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VIRGINIA RACING COMMISSION

November 17, 2015

PATRICK HENRY BUILDING  
WEST READING ROOM  
1111 EAST BROAD STREET  
RICHMOND, VA 23219

Commencing at 10:00 a.m.

**COMMISSION MEMBERS:**

J. Sargeant Reynolds, Jr., Chairman  
D.G. Van Clief, Jr., Vice Chairman  
Dr. Charles Steger  
I. Clinton Miller

**COMMISSION STAFF:**

Bernard J. Hettel, Executive Secretary  
C. Richard Harden, DVM, Equine Medical Director  
David S. Lermond, Deputy Executive Secretary

**OFFICE OF AGRICULTURE AND FORESTRY:**

Sam Towell, Deputy Secretary of Agriculture and Forestry

**ATTORNEY GENERAL'S OFFICE:**

Joshua Laws, Esquire  
J. Duncan Pitchford, Esquire  
Kristina Stoney, Esquire  
John W. Daniel, Esquire

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	INDEX	
		Page
1		
2		
3	1. Call to Order	3
4	2. Administrative Process Act Hearing	
5	a. TwinSpires Advance Deposit Account Wagering License	4
6	b. Colonial Downs, L.P. Application - Limited License (2016)	5
7	c. Colonial Downs, L.P. Application - SWF West Broad Street	79
8	d. Colonial Downs, L.P. Application - SWF Hampton	79
9	3. Approval of October 14th meeting minutes	79
10	4. New Business	
11	a. VHBPA - Report on Virginia Bred and Stakes Races at Laurel	80
12	b. Approval of VHHA and VHBPA requests for expenditure of funds	82
13	c. Virginia Equine Alliance Update	87
14	5. Public Comment Period	91
15	6. Commissioners' Comments	91
16	7. Closed Session	91
17	8. Adjournment	94
18		
19		
20		
21		
22		
23		
24		
25		

1           CHAIRMAN REYNOLDS: It's ten o'clock. I would  
2 like to call the Virginia Racing Commission meeting  
3 for November 17, 2015 to order, and I would like to  
4 state for the record that we have four  
5 commissioners today. Commissioner Steger; Vice  
6 Commissioner Van Clief; myself, Sarge Reynolds, and  
7 Commissioner Miller. Commissioner Dawson is not  
8 with us today. We do have a quorum present.

9           The first thing I'd like to do is go ahead and  
10 get a meeting scheduled for next month, and I would  
11 like to pick, if it works for all of the  
12 commissioners, and I believe it does, I'd like to  
13 set December 16th as our next meeting date, the  
14 place to be determined. I'm sure it will be here  
15 somewhere, but we'll let you know at ten o'clock in  
16 the morning.

17           Anybody have an issue with that?  
18 Commissioners? Everybody good with that? Okay.  
19 If we decide not to have a meeting, we don't have a  
20 reason to have a meeting, we'll certainly let you  
21 know and cancel it. But right now, we will  
22 schedule that meeting on the 16th.

23           All right. So we will move on to the agenda.  
24 Please forgive me. I'm working with half of a  
25 shoulder and less than that of a brain today

1 probably.

2 The first item on the agenda is to have a  
3 hearing, Administrative Process Act hearing, and  
4 first on the agenda is the TwinSpires advance  
5 deposit account wagering license. Mr. Hettel, can  
6 you update on me on where we stand?

7 MR. HETTEL: Mr. Chairman, I would request,  
8 based on the conversations I've had this morning  
9 with all the parties and participants, that this  
10 action be deferred until the 16th, our next Racing  
11 Commission meeting. I've got a scheduled  
12 conference call among them all on Monday,  
13 November 30th, and hopefully, there will be an  
14 agreement reached during that conversation. If  
15 not, we can proceed on the 16th with the hearing.

16 CHAIRMAN REYNOLDS: Okay. Mr. Laws, does the  
17 Commission need to take any official action on  
18 deferring to the December 16th meeting or can I  
19 just poll my fellow commissioners and see if  
20 there's a consensus?

21 MR. LAWS: We'll take an informal poll of the  
22 commissioners, but first, I'll ask the parties if  
23 they're in agreement with continuing it until  
24 December 16th. Brad Blackwell, are you in  
25 agreement to continuing the hearing until December

1 16th?

2 MR. BLACKWELL: Yes. Thank you.

3 MR. LAWS: And Jeb, are you in agreement to  
4 continuing the hearing until December 16th?

5 MR. HANNUM: Yes. That's fine. Thank you.

6 CHAIRMAN REYNOLDS: Fellow commissioners, will  
7 that be okay with you all to defer this?

8 COMMISSIONER STEGER: Yes, sir.

9 VICE CHAIRMAN VAN CLIEF: Yes, sir.

10 CHAIRMAN REYNOLDS: Mr. Miller?

11 COMMISSIONER MILLER: That's fine.

12 CHAIRMAN REYNOLDS: Okay. Consider that done.  
13 We will defer the TwinSpires advance deposit  
14 account wagering license issue until our next  
15 meeting on December 16th.

16 Next on the agenda is the Colonial Downs, L.P.  
17 application for a limited license to have race days  
18 in 2016. Colonial Downs plans to conduct live  
19 racing on September 24th through 27th, 2016, and to  
20 simulcast that meet to other simulcast outlets.

21 what we'll do now is first consider the  
22 application for the limited license.

23 MR. LAWS: At this point, Mr. Chairman, I will  
24 read the exhibits that the Commission has prepared  
25 and ask that they be admitted into the record.

1           The first exhibit is Exhibit A, that includes  
2           the limited license application of Colonial Downs,  
3           L.P., for the Virginia Derby festival date,  
4           October 27, 2015. It also is an October 29, 2015  
5           letter; subject, Colonial Downs' applications to  
6           the executive secretary and a copy of a  
7           Thoroughbred horsemen's agreement dated October 28,  
8           2015.

9           Exhibit B is a November 12, 2015 letter to  
10          Ms. Lantz from the executive secretary of the  
11          Racing Commission. Exhibit C is 22 pages. It  
12          consists of at the beginning a letter dated October  
13          15, 2014 to the executive secretary of the Racing  
14          Commission; subject, return and surrender of the  
15          unlimited licenses of Colonial Downs, L.P. and  
16          Colonial Racing Corporation, formerly Stansley  
17          Racing Corporation.

18          D is a transcript of the Virginia Racing  
19          Commission December 11, 2013 hearing. Exhibit E is  
20          a copy of the November 2nd, 2015 notice of hearing  
21          for the hearing that's being conducted today.

22          Mr. Weinberg, do you have any objection to any  
23          of those exhibits being admitted into the record?

24          MR. WEINBERG: I have no objection; however, I  
25          would observe that Colonial Downs will present all

1 three applications at once, and if the Commission  
2 desires to modify its agenda to hear all three  
3 applications at once, Colonial Downs is agreeable  
4 to that.

5 MR. LAWS: Just for the record, I apologize I  
6 left off Exhibit F, which is a copy of the  
7 November 16, 2015 letter to Ms. Lantz from the  
8 executive secretary of the Racing Commission.

9 So at this point, if the Commission wants to  
10 entertain a motion to admit Exhibits A through F  
11 into the record.

12 COMMISSIONER MILLER: Second.

13 CHAIRMAN REYNOLDS: All those in favor, say  
14 aye.

15 NOTE: The Commission votes aye.

16 CHAIRMAN REYNOLDS: Those opposed? Hearing  
17 none, the motion passes unanimously.

18 Okay. I would call upon Colonial Downs to make  
19 their presentation. I believe you all probably  
20 need to be sworn in for any -- sworn in first; is  
21 that correct?

22 MR. LAWS: Ms. Lantz and Mr. Weinberg have  
23 ethical duties; they don't need to be sworn in, but  
24 if Stan or Jeanna wants to testify, we can swear  
25 them in and any other witnesses. Are those your

1           only two witnesses? Could you all raise your right  
2           hand for me?

3                         NOTE: Mr. Guidroz and Ms. Bouzek are  
4           collectively sworn.

5           MR. LAWS: Thank you. Mr. Weinberg, you may  
6           begin.

7           MR. GUIDROZ: Good morning. I'm Stan Guidroz,  
8           acting president of Colonial Downs and regional  
9           vice president of Jacobs Entertainment. With me  
10          today is Jim Weinberg and Chandra Lantz with  
11          Hirschler Fleisher; Jeanna Bouzek with Colonial  
12          Downs. Behind me is Tim Valente, the president of  
13          Old Dominion Horsemen's Association, and his  
14          attorneys, Bob Hughes and Richard Samet from the  
15          law firm of Florance Gordon Brown.

16          I'm here to discuss Colonial Downs' application  
17          for licenses in 2016. Colonial Downs wishes to be  
18          Virginia's venue for high-quality Thoroughbred  
19          racing and home of the Virginia Derby and other  
20          graded stakes.

21          Its world-class turf course is the sole  
22          Virginia venue where such races can be conducted.  
23          Unlike the past, Colonial Downs seeks a limited  
24          license for a limited purpose; to be the venue for  
25          high-end racing.



1 Colonial Downs desires to put its world-class  
2 Thoroughbred track to productive use to host  
3 national-caliber racing. No longer is there a need  
4 for Colonial Downs to be all things for all people  
5 in Virginia horse racing. There are other venues  
6 and venues developing. We are supportive of these  
7 other venues across the state that host other types  
8 of racing.

9 Colonial Downs' license applications are  
10 financially self-contained. The proposed races and  
11 operations are financed without the aid of any of  
12 the resources allocated to the VEA and the VHBPA by  
13 the General Assembly and the VRC.

14 The operations of the Richmond and Hampton SWFs  
15 are expected to generate sufficient revenues over  
16 time to sustain the purse structure and racing  
17 operations of Colonial Downs.

18 During the start-up period, funding will be  
19 provided by Jacobs Entertainment, Colonial Downs'  
20 parent.

21 Colonial Downs' applications consist of three  
22 integrated parts. The application for a  
23 significant infrastructure limited license to  
24 conduct four days in 2016, license applications to  
25 reopen the Richmond and Hampton SWFs, and a

1 Thoroughbred horsemen's agreement in compliance  
2 with §59.1-369 of the Virginia Racing Act. I'd  
3 like to address each of these points separately.

4 As it relates to race days, Colonial Downs  
5 proposes four days of racing from September 24th  
6 through the 27th for 2016. Racing on September  
7 24th and 25th will feature 500,000 a day in purses  
8 and the running of the Virginia Derby on the 24th,  
9 the Colonial Turf Cup and Virginia Oaks on  
10 September 25th, and other stakes races and  
11 traditional races to round off the race card each  
12 day. The races on the 26th and 27th will be of the  
13 type that have historically been run at Colonial  
14 Downs during the summer.

15 Colonial Downs will perpetuate the graded  
16 status of the Virginia Derby, Colonial Turf Cup and  
17 Virginia Oaks. From the first Virginia Derby in  
18 1999 to 2013, these race events were originated and  
19 promoted by Colonial Downs through over 600,000 in  
20 purse supplements from Colonial Downs to make the  
21 races more attractive and to secure graded status.

22 Jacobs Investments provided sponsorships of  
23 over 700,000 to put the Virginia Derby on CBS  
24 Sports for two years in 2007 and 2008. The Derby  
25 earned a Grade III rating in 2004 and was elevated

1 to a Grade II status in 2006. Purse levels have  
2 ranged from 500,000 to \$1 million a day.

3 The track in New Kent with its doublewide turf  
4 course is a showplace in which we have invested  
5 millions of dollars. Year after year, the  
6 Commission's own annual reports describe our course  
7 as being known as the "Thoroughbred turf racing  
8 capital of the nation."

9 The Virginia Derby and Colonial Turf Cup have  
10 attracted over the years the best horses, jockeys  
11 and trainers. The Grand Slam of Grass captured  
12 national attention and put Colonial Downs and  
13 Virginia on the map for Thoroughbred turf racing at  
14 the highest levels.

15 TVG routinely covered the races with its live  
16 broadcasts and broadcasters. Horses such as  
17 Kitten's Joy, English Channel and Gio Ponti have  
18 raced at our track. Kitten's Joy won the 2004  
19 Secretariat Stakes, had two Grade I wins on his way  
20 to the Eclipse Award for Outstanding Male Turf  
21 Horse.

22 English Channel, trained by Todd Pletcher, won  
23 the inaugural Colonial Turf Cup at Colonial Downs,  
24 and later that season, the Virginia Derby, the  
25 first and second legs of the Grand Slam of Grass.

1 He went on to a number of remarkable victories.  
2 Gio Ponti, a winner of the Virginia Derby, became  
3 one of the best American turf horses of all time.

4 In its earlier years, the Colonial Turf Cup and  
5 Virginia Derby established one-day handle records;  
6 The peak handle, which was in 2008. The source of  
7 this was the Commission Annual Reports.

8 The experience that Colonial Downs has gained  
9 over the years in successfully staging these races  
10 will insure Colonial Downs' and the industry  
11 stakeholders' benefit in implementing the plan  
12 reflected in Colonial Downs' applications.

13 If the Virginia Racing Commission desires  
14 graded-stakes-quality Thoroughbred racing as part  
15 of Virginia's equine industry, Colonial Downs'  
16 license applications provide that exclusive  
17 opportunity to do so.

18 There is no other venue in Virginia, and there  
19 is not likely to be one in the foreseeable future  
20 that can host such races.

21 Colonial Downs recognizes the need for other  
22 racing opportunities in Virginia. The VEA is well  
23 on its way to providing those opportunities.  
24 Colonial Downs will contribute to the effort as  
25 well. Included in the proposal are two days of

1 bread and butter races that have historically been  
2 run at Colonial Downs. These are intended to  
3 provide development opportunities for minor league  
4 horses to race in a major league track facility on  
5 a turf course that they cannot race on anywhere  
6 else.

7 with regards to the satellite facilities. To  
8 defray the operational expense of live racing at  
9 the racetrack and generate funds for purses that  
10 will otherwise be financed by Colonial Downs,  
11 Colonial Downs requests licenses to reopen the  
12 Richmond and Hampton SWFs. The facilities will be  
13 operated as they had been for over 15 years. To be  
14 clear, Colonial Downs is not seeking an ADW  
15 license, and there will be no EZ Horseplay or ADW  
16 kiosks in the SWFs.

17 Historically, Richmond has been the best  
18 performing SWF, and at its height had annual handle  
19 in excess of \$50 million for several years. The  
20 Richmond SWF operated without incident from 1996  
21 until October 2014. Licensed in '96, it is a  
22 well-attended venue with average daily attendance  
23 of 270 over the past ten years. In the last full  
24 year of operation with a full simulcast race card,  
25 it generated average daily handle of in excess of

1           \$74,000 a day.

2           The Hampton SWF was historically the third best  
3 performing SWF. At its height, the Hampton SWF  
4 produced in excess of \$25 million of handle a year  
5 for several years. The Hampton SWF was operated  
6 without incident from 1998 until October 2014. It  
7 is a well-attended venue with average daily  
8 attendance of 189 over the past ten years. In this  
9 last full year of operation with a full race card,  
10 it generated average daily handle in excess of  
11 \$49,000 a day.

12           Since the opening of the SWFs in Chesapeake and  
13 Richmond in 1996, Colonial Downs has refined its  
14 expertise in marketing, equipping, staffing and  
15 operating SWFs that is unmatched in Virginia.

16           Operations of the SWFs by Colonial Downs also  
17 is consistent with the deal struck in Senator  
18 Norment's office during the amendments in the  
19 Racing Act.

20           Regarding the amendments in the Racing Act.  
21 The VEA and the horsemen would control the ADW  
22 revenue and Colonial Downs would be entitled to  
23 apply for licenses and open SWFs.

24           with regards to the Thoroughbred horsemen's  
25 agreement. As part of Colonial Downs' license

1 application, Colonial Downs has submitted a  
2 Thoroughbred horsemen's agreement with the Old  
3 Dominion Thoroughbred Horsemen's Association. This  
4 agreement is based upon horsemen's agreements that  
5 the Commission has previously approved.

6 Colonial Downs and the Old Dominion  
7 Thoroughbred Association have negotiated a 25-year  
8 agreement that provides for the Virginia Derby,  
9 stakes races, and bread and butter races every  
10 year, an open backstretch for four weeks in the  
11 summer, purse contributions from the SWFs, and a  
12 schedule of future race days based on a formula  
13 that provides a bread and butter race day for every  
14 high-end race day added to the schedule.

15 Initially, Colonial Downs shall provide funding  
16 for purses. The Old Dominion and Colonial Downs  
17 have agreed that Colonial Downs will contribute 1%  
18 of handle from the SWFs to purse funds until it has  
19 realized earnings before the payment of interest,  
20 depreciation and taxes and amortization of \$1.5  
21 million each year, and thereafter, Colonial Downs  
22 will contribute 4% of handle.

23 Colonial Downs is well aware of the controversy  
24 surrounding the majority horsemen's group. To seek  
25 clarity on this legal matter, Colonial Downs filed

1 a declaratory judgment action on Friday for a  
2 federal court to provide guidance regarding  
3 conflicting federal and state law on the matter.  
4 If the licenses are granted, Colonial Downs'  
5 expectation is that the federal court's decision  
6 will provide instruction as to how a majority  
7 horsemen's group is recognized.

8 Put that proceeding aside, the agreement can be  
9 assigned and assumed by the VHBPA without further  
10 consent from Colonial Downs. Colonial Downs  
11 invited the VHBPA to have discussions about the  
12 elements of the contract to be tweaked but never  
13 received a call.

14 The nature of the licenses being sought and why  
15 Colonial Downs turned in its unlimited license.  
16 This morning, we have noted our past operations for  
17 17 years. There seems to be some confusion about  
18 how the operations came to an end last November.

19 We voluntarily turned in an unlimited license  
20 in 2014 where we were required to be all things to  
21 all people. We were not able to focus on the  
22 high-end racing product that our fans demand. With  
23 a limited license, we are able to focus on high-end  
24 racing and move forward successfully.

25 Mr. Miller, as you observed in the June 2014



1 Commission meeting that, and I quote, Our  
2 responsibility as a Commission is to make sure that  
3 the licensee that has the authority to run  
4 Thoroughbred racing in Virginia, make sure that  
5 they run races or at least operate in such a manner  
6 as it is a positive economic benefit to the  
7 agribusiness industry in Virginia. That's the  
8 primary purpose for which this legislation was  
9 passed. End quote. The proposal you have before  
10 you today will do that. We are looking to the  
11 future and not back at the past.

12 Since the Commission first solicited  
13 applications for an unlimited license in 1993, the  
14 racing industry has changed dramatically over the  
15 years -- over the last 22 years.

16 There's a greater competition for wagering on  
17 horses in general, there's casino-style gambling  
18 fueling purses in other Mid-Atlantic states, but  
19 not Virginia. There are fewer horses available to  
20 run at the racetrack.

21 In this environment, Colonial Downs could not  
22 continue to be all things for all people. Colonial  
23 Downs has been telling that to the Commission for  
24 years. It is a death by a thousand cuts. Colonial  
25 Downs needed to change the dynamic where the

1 industry became segmented to meet different needs.

2 The advent of other tracks to support other  
3 racing is a great development. Colonial Downs  
4 wants to fit a different niche. Its desire is to  
5 host the Virginia Derby and graded stakes while  
6 providing some opportunity for bread and butter  
7 racing.

8 Colonial Downs is looking to the future, not  
9 the past. Colonial Downs and the Virginia equine  
10 industry are now operating in a different  
11 landscape. The Racing Act has been reworked to  
12 change from where an unlimited licensee was called  
13 upon to support the entire industry, to multiple  
14 licenses and venues supporting a diverse industry.

15 Colonial Downs has a role as one of many to  
16 play in the new landscape. Outfitted with one of  
17 the best turf courses in North America, that role  
18 is to play host to high-end racing and graded  
19 stakes -- will also provide a venue for bred and  
20 butter racing to run on the turf as well. It's a  
21 narrow but important focus.

22 Everyone from the Commission to Mr. Frank  
23 Petramalo has acknowledged how vital these stakes  
24 are in Virginia racing. Colonial Downs is the only  
25 venue for them currently and probably in the

1 future.

2 And with that, I turn it over to Jim for some  
3 other comments.

4 MR. WEINBERG: There are a number of legal  
5 requirements that are associated with the license  
6 application that I would just like to review as  
7 to Colonial Downs' satisfaction of those legal  
8 requirements. The first deals with a significant  
9 infrastructure limited licensee. There are certain  
10 physical requirements that are mandated by the law.  
11 I'd just like to review them.

12 First, New Kent County has passed a referendum  
13 in 1986; one of the first jurisdictions in Virginia  
14 to do so, approving pari-mutuel wagering at a  
15 racetrack.

16 Second, Colonial Downs has the requisite racing  
17 infrastructure, consisting of an outer mile and  
18 one-quarter dirt oval and 180-foot-wide mile turf  
19 course of which races of various lengths can be  
20 run.

21 Third, its grandstand contains approximately  
22 127,000 square feet, which can contain in excess of  
23 3,000 people under cover. Finally, there are barns  
24 providing for over 1,000 stalls, all of which  
25 satisfy the requisite infrastructure limited

1 licensee criteria.

2 There are additional criteria which is  
3 reflected in the application that I won't review in  
4 detail, but going to the quality of the physical  
5 improvements, the equipment employed in the  
6 operation of the track and satellite facilities,  
7 security plans at the track and satellite  
8 facilities, government actions that have been  
9 secured and management personnel outlined for the  
10 management for track and in satellite facilities  
11 and compliance with laws and the effects of  
12 competition is all set out in the application.

13 In addition, there are a number of regulatory  
14 requirements set out in the Commission's  
15 regulations. The first is the issuance of a  
16 license that will not adversely affect the horse  
17 racing industry in the Commonwealth of Virginia or  
18 the public interest.

19 Colonial Downs has satisfied the more rigorous  
20 requirements of being an unlimited licensee. In  
21 that period, the track, the satellite facilities  
22 produced tax revenues for over ten localities.  
23 Total tax revenue to these localities was in excess  
24 of \$18.6 million, as reflected in the 2014  
25 Commission Annual Report.

1           From 2000 to 2014, in excess of 25.2 million  
2 was generated for wagering for the Breeders Fund,  
3 again as outlined in the Commission's report. In  
4 2010, the estimated impact in Virginia of just  
5 pari-mutuel racing was \$103 million. This is just  
6 the racing and the wagering operations.

7           These results are set out in The Economic  
8 Impact of the Horse Industry In Virginia, prepared  
9 by the Weldon Cooper Center for Public Service, at  
10 the University of Virginia. We'd like to submit  
11 that report and make it part of the record after  
12 the conclusion of this hearing.

13           Colonial Downs provided the same world-class  
14 turf course to English Channel, a world champion  
15 Thoroughbred, as it did to a \$5,000 claiming horse.  
16 The applications seek to utilize this wonderful  
17 course in return from Maryland the Virginia Derby,  
18 the Colonial Turf Cup and the Virginia Oaks.

19           As Mr. Guidroz noted, this role is vital to the  
20 success of the Virginia industry as acknowledged by  
21 this Commission in its annual reports and at  
22 various Commission meetings over the last 18  
23 months.

24           Even the HBPA recognizes the importance of  
25 these races in an effort to have the races run in

1 Maryland for Virginia purses. These races have  
2 enhanced the reputation of Virginia as an important  
3 stop on the national Thoroughbred circuit. The  
4 Colonial turf course has won national acclaim and  
5 the license requested will bring additional  
6 attention to this remarkable turf course and  
7 high-quality Thoroughbred racing on it.

8 In the period as the unlimited licensee,  
9 Colonial Downs through its track and satellite  
10 facilities gave rise to horse racing with  
11 pari-mutuel wagering in Virginia. This  
12 Commission's own Annual Reports repeatedly describe  
13 Colonial Downs as "the catalyst" of horse racing in  
14 Virginia, generating substantial handle, and from  
15 that, revenues to support the growth of the horse  
16 industry in Virginia.

17 Finally, there are other reasons that horse  
18 racing at Colonial Downs is important to the  
19 Commonwealth. There are a number of tourist  
20 benefits outlined in the Weldon Cooper report, as  
21 well as generating in-state wagering by  
22 out-of-state guests.

23 The second requirement in the Commission's regs  
24 is the horse racing facility will be operated in  
25 accordance with all applicable state and federal

1 statues and regulations.

2 For 17 years, Colonial Downs operated the  
3 racetrack and satellite facilities in compliance  
4 with all applicable laws and local ordinances.  
5 Colonial Downs will continue to do so for 2016 race  
6 days and any races that may be generated in the  
7 future.

8 Finally, the third prong of the three-part test  
9 is the issuance of a limited license to the  
10 applicant will not adversely affect the public  
11 health, safety and welfare.

12 The Commission has determined for each of the  
13 last 17 years that that racing proposed at Colonial  
14 Downs is beneficial and not adverse to the public  
15 health, safety and welfare. Every year from 1997  
16 to December 2013, Colonial Downs has been evaluated  
17 by the Virginia Racing Commission as to the effect  
18 of its operations and the public health, safety and  
19 welfare.

20 Each year in approving race dates, the  
21 Commission has found that its operations were  
22 beneficial and not adverse to the public health,  
23 safety and welfare. The plans presented in  
24 Colonial Downs' applications are consistent with  
25 Colonial Downs' past operations of the racetracks

1 and the satellite facilities.

2 The plans for safety and security are the same.  
3 The plans for a healthy and safe environment of  
4 satellite facilities are the same. In short,  
5 Colonial Downs has a 17-year history of satisfying  
6 this criteria.

7 There are additional factors that the  
8 Commission can consider in an application for a  
9 limited license that deal with the integrity of the  
10 applicant and other factors that the Commission  
11 deems crucial to its decision-making.

12 with respect to the integrity of Colonial  
13 Downs, as its beneficial owners have been evaluated  
14 numerous times over the last 17 years;  
15 namely, Colonial Downs' license application for all  
16 SWFs, the most recent of which was in 2013.

17 The acquisition of all of the outstanding stock  
18 of the MJC Circuit buying out Maryland Jockey  
19 Club's management of Colonial Downs. The transfer  
20 of indirect ownerships over the years to trusts  
21 controlled by Mr. Jeffrey Jacobs and refinancing of  
22 Jacob's Entertainment debt. In each proceeding  
23 related thereto, the Commission affirmed the  
24 honesty and integrity of Colonial Downs and its  
25 beneficial owners.



1           In correspondence with the Commission, which I  
2 believe is Exhibit B that Mr. Laws introduced,  
3 there was an indication that the Commission may  
4 rely upon the surrender of all previously granted  
5 licenses, including owners, operators, events,  
6 account wagering and satellite wagering facility  
7 licenses as a grounds for denying the current  
8 license application.

9           In addition, I think the last exhibit  
10 introduced indicated that the withdrawal  
11 of Colonial Downs' application for 2015 may be  
12 considered in the same light.

13           Mr. Guidroz provided an explanation of why  
14 Colonial Downs turned in its license; however,  
15 Colonial Downs does note its objection to the  
16 record of this criteria to it.

17           The criteria has not been applied to all  
18 applicants for a limited license. It was never  
19 applied to the Gold Cup. It was only asked of the  
20 Virginia Equine Alliance after Colonial Downs filed  
21 a limited license application.

22           Indeed, the order citing this as a factor in  
23 the award of a limited license to the VEA was only  
24 published on November 9th, long after the VEA had  
25 conducted its races for which the order related.

1           It appears the order was written in  
2           contemplation of consideration of Colonial Downs'  
3           limited license application, and to this, Colonial  
4           Downs registers its objection.

5           It is also worth noting that an inquiry to  
6           whether a license has ever been surrendered is a  
7           factor outlined in the Commission's regulations for  
8           an unlimited license, not a limited license.

9           Presumably, the Commission, in promulgating  
10          these regulations, made a conscious and binding  
11          decision that such a factor was inappropriate in  
12          considering an application for a limited license,  
13          given its shorter duration of only one year, and  
14          its limited application to fewer than 15 days of  
15          racing.

16          If the Commission does consider their surrender  
17          a factor, the Commission is possibly in violation  
18          of its own regulations.

19          Finally, Colonial Downs has surrendered  
20          licenses on prior occasions without comment from  
21          the Commission or any adverse decision  
22          for new licenses or race day requests.

23          In connection with the closing of satellite  
24          facilities at Mulligan's Sports Bar in Richmond,  
25          Paradocks Restaurant in Chesapeake, Hull Street in

1 Richmond, Military Highway in Chesapeake, Finn  
2 McCools and Major Willie's in Richmond, not only  
3 did the Commission not comment on such surrenders,  
4 it readily granted Colonial Downs new satellite  
5 facility licenses following such surrenders to meet  
6 the changing business environment.

7 Yet today, Colonial Downs is told that the  
8 surrender of a license forms the possible basis of  
9 denying Colonial Downs a limited license. This  
10 approach is contrary to the Commission's past  
11 decisions regarding limited license requests and  
12 has not been applied consistently with respect to  
13 other licenses.

14 Finally, Colonial Downs will operate its  
15 facilities in compliance with requirements set out  
16 at 11 VAC 10-30-50 of the Commission's regulations.

17 Finally, one last legal note. That if the  
18 Commission does not reach a decision today,  
19 Colonial Downs will request that the record be held  
20 open until the end of the week for submission or  
21 findings of facts and conclusions of law consistent  
22 with the evidence it has presented today.

23 MR. GUIDROZ: In conclusion, we spent a lot of  
24 time this morning talking about the past. Colonial  
25 Downs' license applications look to the future, not

1 the past. Putting aside past history and  
2 personalities, the question for the Commission is a  
3 simple one: Do you want the Virginia Derby, the  
4 Colonial Turf Cup and the Virginia Oaks to return  
5 to Virginia next year?

6 The Commission authorized the use in Maryland  
7 of \$800,000 of Virginia funds to preserve the  
8 graded status of these races. In 2016, Colonial  
9 Downs is offering to do it at no cost to the  
10 Commission, the VEA or the VHBPA. Colonial Downs'  
11 proposal is financially self-contained with no  
12 request for any portion of the revenue sources the  
13 General Assembly and the VRC have granted to the  
14 VEA and VHBPA.

15 The granting of the requested licenses will  
16 provide a venue for national-caliber racing in  
17 Virginia, will return the Virginia Derby to  
18 Virginia, thereby restoring Virginia as a stop on  
19 the national Thoroughbred circuit. Colonial Downs  
20 asks for your support today on our applications.

21 CHAIRMAN REYNOLDS: Okay. Is that -- Jeanna,  
22 did you have anything?

23 MS. BOUZEK: (Shakes head.)

24 MR. WEINBERG: Nothing further.

25 CHAIRMAN REYNOLDS: All right.

1           MR. LAWS: Mr. Hettel, at this point, the  
2 Commission has a responsibility under 11 VAC  
3 10-30-30 to review the application for Colonial  
4 Downs concerning its limited license requests to  
5 see if it has the actual material present required  
6 in the application. Has the Commission had a  
7 chance to do that?

8           MR. HETTEL: It has been reviewed by staff.

9           MR. LAWS: Are all the materials that are  
10 required in the application correctly assembled?

11          MR. HETTEL: Correctly assembled.

12          CHAIRMAN REYNOLDS: Okay. I ask my fellow  
13 commissioners do they have any questions they would  
14 like to ask the applicant?

15          COMMISSIONER MILLER: I have a general  
16 question.

17          CHAIRMAN REYNOLDS: I've got some. Go ahead.  
18 Yes, sir.

19          COMMISSIONER MILLER: Whether or not the  
20 Commission -- on the question of whether or not the  
21 Commission should consider the surrender of a  
22 license in making a determination about the  
23 viability of issuing a new license to an applicant  
24 who has done so with a previous license, can you  
25 explain to me, or anyone in your organization

1 explain to me how the surrender of your license in  
2 2000 -- when was it done?

3 MR. LAWS: October 2014.

4 COMMISSIONER MILLER: -- October of 2014 -- Can  
5 you explain to me how the surrender of the license  
6 to operate your track facility and surrender of  
7 your license to operate satellite wagering  
8 facilities contributed to the promotion, sustenance  
9 and growth of the native industry in Virginia?

10 MR. WEINBERG: Commissioner Miller, I think  
11 Mr. Guidroz explained the circumstances around that  
12 surrender of the license; that at the time, the  
13 Commission was looking for Colonial Downs to be all  
14 things to all people, to run multiple days of what  
15 we are calling bread and butter races that it had  
16 repeatedly explained to the Commission it could not  
17 afford.

18 A desire to place an emphasis on high-end  
19 racing that would promote, grow and sustain a  
20 native industry. It was clear that there needed to  
21 be changes in the paradigm that racing is conducted  
22 in Virginia, that there were continuing focus  
23 that Colonial Downs was to shoulder the entire  
24 burden for the catalyst for growth, maintenance and  
25 support of a native industry.

1           what was clear and what was desired even before  
2           it surrendered the license was the growth of venues  
3           at other locations, whether those be Morven Park,  
4           Great Meadow or Oak Ridge. Colonial Downs thinks  
5           that is a great idea and is fully supportive of  
6           growth of those venues, and believes it has a role  
7           to contribute in the mosaic of Virginia racing.

8           We want to promote those other things, and what  
9           we'd like to see at Colonial Downs is the Derby,  
10          the Turf Cup and the Oaks, as well as provide  
11          opportunities for, quote, minor league racing to  
12          develop in to major league racing, sort of develop  
13          the farm team that you discussed on one occasion.

14          So this is the opportunity to do that. It  
15          would only come about as a consequence of Colonial  
16          Downs turning in its license. It wasn't being  
17          allowed to modify its existing license.

18          CHAIRMAN REYNOLDS: I have a question. I have  
19          a question. You're talking about your vision. I  
20          guess mostly, you all talked about what you would  
21          like to do next year; hold on to the Derby and the  
22          Oaks and high-end races and things like that.

23          will you talk a little bit more about maybe how  
24          you're going to build for the future, say what it's  
25          going to look like two, three, four, five years

1 down the road? And probably more importantly, will  
2 you also speak to whether or not you even have the  
3 Standardbred folks in mind as you all are trying to  
4 re-brand and rebuild Colonial Downs where the  
5 Standardbred stands in all of that, please?

6 MR. GUIDROZ: well, the economic engine that's  
7 going to provide the funding to cash flow for  
8 Colonial Downs and provide purses to the Old  
9 Dominion is going to come from the satellite  
10 wagering facilities, and so the trend of handle in  
11 the satellite wagering facilities will dictate  
12 growth in the future.

13 we feel that within the next two to three  
14 years, with the support of Old Dominion based on  
15 the quality of races being put on at Colonial Downs  
16 and the partnership between to two, that within  
17 three to four years, we should be looking at growth  
18 of one-on-one between high-end and bread and butter  
19 racing.

20 with regards to Standardbred, I have had an  
21 initial conversation with Dr. Woogen for  
22 Standardbred; that didn't go very well. We tried  
23 to exchange ideas on how to move forward in  
24 this new paradigm in Virginia where there are other  
25 venues for harness racing that are more efficient



1 in terms of putting on races in terms of allocating  
2 and budgeting for industry funds, and we did not  
3 come to an agreement on how that would come  
4 together between the two of us. So that's where  
5 things stand with the Standardbred.

6 CHAIRMAN REYNOLDS: Okay.

7 VICE CHAIRMAN VAN CLIEF: I have a related  
8 question --

9 CHAIRMAN REYNOLDS: Yes, sir.

10 VICE CHAIRMAN VAN CLIEF: -- related question  
11 looking at the growth issue short-term. I believe  
12 your proposal includes an offer that one percent be  
13 set aside for purses until you reach an EBITDA of  
14 \$1.5 million, at which point you will set aside  
15 four percent to purses from your -- from the  
16 satellite wagering facilities.

17 MR. GUIDROZ: Correct.

18 VICE CHAIRMAN VAN CLIEF: I understand that to  
19 trigger the four percent contribution, you will  
20 need somewhere in the vicinity of \$65 million of  
21 handle annually. And that being the case, can you  
22 refresh me on where you would expect to be if you  
23 were licensed to operate the Richmond and Hampton  
24 satellite wagering facilities in terms of your  
25 initial handle production and how long it would

1 take you to get to the \$65 to \$70 million  
2 benchmark?

3 MR. GUIDROZ: We're projecting that to be in  
4 years three and four. Again, it's based on the  
5 product and the signal that we're able to pick up  
6 in the satellite wagering facility. So we are  
7 conservatively expecting that to take three to four  
8 years. We have that marked at about 60 million  
9 closer to the number you're estimating, at which  
10 time we reach that 1.5 million in EBITDA.

11 VICE CHAIRMAN VAN CLIEF: You mentioned the  
12 signal import. What are the realities of that?  
13 What would you expect to be able to import for your  
14 customers? If you were authorized to open up, how  
15 long would it take you to open, and at that point,  
16 what signals would you expect to be able to access,  
17 and if you are not expecting to be able to offer a  
18 full menu of high quality signals from around the  
19 country, what are the reasons? What's happening  
20 there? What's the reality of the product you're  
21 going to be able to offer your customers if you're  
22 licensed to operate?

23 MR. GUIDROZ: Well, I mean the reality is we  
24 have a contract in this concept, and we have a  
25 contract with the Thoroughbred horsemen's group.

1 At which time we have a license to operate the  
2 satellite wagering facilities, we'll have to do  
3 what we've always done in the past and go out and  
4 solicit product. Make application to not only the  
5 Commission, but to other tracks, and at that point  
6 in time, I'll be able to answer that question  
7 better.

8 VICE CHAIRMAN VAN CLIEF: Let me ask it a  
9 different way maybe. What reason would you expect  
10 to have any difficulty in importing signals at the  
11 minimum? What's the inhibition?

12 MR. GUIDROZ: Well, the concern would be that  
13 there would be a boycott from other tracks to  
14 provide signals to Colonial Downs. We don't  
15 anticipate that. We're having the horsemen's group  
16 contract, and so we will market our product and  
17 look for signals, but our concern would be to the  
18 extent that signals come on as fast as we had them  
19 for -- the host of signals we had back in 2013  
20 would be something similar to what we experienced  
21 in 2014. But that's going to be the difference  
22 between the speed in which those signals come back  
23 or not. I'm not expecting the same condition.

24 VICE CHAIRMAN VAN CLIEF: Shift gears a little  
25 bit and to follow on Sarge's question. You

1 indicated that your vision includes a sort of a  
2 one-for-one match, if you will, so-called bread and  
3 butter or every-day racing to so-called high  
4 quality.

5 Do you have a projection as to how many  
6 high-quality days you'll be able to offer going  
7 forward? You're starting with two-and-two in your  
8 request. Where would you be five years down the  
9 road in your mind in terms of I'm assuming you have  
10 some performance that you work with internally.

11 What do you think the product is going to look  
12 like? What would you anticipate your daily purse  
13 distribution being, and how many days of racing  
14 would you have in the years going forward?

15 MR. GUIDROZ: Well, again --

16 VICE CHAIRMAN VAN CLIEF: I know these are  
17 projections.

18 MR. GUIDROZ: Back to the signal strength  
19 question. We're projecting right now once we get  
20 satellite wagering facility handle to 75 million,  
21 then we've reached a point where the effective four  
22 percent purse schedule is in effect and we're  
23 looking to grow race days.

24 Our goal is to get to ten in ten. Ten high-end  
25 race days and ten bread and butter days. It's

1           gonna take, based on the two performing assets of  
2           Hampton and Richmond, our projection is it's  
3           probably going to take another one or two satellite  
4           wagering facilities to reach the point where we can  
5           sustain and grow purse amounts.

6           That's going to be another application we'd  
7           have to come back to at that point time, because I  
8           think those two particular facilities can get us  
9           close to that number, but reality is we'll probably  
10          need a third and a fourth satellite wagering  
11          facility to look at substantial growth and number  
12          of race days.

13          VICE CHAIRMAN VAN CLIEF: Thank you.

14          CHAIRMAN REYNOLDS: Questions?

15          COMMISSIONER STEGER: I just had one question  
16          about the issue of the majority horsemen's  
17          association. I suppose it would be helpful to get  
18          some guidance from our legal counsel as to whether  
19          or not we have to follow the law of the  
20          Commonwealth that says we can only recognize one.

21          Mr. Weinberg offered advice on that, but I  
22          would feel reluctant to vote until I had guidance  
23          from the Attorney General as to the appropriateness  
24          of how we consider this issue. To me, it's not  
25          resolved.

1           MR. LAWS: If the Commission wants to procure  
2 legal advice from the Attorney General's office, we  
3 can go into closed session and provide that legal  
4 advice if that's the Commission's will.

5           CHAIRMAN REYNOLDS: We probably will need to go  
6 into closed session at some point. My question is  
7 do we want to do that now or finish up the  
8 questions and get public comments and then maybe  
9 perhaps go into closed session.

10          MR. LAWS: That's okay.

11          CHAIRMAN REYNOLDS: We'll do that. We'll go  
12 into closed session and discuss.

13          COMMISSIONER STEGER: I didn't want to continue  
14 without knowing what is legal.

15          CHAIRMAN REYNOLDS: Are there any other  
16 questions from the commissioners for the applicant?  
17 If not, I would like to entertain any public  
18 comments at this point.

19           If you do wish to make a comment, it can be  
20 neutral, it can be in favor, it can be against the  
21 application, but if you do wish to make a comment,  
22 please stand, state your name and speak clearly and  
23 for no more than five minutes, please. And that  
24 will be your public comment for today of five  
25 minutes. Did anybody from the public wish to speak

1 on this application? Yes, sir. You stood up  
2 first.

3 MR. QUINAN: Mr. Chairman, members of the  
4 Commission, my name's Mike Quinan. I'm an attorney  
5 with Christian & Barton here in Richmond. I  
6 represent the Virginia Horsemen's Benevolent  
7 Protective Association. I wanted to start out with  
8 a general point I know you all are well aware of,  
9 but I think this deserves underscoring.

10 First of all, the VHBPA opposes this  
11 application and would request that the Commission  
12 deny it, the application for the racing in 2016,  
13 and then if that's denied, then of course the  
14 applications for the satellite wagering facilities  
15 would also be denied.

16 The general point is that under the Racing Act,  
17 there's not a list that Colonial Downs simply needs  
18 to check off that will entitle them to a license.

19 The Racing Act is clear that racing is to be  
20 permitted for the promotion, sustenance and growth  
21 of the native industry, as Commissioner Miller has  
22 already pointed out, and that the Commission is  
23 vested with plenary power to prescribe regulations  
24 and conditions under which the racing and wagering  
25 shall be conducted. This means the Commission has

1 discretion to exercise its judgment to deny the  
2 application if it does not serve the purposes set  
3 out in the Act, even if all the, quote,  
4 requirements of the application are satisfied.

5 In fact, under §59.1-364 of the Act, which I  
6 was quoting goes on in Subsection B to very clearly  
7 provide that the conduct of horse racing is a  
8 privilege which may be granted or denied by the  
9 Commission in its discretion in order to effectuate  
10 the purposes of this chapter.

11 Likewise, specifically with regard to the  
12 existence of a contract with a recognized majority  
13 horsemen's group, the Racing Act of 59.1-369  
14 subsection 14 provides that the Commission will  
15 require the existence of the contract such that the  
16 contract will be subject to approval of the  
17 Commission which has the power to approve or  
18 disapprove any of its items, and then it sets out  
19 certain requirements that must be satisfied.

20 But again, the mere satisfaction of those  
21 requirements does not oblige the Commission to  
22 approve a contract with a horsemen's group if it  
23 does not serve the purposes of the Act, and our  
24 position in this case is that the contract that has  
25 been proffered with the Old Dominion group does not



1 serve the purposes of the Act.

2 Commissioner Steger has asked for legal advice  
3 from counsel, and there is a lawsuit pending in  
4 federal court about whether the Commission can or  
5 must approve a horseman's group other than the one  
6 that has been specifically designated and approved  
7 after due process and full hearings pursuant to the  
8 very clear provisions of the Racing Act as amended  
9 last year.

10 Our position on that is clear. The VHBPA is  
11 and has been and continues to represent the owners  
12 and trainers, the horsemen in Virginia, and the  
13 VHBPA, not the Old Dominion THA, is the recognized  
14 majority horsemen's group. In fact right now,  
15 that's the only recognized majority horsemen's  
16 group for Thoroughbred horses in Virginia.

17 But let's put that aside. Even if you don't  
18 consider that fact, what is before you today is a  
19 contract which clearly should be rejected by the  
20 Commission.

21 First of all, the contract itself admits that  
22 it has no members. It is a contract that was not  
23 negotiated with a group of horsemen, so there's no  
24 evidence before this Commission right now that this  
25 contract is a contract with horsemen.

1           Secondly, the contract is for at least 25  
2 years. Some of the provisions extend as long as  
3 124 years in ways that would rob this Racing  
4 Commission of its oversight authority and clearly  
5 is not in the best interest of horse racing in  
6 Virginia.

7           The contract establishes a November 30, 2014  
8 termination date and sets the termination of  
9 November 2139, that's the 124 years of provisions  
10 dictated by the horsemen's share of other forms of  
11 wagering at Colonial Downs such as racing.

12           In the past 17 years of Thoroughbred racing at  
13 Colonial, this Commission has never approved a  
14 horsemen's contract longer than three years in  
15 duration, and clearly, it would be adverse to the  
16 interest of horse racing in the Commonwealth for  
17 the Commission to approve a contract of that  
18 duration at this point.

19           Next, the proffered contract with the Old  
20 Dominion Group cuts the statutorily mandated --  
21 It's a five percent, six percent, seven percent  
22 sliding scale of simulcast wagering down to one  
23 percent until that \$1.5 million pretax trigger is  
24 set off.

25           In the applications for off-track betting, both

1 of them that Colonial Downs submitted, they predict  
2 that in the first year of operations, the handle,  
3 the total handle for the horsemen's fund would be  
4 \$20 million. One percent of that is just \$200,000,  
5 as opposed to \$1 million which would be provided at  
6 five percent.

7 This is nothing like the kind of percentage  
8 that has been negotiated in the past by the VHBPA  
9 and does the horsemen a grave disservice.

10 Next, the Old Dominion THA contract surrenders  
11 the horsemen's right to object to the number of  
12 annual racing days and purse amounts which would be  
13 dictated by Colonial Downs. It would not permit  
14 the horsemen to negotiate a critical element of the  
15 contract that they have been negotiating for years,  
16 and that's absolutely necessary to protect the  
17 interests of owners and trainers of Thoroughbred  
18 horses in Virginia, and that is the number of race  
19 days and the purse amounts.

20 Those are the issues that brought us to this  
21 place, and what Colonial Downs asks to do here is  
22 to essentially be given -- have those issues put in  
23 their discretion.

24 Finally and generally, this is clearly not a  
25 contract that was negotiated at arm's length

1 between the racetrack owner on one hand and the  
2 owners and trainers of Thoroughbred horses on the  
3 other.

4 It's essential that this Commission protect the  
5 right of the owners and trainers of Thoroughbred  
6 horses to negotiate the terms of their contract at  
7 arm's length, regardless of what happens with the  
8 lawsuit that's pending now.

9 Regardless of the issue that we think it's  
10 clear that the Virginia VHA is and should be the  
11 majority horsemen's group, but one thing that is  
12 absolutely clear is if there's one group that  
13 should not be recognized as the recognized majority  
14 horsemen's group in Virginia, it's a group that was  
15 created by and for the benefit of the racetrack  
16 owner, which is exactly what is being proposed to  
17 you today.

18 And for all those reasons as well as other  
19 reasons unrelated to the proposed horsemen's  
20 contract but just related to the proposal for  
21 merely four days of racing in September and other  
22 concerns that have been and will be voiced, the  
23 VHBPA urges the Commission to reject this  
24 application. Thank you.

25 CHAIRMAN REYNOLDS: That was a long five

1 minutes, but thank you. I felt like that was  
2 important. Mr. Hannum. Excuse me. I'm going to  
3 call this gentleman in the back. He stood up  
4 first. State your name and let's do try to keep it  
5 to five minutes, if you can.

6 MR. HATHAWAY: Thank you. My name is Rodney  
7 Hathaway. I'm the county administrator for New  
8 Kent County. Good morning, Mr. Chairman, members  
9 of the Commission, counsel and staff. I am here  
10 this morning to speak on behalf of the New Kent  
11 County Board of Supervisors and express our  
12 support, our full support for the Colonial Downs  
13 application.

14 We believe that this application will restore  
15 Thoroughbred racing in Virginia, and we support the  
16 application which involves a significant  
17 infrastructure limited license to conduct four days  
18 of Racing in 2016. Also to reopen the Richmond and  
19 Hampton satellite wagering facilities, and to seek  
20 approval of their Thoroughbred horsemen's agreement  
21 in compliance with §59.1-369(14) of the Virginia  
22 Racing Act.

23 We believe this application is consistent with  
24 the admission of the Virginia Racing Commission,  
25 which involves the promotion and sustainability of

1 the native horse racing industry in the  
2 Commonwealth. There is currently no other venue in  
3 the Commonwealth that is more suited for  
4 national-caliber quality Thoroughbred racing.

5 I applaud Colonial Downs for developing a  
6 proposal that is financially self-contained,  
7 meaning that races and operations will be financed  
8 without any resources allocated to the VEA and  
9 VHBPA by the General Assembly and Racing  
10 Commission.

11 I believe that Virginia is large enough to  
12 support multiple race operations and venues and not  
13 one group organization should be given a monopoly  
14 on this industry.

15 Again, New Kent fully supports the applications  
16 submitted by Colonial Downs, and we thank you for  
17 your consideration.

18 CHAIRMAN REYNOLDS: Thank you very much.  
19 Mr. Hannum.

20 MR. HANNUM: Thank you, Commissioners. I'm Jeb  
21 Hannum. I represent the Virginia Equine Alliance.  
22 I'm pleased that we've spent some time talking  
23 about the native industry today, because I think  
24 that's at the heart of the discussion, and as the  
25 law states, the purpose for having pari-mutual

1 wagering on Thoroughbred and Standardbred races in  
2 Virginia is to develop the native industry.

3 Let me just remind everyone that in 2015, the  
4 Virginia Equine Alliance with its partners, the  
5 VHHA, the harness horsemen, the Virginia Gold Cup,  
6 the Thoroughbred horsemen and breeders put on a  
7 steeplechase race at the Virginia Gold Cup, four  
8 days of harness racing at Oak Ridge, a special day  
9 of Thoroughbred racing at Great Meadow, and through  
10 all those races, significant breeders awards were  
11 paid out to horsemen on the Thoroughbred and  
12 standard side, and I think that speaks very  
13 directly and clearly to our efforts in a very short  
14 period of time to put money back in to Virginia for  
15 the horsemen, which is the intent of having racing  
16 in the state.

17 Colonial Downs spoke earlier and made many  
18 assumptions, and I just wanted to point out what  
19 the VEA has done as reality. It is our intent to  
20 grow the industry.

21 The Racing Commission before today has an  
22 important decision to make to go with an  
23 organization that is specifically designed to  
24 expand racing for Thoroughbred and harness horses,  
25 or to go with an organization that will have a

1 restrictive model with limited growth for horsemen,  
2 and I think that's a very important consideration.

3 The VEA can do this, but we need additional  
4 funds, and the OTB network which we can open  
5 without an application from Colonial with those  
6 funds from the OTBs, we can then put more money  
7 into racing and make a further investment.

8 I think it's worth noting that Colonial  
9 submitted an application on I think it was July  
10 24th or July 28th, right before the deadline, an  
11 application for racing which they subsequently  
12 withdraw, which then prevented us from opening the  
13 OTBs. Now we have another application which  
14 further complicates the ability of the VEA to open  
15 the OTBs to put more money back in to racing.

16 So, you know, if the VEA are to go forward, we  
17 need to get those OTBs open and put that money back  
18 into racing.

19 Approving the Colonial application would  
20 essentially tie one hand behind our backs as well  
21 as Colonial. We have sort of a worst case scenario  
22 where the VEA would be denied funds which we would  
23 use to grow racing, but Colonial would have a  
24 situation where it is going to take them years to  
25 generate any meaningful revenue, and quite frankly,



1 those OTBs are just simply not going to have any  
2 signals that are going to make them viable, so they  
3 are going to be hamstrung in what they want to do.  
4 So I respectfully request the Racing Commission  
5 deny the application before you today. Thank you.

6 CHAIRMAN REYNOLDS: Thank you. Other comments  
7 from the public?

8 MR. QUINAN: Mr. Chairman, I apologize. I  
9 don't have anything more to say. I forgot I had a  
10 couple of exhibits I wanted to submit.

11 CHAIRMAN REYNOLDS: Does he need -- he's a  
12 lawyer. He's ethical.

13 MR. LAWS: Yeah. Yeah. He's sworn in.

14 CHAIRMAN REYNOLDS: Okay.

15 MR. QUINAN: what it is, is -- and much of this  
16 is in the public record before you. For your  
17 convenience, at least, the application that was  
18 filed by the Virginia HBPA for designation as the  
19 recognized majority horsemen's group back in July,  
20 the notice minutes and transcript of that  
21 proceeding, the VHBPA bylaws which were revised  
22 pursuant to suggestion of Commissioner Miller  
23 during those proceedings, and the current election  
24 notice of the VHBPA with the list of the VHBPA  
25 members. Those are the exhibits. I've got three

1           copies here. I will give one to Colonial Downs and  
2 I have two.

3           MR. LAWS: How many exhibits total?

4           MR. QUINAN: You know, you could do the hearing  
5 application notice and hearing transcript as one  
6 piece, so that would be one. And then the second  
7 would be the amended bylaws, and the third would be  
8 the notice of the board of elections -- Board of  
9 Directors election with the list of members  
10 attached. So three.

11          MR. LAWS: Okay.

12          CHAIRMAN REYNOLDS: Do you all have any  
13 objection to entering that into the record?

14          MS. LANTZ: Chairman Reynolds, I would just  
15 submit that it really has no relevance of a limited  
16 license application as being sought by Colonial  
17 Downs. We don't object to them being entered, but  
18 they have no bearing or relevance to the issues at  
19 hand.

20          COMMISSIONER MILLER: Mr. Chairman.

21          CHAIRMAN REYNOLDS: Yes, sir.

22          COMMISSIONER MILLER: I'd like to point out  
23 these are matters of public record within the  
24 contents of our records and we refer to them in any  
25 event.

1           CHAIRMAN REYNOLDS: So don't really need to  
2 enter it?

3           COMMISSIONER MILLER: No. It's nice to have  
4 lawyers point out specifically what we should look  
5 at, rather than go back and look at 17 years worth  
6 of records.

7           CHAIRMAN REYNOLDS: But they are available to  
8 the public?

9           COMMISSIONER MILLER: It's all in the public  
10 record.

11          CHAIRMAN REYNOLDS: Why don't we leave it at  
12 that?

13          MR. QUINAN: The -- some of it is in the public  
14 record. The notice minutes related to the  
15 proceedings in July. The amended bylaws are not in  
16 the public record, and the notice of the elections  
17 with the roster attached is not in the public  
18 record.

19          MR. LAWS: So at this point, Commission  
20 members, we have four potential exhibits. One  
21 we'll mark as Exhibit G that's been offered by  
22 Colonial Downs is the report from the -- strike  
23 that -- UVA and three potential exhibits, H, I and  
24 J, from the HBPA regarding Colonial Downs'  
25 objection about relevance; relevance is a very low

1 bar, and administrative hearings, evidentiary rules  
2 are even more relaxed. So I don't think that would  
3 be a bar to admitting them as Exhibits H, I and J.  
4 And it's more weight as opposed to admissibility,  
5 but if you disagree, Ms. Lantz.

6 MS. LANTZ: Well, just one question for  
7 clarification. You said that one was being offered  
8 by Colonial Downs.

9 MR. LAWS: During Mr. Weinberg's presentation,  
10 he did mention a report from UVA that he wanted to  
11 be included in the record.

12 MS. LANTZ: Okay.

13 MR. WEINBERG: Just for administrative clarity.  
14 We have I think -- are there eight?

15 MS. LANTZ: We have eight exhibits I think we  
16 were going to tender at the end.

17 MR. LAWS: I understand.

18 MS. LANTZ: I just wanted to make sure that we  
19 weren't --

20 MR. LAWS: Understood. So you have -- Let me  
21 test my alphabet here. G, H, I, J, K, L.

22 MR. WEINBERG: If I could suggest, I would take  
23 HBPA's exhibits in consecutive order, and at the  
24 end of this hearing, we'll give you our exhibits  
25 and just tack on the alphabet.

1           MR. LAWS: Thank you. So we'll mark the HBPA's  
2 exhibits as G, H and I, and if the Commission wants  
3 to admit them, they can make a motion and that can  
4 be seconded to by the HBPA as Exhibits G, H and I.

5           MR. QUINAN: I'm sorry. Are they not admitted  
6 at this point?

7           MR. LAWS: Strike that. I'll speak loud. I  
8 apologize. At this point, we'll mark the HBPA's  
9 tendered exhibits as Exhibits G, H and I, and the  
10 Commission can make a motion to either vote to  
11 admit them as exhibits or deny them as exhibits.  
12 whatever the will of the Commission is.

13           COMMISSIONER MILLER: I move we admit them.

14           VICE CHAIRMAN VAN CLIEF: Second.

15           CHAIRMAN REYNOLDS: Hearing a motion and the  
16 second, all those in favor, say aye.

17           NOTE: The Commission votes aye.

18           CHAIRMAN REYNOLDS: All those opposed. No  
19 answer. The exhibits are admitted unanimously.

20           VICE CHAIRMAN VAN CLIEF: I had another  
21 question, if the Chairman will indulge some  
22 additional minutes from those giving testimony.  
23 Representatives of the HBPA mentioned, addressed  
24 the one issue with regards to the horsemen's group,  
25 then you mentioned that there were other issues

1 that you could address with regards to the  
2 application.

3 My personal note is it is important for us to  
4 hear any relevant and substantive testimony that  
5 anybody wants to give here this morning before we  
6 are asked to make what is going to be a very  
7 important vote.

8 So Mr. Chairman, could I ask him to elaborate  
9 on that comment if you have some further issue  
10 you'd like to address?

11 MR. QUINAN: I'll ask Mr. Petramalo, if that's  
12 permitted. He's in a better position to address  
13 those issues.

14 MR. PETRAMALO: The application includes  
15 request for four days of racing. I believe it's  
16 Saturday, Sunday, Monday and Tuesday in September.  
17 I think it's the 25th through the 27th or 28th. It  
18 seems to me that's a particularly inappropriate  
19 time to try and race, because it would be directly  
20 in conflict with racing at Laurel Park in Maryland.  
21 And the gate crew, the valets, the jockeys, a  
22 substantial portion of the racing secretary's  
23 office come from Maryland to Virginia to run the  
24 racetrack.

25 we've been successful in the past because there

1 has been an agreement between Maryland and  
2 Virginia; we didn't compete when we ran normally in  
3 June and July. We had that window and that window  
4 created great success for us.

5 what Colonial is now proposing is to throw that  
6 out the window and go head-to-head with Maryland.  
7 Creates practical problems as well as the problems  
8 of getting horses to come and race.

9 As the commissioners may be aware, there is no  
10 racetrack in America, and certainly not in Delaware  
11 or Pennsylvania or Maryland that's going to allow  
12 horses to be stabled there but to come to Virginia  
13 to race in conflict with the Maryland racing. My  
14 point is the dates selected by Colonial don't  
15 envision, I think, success for their proposed four  
16 days.

17 MS. BOUZEK: Can I respond to that?

18 VICE CHAIRMAN VAN CLIEF: It might be  
19 appropriate to ask Colonial Downs if they would  
20 like to respond to that.

21 MS. BOUZEK: Jeanna Bouzek, vice president of  
22 operations. We of course talked to Tyler  
23 Picklesimer, our racing secretary who is still  
24 employed by Colonial Downs, and that's his job.  
25 He's assured us that we understand that the gate

1 crew and the racing office comes under Maryland,  
2 but there's nothing that says it has to come out of  
3 Maryland.

4 He's in Kentucky right now. He's guaranteed us  
5 if we were to race in November, he would have been  
6 able to have a crew here and horses, and we  
7 wouldn't have picked those days if he said he  
8 couldn't get horses. He's guaranteed us that he  
9 could get the horses for racing and the gate crew  
10 and the race office staff. Certainly wouldn't have  
11 picked those days if we couldn't staff it.

12 CHAIRMAN REYNOLDS: Thank you. Public. Yes.  
13 In back.

14 MS. HOFFMAN: I'm Sheila Hoffman. I don't have  
15 any exhibits or anything to tender to you, so I  
16 should be brief. But thank you for the  
17 opportunity. But I think one thing everyone can  
18 agree on in here is we racing fans and everybody in  
19 the room want races to come back to Virginia. What  
20 is unclear about that -- all of us have lost.  
21 We've lost as racing fans. Everyone has lost. The  
22 employees of Colonial Downs lost their jobs. I  
23 mean across the board.

24 But what I don't think is clear is who should  
25 be given the opportunity to bring that back to



1           virginia. And sitting here today and listening to  
2           everyone in their conversation, I'm not sure  
3           that Colonial Downs is the one that can bring back  
4           the integrity that we need in Virginia. So thank  
5           you for your time.

6           CHAIRMAN REYNOLDS: Thank you. Yes, ma'am.

7           MS. GODSEY: Hi. I'm Karen Godsey. My family  
8           has had Eagle Point farm in Ashland, Virginia since  
9           1947. I'm the third generation to run it. I've  
10          been with -- my family fought for pari-mutuel  
11          racing way back when. I worked at Oak Ridge, I've  
12          been an owner, a trainer, a pony person, an  
13          exercise rider, everything, and I've been at  
14          Colonial since it opened.

15          My family, and I'm just one of just a huge  
16          industry in Virginia and we're the HBPA. I mean  
17          Old Dominion Horsemen's Group, I can't find one  
18          true, honest horseman that has fought for Virginia  
19          racing that believes in that group. It's obviously  
20          in-house. It's just that Colonial can get their  
21          deal through, but it doesn't support the people  
22          like me that are in the industry.

23          CHAIRMAN REYNOLDS: Thank you. Ms. Easter.

24          MS. EASTER: Debbie Easter, Virginia  
25          Thoroughbred Association, but also I think today,

1 I'll speak as somebody that's made a living in the  
2 horsing business in Virginia for her entire life.

3 Mr. Jacobs came and Colonial Downs was  
4 developed and we all had great plans for what was  
5 going to happen in racing in Virginia. Let's be  
6 honest. The racing industry isn't what it used to  
7 be, and it's a tough business to make money for,  
8 for horsemen, for Mr. Jacobs.

9 We're not gonna stand up and say Mr. Jacobs was  
10 getting rich here in Virginia, but I think that  
11 probably they had a plan, and you know, these  
12 things aren't out there, but probably there were  
13 hopes that there would be other forms of gambling  
14 here in the state of Virginia and it hasn't worked  
15 out that way.

16 It's very clear in the Racing Act that racing  
17 in Virginia is here to help grow and sustain the  
18 industry in Virginia. That's not very helpful to  
19 guys who own casinos and want to cut their losses.  
20 If I'm a businessman, that's what I'm trying to do,  
21 the best thing I can do for my business, but that's  
22 not what the Racing Act said.

23 Hopefully with a little bit of patience, some  
24 of these other forms of gambling might happen in  
25 the state of Virginia, but unfortunately, just like

1 every other casino operator that owns a racetrack  
2 in this country, they want to cut their expenses  
3 and they want to cut days.

4 All right. Mr. Jacobs' plan before was let's  
5 have four or five days of racing. You all have  
6 told him previously that's not what is good for  
7 Virginia. So Mr. Jacobs voluntarily blows up all  
8 of the revenue sources or at least half of the  
9 revenue sources here in Virginia because he didn't  
10 get what he wanted. Now he wants to come back and  
11 run four or five days of racing, where from our  
12 side looks like it will be very tough to grow that.

13 He's the only one I think that in this whole  
14 group of people that sits in this room, I think an  
15 agreement probably could have been worked out, but  
16 there's one man that's never in this room and seems  
17 to be the impediment to making a deal to the growth  
18 of racing in Virginia.

19 And right now, the VEA was formed because of  
20 the actions that Mr. Jacobs took, and we're trying  
21 to grow racing in this state again. We'd love to  
22 have OTBs open for the wagerers. We'd like to  
23 support New Kent County, and we do do that. We  
24 support all the other organizations in Virginia  
25 that were included in the Racing Act when it was

1 written.

2 And I just think that Mr. Jacobs has told us he  
3 doesn't want to grow racing, not unless he gets  
4 alternative gaming and nobody can promise him that.  
5 And he took his own actions, and sometimes you take  
6 actions and you don't like the results.

7 And so I think for those of us that want the  
8 horse industry to continue in Virginia and feel  
9 it's an important part of Virginia agribusiness, I  
10 think you have to deny this license, because the  
11 VEA is the only one trying to make this industry  
12 grow at this point. Thank you very much.

13 NOTE: Applause from the public.

14 CHAIRMAN REYNOLDS: Thank you. Other comments?  
15 Yes, sir.

16 DR. ALLISON: Will Allison, Virginia Gold Cup.  
17 I didn't hear any expression of monies directed to  
18 local charities by these folks, and it's my  
19 understanding the new legislation emphasizes local  
20 charities.

21 CHAIRMAN REYNOLDS: Okay. Other comments?

22 MS. HESTER: Leanne Hester. Breeder, trainer  
23 in Virginia. I'd just like to plead extreme  
24 caution from the Commission. We haven't seen  
25 anything from Colonial that has shown in the past

1 several years to grow and sustain. They keep  
2 wanting to cut back, and my worry is who is going  
3 to monitor a long-term contract? Do you have the  
4 authority to review it to make sure it's being --  
5 the obligations are to fulfill, grow and sustain?  
6 And I never heard any escalation clauses that were  
7 based on anything but money. They can make the  
8 money look like anything they want.

9 So just extreme caution in this contract,  
10 because as much as we want racing, this did not  
11 sound like something we can trust and that will  
12 actually promote and grow the industry in Virginia.  
13 More days, more money. There's no guarantee there.  
14 Obviously, there's no guarantee, but I just worry  
15 that the Commission give themselves some sort of  
16 power to look over it and really have control over  
17 it. Thank you.

18 CHAIRMAN REYNOLDS: Thank you. Other comments?  
19 Okay. Seeing none, would like to move into closed  
20 session so that I and the commissioners can discuss  
21 the pending litigation.

22 MR. WEINBERG: Commissioner Reynolds?

23 CHAIRMAN REYNOLDS: Yes, sir.

24 MR. WEINBERG: We would like the opportunity to  
25 respond.

1           CHAIRMAN REYNOLDS: Okay. Let's -- I would  
2 love to give you that opportunity. Go ahead.

3           MR. WEINBERG: Let me address just a few items  
4 that were raised. I think --

5           CHAIRMAN REYNOLDS: Speak up so everybody can  
6 hear you as best as possible.

7           MR. WEINBERG: The characterization that  
8 Colonial Downs dictated race days in the contract,  
9 we disagree with. There is a mechanism in that  
10 contract that Colonial Downs and the Old Dominion  
11 Thoroughbred Association agrees on how many dollars  
12 are available for purses, and from that, there's a  
13 formula that sets a one-to-one ratio in the initial  
14 years of \$500,000 a day of high-ends and 150 for  
15 bread and butter.

16           So contrary to the assertion that there is  
17 somehow a dictation of the race days is much like  
18 what has always gone on. There's a formula.  
19 There's a purse amount and the days are calculated.  
20 That's how we lead to growth.

21           with respect to the charities, I just want to  
22 clear up any confusion. I think Mr. Hathaway can  
23 speak to Colonial Downs' history of charitable  
24 contributions in New Kent County, but that the law  
25 provides that you can operate a racetrack without a

1 county-wide referendum, only if you are a  
2 nonprofit, which would necessitate some  
3 contributions to charities perhaps.

4 So we are not asking for that exception in the  
5 end. We are racing in a jurisdiction that has  
6 passed a referendum. I'd just like to note that.  
7 Anything you want to add?

8 MR. GUIDROZ: No.

9 MR. WEINBERG: I think we will submit our  
10 disagreement with the breadth of the plenary powers  
11 of the Commission. I can go into detail now, but I  
12 think it's well set out in a memorandum we will  
13 submit to you and ask that the memorandum, the  
14 report memorandum dealing with a few other matters  
15 be admitted to the record.

16 CHAIRMAN REYNOLDS: Okay. Thank you.

17 MR. LAWS: At this point, Mr. Chairman, did you  
18 want me to prepare a motion to go into closed  
19 session?

20 CHAIRMAN REYNOLDS: Yes, please.

21 MR. LAWS: So at this point, the Commissioner  
22 wants to make the following motion. In accordance  
23 with the provisions of §2.2-3711(A)(7) of the code  
24 of Virginia, I move that the Commission go into  
25 closed meeting for the purpose of consultation with

1 legal counsel and briefing by staff members or  
2 consultants pertaining to consultation with legal  
3 counsel employed or retained by a public body  
4 regarding specific legal matters, applying legal  
5 advice by such counsel concerning agenda Item 2B,  
6 which is Colonial Downs, L.P. application, limited  
7 license 2016.

8 Counsel, as mentioned in the motion, includes  
9 four members from the office of the Attorney  
10 General, and staff members includes Bernie Hettel,  
11 the executive secretary of the Racing Commission,  
12 and Sam Towell, Deputy Secretary of Agriculture and  
13 Forestry.

14 would any commissioner like to make that  
15 motion?

16 VICE CHAIRMAN VAN CLIEF: So moved.

17 CHAIRMAN REYNOLDS: Second?

18 COMMISSIONER MILLER: I'll second it.

19 CHAIRMAN REYNOLDS: Commissioner Miller  
20 seconds. All those in favor, say aye.

21 NOTE: The Commission votes aye.

22 CHAIRMAN REYNOLDS: Those opposed. Hearing  
23 none, the motion carries unanimously. We will go  
24 into closed session and be back as soon as  
25 possible.



1                   NOTE: There is a recess from 11:24 a.m.  
2                   until 11:40 a.m.; thereafter, the meeting continues  
3                   as follows:

4                   MR. LAWS: At this point, does one of the  
5                   commissioners want to make the following motion?  
6                   Quote, I move the adoption of the following  
7                   resolution, whereas the Virginia Racing Commission  
8                   was convened in closed meeting on this date  
9                   pursuant to an affirmative recorded vote and in  
10                  accordance with the provisions of the Virginia  
11                  Freedom of Information Act, and whereas §2.2-3712  
12                  of the code of Virginia requires a certification by  
13                  this Commission that such closed meeting was  
14                  conducted in conformity with Virginia law; now  
15                  therefore be it resolved that the Virginia Racing  
16                  Commission certifies that to the best of each  
17                  members' knowledge, one, only public business  
18                  matters lawfully exempted from open meeting  
19                  requirements under the Virginia Freedom of  
20                  Information Act, and two, only such public business  
21                  matters as were identified in the motion, meeting  
22                  or posting were heard, discussed or considered by  
23                  the Commission in the closed meeting. End quote.

24                  Does anyone wish to make that motion?

25                  VICE CHAIRMAN VAN CLIEF: So moved.

1 COMMISSIONER MILLER: Second.

2 CHAIRMAN REYNOLDS: All those in favor, say  
3 aye.

4 NOTE: The Commission votes aye.

5 CHAIRMAN REYNOLDS: Those opposed. Hearing  
6 none, the motion passes unanimously and we're back  
7 out of closed session.

8 MR. LAWS: At this point, Mr. Commissioner, I  
9 did receive the, or Mr. Chairman, I did receive the  
10 exhibits from Colonial Downs that they mentioned  
11 during their presentation.

12 It's a series of eight exhibits in a three-ring  
13 binder and the proposed findings of fact and  
14 conclusions of law document that they prepared.  
15 There's one copy of the eight exhibits, one copy of  
16 the proposed findings of fact. I'll mark those as  
17 Exhibits 1 through 9, and if the Commission so  
18 desires, they can admit that into the record after  
19 a motion and a second.

20 CHAIRMAN REYNOLDS: Is there a motion on the  
21 table to accept the exhibits just described by  
22 Mr. Laws?

23 VICE CHAIRMAN VAN CLIEF: So moved.

24 CHAIRMAN REYNOLDS: Second?

25 COMMISSIONER MILLER: Second.

1           CHAIRMAN REYNOLDS: All those in favor, say  
2 aye.

3                   NOTE: The Commission votes aye.

4           THE COURT: Those opposed. Hearing none, the  
5 motion carries unanimously.

6           Is that it for housekeeping?

7           MR. LAWS: Correct.

8           CHAIRMAN REYNOLDS: Okay. Before we entertain  
9 a motion for either the approval or denial of  
10 Colonial Downs' application, I'd like to now turn  
11 it over to commissioners for their comment on this  
12 matter, and I will call on Commissioner Vice  
13 Chairman Van Clief, if you have any comments.

14           VICE CHAIRMAN VAN CLIEF: Mr. Chairman, just to  
15 clarify the procedure, you're looking for simply  
16 comments from us at this point and not a motion?

17           CHAIRMAN REYNOLDS: Not until everybody has had  
18 a chance to make a comment.

19           VICE CHAIRMAN VAN CLIEF: Thank you. All  
20 right. I'm sure that in my almost three years as a  
21 commissioner, I've not been asked to cast a vote  
22 that I think is any more important than this. As I  
23 see it, we've reached a true crossroads in the  
24 Commonwealth's racing and overall horse industry.

25           I like to think that every decision we've made

1 and every action we've taken as a Commission has  
2 been and will be guided by that portion of the  
3 statute that I've heard quoted an awful lot this  
4 morning. The obligation to sustain and to promote  
5 and to grow our native horse racing and the  
6 collateral industries that go along with it.

7 In my mind, it is absolutely critical, and I  
8 think we've seen what happens if this doesn't  
9 happen, it is absolutely critical that this  
10 industry be unified if it's going to grow, and  
11 unfortunately, we've seen a schism of major  
12 proportions.

13 It's a bit ironic to sit here and to be asked  
14 to regulate and to vote on issues for an industry  
15 that is, has been at least numerically on the  
16 decline and seems to be warring within itself, and  
17 to be asked to deal with the bifurcation of an  
18 industry that by all rights if it was going to  
19 succeed should have been unified long ago.

20 In as much as I think that we are obligated to  
21 do everything in our power to make sure that we do  
22 see a growth occur and reemerge for our horse  
23 racing industry and to sustain it and grow it and  
24 to promote it, I think we've got to take steps to  
25 make sure it's consolidated and that it's working.

1           As much as I would like to see the Virginia  
2 Derby run on that beautiful turf course, as much as  
3 I would like to see Colonial Downs as part of  
4 Virginia's racing infrastructure working to build a  
5 strong brand and strong racing product, I do not  
6 feel today that I can support the Colonial Downs  
7 application for the 2016 dates that you proposed.

8           I think that what it does is bifurcate the  
9 industry. It splits the revenues. It splits the  
10 authority under which the industry will operate,  
11 and I think it is just exactly the wrong thing to  
12 do for the future growth, if not the survival of  
13 Virginia's racing and breeding industries.

14           Unfortunately, the actions that have been taken  
15 by this industry have stopped it virtually dead in  
16 its tracks. If it wasn't for the current  
17 legislation and the emergence of the Virginia  
18 Equine Alliance, there would have been no racing  
19 whatsoever in this state for about two years.

20           As a Commission, we asked the industry to get  
21 together. We begged Colonial Downs to agree to any  
22 number of compromises, and for whatever reasons has  
23 had I think a very unfortunate and long-term effect  
24 on the industry.

25           I think we need to take action and take action

1 now. Regardless of on the face of it how difficult  
2 it is, we've got to move forward and we've got to  
3 have a plan.

4 So Mr. Chairman, I cannot vote for an  
5 application that I think further bifurcates the  
6 industry, bifurcates the revenue flow, and  
7 candidly, as difficult as it is to say, voting  
8 against racetrack operation seems on its face to be  
9 exactly the wrong direction, but I think is the  
10 action we should take today in order to give us a  
11 chance for growth in the future, and we've got to  
12 consolidate our activities and our strategy going  
13 forward.

14 CHAIRMAN REYNOLDS: Thank you, Mr. Vice  
15 Chairman. Commissioner Miller, do you have any  
16 comments?

17 COMMISSIONER MILLER: Well, I'd agree with some  
18 of the comments of Commissioner Van Clief. There's  
19 no doubt, and I've said it time and time again at  
20 many of our meetings that we have one of the most  
21 outstanding racetrack facilities in the country.  
22 It's an outstanding physical facility. The problem  
23 has been ownership and operational questions.

24 I might say this is probably superfluous to  
25 what needs to be said, but the owner and operator

1 of the track under this previous application had a  
2 lot of good people working for him here in  
3 Virginia. Unfortunately, he has chosen in the past  
4 not to be in the same caliber as those people he  
5 has employed.

6 I think surrendering the license in the way it  
7 was done by Colonial Downs in 2014 was a terrible  
8 blow to racing not only in Virginia, but  
9 nationwide. It is an industry that's in decline.  
10 It needs all the positive measures it can get in  
11 order to survive.

12 Surrendering that license, those licenses,  
13 plural, and the way it was done and closing those  
14 satellite wagering facilities, suddenly ending  
15 significant employment for a lot of people in  
16 Virginia, ending the opportunity for a lot of  
17 racing fans in Virginia to enjoy Thoroughbred and  
18 Standardbred racing at the satellite facilities,  
19 affecting horsemen and suppliers throughout  
20 Virginia and other ancillary effects on the  
21 agricultural economy, and having a significant  
22 negative impact on the overall economy in Virginia  
23 by this sudden action of surrendering his license,  
24 and why was it surrendered? That's an argumentive  
25 question, I'll grant you. But my position is, as

1           opposed to that of counsel, it was surrendered  
2           because Mr. Jacobs was dissatisfied with the  
3           licensing agent's vision of its legislative  
4           mandated mission.

5           A difference of opinion by the licensee with  
6           the licensing agent, a difference of opinion over  
7           the mission that the licensing agency was trying to  
8           carry out. Instead of working towards compromise  
9           and solution, no. You can have my license. I'm  
10          leaving. And the effect that had throughout  
11          virginia to the horsemen, all these stakeholders,  
12          the employees, the racing fans and those people who  
13          wish to wager in Virginia, that effect had little  
14          bearing on his decision, apparently.

15          Now, I don't disagree with corporate giants  
16          wanting to look at the bottom line. That's  
17          important. You don't want to throw money away. Of  
18          course you don't. But you also need to work within  
19          the system, and if you can work out compromise, if  
20          you can work out a way to get along in the industry  
21          in which you choose to operate, you do that. You  
22          don't walk away and leave everyone else in a lurch.  
23          And it did.

24          Racing closed down completely. As Commissioner  
25          van Clief said, if it were not for the horsemen



1 here in this state, if it were not for the VEA, if  
2 it were not for the people involved in the  
3 Standardbred racing in Virginia taking the  
4 initiative, we would have no racing, completely  
5 dead here in Virginia for a two-year period as a  
6 result of the actions of the controlling interest  
7 in this application. Closed down, end racing,  
8 terminate employment, affect agriculture,  
9 suppliers, affect the entire industry for that  
10 period of time.

11 what assurance would this licensing agency, the  
12 Virginia Racing Commission, have that if the  
13 licensee doesn't get all it wants in the future or  
14 have its viewpoint prevail as to what  
15 its new paradigm in racing is? If the licensing  
16 agency or the horsemen of Virginia disagree with  
17 his vision, what assurance do we have that he's not  
18 going to walk away, here's my license and I don't  
19 care what happens to all the people affected  
20 thereby?

21 That's why I can't support this application,  
22 because I don't believe we can get that kind of  
23 assurance from the party that has controlling  
24 interest in this application at this point.

25 I would hope that some day, we can have someone

1           come to Virginia that believes in the horse  
2           industry, that believes in the Thoroughbred racing  
3           industry, and that believes in the structure that  
4           we created in Virginia to try to have a proper  
5           balance in that industry going forward. Maybe we  
6           won't. Maybe we're going to be destined to be a  
7           country racing state henceforth. well, that's  
8           okay. I can tell you that we are lucky to have  
9           racing and pari-mutuel wagering in Virginia to  
10          begin with, even a modicum of it.

11                 The legislatures that we've had in the past and  
12           the legislative position that has been taken in the  
13           past, we're lucky to have the ability to have any  
14           racing activity or pari-mutuel wagering activity in  
15           Virginia at all. We should be grateful for it and  
16           we should work towards sustaining and growing it  
17           and not throwing up roadblocks to its future.  
18           That's why I can't support this application.

19                 CHAIRMAN REYNOLDS: Thank you, Commissioner  
20           Miller. Commissioner Steger.

21                 COMMISSIONER STEGER: Mr. Chairman, in the  
22           interest of time, I would just like to go on record  
23           saying that Vice Chairman Van Clief has very  
24           effectively expressed my opinion on the matter.

25                 CHAIRMAN REYNOLDS: Okay. Thank you very much.

1           Now I'll make a couple brief comments. I  
2           totally concur with Vice Chairman Van Clief and  
3           Commissioner Miller on all points. It has been a  
4           long, tough two years for everybody in this room,  
5           certainly for the Commission. I know it has been  
6           tough on Colonial Downs and all the horsemen, but I  
7           just felt like we spent hours and hours and hours,  
8           negotiated back and forth, you think you're so  
9           close so many times, only to have the wind shift at  
10          the last second for whatever reason.

11          I think the telling thing for me was back in  
12          2014 when Colonial Downs is obviously obligated.  
13          They were assigned race days. They had the  
14          obligation to run those days, and we certainly  
15          understand why that wasn't happening, because we  
16          were negotiating, trying to get a contract.

17          We understood that Colonial Downs was still  
18          obligated to race those days in 2014, but that  
19          wasn't realistic, so I thought perhaps I could  
20          convince my fellow commissioners and that we could  
21          come up with some sort of resolution that said,  
22          okay, we'll let you off the hook for 2014, and in  
23          lieu of running in 2014, you all please go and get  
24          something settled for 2015 and get some dates, and  
25          we gave them a deadline to come back to the

1 Commission, and I thought that was probably a good  
2 way to at least get something on the books at some  
3 point, and hopefully they would have worked it out.

4 But Colonial Downs decided that it was not  
5 lawful for the Commission to take that action, and  
6 perhaps they're right, perhaps they're wrong, but  
7 from the spirit of trying to do that, there was an  
8 opportunity for them to reach some sort of  
9 compromise, some sort of an agreement. That's just  
10 one example of a lot of times when I thought there  
11 would be some sort of compromise and settlement to  
12 try to move this industry forward.

13 Then the straw that broke the camel's back for  
14 me personally is when they turned in their  
15 unlimited license, and in my opinion made a  
16 complete public spectacle of the whole thing. And  
17 that's just my opinion. I won't go in to that. I  
18 think Commissioner Miller clearly articulated that  
19 position.

20 I love that facility. I'm a huge fan of horse  
21 racing. I love high-end meets, but we've got to at  
22 the same time sustain, promote and grow the native  
23 industry, and I just don't think that has happened  
24 over the last two years, and I do think the VEA has  
25 done a great job of moving that forward. I know

1 the VHHA is doing what they can in a different  
2 venue to try to keep their program alive and  
3 growing, so I'm encouraged by that.

4 I hope one day we can utilize Colonial Downs'  
5 track facilities, whether it's Mr. Jacobs coming  
6 back and working out an agreement with the Virginia  
7 stakeholders or somebody else who may come in and  
8 operate that track, whether Mr. Jacobs will sell it  
9 or maybe lease it to somebody.

10 I would love -- it is a beautiful facility,  
11 it's wonderful, and I do hope to see racing there  
12 again one day, but right now, I can't support this  
13 application as it sits today, and those are my  
14 comments.

15 Now, I guess it's time to entertain a motion.  
16 Is there a motion that we can read or that I can --  
17 I'll entertain a motion to deny the application.

18 VICE CHAIRMAN VAN CLIEF: Mr. Chairman, I'll  
19 make that motion.

20 CHAIRMAN REYNOLDS: Okay. Please.

21 VICE CHAIRMAN VAN CLIEF: I simply move that  
22 based on the submissions we reviewed, the testimony  
23 and opinion we've heard today, and taking into  
24 account the comments of my fellow commissioners, I  
25 would move that we deny the application as

1 submitted.

2 CHAIRMAN REYNOLDS: Okay. Do I hear a second?

3 COMMISSIONER MILLER: Second.

4 CHAIRMAN REYNOLDS: Okay. I'm going to go down  
5 role call and ask for your vote. Are there any  
6 commissioner comments before we take the vote?  
7 Hearing none, I will ask Commissioner Steger.

8 COMMISSIONER STEGER: I voted in favor of the  
9 motion.

10 CHAIRMAN REYNOLDS: Okay. Mr. Van Clief made  
11 the motion.

12 COMMISSIONER STEGER: I vote in favor of the  
13 motion.

14 COMMISSIONER MILLER: Aye.

15 CHAIRMAN REYNOLDS: The motion carries  
16 unanimously. All commissioners present have voted  
17 aye, so the motion carries.

18 MR. LAWS: We'll reduce the Commission's  
19 decision to writing and mail, of course mail you a  
20 copy and it will become effective the day the final  
21 order is issued by the Commission.

22 CHAIRMAN REYNOLDS: Thank you all for your  
23 time.

24 MR. LAWS: I apologize for interrupting. There  
25 are two other applications, the satellite wagering

1 facility applications. How do you want to handle  
2 those?

3 MR. WEINBERG: I think as you're well aware,  
4 without a significant limited license, we're not  
5 eligible -- Colonial Downs is not eligible for  
6 those.

7 CHAIRMAN REYNOLDS: That's correct.

8 MR. LAWS: Do you want to withdraw those  
9 applications at this point?

10 MR. WEINBERG: We'll take it under advisement.

11 MR. LAWS: Okay. Thank you.

12 CHAIRMAN REYNOLDS: All right. Thank you all.

13 MR. HETTEL: We'll continue with the meeting  
14 now. If you have discussion, if you'd take it to  
15 the hallway, please. Mr. Chairman. Let's seek  
16 approval of the minutes from the meeting of  
17 October 14th.

18 CHAIRMAN REYNOLDS: Okay. I have one. I see  
19 Commissioners, plural, not singular, when I call  
20 the meeting to order. No biggie. Just a little  
21 typo.

22 MR. HETTEL: Okay.

23 CHAIRMAN REYNOLDS: Other than that, I didn't  
24 see anything. Did other commissioners have any  
25 comments or additions, deletions to the minutes?

1 VICE CHAIRMAN VAN CLIEF: I move approval.

2 COMMISSIONER MILLER: Second.

3 CHAIRMAN REYNOLDS: All those in favor, say  
4 aye.

5 NOTE: The Commission votes aye.

6 CHAIRMAN REYNOLDS: The motion carries  
7 unanimously. The minutes of October 14, 2015 are  
8 approved.

9 Now we move on to new business. We'll ask the  
10 VHBPA to report on the Virginia-bred and stakes  
11 races at Laurel, please.

12 MR. PETRAMALO: Mr. Chairman, with the Racing  
13 Commission's approval, we held two days of racing  
14 at Laurel Park in Maryland. We had the three  
15 graded stakes, for which we put up 800,000 from the  
16 horsemen's purse account, then we had five  
17 Virginia-bred stakes races, and then we put up a  
18 total of 60,000 per race for a total of 300,000.  
19 So for the eight races, we had \$1.1 million in  
20 purse money that we put in.

21 Let me quickly add that 50,000 of that came  
22 from the Virginia Breeders Fund with the  
23 Commission's approval.

24 Actually, when you take into account the  
25 nomination fees, entry fees and starter



1 fees collected by the Jockey Club, our purse outlay  
2 was about \$1 million; a few cents more than \$1  
3 million.

4 As best I can tell from the information  
5 available to me, wagering on those eight races was  
6 roughly \$2.1 million. Our agreement with the  
7 Maryland Jockey Club and the Maryland horsemen was  
8 that we would receive, we will receive the  
9 horsemen's share of that wagering \$2.1 million. I  
10 can't quite, from information available to me,  
11 calculate it with certainty for two reasons.

12 One, the \$2.1 million included both on-track  
13 wagering and simulcast wagering. I can't tell from  
14 my information how that broke out. Generally  
15 speaking, it's about a 90/10 split. Ten percent of  
16 the total pool is usually wagered on the track;  
17 ninety percent comes from simulcast.

18 The other factor that I wasn't privy to was the  
19 horsemen's share. Now, that varies. On live  
20 racing here in Virginia, it's anywhere from eight  
21 to nine percent. In Maryland, I think it may be  
22 seven percent. With respect to the horsemen's  
23 share of simulcast wagering, I'm estimating that  
24 the horsemen's share is about two percent.

25 Bottom line is my best estimate is that when

1 Maryland gets done with the numbers, we will  
2 probably get somewhere between 40 and \$60,000,  
3 which we will deposit in our horsemen's purse  
4 account, which is restricted for use on purses here  
5 in Virginia, unless you give us permission  
6 otherwise. With that, I'll sit down, unless you  
7 have any questions.

8 CHAIRMAN REYNOLDS: Thank you. Are there any  
9 questions? Commissioner Van Clief?

10 VICE CHAIRMAN VAN CLIEF: No questions.

11 CHAIRMAN REYNOLDS: Commissioner Miller?

12 COMMISSIONER MILLER: None.

13 CHAIRMAN REYNOLDS: Thank you, Mr. Petramalo.  
14 I guess there's a request for approval of the VHHA.  
15 Bernie, do you want to help me with that?

16 MR. HETTEL: Dave, have you got that  
17 information?

18 MR. LERMOND: I believe under Tab One, there's  
19 an email from Iain Woolnough.

20 CHAIRMAN REYNOLDS: In the back.

21 MR. LERMOND: Mr. Chairman, I'd like to give  
22 you just a brief summary of what they're asking  
23 for. In prior years, the horsemen agreed to rebate  
24 some of the money they got back from TwinSpires and  
25 xpressbet. After the July 1 code change took

1 effect, the horsemen, both Thoroughbred and  
2 harness, wanted to continue this agreement that  
3 they had with TwinSpires and Xpressbet.

4 Because this money is going to come out of  
5 money earned prior or after July 1, we would need  
6 the Commission's approval for them to use the purse  
7 funds for this purpose. Maybe Frank wants to  
8 expand a little bit on it, but that's it in a  
9 nutshell.

10 VICE CHAIRMAN VAN CLIEF: I have a question.

11 CHAIRMAN REYNOLDS: Okay. There's a question.

12 VICE CHAIRMAN VAN CLIEF: How does that request  
13 coincide with the statute under which we are  
14 currently working?

15 MR. LERMOND: The current statute requires any  
16 purse money received from ADW after July 1 to be  
17 used for purses or as otherwise, if not used for  
18 purses, then whatever it would be used for would  
19 have to be approved by the Commission.

20 VICE CHAIRMAN VAN CLIEF: So the Commission  
21 does have the flexibility to approve a fee if it so  
22 decides?

23 MR. LERMOND: That's correct.

24 COMMISSIONER MILLER: I move we approve the  
25 rebate fee.

1 VICE CHAIRMAN VAN CLIEF: I second that.

2 MR. PETRAMALO: Does that motion cover both the  
3 VHHA and VHBPA?

4 CHAIRMAN REYNOLDS: No. I don't think so,  
5 unless you have a different one. You just went  
6 through yours.

7 MR. PETRAMALO: No.

8 MR. LERMOND: I went through the harness,  
9 not --

10 CHAIRMAN REYNOLDS: In your earlier report, you  
11 talked about what happened up in Maryland and with  
12 the fees. Do they have a request as well?

13 MR. HETTEL: That's separate.

14 CHAIRMAN REYNOLDS: Okay.

15 MR. HETTEL: Frank, explain.

16 MR. PETRAMALO: What I'm saying is, with regard  
17 to the -- we'd like to, on behalf of the VHBPA,  
18 join in the Harness Association's request to be  
19 given permission to use the post-July 1 fees to pay  
20 rebates.

21 CHAIRMAN REYNOLDS: Okay. Amend that motion?  
22 Just vote on it separately?

23 COMMISSIONER MILLER: I move that we approve  
24 both the harness horsemen's rebate proposal as  
25 expressed by Mr. Lermond and the Thoroughbred VHBPA

1 rebate program that they have in place and we  
2 approve those expenditures. And this is a program.  
3 This has been in place for several years.

4 VICE CHAIRMAN VAN CLIEF: The question is,  
5 moving forward, are we looking, given the motion,  
6 are we looking at the same arrangement or will the  
7 numbers be changing, and if so, I wondered if we  
8 might not want to have the deal come back at least  
9 to Bernie so we can see.

10 MR. HETTEL: That goes back to the essence of  
11 the November 30th meeting, that discussion with  
12 TwinSpires. Those numbers are flexible and  
13 variable, depending on the situation.

14 MR. PETRAMALO: I agree with your comment,  
15 Commissioner Van Clief. That is, I think you  
16 should approve anything going forward. Without  
17 getting too complicated, we have a current written  
18 contract with Xpressbet that expires December 31st.  
19 We will probably have a new one.

20 with regard to with TwinSpires, we have been  
21 living under a handshake agreement for six or eight  
22 years. We hope to continue it, but it's a little  
23 complicated because now the VEA to a certain extent  
24 is standing in the shoes that used to be filled by  
25 Colonial Downs, so we've got to figure out some way

1 to solve the problem. That's, among other things,  
2 the purpose of the November 30th meeting with  
3 TwinSpires.

4 CHAIRMAN REYNOLDS: Okay. So do you second  
5 that motion?

6 VICE CHAIRMAN VAN CLIEF: Yes.

7 CHAIRMAN REYNOLDS: Okay. All those in favor,  
8 say aye.

9 NOTE: The Commission votes aye.

10 CHAIRMAN REYNOLDS: The motion carries  
11 unanimously.

12 COMMISSIONER MILLER: I assume, Mr. Petramalo,  
13 when you get together to renew this contract by  
14 December 31st with Xpressbet, any agreement you  
15 make with them regarding this further expenditure,  
16 you will put in there that it is subject to review  
17 of the Racing Commission.

18 MR. PETRAMALO: That would be my view. Yes.

19 CHAIRMAN REYNOLDS: Thank you. Next is an  
20 update from the Virginia Equine Alliance.

21 MR. HANNUM: Thank you, Commissioners. I just  
22 want to briefly touch on three things. When we  
23 last met, we were halfway through the Oak Ridge  
24 meet, so I wanted to just give you the final  
25 numbers on that meet. The Holland family are here,

1 and if it's okay, I'd like to let them comment as  
2 well on the meet.

3 So the totals for the four days, we had 2,229  
4 people attend over the four days. Total handle was  
5 \$31,871. We had 39 races and 227 horses ran in  
6 total.

7 So based on the fact that we've pulled this  
8 meet together under very short time scales and had  
9 a monsoon come up through the east coast a week  
10 before the races, I think everything went extremely  
11 well.

12 I just wanted to acknowledge John Dale Thomas,  
13 who did a heroic effort putting the track back  
14 together. He had a great crew that was literally  
15 working from sun-up to sun-down in the pouring rain  
16 preparing the track and getting it ready for the  
17 races, so thank you, J.D.

18 I'll just defer to the Hollands, if I may for a  
19 moment. If I could put you two on the spot. If  
20 you want to say anything, or you don't have to.

21 MS. HOLLAND: First, I want to say what a great  
22 job VEA job did. We kind of split  
23 responsibilities. We had basically 60 days to put  
24 together a horse race with a track that hadn't been  
25 run in 13 years. Darryl, J.D., Jeff, Jeb, Debbie,

1           everybody came together. They took the horse side,  
2           we dealt with the public side, and while not a  
3           huge, profitable event, it was a successful event  
4           in the respect that the horse racing went off very  
5           well.

6           The guests that were there had a wonderful  
7           time, and a lot of people on that side of the state  
8           learned how to bet. If you look at the handle,  
9           you'll see the first two races each day, the  
10          choices that were being made was win or -- what was  
11          that? It was win and Place, and mostly win. And  
12          by the time they got to the end of the day, they  
13          had worked their way into Place and Show. So we  
14          had a lot of learning going on.

15          And to the Commissioners, I'd like to say the  
16          decision you made today, I know it was tough one.  
17          It is in the best interest of the state of  
18          Virginia. I've been watching this with my husband  
19          since pari-mutuel came in to being in this state,  
20          and after 20 years, basically, we had racing in  
21          Richmond and not a lot of it.

22          Now, I think there's an opportunity for there  
23          to be racing all over the state of Virginia, and I  
24          appreciate the decision you made. That's all.

25          CHAIRMAN REYNOLDS: Thank you. Heather.



1 MS. GOODWIN: The only thing I would add --  
2 Heather Goodwin. You saw me when you actually  
3 approved our days, 60 days before, and I do  
4 appreciate your action on that, that in the very  
5 short timeframe, especially from the public side, I  
6 know the horsemen worked miracles getting their  
7 horsemen and their staff together.

8 It's very hard to promote an event within the  
9 60-day time period, so I'm very excited about what  
10 we will have the opportunity to do once we have our  
11 dates for next year, and I'm impressed with the  
12 members.

13 Personally, I can tell you I'm pretty much a  
14 fixture at my kids' school, and the number of  
15 children who came and saw horses, they don't know  
16 what kind of horses, but horses on the property,  
17 who were very excited and wanted to know where we  
18 keep the horses during the regular parts of the  
19 year.

20 we have a population at least locally of people  
21 who attended, and they were very excited. There  
22 were people who came up to me and said they won 55  
23 cents, but they were so excited about their 55  
24 cents. That's the kind of love for this sport and  
25 the activity that we hope to build upon.

1           There's a million and one things, as I said  
2 before, that these people can click on a TV or bet  
3 on the internet and be entertained by. We have to  
4 make them fall in love with racing again, and so  
5 that will be our push as of the first of next year,  
6 and we appreciate the opportunity to do that.

7           CHAIRMAN REYNOLDS: Thank you very much.

8           MR. HANNUM: Thank you. The second thing I  
9 just wanted to comment on, based on developments  
10 earlier today, the Virginia Equine Alliance will  
11 now move forward, and it's our intent to open the  
12 OTBs.

13           We will begin formal discussions with  
14 consultants and outside firms to start that  
15 process. We've had four meetings over the past,  
16 really the past, you know, half of the year, but  
17 those have just been sort of a fact-finding as much  
18 as anything, and now we can move forward in a more  
19 formal way. I just leave it at that, and at the  
20 December meeting, we'd like to have the opportunity  
21 to speak to the OTBs in a little bit more detail.

22           The third thing I wanted to mention just for  
23 the record is that we do have the November 30th  
24 conference call with TwinSpires. Just for public  
25 record, the total amount due to the Virginia Equine

1 Alliance from July through October is now  
2 360,506.88. So \$360,506.88. So we'll need to have  
3 that matter resolved for us to move forward with  
4 our plans for next year. So thank you, and if  
5 there are any questions, I'll take those.

6 CHAIRMAN REYNOLDS: Congratulations on a great,  
7 great year so far, and we look forward to the  
8 future with you guys.

9 MR. HANNUM: Thank you to the Commission for  
10 all of your support. Thank you.

11 CHAIRMAN REYNOLDS: You're welcome. Thank you.

12 Next will be a public comment period. Are  
13 there folks that wish to speak on any issue? Well,  
14 hearing none, do the commissioners have any general  
15 comments at this point? Would you like to wait for  
16 a few minutes?

17 VICE CHAIRMAN VAN CLIEF: Nothing from me.

18 CHAIRMAN REYNOLDS: I think everybody's spent.  
19 We do need to go into closed session for a couple  
20 of minutes to discuss a personnel matter. So we  
21 are going to need to do that. We will come back  
22 out and vote our way back out of closed session.

23 I don't think we're going to be discussing  
24 anything else. Well, actually, if there are not  
25 going to be any commissioners' comments, when we

1           come back out of closed session, we plan on  
2           adjourning the meeting immediately.

3           No other business is going to take place, so if  
4           you feel like leaving, that is fine. If you don't  
5           and you want to stick around, that's fine. It  
6           shouldn't take too long. We do need go into closed  
7           session to discuss personnel issues. So with that,  
8           I will ask counsel to close me out.

9           MR. LAWS: Do any of the commissioners wish to  
10          make the following motion? Quote, In accordance  
11          with the provisions of §2.2-3711(A)(1) of the code  
12          of Virginia, I move that the Commission go into  
13          closed meeting for the purpose of discussing  
14          assignment, appointment, promotion, performance,  
15          demotion, salaries, disciplining or resignation of  
16          specific public officers, appointees or employees  
17          of any public body. The executive secretary of the  
18          Racing Commission, deputy secretary, Sam Towell,  
19          from the Secretary of Agriculture and Forestry, and  
20          two members from the Attorney General's office will  
21          accompany the Commission into closed session. End  
22          quote.

23                 COMMISSIONER MILLER: So moved.

24                 VICE CHAIRMAN VAN CLIEF: Second.

25                 CHAIRMAN REYNOLDS: All those in agreement, say

1 aye.

2 NOTE: The Commission votes aye.

3 CHAIRMAN REYNOLDS: The motion carries. We are  
4 in closed session.

5 NOTE: The Commission is in closed  
6 session from 12:17 p.m. until 12:27 p.m.;  
7 thereafter, the hearing continues as follows:

8 MR. LAWS: Do any of the commissioners want to  
9 make the following motion? Move the adoption of  
10 the following resolution. Whereas the Virginia  
11 Racing Commission has convened a closed meeting on  
12 this date pursuant to an affirmative recorded vote,  
13 and in accordance with the provisions of the  
14 Virginia Freedom of Information Act, and whereas to  
15 §2.2-3712 of the code of Virginia requires a  
16 certification by this Commission that such closed  
17 meeting was conducted in conformity with Virginia  
18 law, now therefore be it resolved that the Virginia  
19 Racing Commission certifies that to the best of  
20 each members' knowledge, one, only public business  
21 matters lawfully exempted from open meeting  
22 requirements under the Virginia Freedom of  
23 Information Act, and two, only such public business  
24 matters as were identified in the motion convened  
25 in the closed meeting were heard, discussed or

1 considered by the Commission in the closed meeting.  
2 End quote.

3 COMMISSIONER MILLER: So moved.

4 CHAIRMAN REYNOLDS: Second?

5 VICE CHAIRMAN VAN CLIEF: Second.

6 CHAIRMAN REYNOLDS: All those in favor, say  
7 aye.

8 NOTE: The Commission votes aye.

9 COMMISSIONER MILLER: I move we adjourn.

10 CHAIRMAN REYNOLDS: All those in favor, say  
11 aye.

12 NOTE: The Commission votes aye.

13 VICE CHAIRMAN VAN CLIEF: We are adjourned.  
14 Thank you all for coming.

15 NOTE: This hearing of the Virginia  
16 Racing Commission is adjourned at 12:30 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 November, 2015.

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SANDRA G. SPINNER

COURT REPORTER