VIRGINIA RACING COMMISSION

September 9, 2015

PATRICK HENRY BUILDING
EAST 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
Carol G. Dawson
I. Clinton Miller
Charles W. Steger, PhD

COMMISSION STAFF:
Bernard J. Hettel, Executive Secretary
C. Richard Harden, DVM, Equine Medical Director
David S. Lermond, Deputy Executive Secretary
Courtney C. Reid, Program Support Technician
Kimberly C. Mackey, Office Administrator

OFFICE OF AGRICULTURE AND FORESTRY:
Sam Towell, Deputy Secretary of Agriculture and Forestry

ATTORNEY GENERAL'S OFFICE:
Joshua Laws, Esquire

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MR. REYNOLDS: Good morning, everybody. Welcome to the Virginia Racing Commission meeting, Wednesday, September 9th. I'd like to call the meeting to order. The first order of business is to have a hearing on the Virginia Equine Alliance's limited license application to I think run at Great Meadow, and I would ask that Mr. Hannum, would you like to come up and speak to this application?

MR. HANNUM: Thank you, Mr. Chairman.

MR. REYNOLDS: And remain for questions afterwards.

MR. HANNUM: Sure.

MR. LAWS: Excuse me. Can we note for the record that all of the commissioners are present?

MR. REYNOLDS: For the record, all of the commissioners are present.

NOTE: The witness is sworn.

JEB HANNUM, called as a witness by the Commission, first being duly sworn, testifies as follows:

MR. HANNUM: Thank you, Mr. Chairman. So the Virginia Equine Alliance submitted to the Commission on August 17th, an application to run four days of harness racing at Oak Ridge in Nelson County, so this is for the harness meet.
The Equine Alliance would be the operator and holder of the limited license. We would be at Oak Ridge Estate, which as you all remember, hosted pari-mutuel racing a number of years ago. The Holland family has maintained the facility to a very high standard during the time there was not any racing. They are going to be handling the front side activities, the marketing of the event, and the Equine Alliance will be handling the racing side of the meet.

We worked very closely with the Commission staff over the past two months. We're all working on a very tight timeline to put this meet together, which is very important for the harness horsemen and breeders to have this opportunity.

The Commission staff attended two site tours of the facility to determine what sort of improvements needed to be made to the track to determine where the Commission office and stable area will be, to determine where the pari-mutuel facilities will be, et cetera. So all those things were done through two visits, of which your staff was in attendance both times.

So you received a comprehensive application which followed the regulations as set forth as to a
limited license. If you have any questions on
that, I can address those.

Mrs. Holland is supposed to be here today. I
don't see her yet, but again, just to reiterate
that the Holland family is very enthusiastic to
have racing come back to their site, and we look at
this as a long-term partnership between the Equine
Alliance and Oak Ridge to have a suitable place for
harness racing in the state. So thank you.

MR. REYNOLDS: Thank you. Mr. Hettel, is this
-- from an administrative point of view, have you
all reviewed this application and is it fully
completed and do you have any comments or
questions?

MR. HETTEL: It has been completed. Luckily,
we were part of the collaborative process on
reviewing submissions. It's complete and ready to
go, and I urge approval of this application.

MR. REYNOLDS: Thank you. Are there any
questions or comments from commissioners?

MS. DAWSON: I have one question. We received
this contract with American Teletimer Corporation.
Is that part of the application?

MR. HANNUM: Yes. The application asked that
all of the relevant contracts be provided within
the submission.

MS. DAWSON: Okay. So that's part of the record.

MR. HANNUM: So at the time that we filed on August 17th, we were still selecting vendors for various, you know, elements of the day. So American Teletimer hadn't been signed on yet, so their contract was forwarded to you.

We had signed a contract with the audio company which was subsequently sent to the Commission, as well as a video company, so we wanted to get the bulk of the application in as quickly as possible, and then we followed up with coordinating a day on the other pieces.

MS. DAWSON: Thank you.

MR. REYNOLDS: Any other questions from the other commissioners?

MR. LAWS: I have a couple of questions for you, Mr. Hannum. When you submitted your application, I know the Commission staff and I provided the commissioners with copies of the Virginia administrative code and the code of Virginia, the statutes that are relevant to these proceedings, so they looked at different statutes and different code sections to see what factors
they had to look at to evaluate this application, and I had a couple of questions about the factors listed in 11 Virginia Administrative Code 10-30-40 that the Commission is required to look at these factors in evaluating this application.

Has the VEA ever applied for an owner's license before today?

MR. HANUM: No.

MR. LAWS: Since they never applied for it, they never received it?

MR. HANUM: That's correct.

MR. LAWS: So they never turned one in because they never had one; is that correct?

MR. HANUM: Correct.

MR. LAWS: Have they ever applied for an operator's license?

MR. HANUM: No.

MR. LAWS: So since they haven't applied for one, they've never received one or returned one; is that correct?

MR. HANUM: That's correct.

MR. LAWS: Have they ever applied for a satellite wagering facility license?

MR. HANUM: No. We have not.

MR. LAWS: So if they haven't applied for one,
they haven't received one and haven't returned one; is that correct?

MR. HANUM: That's correct.

MR. LAWS: Has the VEA applied for an advanced deposit account wagering license?

MR. HANUM: No. We have not.

MR. LAWS: And having never applied for one and never receiving one, you've never turned one in; is that correct?

MR. HANUM: That is correct.

MR. LAWS: Thank you. I don't have any other questions, Commissioner.

MR. REYNOLDS: Okay. Thank you. Before I call for questions, there are no other comments from my fellow commissioners?

Hearing none, I'd like to seek a motion to approve a limited license application with Virginia Equine Alliance, Incorporated. Do I hear a motion for approval?

MR. VAN CLIEF: I'll move to approve.

MS. DAWSON: Second.

MR. REYNOLDS: Second.

MR. LAWS: I just wanted to again reiterate to the Commission in 11 VAC 10-30-40 Subsection C, the issuance of a limited license. It says, in issuing
a limited license to an applicant, the Commission shall designate in writing the location of the facility where the horse racing and pari-mutuel privileges shall take place, the total number of racing days assigned, the dates within which the racings days are to be conducted, the dark days, the breed or breeds to be utilized, the type or types of racing to be offered, and the hours of racing.

My understanding is that the application contains that information, and the Commission will issue a written decision in accordance with the motion the Commission passes today, which will contain an analysis of factors in the notice, and also information in subsections.

Does the Commission have any questions or any comments about the number of racing days assigned, dates, dark dates, breeds, type of racing or hours of racing?

MR. REYNOLDS: Any questions? Hearing none, I have a motion on the table and a second. All those commissioners in favor, indicate by saying aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: Those opposed? Hearing none, the motion passes unanimously. Thank you.
Congratulations.

MR. HANNUM: Thank you, Mr. Chairman.

MR. REYNOLDS: Next on the agenda is the approval of the July 29th meeting minutes. Commissioners can find that behind Tab Two. Are there any additions or corrections to the July 29th, 2015 minutes? Do you have anything? Vice Chairman Van Clief, you have a question?

MR. VAN CLIEF: I do. This is not with regards to the correctness, completeness for format. It is actually in regards to some of the content, and as a matter of follow-up, I wanted to ask Mr. Petramalo a couple of questions.

Number one, could you bring us up to date on the status of the stakes races to be run in Maryland, which were referred to in the minutes?

MR. PETRAMALO: Yes. The Derby and the Turf Cup will be run on Saturday the 19th, and the Oaks will be run the following Saturday, which would be the 26th. Also on the 26th, we will have our five Virginia-bred stakes races. So there are two big days of racing at Laurel, which are pretty much devoted to races we used to have here in Virginia.

MR. VAN CLIEF: Thanks. I think those had not quite been finalized at the last meeting, so --
MR. PETRAMALO: That's correct.

MR. VAN CLIEF: Perfect. The other issue --
this is also for Mr. Petramalo. Reading through
the minutes, we were asked to approve the VEA
budget at the last meeting, which we did,
contingent on the VHBPA board's action to forgive a
$45,000 amount that had been earmarked for
governmental action.

MR. PETRAMALO: Yes.

MR. VAN CLIEF: Has that been done?

MR. PETRAMALO: Yes. I made that
recommendation to the board at our meeting ten days
ago and the board approved it.

MR. VAN CLIEF: Okay. Thank you very much.

Mr. Chairman, for the record, that finalizes our
approval of the VEA budget.

MR. REYNOLDS: Okay. Very good. Okay. Are
there any additional comments, additions or
corrections to the minutes from July 29th? Hearing
none, I'll entertain a motion to approve the
minutes for July 29th, 2015.

MS. DAWSON: So moved.

MR. REYNOLDS: Do I hear a second?

MR. VAN CLIEF: Second.

MR. REYNOLDS: All right. All those in favor,
say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: Those opposed? Hearing none, the minutes are approved unanimously. Thank you all.

Next, we'll move on to new business, and the first order of business is the approval of the HBPA and Virginia Gold Cup contract. Commissioners, you will find that behind Tab Number Three, and I'd like to point out that in the back of it, there is an amendment that is included in this contract to the 2015 horsemen's agreement between the Virginia Gold Cup and the Virginia HBPA.

I don't know if the commissioners have seen that or not. I think that was included earlier, so hopefully you all have had a chance to review that. Are there any questions pertaining to this contract from the commissioners?

Mr. Petramalo.

MR. PETRAMALO: Just for the sake of clarity, we're talking about two different contracts. The first contract, Commissioner, Chairman, is the contract between the VHBPA and the Gold Cup for the one day of flat racing on September 20th.

Basically in the contract, we agree that we
will put up $150,000 for purses.

The second document that you referred to is an amendment to our earlier HBPA contract with the Gold Cup that covered the two days of steeple chase and flat racing in May and October.

MR. REYNOLDS: So this is not an amendment to the first page?

MR. PETRAMALO: No. It is not. It's an amendment to the earlier contract. It's just basically a technical amendment to take care of something that we omitted.

MR. REYNOLDS: Okay. So I think we probably need to act on those separately?

MR. PETRAMALO: Yes. I would think so.

MR. REYNOLDS: Thank you. Thank you for clarifying that. Are there any questions or comments from commissioners?

MR. VAN CLIEF: Mr. Chairman, a technicality. At the last meeting when we considered contract approval -- and maybe I should be directing this to counsel.

The suggestion was made that while the Commission is in the business of approving dates, licenses, budgets and so forth, we're not necessarily, nor should we be consistently in the
business of approving contracts between industry parties. Where do we stand with regard to the agenda this morning?

MR. LAWS: With these two, with the first contract and the second addendum under 59.1-369 Subsection 14, the Commission has to approve contracts involving prizes and purses, so this is one of the few areas where the Commission actually would need to get involved and give express permission.

Frank, would you agree with that?

MR. PETRAMALO: Yes. I do. I agree.

MR. REYNOLDS: Any other comments? Hearing none, we'll make two motions.

The first motion, I'd like to entertain a motion to approve the contract, 2015 flat racing agreement between the Virginia Gold Cup and the Virginia Horsemens Benevolent and Protective Association. Do I hear a motion to seek approval?

DR. STEGER: So moved.

MR. REYNOLDS: Do I hear a second?

MR. MILLER: Second.

MR. REYNOLDS: Any comments? Hearing none, all those in favor, say aye.

NOTE: The Commission votes aye.
MR. REYNOLDS: Those opposed? Hearing none, the motion is approved unanimously.

Now I'd like to entertain a motion to approve the amendment to the 2015 horsemens agreement between the Virginia Gold Cup and the Virginia HBPA.

MR. VAN CLIEF: I move approval.

MR. REYNOLDS: Do I hear a second?

MS. DAWSON: Second.

MR. REYNOLDS: Any comments? Hearing none, all those in favor, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: Any opposed? Hearing none, the motion approves unanimously. Okay. Thank you.

Next on the agenda behind Tab Four is the approval of the VHHA and the Virginia Equine Alliance contract. Commissioners have any questions or comments about this contract?

Okay. Hearing none, I'd like to entertain a motion to approve the 2015 race agreement between the Virginia Equine Alliance and the Virginia Harness Horse Association. I'd like to entertain a motion.

MS. DAWSON: So moved.

MR. VAN CLIEF: Second.
MR. REYNOLDS: Second. Any comments? All those in favor, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: Those opposed, say no. Hearing none, this motion passes unanimously.

Okay. Now we move to the approval of racing officials. Behind Tab Five, you'll find the suggested slate of the race officials for the 2015 Virginia Downs races.

Mr. Hettel, have you reviewed this list?

MR. HETTEL: Yes, sir, and I've been a part of the compilation of these. They are all veteran officials and are all competent and I approve them all.

MR. REYNOLDS: So the administration is okay with these?

MR. HETTEL: Yes, sir. They are.

MR. REYNOLDS: Do the commissioners have any questions about these race officials? Hearing none, I'd like to entertain a motion to approve the race officials for 2015 Virginia Downs races.

MR. VAN CLIEF: So moved.

MR. REYNOLDS: Do I hear a second?

MR. MILLER: Second.

DR. STEGER: Second.
MR. REYNOLDS: Any comments? All those in favor, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: Those opposed? Hearing none, the motion passes unanimously.

Next will be the approval of the Oak Ridge racing officials behind Tab Six. Mr. Hettel.

MR. HETTEL: The Oak Ridge officials are complete. Took a while to get some of these spots because of its new location. Everybody included on this list is competent and accredited to be in these positions, and I suggest approval of this list.

MR. REYNOLDS: Are there any questions or comments from the commissioners? Hearing none, I'd like to seek a motion for approval of the 2015 Oak Ridge officials.

MR. VAN CLIEF: So moved.

MR. REYNOLDS: Do I hear a second?

MS. DAWSON: Second.

MR. REYNOLDS: Any comments? All those in favor, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: All those opposed? Hearing none, the motion carries unanimously.
Next behind Tab Seven, the racing officials.

Tab Seven. Excuse me. The race officials for the International Gold Cup. Mr. Hettel, do you have any comments?

MR. HETTEL: Again, sir, they are all accredited in the positions and all demonstrated a competency to perform. I suggest approval.

MR. REYNOLDS: Okay.

MS. DAWSON: Mr. Chairman.

MR. REYNOLDS: Commissioner Dawson.

MS. DAWSON: Yes. I just wanted to note that under Patrol Judges, there is a blank, a list of names, and then there is a Mr. and then no name.

MR. REYNOLDS: Do you see that, Mr. Hettel? On Patrol Judges on the right.

MR. HETTEL: Doctor, is that a typo?

DR. ALLISON: It's an unfilled position.

MR. HETTEL: Okay. To be assigned.

DR. ALLISON: To be filled.

MS. DAWSON: To be filled. Okay.

MR. REYNOLDS: Does it necessarily have to be filled?

DR. ALLISON: Yes.

MR. REYNOLDS: It does?

DR. ALLISON: Yes.
MR. REYNOLDS: Okay. Mr. Laws, do we need to give -- I'd like to give Mr. Hettel the authority to approve that last judge.

MR. LAWS: Sure. I think that's separate under the code, so I think there should be two separate motions; one approving the list as is composed, and a separate motion designating to the executive secretary for the Virginia Racing Commission the authority to approve this last patrol judge, once the name and the credentials are submitted to the secretary.

MR. TOWELL: Is that also true with respect to the safety steward and the clerk of scales?

MR. HETTEL: This is usually with the National Steeple Chase Association. Some of it is availability. I've got a good working relationship with the NSA, so this is to be added as the day approaches.

MR. LAWS: So in other words, the motion that the Racing Commission entertains to approve the officials as listed should be followed by a second motion designating to the executive secretary of the Racing Commission the authority to approve the safety steward, the clerk of scales and last patrol judge, once the names and qualifications are
submitted to the executive secretary.

MR. VAN CLIEF: If you're seeking such a motion, Mr. Chairman, then my first motion is to approve the International Gold Cup officials for 2015 as submitted.

MR. REYNOLDS: Do I hear a second?

MS. DAWSON: Second.

MR. REYNOLDS: Is there any comment? Hearing none, all those in favor, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: Those opposed? Hearing none, the motion carries.

MR. VAN CLIEF: And my second motion would be to grant authority to Executive Secretary Hettel for the purpose of appointing and approving appointment of safety steward, the clerk of scales, and the final patrol judge.

MR. REYNOLDS: Do I hear a second?

MS. DAWSON: Second.

MR. REYNOLDS: Are there any comments? All those in favor of the motion, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: Those opposed? Hearing none, the motion passes unanimously. All right. Thank you very much.
Lastly, with regard to the Virginia Breeders' Fund, found behind Tab Eight is the approval of the 2015 expenditures for Standardbred. I meant that to say the proposed 2015 expenditures portion of the Virginia Breeders' Fund.

The Virginia Breeders' Fund standardbred committee voted to recommend the following expenditure for the Standardbred positions of the Breeders' Fund in 2015. The proposal is to allow $80,000 to partially fund eight Virginia-bred stake races to be contested at Oak Ridge race course on Sunday, October 18th.

Do the Commissioners have any questions or comments about this request? Mr. Lermond, do you want to say anything about this? It looks like it has already been approved by the subcommittee.

MR. LERMOND: Yes. An email was sent out to the members of the subcommittee. Everyone agreed to this expenditure. In years past, there's obviously been more money available because there has been more wagering, but the 80,000 is really all that there is for the Standardbred portion this year, and that's all gonna go towards these Virginia-bred stake races, which total 320,000, but the 80,000 will come from the Breeders' Fund.
MR. VAN CLIEF: Will that be allocated equally among the eight?

MR. LERMOND: 10,000 per race.

MR. REYNOLDS: Any other comments or questions from the commissioners? I'd like to seek a motion to approve $80,000 to partially fund eight Virginia-bred stake races to be contested at Oak Ridge race course on Sunday, October 18th. Do I hear --

MS. DAWSON: So moved.

MR. REYNOLDS: Do I hear a second?

MR. VAN CLIEF: Second.

MR. REYNOLDS: Any further comments? Hearing none, all those in favor, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: Those opposed? Hearing none, the motion passes unanimously.

Okay. Now that takes us to our public comment period. Are there any members of the public that would like to speak out today? And please remember to keep your comments within five minutes, and please state your name for the record when you speak. Stan.

MR. GUIDROZ: Mr. Commissioner, board members, my name is Stan Guidroz, vice president of southern
operations for Jacobs Entertainment.

The question still remains: Is there a place for Colonial Downs in the portfolio of horse racing in Virginia? If so, does the VRC desire to join us in bringing Virginia horsemen and horse racing back to Colonial Downs with a back stretch open for eight weeks next year.

It may take several years before the current experiment of the VEA and VHBPA finding an alternative venue plays out. The carrying cost of maintaining Colonial Downs as a race track is $2 million a year in taxes, insurance and maintenance.

With the redirection of funding for Colonial Downs to the VEA, Colonial Downs cannot sit dormant, losing money for the next several years. Best efforts to reach an agreement to attract the VEA were unsuccessful.

We were very disappointed the negotiations didn't work out, but at this point, Mr. Jacobs has concluded those negotiations once the mutual deadline passed last Friday, September 4th.

The initiative now moves to the VRC. If the VRC wants the track in New Kent to remain open, it needs to take a proactive step to help Colonial Downs stabilize operations and cash flow while we
rebuild our business.

We will put up $1 million a year, and we request the VRC to redirect funds for the live racing and purse expenses.

In my letter to Bernie over the weekend, I put forth a schedule, an outline, an example of what that would look like. Eight weeks of an open back stretch and barn area, two weekends of racing including the Turf Cup and Virginia Derby, one weekend in mid August, one weekend in mid September.

Again, this is just an example. We remain open and flexible to a schedule of back stretch and barns being open eight weeks for at least two weekends of racing.

The Old Dominion would be the majority horsemens group to get the satellite wagering facilities up and running and will serve as a place holder. Under the right conditions with the Old Dominion, we would be willing to discuss the signing of an agreement with the VRC.

We are asking the VRC to be proactive and redirect funds to Colonial Downs and Old Dominion and bring racing and an open back stretch to the Virginia horsemen next year.
May I suggest we work with a subcommittee with Bernie and two VRC members for the next couple of weeks? During that time, we'll finalize the Old Dominion contract and 2016 racing schedule with your support.

If we reach an agreement on a path forward, then we'll submit the Old Dominion contract, satellite wagering facility license application, and a racing schedule for full VRC consideration.

If there is no willingness to work with us on this effort, then we will have exhausted all efforts. We will move on to use other than racing. Thank you for your time this morning. I'll continue to follow up with Bernie on future discussions regarding this matter. Thank you.

MR. REYNOLDS: Thank you. Other members of the public? Yes, ma'am.

MS. HARRELL: Christie Harrell. I'm sorry I wasn't here earlier. I had an accident that prevented me from getting here. When you all were doing the reading of the minutes earlier, I noticed there were two typos and I just wanted to clarify that my name is spelled C-H-R-I-S-T-I-E -- H-A-R-R-E-L-L. And also, my reference was to develop a venue to race at Morven Park in northern
Virginia. The "at" is there, the "in" is there, but the middle part, which is kind of important, Morven Park. I just wanted to make sure that the notes reflected such.

MR. REYNOLDS: Okay. Thank you. We will make that correction. Other members from the public?

DR. WOOGEN: I'm a representative of the VHHA. I just want to note that the comments by Colonial Downs did not reference harness racing in any way, shape or form. We represent the majority of the racing days in Virginia, I believe, since inception. I think considering negotiating with Colonial Downs without including harness racing really is not reasonable, in my view.

MR. REYNOLDS: Thank you. Other comments?

MR. PETRAMALO: May I respond to Mr. Guidroz's statement?

MR. REYNOLDS: Yes, sir. What's your name?

MR. PETRAMALO: Frank Petramalo. I'm executive director of the Virginia HBPA. With all due respect to Stan, what he suggested, in my opinion, would be unlawful. On July 1st, after a hearing which Colonial Downs was given the opportunity to participate and chose not to, which the Old Dominion horsemen's group was given the opportunity
to participate and they didn't. At the end of that
hearing, you designated the Virginia HBPA as the
majority horsemen's group for next three years.

Now Mr. Guidroz is suggesting that the
Commission sit down with Colonial Downs and
negotiate some type of agreement that includes
approval of a contract, the horsemen's contract,
with the Old Dominion horsemen's group. I think
that would violate the law as well as your
regulations, and for that reason, I respectfully
suggest that you not take up Mr. Guidroz's
invitation to have the Racing Commission sit down
with Colonial Downs to negotiate anything.

MR. REYNOLDS: Thank you. Mr. Ross.

MR. ROSS: David Ross, chairman of the VHBP.
As you know, this whole ordeal is no stranger to
anyone really. In going back now to our days under
the supervision of the Secretary of Commerce, we
have had extensive discussions with Colonial.
Bernie has been present; he's informed you of
those. I think we are all aware of them. Stan at
that time wasn't present, but has come to the
forefront now and we've appreciated that.

One of the problems that has existed from day
one is that Colonial has identified a delta. That
delta is about $2 million a year. Speaking from a
business perspective, and you know, that is an
issue that has to be dealt with.

Another thing the Commission is fully aware of
is what our budget is and our operating revenue is,
and outside of a few mistakes here and there that
we've identified, we see that we have no ability
whatsoever to come up with $2 million a year.

That said, the only venue, the only opportunity
to proceed with Colonial is going to be, and I
think we all need to recognize this and figure out
when it is gonna be dealt with, is gonna be, A,
either find a way to grant the money. So perhaps,
you know, we've got to go through the Commonwealth
and ask for a grant and perhaps an opportunity to
run an operation there for ten years. I hope they
would consider ten, but we'll see. Or grow the
revenue in another way. We have the satellite
wagering facilities, we have the ADW contracts that
we have with the various vendors and the revenue
that comes off of those.

So again, we all know what we have at hand
here, and it has been unfortunate, because the only
way that this would work in conjunction with the
VHBPA would be through some sort of joint
agreements to try to grow revenue beyond the cost of living and what have you, so that we could find a way as we grew revenue to disproportionately pay back Colonial. But that requires them to sit in the driver's seat, to continue to invest in this facility and be patient to be able to potentially collect down the road.

I don't think that's gonna happen. I think we've got to all come up with can we get them the funds or not, and if we can't, then we'll have to find another way. Believe me when I say that we would all love to be racing in Colonial. There's not anyone in this room that wouldn't want that, but we can only afford to do so much. Thank you.

MR. REYNOLDS: Thank you. Other comments?

MR. BERMAN: I've been around for 20 years, and I just don't feel like Colonial possesses the integrity or the character or the worthiness to even be considered to ever get another license to do anything in Virginia.

They've proven time and time again that they don't keep their word. They sued the Racing Commission when the Commission has ordered them to conform to the statutory obligations that our General Assembly has imposed on them.
They took the company public in 1997 and essentially robbed the shareholders of the $35 million or the $40 million that they had invested, and as far as I'm concerned, everybody in this room should slam the door on Colonial and not give them the time of day until they finally realize that they don't have a prayer of ever doing business in Virginia again.

And you know, we talk about expanding gambling. That will never happen with Colonial Downs in the driver's seat, because they've done way too much to destroy the public trust, and people like me are going to campaign until the ends of the earth to make sure they never get an opportunity to expand gambling in Colonial Downs.

I want to see expanded gambling. I wanna see slots, but not with these guys. They can't be trusted, and the decision you make today or whenever they come up for an application, that's probably gonna be the biggest decision that this Racing Commission has ever made, because it's not just gonna be about racing, and it's not just gonna be about, you know, racing and the fans and stuff like that. It's gonna be about the kind of Commonwealth we live in, and whether or not we're
gonna let people like Colonial be involved in
gambling and set a precedent for the future.

So in my opinion, they should just pack up
their stuff and go home today. I know they don't
want to, but they're just gonna keep trying to
manipulate us and try to pull it in as long as they
can get away with it, and until we all unanimously
agree that they're not wanted here anymore and it
is time for them to go back to Ohio, I think
Virginia racing is gonna be stifled and we're never
gonna to be able to move ahead, and we're never
gonna be able to join forces and get together as
Virginians and make this thing work. I'm tired of
all the shenanigans and all the sculduggery that
Colonial has done over the years.

I remember 20 years ago and 18 and 15 years
ago. I know that, you know, time goes by and
people think that things are forgotten, but I
haven't forgotten any of it. You can't change the
spots on a leopard, and no matter how they come in
here and they act like, you know, they're willing
to negotiate and they want to do the right thing
and they're willing to, you know, be good guys, I
don't believe them and I don't think anybody else
in this room should believe them.
Sure, I'd like to see Colonial Downs open again, but I'd like to see it open under new leadership. I never want to see it open again under Colonial Downs leadership. So that's all I have to say.

MR. REYNOLDS: Thank you. Other comments from the public? All right. Well, thank you.

MR. HETTEL: I'd like to call on Tom Eshelman of the Shenandoah County Fair.

MR. REYNOLDS: Yes.

MR. HETTEL: They just completed their county fair and their race meet, and I'd just like to get an update, if possible. Tom, take it away.

MR. ESHELMAN: Thank you, Bernie. We just recently had four days of racing at the Shenandoah County Fair in Woodstock, Virginia. That makes five days of harness racing this year; more than anyone else has conducted so far, and we have done that on our own with the help of purse money, from donations, and also with the assistance of the VHHA.

We had the Wine and Trotter festival in June. We had almost 1,000 patrons there enjoying a day of racing, and in the past four days last week, we had over 2000 persons in four days of racing, over 30
races in all for four days.

Woodstock is alive and well and racing is happening there, and we would love to have people be interested in expanding that and possibly bring pari-mutuel betting to Shenandoah County. You're missing out on a great opportunity there at our facility.

The investments that are being done to the other facilities, those investments could be done for one or two years at our facility and they'd be permanent. We've got a one-mile track there, we've got a covered grand stand, we have crews that could happen almost simultaneously within the next year, and we'd be expanding racing in Shenandoah County. You missed out on a great opportunity if you missed the last four days. It was very exciting. Thank you.

MR. REYNOLDS: Thank you very much. Congratulations on a great meet. Are there any other comments for the public? Hearing none, I'll turn it over to the commissioners for their comments. After that, we'll select a date for our next Racing Commission meeting.

Dr. Steger, do you have any comments?

DR. STEGER: No, Mr. Chairman. I don't.
MR. REYNOLDS: Commissioner Dawson?

MS. DAWSON: I don't have any. Thank you.

MR. REYNOLDS: Vice Chairman Van Clief.

MR. VAN CLIEF: Just one brief -- Just doing back-of-the-envelope projections and looking at the information I received this morning. It appears to me that there will be -- given the assumption that our projections are accurate on handle next year -- there should be sufficient dollars in the system to at least break even, and that would include racing at Colonial Downs.

I'd ask the parties if they might readdress this issue. I do not think we reached the point where Colonial Downs needs to throw it at the door step of the Virginia Racing Commission. I think there's probably room for additional negotiation with the horsemen, if they are so inclined.

I think that you can break even and keep the lights on without special action by this commission, and I would advocate that you try.

MR. REYNOLDS: Okay. Thank you, Vice Chairman. Commissioner Miller.

MR. MILLER: Mr. Chairman and members of the Commission, several weeks ago, I had Mr. Lermond of the Racing Commission staff prepare an analysis of
where we stand in pari-mutuel wagering and racing in Virginia, and what we might be able to look forward to under the new statutory regime that was passed by the General Assembly in the 2015 session of the General Assembly.

I'm going to ask Mr. Lermond to provide to each commissioner in the coming days or weeks or whenever of the material that he put together at my request, and he can provide it to Mr. Petramalo and Mr. Ross, Dr. Allison. Well, anyone that wants it. But anyway, the bottom line is that pulling together projected figures based on past activity in Virginia, Mr. Lermond came up with three scenarios for projected distribution of pari-mutuel wagering in Virginia for 2016, just as an example.

He came up with a scenario if we go forward without Colonial Downs and with advanced deposit wagering revenue from the three current advance deposit wagering companies; that would be TVG, TwinSpires and XpressBet.

He did another analysis that includes Colonial Downs as a licensee for EZHorseplay and two account -- two satellite wagering facilities.

MR. LERMOND: It would just be account wagering.
MR. MILLER: Account wagering, not the satellite wagering. Okay. Thank you. He came up with a third scenario that includes Colonial Downs as a licensee with EZHorseplay, a licensee operating their EZHorseplay ADW, plus Colonial Downs operating two satellite wagering facilities, and of course Colonial Downs being a licensee -- to be a limited licensee to operate racing in Virginia as a significant infrastructure licensee.

I'm not going to go in to all of the figures; it takes too much time. He will provide that to you all for you all to look over between now and the next time this Commission may meet.

But of the scenarios he put forward, the scenario that in my opinion just as an individual Virginia citizen, just you know, regardless of whether I was on this commission or not, if you look at the scenario with Colonial Downs as a limited licensee operating the racetrack where it is because it can't be moved, being a significant infrastructure licensee, also having been granted a license to operate EZHorseplay again, and being given a license to operate two satellite wagering facilities again, contrary to a lot of public opinion that thinks they should not get a license
to do anything, I recognize that, you know, that feeling is out there, but I'm just suggesting to you that there is a scenario going forward that if they were granted such licenses, and the only way they can do it is there has to be more give than they've indicated they would give in the past. There would have to be give by the horsemen, more so than in the past. Everyone would have to give a little bit, sit around the circular peace table and reach a treaty, a satisfactory peace treaty, just like they did in Geneva.

Because when you look at the -- I'll go through these figures. You don't need to write them down. The total amount that would be projected to be wagered in Virginia under that third analysis that I think would be the best for the future of Virginia racing to sustain, promote, et cetera, et cetera, et cetera, the horse industry in Virginia, the total projected amount of wagering would be approximately $115 million.

Now, from that total amount wagered, the recipients under the code as it now exists, Virginia Racing Commission would get one million and three-quarters dollars, approximately. New Kent County would get approximately $378,000.
The localities where the off-track betting parlors are located would get approximately $171,000. Virginia Tech would get approximately $147 million. The Virginia Horse Center would get approximately 49 -- Did I say Virginia Tech would get $147 million? I meant $147,000.

MR. REYNOLDS: They were excited.

MR. MILLER: Dr. Steger, did you pass out? I'm sorry.

MR. REYNOLDS: Dr. Steger put the spread sheet together.

MR. MILLER: The Virginia Horse Center would get approximately $149,000. Virginia Horse Industry Board, the same. Virginia Thoroughbred Association, the same. The Breeders' Fund would get $1,157,000. Purses for the horsemen would be approximately $5 million; $4,911,000. The Virginia Equine Alliance would get approximately $2 million. The limited licensee, Colonial Downs, would come out with $7,850,000. The ADW providers, $5 million, a little over $5 million, and the amount returned to betters in Virginia would be a little more than $92 million.

So get it all together, almost everyone wins under those figures. Everyone gets some revenue.
Racing goes forward in Virginia. Not everyone gets everything they want, but the program lives to go forward to maybe a day in the future when revenue can be enhanced and everyone's revenue would go up, eventually.

Anyway, I hope that when Mr. Lermond forwards that information to you -- all you have to do to get it is here's Mr. Lermond sitting right here. All you have to do is go up to him following this meeting and say, Mr. Lermond, please provide me with that information.

I hope that all of you will make that request and that all of you will take it, look it over, do an analysis. All I did was just look at figures. I can't talk about the morality behind the figures. I can't -- but the figures are there, and you can, maybe you can tear them all down.

Maybe all these figures can be analyzed to the extent that they may be meaningless. You may come back and say, Mr. Miller, those figures were meaningless. You were duped. You know that's possible, but they are there to be examined. This is a possibility.

Just take a look at it, and then when we have a meeting in the future, maybe we can discuss it and
discuss what would be the best route for Virginia to go.

Does Virginia want to go forward with a meaningful Thoroughbred and Standardbred racing program that's meaningful to the citizens of Virginia and the country as a whole and that economically benefits a wide spectrum of the stakeholders and state of Virginia, or do we want to muddle along the best we can, fighting each other, threatening litigation, trying to outdo one another in the legislator with our favorite legislators, out-lobby one another?

Is that the future that we want in Virginia, or do we want to try to concentrate on doing what is best for most of the stakeholders and most of the citizens of Virginia and at least make that effort?

So anyway, that's my comment. I hope you'll take advantage of that, and maybe when we have a meeting in the future we can discuss this, and it may be something that we can hang our hat on, or it may not be.

Because from my perspective, we can't continue the way we are. The status quo doesn't work. The Equine Alliance is making a valiant effort to save racing in Virginia. That's what they're doing.
They went to the legislature after the license holder turned in their license in the fall of 2014 to get legislation adopted to at least try to continue a racing program in Virginia to try to address the pari-mutuel funds that were accumulating in Virginia from the betters.

I find it interesting that Mr. Jacobs comes back now and uses as one of the criticisms of the program in Virginia that we're concentrating too much, or that we decided to go into northern Virginia. You know, we're willing to spend money in -- we made an effort to go to northern Virginia and disregarded Colonial Downs. That's not the case at all.

Virginians were put in the position of trying to come up with the solution to the problem of not having a racing venue. That's why the people went to the legislature and that's why the Virginia Equine Association was formed. At least that's from my perspective. It wasn't done -- it wasn't done to spite Colonial Downs or to throw up some kind of road block to future racing at Colonial Downs.

I told the representatives of Colonial Downs that's a great racetrack, and to me, it doesn't
seem logical or sensible for us to try to continue a serious racing program in Virginia without that track. We really ought to be utilizing that track. We need to bend over backward, all of us, including Colonial Downs, to try to make sure that that track is utilized in the future.

I realize that you have to look at the economics of the situation. We're not looking for charity from the Jacobs family. Under this scenario, Colonial Downs does okay. Does okay. But in the future, Colonial Downs may do great if they're willing to work with the other stakeholders.

The horsemen will do okay, and if you're willing to work with the other stakeholders, including Colonial Downs, we ride this thing out, the future could be bright for racing in Virginia. So thank you, Mr. Chairman.

MR. REYNOLDS: Thank you, Commissioner Miller. In addition to your comments, I think I absolutely agree. I would love to have everybody go analyze these numbers, all of us hopefully get together sooner rather than later to keep talking.

I hear from time to time we're really close, we're very optimistic, and then all of a sudden
we're back and it just seems like there's a lot of back and forth. So hopefully, the groups can get together and hopefully push this over the goal line this time.

In regard to your comments, Commissioner Miller, talking about or analyzing these numbers at the next Racing Commission meeting, we can certainly do that, but I might suggest that if we can make some progress, maybe we could call for another work session where we can sit down and go back and forth with the numbers and anything else we might want to talk about.

So let me suggest -- and we'll throw out some dates for a possible work session that we could do in addition to our Racing Commission. Perhaps we can have a regular Commission meeting next month, and then after that, go on into a work session.

Mr. Vice Chairman.

MR. VAN CLIEF: Mr. Chairman, in that regard and to your suggestion, could I ask a couple questions of the shareholders -- the stakeholders here?

MR. REYNOLDS: Yes.

MR. VAN CLIEF: My first question then would be to Colonial Downs, Stan, and likewise to Mr. Ross.
Would you gentlemen representing the organizations be willing to sit down?

Stan, let me ask you first because you're -- as I see it this morning, it's Colonial Downs who has thrown down the gauntlet and said that is as far as we can go, unless, if I read this right, unless we were to receive immediate relief from Virginia Racing Commission, which is obviously not going to be forthcoming in the format you requested.

Nonetheless, you know, I think we all feel, and the figures that Mr. Lermond has prepared for Commissioner Miller bare it out that there is more latitude in this situation than we might have thought here before.

Given that revelation, would you be willing and is Colonial willing to spend a little more time talking about a potential deal so that we've got everybody working together and we can cut this pie up equitably, keep the lights on and move the industry forward?

MR. GUIDROZ: D.G., we'd be happy to look at the numbers. I think we get to the point where the analyzing of the numbers is the same. They're not changing. I think everybody on this side of the table has looked at these numbers inside and out
and understands where they stand on it.

The question is whether we can do what we need
to do to get there. When we look at the numbers
and entertain conversations, are they consistent
with what we've looked at in the past? Absolutely.
But I think everybody in the room has gotten to the
point where the numbers are what they are, and we
can either make it happen or we cannot.

Not to sound like we're throwing down the
gauntlet. It's to say are we gonna resolve this
ever or not. But I appreciate the homework and
study that has gone into it. I look forward to
looking at the numbers and look forward to working
with you or anyone else and seeing what
opportunities there might be.

MR. VAN CLIEF: Thank you. I started to
address that question to Mr. Ross. Maybe it would
be more appropriately addressed to Ms. Easter of
the VEA or Mr. Hannum. Are you prepared to
continue the conversation as well?

MR. HANNUM: Well, I just make a comment about
the numbers. I haven't seen what Dave did, but you
know, Stan and I and David and Debbie and Frank,
we, you know, have been through this and around and
around and around.
Just to a quick point, which I think is very important to state to the Commission, is that right now, the Virginia Equine Alliance is only receiving revenue from two out of three of the ADW companies, so these projections are nice, but it does not mean anything unless people are following the law and making the statutory contributions.

So I think we're sort of getting a little bit ahead of ourselves. I think we have an immediate task before us, and I hope the Commission would take a strong position that TwinSpires has failed two months in a row to make their payments to Virginia Equine Alliance, and interestingly, they have continued to pay the Commission, which is a curious way to handle the situation.

So I think that, you know, of course we want to talk and we want to see Colonial racing and we want to move the industry forward, but we have a very immediate and pressing issue before the Equine Alliance which puts many of our, you know, plans in jeopardy, unless we're able to resolve what I consider is TwinSpires breaking the law. So I just want to state that for the record.

MR. VAN CLIEF: I want to make an assumption that the Commission will be taking the appropriate
and necessary action with regard to TwinSpires, and can you now answer the question I asked, which is given that assumption, are you willing to proceed with further negotiations with Colonial Downs?

MR. HANUM: I mean it's not -- of course we are. I think that goes without saying. I think that, you know, we've -- every time Colonial tells us to jump, you know, we ask how high, and we go through this exercise.

We went through an exercise in the last two weeks which the Commission was fully in the loop about, and you know, there was, you know, I think very little room for movement from Colonial, which you all saw over the email exchanges over the past couple of days.

So you know, the Virginia Equine Alliance has stated from day one every time I've spoken before the Commission that we want to see racing at Colonial and we want that track to be in place for Thoroughbreds and Standardbreds.

MR. VAN CLIEF: Thank you.

MR. ESHELMAN: Can I make a comment as a minor shareholder at all?

MR. REYNOLDS: This is gonna be the last comment.
MR. ESHELMAN: This is something that perplexes me, in that we built Virginia racing first as a stand-alone racetrack, then added a model of off-track betting parlors to supplement the income of the licensee, then added more off-track betting parlors to supplement the income of the licensee. Then after that, granted him an internet betting company and kiosks throughout the state, which has only come about in the last few years.

This track has operated for 18 years. Now you as a board and as a state institution have given them the opportunity to generate more revenue than they've ever been able to generate before, and yet they come before you and say they can't make it when they've made it without this additional revenue stream.

It's perplexing to me to look at these numbers and not understand how they can't make it work. And they say liars -- the figures lie. You can do whatever you want with the figures, but I'm perplexed by Colonial Downs' position.

MR. REYNOLDS: Okay. Thank you. The next order of business is to try to pick a date for our next Racing Commission meeting. What I would like to do, we'll talk -- we'll let you know, but I'm
thinking we have a meeting next month.

Commissioners, do you all have calendars available? And stakeholders. I know that we have a commissioner that's gonna be out of the state from October 5th through the 9th. I'm looking at perhaps October 13th or 14th for our next meeting. Let's just call -- let's look at October 14th. Did anybody have an issue with October 14th? If there is some sort of urgency to meet sooner, we can do that. Mr. Hannum.

MR. HANNUM: That's right in the middle of the Oak Ridge meet, so our attendance may be -- may not be able to participate.

MR. REYNOLDS: Is that all week long?

MR. HANNUM: Well, there are two back-to-back weekends, so it's the 10th and 11th and 17th and 18th. So I just point that out.

MR. REYNOLDS: You all can't come down in the middle of the week?

MR. HANNUM: We can. I just wanted to point that out.

MR. REYNOLDS: Okay. Thank you.

MS. EASTER: Not trying to be problematic. You have a bunch of newbies trying to run something down there. We don't know what we're gonna run in
MR. REYNOLDS: Okay. Let's leave it October 14th. Is that good?

MS. DAWSON: Yes.

MR. VAN CLIEF: Yeah.

MR. REYNOLDS: All right. Is that okay, Frank?

MR. PETRAMALO: As long as I can participate by phone.

MR. REYNOLDS: Are you out of the country?

MR. PETRAMALO: Yes. Germany.

MR. REYNOLDS: When do you get back?

MR. PETRAMALO: Back on the 22nd.

MR. REYNOLDS: Okay. Can Stephanie step in for you that meeting?

MR. PETRAMALO: No. That's fine. Stephanie and David. I'd like to participate by phone, if appropriate.

MR. REYNOLDS: Okay. Is that all right with you, Commissioner Miller?

MR. MILLER: The 14th is fine.

MR. REYNOLDS: Okay. I don't want to wait too long, but let's try do it on the 14th, if that's okay. All right. So our next Commission meeting will be ten o'clock on October 14th. That's a Wednesday, and we will notify you as to the venue.
Okay.

Is there any reason for us to go into closed session today? I don't see a reason to go into closed session.

Okay. I'd like to entertain a motion for adjournment. All those in favor, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: I guess I need a second.

MS. DAWSON: Second.

MR. REYNOLDS: All those in favor, say aye.

NOTE: The Commission votes aye.


This meeting is adjourned. Thank you all very much for your participation.

NOTE: The meeting is adjourned at 11:05 a.m.
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 18th day of September, 2015.

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SANDRA G. SPINNER
COURT REPORTER