
2 because of all these opportunities, but we can't sit  
3 here and look at live racing results and live  
4 attendance results as an isolated piece of  
5 information. We have to look at the big picture.

6 The model is changing. The off-track betting  
7 parlors are not as lucrative for Colonial Downs. We  
8 recognize that. We are willing to work hard with  
9 Colonial Downs to cut their costs.

10 Along those lines, we were asked to race  
11 afternoon racing. We were told that it costs \$5,000  
12 a night to run the lights. Harness racing,  
13 generally, is a nighttime sport or at least an  
14 evening sport. Our fans generally are working  
15 people that have an opportunity to come to the track  
16 or bet at home or bet at the off-track betting  
17 parlors after work.

18 We have given that up in order to satisfy  
19 Colonial Downs' request to save money on the  
20 lighting. Because of that, we're racing Saturday  
21 and Sunday afternoons in the fall.

22 Virginia -- if nothing else, Virginia is all  
23 about college football. College football, one  
24 o'clock on a Saturday afternoon. What kind of --  
25 The competition we're facing is tremendous. Sunday

1 afternoon, one o'clock, professional football all  
2 fall.

3 This is not the best venue for us. It's not  
4 the best time. It's not the best situation. We're  
5 working with this at Colonial Downs' request and we  
6 recognize that it will lead to a decrease in handle  
7 and a decrease in attendance.

8 We would love as an organization to have  
9 Colonial Downs be a partner, a true partner in  
10 trying to figure a way of optimizing profits for  
11 them and optimize opportunities for us. As of yet,  
12 we have failed to get that partnership.

13 But the reason I'm here today is to really  
14 stress that number one, our percentage of the market  
15 share is unchanged. We don't get the support in  
16 terms of marketing. We don't get the events out  
17 here that the Thoroughbreds do and we have not had a  
18 circuit with Maryland, which is a tremendous  
19 advantage for the Thoroughbreds.

20 But we hold our own and through all that and  
21 through changing our times and changing our dates  
22 and change and change, which makes us not to be able  
23 to recruit a fan base that will bet our sport and  
24 bet our product continuously, but we hold our own in  
25 the face of all this so there is interest.

1           We can do a better job, but we need a  
2 partnership and we need to stop hearing the words  
3 that harness racing has to go away. We are not the  
4 problem. We can be part of the solution if we're  
5 allowed.

6           There was some comments made by Colonial Downs  
7 about a legislative mandate. I want to point out  
8 that the legislative mandate also called initially  
9 for 150 days of live racing. That's certainly not  
10 gonna happen in this economic climate, but there are  
11 other mandates besides growing a Virginia industry.

12           In terms of Virginia industry, the way the sire  
13 states program was envisioned, it was to try to  
14 provide mares owned by Virginians and then  
15 stallions, who with the advent of casino gambling  
16 and racinos, [ph] the purse structures of sire  
17 states programs in adjoining states is so  
18 astronomically high compared to us that we've had to  
19 alter the way we consider our sire states program.

20           We have a difference of opinion on the board of  
21 the best way to approach that and internally, we'll  
22 solve that problem in the next few weeks. We'll  
23 come up with a position that the board will agree on  
24 and we'll move forward and present that to you.

25           But I think right now what we have, if we talk

1 about money in the sire states program going  
2 out-of-state, our current program as envisioned by  
3 our commissioner, Mr. Brown, was a Virginia -- was a  
4 mare coming into the state, no matter who owned her  
5 and where she was from, come into the state, foaled  
6 here, keep the mare here six months and that foal  
7 was eligible.

8 So I envision that if we continue along that  
9 path, all we're doing is encouraging out-of-state  
10 owners of mares to foal in Virginia. It really  
11 doesn't raise our native racing industry.

12 So I think in my opinion, we have to look at  
13 our sire states program a little differently and  
14 certainly the thoughts of going to a four-day  
15 Virginia-bred meet is gonna be racing out-of-state  
16 horses who have been foaled here and bring the money  
17 out of the state; not what the Commission of the  
18 state envisioned.

19 In terms of Ocean City and Rosecroft purses,  
20 they're not higher. They may be higher in the  
21 future. In fact, they are lower than here, so we  
22 are competitive with our neighboring state.

23 We would like to raise our purses and one of  
24 the thoughts we've had was maybe to decrease racing  
25 days somewhat in order to augment the purses further

1 and we'll present that to you.

2 The level of attendance we've talked about.  
3 And handle, we're a victim both of weather and  
4 timing change. And again, we've talked about the  
5 breed and we really have to think about a better way  
6 to do a sire stakes program.

7 So I thank you for your time and I'm certainly  
8 here to answer any questions you might have.

9 CHAIRMAN MILLER: Thank you, Dr. Woogen. Any  
10 questions or comments from the Commission?

11 MR. S. REYNOLDS: Obviously, I have a lot of  
12 questions, but I think we'll save that for the work  
13 session. I think there are a lot of issues here, so  
14 I think it will go beyond the work session and  
15 we'll, you know, have as many committee meetings as  
16 we need to try to flush all this stuff out and try  
17 to come up with the right answer.

18 So I always like a challenge and I think we've  
19 got one here. Sounds like we've had one, so  
20 hopefully, we will all work together and come up  
21 with a good solution that works for everybody.

22 DR. WOOGEN: Thank you.

23 CHAIRMAN MILLER: Dr. Woogen, you suggest that  
24 perhaps in the next few weeks, you'll have a meeting  
25 of your board and after that time, you'll have a

1 more --

2 MR. BROWN: Consensus.

3 CHAIRMAN MILLER: Consensus. I was trying to  
4 think of the adjective that would go with  
5 consensual. A more agreement among all your people.

6 DR. WOOGEN: Absolutely. I'm sorry we didn't  
7 have the meeting before today and we were hoping to  
8 be able, of course, to present a real proposal today  
9 and as of yet we don't have that, but certainly  
10 within next few weeks, we should have that. There's  
11 really no reason not to, and certainly, we're  
12 holding up the whole process if we don't.

13 CHAIRMAN MILLER: All right. Do you have  
14 any -- Are there any other among the group assembled  
15 here today from the harness racing group that would  
16 like to address the Commission?

17 MS. LISI: I would. I apologize for my barn  
18 clothes.

19 CHAIRMAN MILLER: Will you come forward and  
20 state your name?

21 MS. LISI: My name is Nancy Lisi.

22 CHAIRMAN MILLER: Last name?

23 MS. LISI: Lisi. L-I-S-I.

24 CHAIRMAN MILLER: L-I-S-I. Thank you.

25 MS. LISI: I'm part of the group that promotes

1 harness racing, Preserve Harness Racing, LLC.

2 What I'm really pleased to see is that two  
3 people that don't quite agree would get up in front  
4 of a race commission and say we don't quite agree,  
5 but we will have an agreement together.

6 In Maryland, the stronger one will squash the  
7 weaker one and there will be no message or any  
8 disagreement and it will be kept under wraps, so I  
9 just wanted to commend the Virginia Harness Horsemen  
10 because they show a lot of freedom of speech and  
11 they are working together and everybody wants to  
12 come to a real agreement.

13 What's happened is a lot of Maryland people  
14 have come over to Virginia and are now Virginia  
15 horsemen and they're stabled at Woodstock. They had  
16 to flee because of the closure of two back stretches  
17 there. It was a disaster for us. We live near D.C.  
18 Unless you want to graze your horse on the monument  
19 grounds, there's nowhere to put your horses, much  
20 less train them.

21 CHAIRMAN MILLER: You wouldn't put them close  
22 to the monument now.

23 MS. LISI: No. And if there's an earthquake,  
24 you're in trouble.

25 So I just wanted to point out that we are

1 really grateful to the Virginia people for including  
2 us so readily as refugees and we hope that there  
3 will be some, you know, agreements made.

4 CHAIRMAN MILLER: Thank you.

5 MS. LISI: And we will help promote, because we  
6 believe that track owners, maybe because of  
7 necessity, fall short for real promotion of race  
8 tracks.

9 We take to fairs, county fairs or to events,  
10 environmental events, we take a small, movable  
11 display which explains harness horses to the people.  
12 We have equipment on it.

13 Sometimes if room allows, we'll take a horse  
14 and the kids will come and they'll ask questions and  
15 we are always amazed at the interest it generates in  
16 the sport when people actually see what the  
17 difference is between a trotter and pacer or they  
18 get to see the historical Courier and Ives that  
19 we'll put out. The harness, the kids will try the  
20 helmet and the colors on.

21 So we have done quite a number of displays this  
22 summer and we'll keep on doing those.

23 CHAIRMAN MILLER: All right. Thank you very  
24 much. Any questions? Any questions for Ms. Lisi or  
25 comments?

1 MR. STAPLES: I have one.

2 CHAIRMAN MILLER: All right. Yes, sir.

3 MR. STAPLES: I think really the whole thing  
4 boils down to exposure. There's no exposure all  
5 over the country. Horse racing -- horses are very,  
6 very much underexposed. That's a hell of an idea,  
7 hooking up the kids. See, they forgot all about the  
8 kids. They bring their uncles and their aunts and  
9 so forth and so on like Disney. It's coming. I  
10 think we're gonna make it.

11 CHAIRMAN MILLER: Okay. The gentleman in the  
12 back.

13 REVEREND FULLWOOD: Yeah. I'm Reverend Arthur  
14 Odell Fullwood from Myrtle Beach, South Carolina. I  
15 don't mind racing my horse, but I don't go along  
16 with your betting and all, you know. That's fine if  
17 anybody else feels good.

18 Personally, I feel condemned for that when we  
19 drive all the way from Myrtle Beach, South Carolina  
20 and we had an opportunity to go to California.

21 They said they was racing the same horses over  
22 and over and they would pay you \$3,000 to go out  
23 there and race, but it would come out of your purses  
24 and all because they would race the same horses over  
25 and over, you know, and there's no competition.

1           So I don't feel like there's enough horses in  
2 Virginia to even have harness racing if you don't  
3 let the outsiders like us come in or whatever, you  
4 know.

5           I really enjoy it and I want to say that I love  
6 everybody in Virginia. I've been a lot of places,  
7 but I've never met anybody that's no nicer than  
8 people in Virginia. Thank you.

9           CHAIRMAN MILLER: Thank you, sir.

10          MS. GAWRON: My name is Helen Gawron and I just  
11 wanted to say as Dr. Woogen had said, we are a  
12 community. All over the United States, any race  
13 track you go to, we feel like we are family. This  
14 is something that's in us.

15          And as to the county fairs, we bring harness  
16 racing to the county fairs and the set-up booths and  
17 it's a light.

18          There's something that's really soft in all of  
19 this besides the gambling, you know, and that is a  
20 family and I believe that like Reverend had said,  
21 bring it into the community too, at your grocery  
22 stores and feed mills and everyone. It's a  
23 contribution. It's just positive. We're a good  
24 group.

25          CHAIRMAN MILLER: Thank you. How do you spell

1 your last name?

2 MS. GAWRON: G-A-W-R-O-N.

3 CHAIRMAN MILLER: Thank you. Sir?

4 MR. LUNGUL: Yes. My name is Jerry Longul [ph]  
5 and I've been racing horses for 48 years, harness  
6 horses for 48 years. This is my second year here  
7 and I really like it and the proposal that this  
8 gentleman made was, you know, 24 then 18 and four.

9 If you happen to go with that, after four or  
10 after 12, then there will be no more racing after  
11 that here in Colonial Downs, if that's what he's  
12 saying. You can't race a four-day meet; nobody will  
13 come.

14 I come 24 hours straight to drive here when I  
15 brought nine horses here and then there won't be  
16 nobody coming for a four-day meet. If you don't  
17 want harness racing in Virginia anymore, then you'll  
18 approve that, but I won't be coming back. All  
19 right. Thank you.

20 CHAIRMAN MILLER: Thank you. Any questions or  
21 comments regarding the last two speakers? Any  
22 commissioners have any questions, comments?

23 NOTE: There was no response.

24 CHAIRMAN MILLER: All right, sir.

25 MR. MILIUCCI: My name is Dino Miliucci. Would

1 you like for me to spell that for you?

2 M-I-L-I-U-C-C-I.

3 I been coming to race here at Colonial Downs  
4 since 1991. I live in Virginia. I live in New  
5 Jersey. I'm a licensed trainer-driver. I breed  
6 horses, currently racing a Virginia-bred horse that  
7 I raised at my farm in New Jersey after she was  
8 foaled here in Virginia at one of your horsemen's  
9 farms, Jan Noffsinger.

10 I'm also a licensed insurance agent in numerous  
11 states. I'm also a licensed racing official with  
12 the USDA and I represent a number of horse harness  
13 supply companies, so I'm a pretty busy guy. I have  
14 two children in college and my wife is back home in  
15 New Jersey, but I'm here to race one horse in  
16 Virginia and I want to say two things.

17 Since I've been here, I've spent about \$3,000  
18 on food, supplies, horsemen supplies, lumber,  
19 restaurants, et cetera, et cetera, and everywhere I  
20 go, people made comments; hey, what are you doing  
21 here from New Jersey? I'd tell them that we're  
22 racing horses here in New Jersey [sic] and  
23 100 percent of those people were unaware that we  
24 were racing right now at Colonial Downs and I think  
25 that that's pretty alarming, considering that those

1 people I met were within 30 miles of this race  
2 track.

3 The other thing I wanted to say is that if the  
4 Association and the Racing Commission and Colonial  
5 Downs feels that they have made the best effort that  
6 they possibly could to promote harness racing and to  
7 improve the environment, then that's wonderful, but  
8 if you haven't and you don't feel that you have,  
9 then I think you have some work to do. Thank you  
10 very much.

11 CHAIRMAN MILLER: Thank you. Any questions or  
12 comments relating to the last speaker?

13 MR. STAPLES: Yes, sir. He's right on time.  
14 In Laurel, same way. You can go around Laurel Park  
15 right now and I guarantee you 40, 50 percent don't  
16 even know they're racing. You may find it hard to  
17 believe, but I take you up there if you put enough  
18 money.

19 It's a true story. America does not know we  
20 are racing. Eighty percent. That's the truth.  
21 Then you got Will on ESPN ragging on us all the  
22 time, him and Cornhouse. [ph]

23 These people got -- and I've always wondered  
24 why the Standardbred or all horse people haven't  
25 been together. Hauling these horses or anything

1 with four legs and a tail, but I see it coming. I  
2 do. I see it coming.

3 My name is Staples, if she needs my name.

4 CHAIRMAN MILLER: She's got your name she says.

5 MR. SIEGEL: Everybody knows you.

6 MR. STAPLES: Okay. I see it working out for  
7 all of us, specially in the Commonwealth.

8 CHAIRMAN MILLER: Any other person here in the  
9 crowd wish to address the Commission?

10 Yes, sir.

11 MR. GAWRON: My name is Ted Gawron. I'm a  
12 trainer here. I have a couple horses. I just want  
13 to say that the four-day meet that he's proposing to  
14 bring money to Virginia horsemen, that I don't see  
15 how that can work.

16 People are not going to -- Virginia people are  
17 not going to breed harness horses to race two  
18 weekends. You can't do that. You're gonna spend  
19 money all year to race two weekends? Unless you're  
20 racing for \$2 million a race, you can't possibly  
21 make any money and you can't possibly bring any  
22 breeders or owners into this state with a four-day  
23 meet. You can't do it.

24 You have to look elsewhere at what is working.  
25 Look at a state like Indiana, who three years ago

1 had nothing, no racing. Now they have racing. They  
2 are the number one state in the country now for  
3 breeding horses and you look at the number of farms  
4 that have moved into Indiana because they have one  
5 of the best sire state programs around and the money  
6 is there.

7 And I don't -- Everybody here can tell you how  
8 many farms have moved into Indiana. I'm from Ohio  
9 originally. All the farms in Ohio have moved to  
10 Indiana. The amount of money that that brings in to  
11 Indiana has to be astronomical.

12 Like this gentleman said, he spent \$3,000.  
13 I've spent. All those people that bring their farms  
14 in there. Midland Acres, one of the top farms in  
15 Ohio opened up a farm in Indiana. They moved most  
16 of their stallions to Indiana. They had to buy that  
17 land. They had to hire people to work that farm.

18 They have two or three Indiana sales now in  
19 Indiana where they sell all those yearlings. They  
20 just had one that they sold 350 horses. They had  
21 another one they're selling 650 horses. Those are  
22 all horse-bred and raised in Indiana. You can't do  
23 that with a four-day meet. That's not gonna work.

24 CHAIRMAN MILLER: All right. Thank you. Any  
25 questions or comments or response to the last

1 speaker? Dr. Dunavant?

2 DR. DUNAVANT: I'd like to agree that what has  
3 happened in Indiana and the reason that has happened  
4 is that the alternative gaming program -- and they  
5 have put the money up so people can afford to breed  
6 horses there and buy farms.

7 Before they -- a six-day is actually what we  
8 talked about. We were looking at what money we had.  
9 They could put money up enough so it would be  
10 profitable to race foals there. We don't have the  
11 money here. We don't have alternative gaming and  
12 we're not gonna get alternative gaming.

13 In order to salvage a breeding program, people  
14 have got to be able to go for a purse that can  
15 support that.

16 The thinking on part of our board was that if  
17 we could race for 100,000 to \$200,000 finals and  
18 have three \$20,000 races, then a Virginia-bred horse  
19 would be worth some money and it would be worthwhile  
20 to breed them.

21 As it is now, we go for \$35,000 purses and  
22 that's not a good overnight purse in Pennsylvania,  
23 so it's not profitable to breed horses in Virginia  
24 at this time. Hopefully, we can make some changes.  
25 I would like to find a great big pot of money that

1 we could race for, but I don't know where we could  
2 get it.

3 The other comment that I would make is the VHHA  
4 is interested in a promotion for this meet. Sunday  
5 was our first promotion and it really turned out  
6 well.

7 We put on an Own A Horse For A Day program.  
8 You've got to be here present at the races  
9 Wednesday, which is today. After the seventh race,  
10 we're gonna draw ten names. You must be present and  
11 come down if your name is drawn. They'll register  
12 you.

13 You've got to be back Sunday morning at 10:30  
14 to draw a horse in a race that day and we're gonna  
15 try to have ten horses.

16 In our inaugural thing, only nine people were  
17 here that were drawn and fortunately, we had a  
18 ten-horse race and one horse scratched so we had  
19 nine people that had a horse.

20 We bring them down, they issue them day passes  
21 after they draw their horse. Carry them down,  
22 introduce them to their trainer, let them see their  
23 horse. All of them had cameras and were elated.

24 The horse that wins, that person got \$1500 and  
25 we pay back to fifth. Fifth place horse got \$150

1 and four people didn't get a dime. They found out  
2 what it was like to be a horseman.

3 But today will be our second day of that at  
4 Colonial Downs. Darryl Wood has done a good job.  
5 We had -- on the radio. We had a reporter from the  
6 Tidewater area for the newspaper that came and took  
7 pictures and was over there and we had some real  
8 happy people that really enjoyed coming to the barn,  
9 meeting horses and participating. So hopefully, it  
10 is going to attract people out here.

11 You've got to be here Wednesday and you have  
12 gotta be here Sunday for the races and hopefully  
13 that'll put some people over there.

14 CHAIRMAN MILLER: Thank you, Dr. Dunavant.

15 Just to make it clear for the record, one of  
16 the speakers mentioned this was a proposal. I hope  
17 we made it clear at the beginning of the  
18 presentation these are discussion points. No one is  
19 formally proposing at this time any particular race  
20 day.

21 We as a Commission, as I understand it, are  
22 being advised by the stakeholders that these are  
23 points of discussion and ideas that they are  
24 discussing among themselves now and hopefully will  
25 come together with some kind of formal proposal in

1 the future relating to race days.

2 Have I couched that correctly?

3 MR. PETRAMALO: Yeah.

4 CHAIRMAN MILLER: All right. Someone one.

5 Yes, sir.

6 MR. TROTTER: I'm Greg Trotter. [ph] I've  
7 lived in Virginia for the last 11 years. I've raced  
8 here since they opened. Formally a Maryland  
9 resident also that got shipped out of there.

10 I understand this is the proposal part and it's  
11 just the beginning and Dr. Woogen had mentioned on  
12 this some and one of the comments from Mr. Stewart  
13 was a lot of Virginia money is not going to Virginia  
14 people.

15 If you go to this program, my feeling is -- and  
16 it won't be beared out until we do it to know what's  
17 gonna happen -- when you have that much money,  
18 you'll find like in every other state, the top  
19 stables and top trainers start buying those  
20 Virginia-breds.

21 They take that money and they'll take it  
22 out-of-state. Yes, it'll benefit a few breeders,  
23 but it won't benefit many. So to me, the majority  
24 of the money will benefit the least amount of  
25 people. Just something to keep in mind. That's all

1 I have to say.

2 CHAIRMAN MILLER: Thank you. Any response or  
3 questions relating to the last speaker?

4 NOTE: There was no response.

5 CHAIRMAN MILLER: All right. Was there  
6 anything further from the stakeholders or from  
7 Colonial Downs?

8 NOTE: There was no response.

9 CHAIRMAN MILLER: Any Commission member have  
10 any further comment?

11 NOTE: There was no response.

12 CHAIRMAN MILLER: All right. So just to try to  
13 sum up where we are; what we've heard today  
14 discussed are some points of discussion that are  
15 being explored by the licensee and also the  
16 stakeholders, especially in the harness racing and  
17 Standardbred area; is that correct?

18 Well, just as a final wrap-up comment.  
19 Unfortunately, the sports business in this country  
20 has become highly lucrative and competitive and  
21 unfortunately, some of the classic sports such as  
22 Thoroughbred racing and Standardbred racing are  
23 being pushed pretty hard by some of the more  
24 glamorous, macho sports that get a lot of publicity;  
25 football, professional football, professional

1 college football --

2 MR. STAPLES: Professional. That's right.  
3 That's what it is.

4 CHAIRMAN MILLER: -- baseball, soccer.  
5 Everything. I mean it's very, very competitive and  
6 it is very sad really sometimes to see what's  
7 happening to some of the sports that we love and I  
8 know how difficult it is to compete with the big  
9 money and the publicists and the television networks  
10 and the sports networks that push some of the sports  
11 to the bottom rung.

12 But I still, as several of the speakers have  
13 said, Dr. Woogen in particular, there is a certain  
14 base in every sport, a base following. Harness  
15 racing certainly has a base of fans that are going  
16 to always be there. Thoroughbred racing has the  
17 same and the question is whether we can fight and  
18 persevere in this highly competitive environment.

19 So it behooves both the licensee and the  
20 Standardbred folks and the Thoroughbred industry  
21 people to all try to first of all reach points of  
22 agreement and to have a united front, because it's  
23 tough enough as it is.

24 So hopefully in your decisions and in your  
25 board meetings and in your negotiations relating to

1 contracts for future years, everyone will keep that  
2 in mind that it is very important to try to reach  
3 points of consensus as we go forward.

4 MR. SIEGEL: Mr. Chairman, I would just like to  
5 say, and I'm sure the other commissioners will  
6 agree, this has been a pretty enlightening  
7 discussion for us.

8 We have learned a lot from this and I think  
9 it's terrific that these horsemen will turn out and  
10 speak on behalf of their group. We don't get enough  
11 of this.

12 The people that you see sitting across the  
13 front of this table across from me do a great job  
14 representing the various entities, but nothing  
15 speaks louder than the horsemen themselves. So I  
16 would continue to urge you to come to these meetings  
17 when you have time and when it's appropriate to  
18 speak to us.

19 Whether you're a Thoroughbred person or a  
20 Standardbred person, this is the kind of input that  
21 we need that's very helpful to us as we discuss  
22 these things among ourselves and try to come to our  
23 own conclusions about what's best for racing in  
24 Virginia. So again, thank you very much for all of  
25 you being here.

1           CHAIRMAN MILLER: Any other comments from the  
2 commissioners?

3           MR. SIEGEL: This gentleman here.

4           CHAIRMAN MILLER: Yes, sir.

5           UNKNOWN SPEAKER: I'm from Ohio and I've been  
6 to numerous meetings and I really am surprised at  
7 how much this gentleman here, Mr. Reynolds, has been  
8 documenting the whole meeting. In Ohio, our  
9 Commission usually doesn't do that. I'm really  
10 happy to see that he cares so much to document in  
11 writing and enlighten everybody.

12           The only person I know in here -- this is my  
13 first year here -- is Mr. Woogen. I'm a young guy  
14 just trying to make a go of it here and really like  
15 what I see between the Commission and the horsemen  
16 trying to resolve an issue to keep things going.  
17 I'd like to make that comment.

18           CHAIRMAN MILLER: Thank you.

19           Anything further? Yes, ma'am.

20           MS. LISI: I just wanted to say that mutually,  
21 an agreement, we have to think positive. This is  
22 our life and we have faith, you know. This is what  
23 we live, eat, breathe. This is who we are. It'll  
24 happen, you know. We think positive.

25           CHAIRMAN MILLER: Thank you.

1 MS. LISI: Thank you.

2 CHAIRMAN MILLER: The next item of business on  
3 the agenda is public participation, so I would call  
4 on if there's anyone here today with any comments  
5 beyond what has already been discussed beyond  
6 harness racing. I mean other things. Take your  
7 pick.

8 If there's anything anyone would like to  
9 comment on at this time that the Commission -- would  
10 be for the benefit of Commission.

11 UNKNOWN SPEAKER: Yes. I just have a question.  
12 Has anybody ever tried to get slot machines in the  
13 race tracks?

14 MR. GAWRON: We tried for 20, 30 years and  
15 Illinois still haven't go it.

16 CHAIRMAN MILLER: Well, I might just tell you  
17 that in Virginia, we face a real challenge  
18 politically in Virginia relating to any kind of  
19 gaming.

20 MR. GAWRON: Any kind of gambling.

21 CHAIRMAN MILLER: What we prefer to call  
22 gaming, but of course we're trying -- What we're  
23 trying to do as a Commission and I think the  
24 licensee is trying to do also and the horsemen's  
25 groups in Virginia, we're trying to explore

1 everything we can to enhance the purse structure in  
2 Virginia, whether it be by percentages that might be  
3 derived from the off-track betting or from ADWs or  
4 satellite wagering and any other way that we can  
5 enhance the purse structure.

6 We're not going to be able -- I think at this  
7 point, there's no use to hold out any great hope  
8 there's going to be an explosion of revenue from  
9 gaming.

10 As a matter of fact, in Virginia just as in  
11 some of the other states, there are many who  
12 indicate that what you would call the straight slot  
13 type gambling really isn't, in the long run,  
14 beneficial to the racing industry itself for  
15 building the horse industry. It is beneficial in  
16 building up purses in some other states; our  
17 neighboring state of West Virginia, for example.

18 MR. STAPLES: Charles Town.

19 CHAIRMAN MILLER: When you go to Charles Town  
20 race track and slots --

21 MR. SIEGEL: And casinos.

22 CHAIRMAN MILLER: -- there's a good reason why  
23 they put "and slots" in their advertising, because  
24 that's principally what it is. You go there on any  
25 given night or given day and you'll have 6,000

1 people playing the slot machine and 3,300 people  
2 watching the race.

3 MR. STAPLES: Right.

4 CHAIRMAN MILLER: But these are all issues that  
5 we have to look at, but we do recognize that we have  
6 to do whatever we can to try to build up the purse  
7 structure in Virginia and hopefully, that's  
8 something that we'll be able to do in the future and  
9 we'll have to live without slot machines.

10 You haven't been here long enough to understand  
11 the political structure of Virginia, which is a very  
12 proud and notable 18th Century structure.

13 Any further public comments?

14 MR. STAPLES: Yes, sir. With all due respect  
15 to the gentleman that made a statement a little  
16 earlier, there are tracks that do stand alone with  
17 no other gambling other than horse racing. They're  
18 out there. Keeneland is one of them, if you ever  
19 heard of Keeneland, 75 years. That's what we're  
20 gonna have to do in Virginia, because slots are dead  
21 on suggestion, not arrival.

22 MR. MILLER: Thank you.

23 MR. STAPLES: You're welcome.

24 CHAIRMAN MILLER: The next meeting we've  
25 already dealt with and that is set for October the

1 26th, 2011 at ten a.m. A notice will be sent. The  
2 meeting will be identified at that time.

3 MR. HETTEL: Yes, sir.

4 CHAIRMAN MILLER: In addition to that meeting,  
5 we'll be having a session to discuss the racing  
6 industry and problems, possible solutions, future,  
7 et cetera. That's what we hope to derive from the  
8 work session that we will be putting together on  
9 that day and I hope that people who are here today  
10 that many of you can attend.

11 I would also interject that it would be helpful  
12 that the people from the harness industry and  
13 Standardbred industry that have been here today,  
14 that as you keep up with the issues here in  
15 Virginia, it would really be helpful if you could  
16 help to communicate with our legislature and with  
17 our governor's office in the future relating to what  
18 you believe, relating to the horse industry, what  
19 you believe would be beneficial and the degree that  
20 you feel that the legislature and this governor and  
21 future governors should get involved in trying to  
22 help sustain the horse industry in Virginia and the  
23 harness racing, Thoroughbred racing, et cetera.

24 It's very important because many times when it  
25 comes to dealing with the political issues, the

1 licensee or individual Commission members or  
2 Commission collectively are the only people that  
3 seem to be communicating and we don't get -- We  
4 don't get the attention that is given to someone  
5 who's a voter or related to a voter back home in  
6 that constituency of the various legislators or the  
7 governor, so hopefully, you'll take a real political  
8 interjection, real political activity to help your  
9 industry here in Virginia.

10 We're going to go into a closed session. We  
11 have to discuss some internal matters, closed  
12 meeting of the Commission, after which we will have  
13 to return to this room to adjourn.

14 When we do return, we have nothing else on the  
15 agenda, so there's nothing else that will be  
16 officially discussed when we return to our meeting,  
17 other than the motion to adjourn after we finish our  
18 closed meeting. So I just advise you of that in  
19 case you don't want to stay for the entire meeting.

20 In accordance with the provisions of Section  
21 2.2-3711(A)(1), I move that the Commission go into  
22 closed meeting for the purpose of discussion or  
23 consideration of the assignment, appointment,  
24 performance or salary of a specific public officer  
25 or appointee or employee or member of the Commission

1 and in accordance with the provisions of Sections  
2 2.2-3711(A)(7) of the Code of Virginia, I move the  
3 Commission go into closed meeting for the purpose of  
4 consultation with legal counsel or employee retained  
5 by the Commission regarding specific legal matters  
6 requiring the provision of legal advice by such  
7 counsel.

8 All in favor, say aye.

9 MR. SIEGEL: Aye.

10 MR. D. REYNOLDS: Aye.

11 MR. S. REYNOLDS: Aye.

12 CHAIRMAN MILLER: Do we have to have a recorded  
13 individual vote?

14 MS. DILWORTH: No.

15 MR. SIEGEL: Just when we come back.

16 CHAIRMAN MILLER: Motion's carried. We're  
17 going into a closed meeting. We shan't be long.

18 NOTE: There is a recess from 11:21 a.m.  
19 until 11:59 a.m.; thereafter, the hearing  
20 continues as follows:

21 MR. MILLER: I move the adoption of the  
22 following resolution:

23 WHEREAS, the Virginia Racing Commission has  
24 convened a closed meeting on this date, pursuant to  
25 an affirmative recorded vote and in accordance with

1 the provisions of The Virginia Freedom of  
2 Information Act;

3 WHEREBY, Section 2.2-3712 of the Code of  
4 Virginia requires a certification by this Commission  
5 that such closed meeting was conducted in conformity  
6 with Virginia law;

7 NOW THEREFORE BE IT RESOLVED, that the Virginia  
8 Racing Commission certifies that, to the best of  
9 each member's knowledge, (i) only public business  
10 matters lawfully exempted from open meeting  
11 requirements under the Virginia Freedom of  
12 Information Act and (ii) only such public business  
13 matters as were identified in the motion convening  
14 the closed meeting were heard, discussed or  
15 considered by the Commission in the closed meeting.

16 All in favor of the resolution vote aye.

17 Commissioner Reynolds.

18 MR. S. REYNOLDS: Aye.

19 CHAIRMAN MILLER: Commissioner Reynolds.

20 MR. D. REYNOLDS: Aye.

21 CHAIRMAN MILLER: Commissioner Siegel.

22 MR. SIEGEL: Aye.

23 CHAIRMAN MILLER: And I vote aye. Has to be  
24 recorded.

25 MR. SIEGEL: I know.

1 CHAIRMAN MILLER: I move we adjourn.

2 MR. HETTEL: Second.

3 MR. D. REYNOLDS: Third.

4 MR. S. REYNOLDS: Fourth.

5 CHAIRMAN MILLER: We are adjourned.

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8 NOTE: The meeting is adjourned at

9 12:02 p.m.

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## CERTIFICATE OF COURT REPORTER

I, Sandra G. Spinner, hereby certify that having first been duly sworn, I was the Court Reporter at the meeting of the Virginia Racing Commission at the time of the hearing herein.

Further, that to the best of my ability, the foregoing transcript is a true and accurate record of the proceedings herein.

Given under my hand this 23rd day of October, 2011.

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**SANDRA G. SPINNER**

**COURT REPORTER**