VIRGINIA RACING COMMISSION

September 27, 2016

STATE CORPORATION COMMISSION
TYLER BUILDING
COURTROOM A
1300 EAST MAIN STREET
RICHMOND, VA 23219

Commencing at 10:00 a.m.

COMMISSION MEMBERS:
D.G. Van Clief, Jr., Chairman
Carol G. Dawson, Vice Chairman
I. Clinton Miller
Charles Steger, PhD
J. Sargeant Reynolds, Jr.

COMMISSION STAFF:
David S. Lermond, Jr., Executive Secretary
Kimberly C. Mackey, Office Administrator

ATTORNEY GENERAL'S OFFICE:
J. Duncan Pitchford, Esquire

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I N D E X

1. Call to Order
2. Approval of August 18th meeting minutes
3. New Business
   a. Approval of Satellite Wagering Facility (SWF) - Ponies and Pints
   b. Approval of Ponies and Pints Simulcast Revenue Sharing Agreement
   c. Approval for the Inclusion of Stake Races in the Thoroughbred Owner Bonus Program
   d. Report from the Virginia Equine Alliance
      1. OTB Development
      2. Shenandoah Downs
      3. Morven Park
4. Public Comment Period
5. Commissioners' Comments
6. Closed Session (If necessary)
7. Adjournment
CHAIRMAN VAN CLIEF: Good morning, everybody. My watch says it is now ten o'clock, so I would like to call this meeting of the Virginia Racing Commission to order and note that we have all commissioners present.

Our first order of business is to consider approval of the minutes from our August 18 meeting. Are there any requests for modification or notes to make on these minutes? If not, I do need a motion to approve, please.

COMMISSIONER STEGER: So moved.

COMMISSIONER DAWSON: Second.

CHAIRMAN VAN CLIEF: Vice chairman Steger makes a motion.

COMMISSIONER DAWSON: Second.

CHAIRMAN VAN CLIEF: Commissioner Dawson makes a second. All in favor, say aye.

NOTE: The Commission votes aye.

CHAIRMAN VAN CLIEF: Any opposed? The minutes are approved.

That takes us straight to new business, and we have, I think, another very positive day lined up today. So let's start, if I can call on Mr. Hannum from the VEA so we can consider licensure of the next satellite wagering facility.
MR. HANNUM: Thank you, Mr. Chairman. So before you is an application for what would be our second satellite wagering facility located just a few blocks from here in the Shockoe Bottom area.

This site is approximately 5500 square-foot facility with a capacity for about 300 people. It has its own parking lot, and our plans for the OTB would be that there are two large -- two rooms, essentially, on the first floor of the site, which is going to be known as Ponies and Pints.

There's a smaller room which will be for our sort of serious betters, which will have the tellers and a number of televisions. And then the larger room, which is the bulk of the site, we'll have televisions throughout, but also other sports will be featured.

So this is a site that will hopefully be attracting, you know, people that are coming out to watch football and other sports and then be exposed to racing.

So we'll have about 40 televisions throughout the whole facility. As I said, two tellers. We'll have up to seven self-service machines scattered around.

So again, it's a combination of sports and horse
racing and the owner of the facility is very excited about it, is a racing fan, and we just feel based on the location and the ability to get a relatively large number of people there and here in Shockoe Bottom, we think it's a very positive development for us and what we hope to be a good location.

Historically speaking, looking at what the OTBs in the area did in the past, we're hoping that we could be at a $5 million handle by 2018.

So I know that you have the full application in your packets. If you have any questions about any of the details of the application, I can take that, but I open it up to your questions and I thank you for your consideration of the application.

CHAIRMAN VAN CLIEF: Thank you very much. I ask my fellow commissioners if there are any questions about this application.

COMMISSIONER STEGER: I reviewed it and I support it.

CHAIRMAN VAN CLIEF: One question, and I'll direct this to Mr. Lermond. Has staff done their due diligence on this? Have you given it your complete review, and does it meet the necessary statutory and regulatory requirements for such an application?
MR. LERMOND: Yes. It has been fully reviewed by the staff and you have the staff report behind Tab Two in your notebooks, and I would just ask that if someone does make a motion to approve this, that they would include the four conditions as listed in the staff report.

CHAIRMAN VAN CLIEF: Dave, do you want to walk us through those four?

MR. LERMOND: Sure. The first two are I call cookie cutter conditions, just basically saying that everything that was represented in the application and by Mr. Hannum today will remain the same, and that also it will be operated in accordance with all federal statutes and also regulations of the Commission and local ordinances.

The third condition is just that as part of the application, an agreement for the tote provider is required. I know the VEA is in the final process of selecting one of the tote providers, and I just would like to get a copy of that as soon as that agreement becomes official.

Item Four speaks to a bond that's required. We required a bond for the Breakers OTB in the amount of 50,000. That's basically to cover any outstanding tickets, should for some reason the
place go under; betters that have tickets that they maybe haven't cashed. I believe 50,000 is enough to cover both of these facilities, the Breakers and Ponies and Pints, should you approve this application.

That's something that I talked to Duncan about, and I think we can keep kind of a tab on that. I can get the tote reports and see exactly what the amount of outstanding tickets is at any given time. In Virginia, they're good for six months.

So if we get to a point where they approach that $50,000, then we may have to revisit that, but I think it says it has to be acceptable to Commission staff, and that's why I will keep a close eye on that.

And if we should determine that we need more than a $50,000 bond, which would mean there's a lot of wagering going on, and that would be a good thing, we could address that. But at this point, I believe the $50,000 bond is sufficient enough for Breakers and this new OTB.

CHAIRMAN VAN CLIEF: Thank you. Before we get to the motion, are there any general questions about the operation that anybody would like to ask?

I just have one, Jeb, and that would be can you
confirm at this point what your operating schedule
would be to commence operations and when would we
expect this to be up and running?

MR. HANNUM: We hope that it may be open by the
Breeders Cup, but there's a lot of work that needs
to be done. Our priority is to get the Breakers
facility up and running.

We're not obviously handling the construction
and a lot of the elements that would go into the
completion of the site, so that's up to the
contractors, but it's our hope that Breeders Cup
would be ideal, but I don't want to say it will be,
but that's our hope.

CHAIRMAN VAN CLIEF: Okay. Thank you. All
right. In that case, if there aren't any other
questions from the Commission, then what we need is
a motion to approve this application as it is
submitted, with the understanding as Mr. Lermond has
pointed out that it is being operated in accordance
with all representations, plans and (inaudible over
coughing) as submitted in the app.

Likewise, that the facility is being operated in
accordance with all applicable state and federal
statutes and regulations, that the VEA will forward
its agreement with the tote services provider to the
Commission as soon as that's available, and that the VEA shall post bond or other instrument of financial security in a form acceptable to the Commission which will be approved by Mr. Lermond in the amount of $50,000 prior to commencement of operations. So I believe that's the motion.

Mr. Commissioner.

COMMISSIONER MILLER: I just want to get something clarified. I mentioned it to Ms. Easter and Mr. Hannum. This facility, this restaurant, has no ability to issue a license to anyone. I mean there's -- to me, it's kind of confusing because it says we pay a license fee of one-half and one percent of the handle and that's the rent.

MR. LERMOND: That was the language provided in the agreement written by Mr. Petramalo, so that's why I use that language. Maybe Frank can clarify that.

COMMISSIONER MILLER: That's the rent that's shown on the financial statement.

MR. PETRAMALO: Yes, but rent implies that we are leasing something, that we are the lessee; we are not. We're a licensee. The Richmond Rolls is the lessee from another corporation. They're leasing the site.
COMMISSIONER MILLER: They're subletting.

MR. PETRAMALO: Yes. So what we're doing is getting a license to operate our business within their leasehold.

COMMISSIONER MILLER: You're getting a sublease.

MR. PETRAMALO: I wouldn't think that would be appropriate because we don't have control of any property. We're in there at their sufferance, their license.

COMMISSIONER MILLER: All right. I just wanted to make sure just for future reference that rent and license fee is one and the same.

MR. PETRAMALO: It is. Trust me. In terms of dollars, that's what we're talking about.

COMMISSIONER MILLER: Okay.

CHAIRMAN VAN CLIEF: Any other questions or clarification? In that case, would anybody like to make that motion?

COMMISSIONER DAWSON: Mr. Chairman, I'll make the motion to approve the license application for Ponies and Pints, and including the staff recommendation as you have already enumerated, which is in the staff recommendation memo, the four recommendations.

I'd like to add in making the motion that I
thought the application was very well executed and that it left very few questions in my mind because it was very thoroughly done and want to thank you for that.

CHAIRMAN VAN CLIEF: Thank you very much, vice chairman Dawson. Is there a second?

COMMISSIONER REYNOLDS: Second.

CHAIRMAN VAN CLIEF: Any further discussion? All in favor, say aye.

NOTE: The Commission votes aye.

CHAIRMAN VAN CLIEF: Any opposed? The licensure is unanimously approved.

All right. The next related item is to consider approval of the Ponies and Pints simulcast revenue sharing agreement, and I believe Mr. Petramalo is going to deliver a report on that.

I think I'd note as well that I'm not sure that the copy that the commissioners have seen was signed, but I understand that the document has been signed and executed.

MR. PETRAMALO: Yes. It has been signed by all three parties and I sent a copy yesterday to Dave. Speaking of parties with regard to this revenue sharing. On one hand, we have the VEA, which is the operator of the SWF, and on the other hand, we've
got to two horsemens groups.

Under the statute, the revenue generated from wagering basically is split up between the operator, the taxing authority and the horsemen. By statute, the horsemen get five percent of the handle at Ponies and Pints and we will of course be receiving that.

However, over the years, we've found it necessary to engage in agreements with the operator, whether it was Colonial or whether VEA at Breakers, such that in order to get these up and running, we agreed to a formula whereby we would share the profits 50/50 with the operator, in this case the VEA, against our five percent statutory share.

If our five percent statutory share is more than 50 percent of the profits, then we rebate the difference to the operator. On the other hand, if our 50 percent is more than five percent, then the operator remits to us.

The agreement you have before you is a standard one. It's the same one you approved for Breakers, and it's a two-year agreement, so that hopefully at the end of two years, Ponies and Pints will be up and running and they, in effect, won't need to engage in any revenue sharing.
CHAIRMAN VAN CLIEF: Thank you very much. Any questions for Mr. Petramalo? In that case, we need a motion to approve the simulcast revenue sharing agreement which he has just explained, which is also in your books under Tab Three.

COMMISSIONER REYNOLDS: Mr. Chairman, I'll move that we approve the Ponies and Pints simulcast revenue sharing agreement.

CHAIRMAN VAN CLIEF: Thank you, Commissioner Reynolds. Is there a second?

COMMISSIONER DAWSON: Second.

CHAIRMAN VAN CLIEF: Thank you. We have a motion and a second. Any further discussion? Any questions? All in favor, please signify by saying aye.

NOTE: All Commissioners vote aye.

CHAIRMAN VAN CLIEF: Any opposed? Thank you very much. That is approved.

Lastly, actually, this one probably is under old business, and this is to discuss and consider approval of inclusion of stakes races and the Thoroughbred owner bonus program. This is a carry-over item from our meeting last month, and I believe Debbie Easter is going to present that on behalf of the VTA.
MS. EASTER: Sure. As I explained at the last meeting, I think both the boards of HBPA and the VTA would like to, as we've gotten into the owners' program just a little bit more, we'd like to go ahead and award folks that win an open stake an owner's bonus award.

Once everybody realizes there's a $10,000 cap on any single award, we knew that was not going to raid the fund, so I think the feeling was, you know, they are doing a good job; we should award those folks. So we would like to ask you to go ahead and approve that.

And then there's still only one horse that has been eligible that's won a stake, an open stake in the Mid-Atlantic, Long On Value.

There have been other horses to win stakes, but they weren't in the Mid-Atlantic or they were restricted, so we'd like to go back and retro actively send that award to the owners of Long On Value, so we're asking to, if that would be all right.

Just so, if you all would like the information through yesterday, since we started the program on July 1, 51 horses have earned awards to the tune of about a little over $174,000 which is about 30


percent under budget.

As you remember, we decided we would use $500,000 to fund the program from July 1 through the end of the year. So we're running actually a little under budget right now, and that almost half of those awards are going to Virginians, and even if they're not going to Virginians, we're getting an awful lot of positive play at tour sales and nationally with what is happening when people get these checks from us. So it has been a very positive program.

CHAIRMAN VAN CLIEF: I understand there's been quite a bit of good feedback. Would it be fair to say the market place is pretty enthusiastic about the way you handled it?

MS. EASTER: It is. I think they've been really happy. Even to the point the people in New York, when they get a $9,000 check from us, they've been tickled they can breed mares here and foal them in New York and have lots of options. So we'll see what happens.

CHAIRMAN VAN CLIEF: Would it also be fair to presume that even with the addition of the stakes races to your program that you're still going to be comfortably funded? If I recall, you had a war
chest of about half a million dollars to fund this program and you're not really close to that?

MS. EASTER: At this point, who can predict what's going to happen the next three months, but I think Frank said the HBPA had agreed if we do over run that $500,000 they would go ahead and fund the rest out of their fund that they have for purses, but at this point, it doesn't look like that's going to happen.

CHAIRMAN VAN CLIEF: Okay. Thank you. Any questions? In that case, we need a motion to approve the inclusion of stakes races in the owner bonus program. I'll make that motion.

COMMISSIONER STEGER: Second.

CHAIRMAN VAN CLIEF: Thank you. Any further discussion? All right. I think it's a very positive addition and I'm delighted to hear that it's developing good publicity for Virginia breeders. That's good news.

MS. EASTER: It's creating value for Virginia horses, so that's a good thing.

CHAIRMAN VAN CLIEF: That's critical to us at this point.

MS. EASTER: Yeah.

CHAIRMAN VAN CLIEF: Great. In that case, all
in favor, please signify by saying aye.

    NOTE: The Commission votes aye.

    CHAIRMAN VAN CLIEF: Any opposed? Thank you very much.

    Took 18 minutes to get through the business part of this. That's a record, I think. At least in my tenure.

    I'll circle back to Mr. Hannum again. You can take your time, Jeb, because it looks like we've got a lot of it this morning.

    MR. HANNUM: Okay.

    CHAIRMAN VAN CLIEF: Take us through an update on the VEA operations, which includes OTB development, operations at Shenandoah Downs and the status on the Morven Park project, and if you'd like to add anything else to it, please feel free.

    MR. HANNUM: Great. I would like to add two things. Debbie will speak to the races at Laurel the other day and Dr. Allison is here and I know they are hard at work with plans for the fall Gold Cup, so if Dr. Allison wants to say anything, he certainly can, but I'll start on the OTB development.

    At the last meeting, Commissioner Dawson asked about our plans for marketing for the OTBs, so I
just wanted to defer to Darryl Wood. Darryl is our
director of communications. Darryl wears a lot of
hats for the VEA and is a great member of the team.

For those of you that may have been down to
Shenandoah over the last couple weekends, Darryl is
also an announcer, so he is well-versed to speak
about marketing and communication. So I'll let
Darryl speak about the marketing plans for the OTBs.

MR. WOOD: Thanks, Jeb. Good morning. I think
as far as Breakers goes, judging by the amount of
phone calls that the owner of Breakers is getting
right now, the news coverage that we'll get once the
OTBs open and our own ways of reaching our customers
through the website and social media, I don't think
there's going to be any issue getting people there
at the very beginning.

I think most of the marketing campaign will
happen once Ponies and Pints opens and we can handle
the amount of players in the Richmond area
sufficiently between the two places.

With Ponies and Pints, we'll do some of the
traditional methods; getting a billboard or two up
around that area. A lot of people listen to sports
radio this time of year with football being popular.
So we'll have Big Al, one of the local personalities
out at both places doing a radio remote in football season.

One of the unique things with social media is that you can target specific likes in different areas. So if somebody likes the Kentucky Derby in Hampton Roads or Charlottesville or Fredericksburg or Raleigh, North Carolina, we can take the Breeders Cup and events like that through social media and with not a whole lot of money, reach those people, and I think we'll be able to draw also people to both facilities until we expand out next year to Hampton Roads and other places.

Another way we're going to do it is through horse players that subscribe to the past performance information through the daily racing forum. There's a method the form's got that we can reach out by email campaigns to those people playing all over the state or in regional pockets to let them know about the OTBs that are opening here.

I think Breakers is going to rock early on; no issues at all. You know we're somewhat limited in capacity there. We want to give players a good experience, and I think once Ponies and Pints opens, shortly after, we can, you know, I think go a little bit harder, heavier with the marketing.
CHAIRMAN VAN CLIEF: Thank you very much, Darryl. Any questions? Thank you.

MR. HANNUM: Great. So just as a reminder that we now will be pushing for quite quickly to get Breakers up and running. We have to select a tote company immediately, and that's something that we will be doing this week.

The construction has been ongoing and the place is going to look really well, and we hope that in mid to late October, Breakers will be up and running. So that's where our focus is going to be right now.

So I'll move on to Shenandoah, unless there are any other questions. Shenandoah Downs has been --

CHAIRMAN VAN CLIEF: Actually, Jeb, I'm sorry. I did have one question beyond the Richmond marketplace. Can you talk a little bit about your longer-term plans for OTBs around the state? Is that premature to ask?

MR. HANNUM: I think I can speak to it in a little more detail maybe at the next meeting.

CHAIRMAN VAN CLIEF: Okay.

MR. HANNUM: Our focus right now is really getting these two sites up and running, and we do obviously want to expand into other areas, but let
me sort of speak to that a little bit more
specifically at the next meeting in a little more
clarity.

CHAIRMAN VAN CLIEF: Okay. Thank you.

MR. HANNUM: Thank you. So moving on to
Shenandoah, we've had a good first six days of
racing. Our thanks to Commissioner Miller for
coming out and being part of the opening ceremony
where we cut the ribbon. I think that over all,
everything has just really gone very, very well.

We've had six days. The total handle has been
just under $60,000, so we're averaging just a little
bit under 10,000 per day. So I think that's a very
good number and people are engaged.

We've got a real sort of, you know, aged sort of
span of people that are betting. This past weekend
we had a lot of people sort of in their 20s and 30s
that were out that were probably betting at the
races for the first time ever, and then we've got
some seasoned veterans coming over from Charles Town
to bet, which is great.

So people have been engaged, they're using the
self-service machines, and you know, it all just
seems to be operating quite smoothly. We've had
enough tellers and support staff to help everybody,
so in that regard, I think that experience with the spectators has been positive.

As I said many times before, our partners at the Shenandoah County fair are just a delight to work with and are really doing everything they can do to accommodate us and the horses and horsemen on the back side, so it's a very good partnership and we couldn't be happier with that.

Greg Trotto, who is sitting here next to me, is on the board of the HHA, Harness Horsemen Association. I'll let Greg speak to the track itself and experience of the horsemen because he's had horses run at the meet.

MR. TROTTO: Good afternoon. I've been at the start of this whole thing, and truthfully, it has gone even better than I could have imagined. The track surface is excellent. For a first-year track, for the surface to be that good is really a compliment to J.D. and his staff.

Opening day, we had a mile of 52 and one, which is phenomenal. One fifty-two and one, which may be the track record for a while, but that's fine. But the surface has been great.

I'm lucky enough to know a lot of the people that race there from different parts of the country
that come here. Everybody is ecstatic with how they've been treated, the surface, the conditions, the stabling. To tell you the truth, the biggest thing they've been happy about is the fans have been cheering and happy. It's unbelievable.

I brought my wife the first weekend and she hasn't come to the races as often lately, and she said, man, it has been a long time since people have been cheering the driver instead of yelling at the driver. This is unusual. She really liked it. Everybody that I talked to that has come has said, man, I can't wait to come back. This is awesome.

So basically, this project from start to now has only been really six, seven, eight months and it's unbelievable what has been accomplished by everybody from the VEA and HBPA and Thoroughbreds and harness working together. This has been an amazing project to be a part of.

Yes, there are things we need to tweak, yes, like any project, but it has been unbelievable. From the horsemen's standpoint, we're ecstatic.

CHAIRMAN VAN CLIEF: Great report. That's very encouraging.

MR. HANUM: Good to hear. Thank you.

So this weekend, October 1 and 2nd is the Wine
and Trotter festival, so that's both Saturday and
Sunday. Just as a reminder, the races start at one
o'clock, and so hopefully if you haven't been out, we hope that you can come out.
October 8 is the seafood festival, and then on the last Sunday, October 9, we're having a free hat giveaway. So we're trying to do something each day to help get people out. It's competitive. I think that's one of the things we're learning.
There are just a lot of activities going on in the area at the time, and being up against football and other festivals is hard.
So with ten days total after the meet is over, we'll have a lot of information before us and things we can evaluate for consideration for how we tweak things for next year, but I hope to see you all out there if that fits into your schedule. So thank you.

CHAIRMAN VAN CLIEF: Thank you.

MR. HANNUM: So I'll move on to Morven Park. We are having -- well, let me take a step back. The communication with the county for the permitting process is being handled by Morven Park, and so they report that things are going well. Their hope is that by the end of September the permit will be
approved or conditionally approved. So we're
getting close to that point.

Simultaneously, Morven Park has been collecting
bids for the various components of the track and the
equestrian horse park. So by the end of September,
all the bids will be in.

Hopefully, there will be positive news from
throughout Louden County on the permitting, and then
we have to sit down with them and go through what
the costs are going to be for the track and
understand the scope of the project and how it's
going to move forward. So we have a meeting with
Morven on October 7 to sort of start that process.

So we're all switching gears now. Now that
we've got Shenandoah going, we're switching over to
the Thoroughbred side and we've got to get our
Thoroughbred partners a home, and that's how the
VEA's energies will be shifting over the next couple
of months and in to next year.

At the next Commission meeting, I think I'll
have more to report on Morven, and hopefully, I'll
have good news on the permit, on the cost, and
really some more concrete information on how things
are going to go forward with construction, and
that's all starting to come together.
So again, Morven has been managing that process with the county and the contractors, so we'll be sort of getting closer to that now that it's starting to wrap up.

So that's kind of where we are with Morven, which is a little bit of, you know, this is the same sort of report that I gave last time, but I do stress that this is a critical component of what we're doing as an organization.

We luckily have a home for the harness industry, and now we have to get the Thoroughbred folks a suitable place for going forward and that's going to be our focus.

So that's my update on Morven. Unless there are any other questions I'll move on, but I think I'll have more to say on Morven at the next meeting.

CHAIRMAN VAN CLIEF: Again, this might be premature. I don't want to put you on the spot. Can you talk about timelines there? Are you getting a little better handle on the permit process, and are you starting to get a fix on when you might break ground and what we're looking at in terms of operational status?

MR. HANNU: Yeah. Morven, they want to break ground this fall. That's their hope, and so I think
we're going to know that in the next couple of weeks whether that's realistic or not.

So you know, the permitting process is the key driver through all of that and it's a little bit outside of everyone's control, but their reports to me have been the feedback from the county has been very positive and the questions from the county have always been very reasonable in things they're asking, so they don't anticipate any problems, but we'll have to see.

CHAIRMAN VAN CLIEF: Thank you again.

MR. HANNUM: So I'll turn things over to Ms. Easter to talk about the Virginia-bred day at Laurel, and then if Dr. Allison would like to say anything on the Gold Cup, we can just move down the line.

MS. EASTER: Sure. I think last Saturday we had -- we ran our stakes up at Laurel Park. I think everybody's familiar, and Commissioner Dawson was there and I'll let her speak in a moment, but I think once again everything was very positive.

We had 219 nominations for eight races. I've got it all broken out, but I forgot to add up how many entries there are, but the least amount of entries we had in a race was seven, all the way up
to 11 or 12. So the races came up quite competitive, great wagering opportunities, and the nice thing about it in the Virginia-bred races especially is that Virginians did very well.

They would, just looking down at the numbers, say for the punchline, there were seven horses entered; all seven were owned by Virginians. The Brick Maiden had eight entries; six were Virginia, so the Virginians took home a large amount of that Virginia-bred money. It was great.

They're doing work on the restaurant floor at Laurel Park, so they had us all down in a tent on the tarmac, and I think that lent itself to be everybody was down under there. We had 48 reservations for tables. I think it let everybody be closer as a group to kind of spread out. It was a great place to watch the races coming down their long stretch there.

Competitive racing, great racing day. They wagered $4.2 million on our races. The Maryland Jockey Club was great about not only getting entries, but lining up the races.

The other big part of the day was the cotillion and the Pennsylvania Derby, so they lined up our races, the major part of our races prior to those
two races.

As I was telling Sarge prior to this meeting, even Bird Allen that ran after the Pennsylvania Derby still handled over half a million dollars, so they were betting on races and it was just a big, big positive day for everybody involved, and Commissioner Dawson, you could probably add to that.

COMMISSIONER DAWSON: I would be happy to add to that. It was a great day. It was good weather. Beautiful turnout there of spectators and betters, and I thought that Laurel Park did a good job for us for the Virginia guests, and as you say, the betting as I understand it, was up 72 percent above 2015.

MS. EASTER: Right.

COMMISSIONER DAWSON: So I mean that's a pretty important consideration. As much as I'd like to bring those stakes races back to Virginia, and I hope we do very soon, it was very successful and those people did a great job and everybody had a good time. So I think congratulations to everyone involved.

MS. EASTER: I think we got a lot of positive press in the national trades about how the two states are working together and the fact that that was such a quality card. I would think that next to
Preakness weekend, that's the best card they run all year, so they did a very nice job of putting those races together. All positive.

You know, as anxious as we are to get these home, I think that even when we do have Morven Park, I think we ought to look at do we still do something in conjunction with Maryland for a day, because I just think it's good stuff that we do between the states and stuff like that.

So we're excited to do that, and hopefully, we have enough money to do all those kinds of things. But I think it's very positive when the states are working together, and it definitely hit the national press. Sal Sinatra, head of Laurel, recognized that in the press also. So all quite a positive day.

CHAIRMAN VAN CLIEF: I can attest to some of that positive press. I've seen some of what you're referring to. Debbie, do you know off the top how that $4.2 million in handle compares to a regular weekend at Laurel?

MS. EASTER: Somebody else might pay attention. I know that they're trying to get to where they have $3 million in handle each day. That's their goal. I know they're not there yet. My guess is it's -- this is a total guess, but a million and a half or
so. I haven't been paying attention.

Do you know what they're wagering up there, anybody? Do you know what they're doing?

MR. PETRAMALO: My guess, it was probably double.

MS. EASTER: Yeah. I would say.

CHAIRMAN VAN CLIEF: Double than an average weekend?

MS. EASTER: Easily, I would think.

CHAIRMAN VAN CLIEF: Again, in terms of commission dollars, what comes back to the horsemens funds here?

MR. PETRAMALO: First of all, the Virginia horsemen get what would otherwise go to the Maryland horsemen, so then you have to divvy up the pot depending on where the wager takes place. If it's on track, the horsemens share is roughly eight percent.

If it's simulcast, that probably is about a percent and a half, not quite two percent. The breakdown between on track and simulcast is probably I'd say 90 to 95 percent simulcast with the remainder on track.

Unfortunately, they don't publish the breakdown the way we used to do here in Virginia. All they do
is give you the gross numbers. But I think a good
90 to 95 percent simulcast is probably a good guess.

CHAIRMAN VAN CLIEF: Thank you. Anymore
questions on the day at Laurel? Sounds like a very
nice success. Okay. Mr. Hannum.

MR. HANNUM: So Dr. Allison.

DR. ALLISON: Yes. At Gold Cup, the up side,
the sales of tickets and sponsorships is going well.
The down side, the track is very dry, and so I've
appointed a wonderful team, it's a rabbi and two
priests and four pastors and already the rain is
taking effect. Things are moving along.

CHAIRMAN VAN CLIEF: Looks like it might be
working if it looks like it does up in Warrenton
here today.

MR. HANNUM: Great. Thank you, Dr. Allison.
And I just note we have Brooke Royster with the
breeders and Scott Woogen at the far end, so in
fairnesses, gentlemen, if you want to add anything,
please do.

MR. ROYSTER: I think Debbie has covered
everything I could have.

CHAIRMAN VAN CLIEF: I saw Dr. Woogen come in a
little bit late. We heard a glowing report on the
operations at Shenandoah Downs, and it sounds like a
huge success up there.

DR. WOOGEN: It's the first time I've ever raced where the crowd cheers at the start of the race, the middle of the race and at the end of the race. It was gratifying.

We had a full grandstand the first day. It was really exciting. People were just so positive. I have to say the details that Jeb has managed is amazing. Things have run so smooth. We've really, really been fortunate to have him managing the meet, have the VEA manage the meet. So we're really pleased.

Our attendance was good. Our handle is up compared to last year at Oak Ridge about 25 percent, I believe, and we look forward to growing this even more.

CHAIRMAN VAN CLIFÉ: It must feel good to have opened America's newest racetrack.

DR. WOOGEN: Yes. That's true.

MS. EASTER: It was really a fun day for those of us that -- I'm not used to going to it, but it's really quite a fun day to go to.

CHAIRMAN VAN CLIFÉ: Outstanding. Thank you. That's a positive series of reports. Nice to hear.

At this point, we open it up for public
commentary. As unusual, if anybody would like to make a comment, please feel free. We always keep it to five minutes or less, and please state your name for the record. Anybody that wants to jump in or pile on. Okay. All right. Thank you.

That brings us to commissioner's comments, and I've been dealing to my left, and I'll start the other way and ask Commissioner Miller if he'd like to start with any comments he'd like to make today.

COMMISSIONER MILLER: Well, I just want to congratulate again the Virginia Equine folks, all of you, for the great effort you put forward in Shenandoah at Shenandoah Downs. The reason I'm there every day, it's less than five minutes from my home. I almost feel obligated to go across the hill to the track.

The local people there are really enthused about this. The people in the town of Woodstock, the people from the county, the old timers that I see that have been coming to the races at the Shenandoah County fair for 100 years. Some of them haven't been there for 100, but anyway, they are very thrilled about what is taking place.

The fair association is really appreciative of the cooperative effort of the horsemen and everyone
involved.

They tell me -- I know a lot of them personally. They told me that they never worked with finer folks than you all. They're very pleased. I just want to pass that on to you here publicly at this meeting so you understand the great enthusiasm that is present there.

I think the possibilities for this newest track in America are really great if things keep going on their present projection. Thank you.

CHAIRMAN VAN CLIEF: Thank you. Commissioner Dawson.

COMMISSIONER DAWSON: Well, I just want to say a word of thanks to our staff, especially Dave Lermond, because I know it has been a very stressful and busy, busy time for him with the races going on in Woodstock and getting ready with Gold Cup and everything else that goes on, and I think that some of the success has to be attributed to his hard work, too. So I think that's something we need to recognize.

The other thing is at the last meeting, there was some discussion. I know Commissioner Steger brought up the issue of the possibility of websites, and having been through this past couple of weeks, I
see the need even more now because there are a lot of websites out there, but if there were one central one to go to for information about Virginia racing, it would really be very useful.

I know we've been too busy to worry about that right now and maybe there isn't the money to do that yet, but I don't want us to lose sight of that. It's important right now. Newspapers are still important, but internet and websites are the way to go and so we ought to catch up. So that's just my comment.

CHAIRMAN VAN CLIEF: Thank you. Commissioner Steger.

COMMISSIONER STEGER: I can just say that I'm more than encouraged by the momentum and progress over the past year, year-and-a-half, and I think we committed to sustaining that in the future and it's an exciting time to be involved in it and I'm looking forward to it.

CHAIRMAN VAN CLIEF: Thank you.

COMMISSIONER REYNOLDS: To the vice chairman's comments about the website, I'm chairman of the dormant marketing committee, so I think it's time that I reach out and get some good marketing committee members and start working on that and
other issues that can help raise awareness of what's going on in Virginia. So I look forward to that.

Thank you all for what you all have done. It's very encouraging.

CHAIRMAN VAN CLIEF: Excellent. To wrap up, again, this is another positive day. We just licensed another Virginia racing facility. The report from Shenandoah Downs is nothing short of amazing, and most people wouldn't think that something like this would be achievable in this environment, and especially the short amount of time it has taken.

I think it shows what can happen when people get together and work together, people of good faith, especially, and obviously, nobody in this room is doing this because they're making a pile of money doing it. They're doing it because they love the sport and they love the industry and they want to see it not only survive but thrive.

And I think our staff, the VEA, the racetrack operators, the horsemen, it's a great example of when racing works as a partnership with the horsemen, track operators and the state working together, and we've got a great relationship going, and we look forward to helping you build on that and
build those relationships and those partnerships.

I think if successful in building them, then the sport is going to succeed here in Virginia. We're already out of the gate and running and it's very exciting to see. So thank you all for your efforts.

At this point, we do want to go into a brief closed session, so I will call on counsel to help with the appropriate motion. We do have some personnel issues we need to address, so we'll do that in closed session.

We'll come back and go straight to adjournment, so if anybody needs to get on the road, we've handled all of the business that we need to in a public sense and we're going to adjourn immediately after our closed session, so you're free to take off if you wish.

MR. PITCHFORD: Okay. I will read the appropriate text, but one of the members of the Commission will need to make the motion.

In accordance with § 2.2-3711(A)(1) of the Code of Virginia, I move that the Commission go into closed meeting for the purpose of discussing assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees or employees of
any public body.

CHAIRMAN VAN CLIEF: I'll make that motion.

COMMISSIONER REYNOLDS: I'll second it.

CHAIRMAN VAN CLIEF: Thank you. All in favor?

NOTE: The Commission votes aye.

CHAIRMAN VAN CLIEF: Any opposed? Thank you.

NOTE: The closed meeting begins at 10:48 a.m.; thereafter, the hearing continues publically at 11:03 a.m. as follows:

CHAIRMAN VAN CLIEF: Counselor, I think we need to read the appropriate motion into the record to come back out of executive session.

MR. PITCHFORD: Thank you, Mr. Chairman.

Whereas the Virginia Racing Commission has convened a closed meeting on this date pursuant to an affirmative recorded vote, and in accordance with the provisions of the Virginia Freedom of Information Act, and whereas § 2.2-3712 of the Code of Virginia requires a certification by this Commission that such closed meeting was conducted in conformity with Virginia law, now therefore be it resolved the Virginia Racing Commission certifies to the best of each member's knowledge only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of
Information Act, and only such public business matters as were identified in the motion convened in closed meeting were heard, discussed or considered by the Commission in the closed meeting.

COMMISSIONER REYNOLDS: So moved.

COMMISSIONER DAWSON: Second.

CHAIRMAN VAN CLIEF: All in favor?

NOTE: The Commission votes aye.

CHAIRMAN VAN CLIEF: Any opposed? Motion carries. Is there anything else while we are in session that we overlooked?

COMMISSIONER MILLER: Do we need to think about our next meeting?

CHAIRMAN VAN CLIEF: Yes. We do. Thank you. I'm thinking a month down the road and I haven't looked at my calendar this morning. How about October 27, which I believe is a Thursday?

COMMISSIONER MILLER: It is.

COMMISSIONER REYNOLDS: I'm going to be out of town. Can we do it that Wednesday?

CHAIRMAN VAN CLIEF: I've got a conflict on Wednesday. I know I can't be here. That's why I picked the odd day, that Thursday.

COMMISSIONER REYNOLDS: The 25th?

CHAIRMAN VAN CLIEF: Dave, let's circulate some
dates and then in fact, would you mind, Dave, checking with Jeb Hannum? I usually ask the VEA if they've got anything concrete they need us to consider for them.

So let's see what they've got coming up, and then we can circulate the commissioners, and if that week works, we'll find a date.

MR. LERMOND: Okay. If that week should not work, are you okay going maybe one more?

CHAIRMAN VAN CLIEF: I think we should go further out instead of backing up. We'll be on top of ourselves.

COMMISSIONER REYNOLDS: When is the Gold Cup?

MR. LERMOND: That's was my -- the Gold Cup is the 22nd.

COMMISSIONER REYNOLDS: Do they have all the approvals they need to run their meet?

CHAIRMAN VAN CLIEF: Do they have official lists or anything like that that we're going to have to take action on?

MR. LERMOND: I think I could approve the list of officials, if you're okay with that. Why don't we make a motion right now?

CHAIRMAN VAN CLIEF: Okay. All right. Let's take a breath here and think. You have official
lists. Would there be any other action items that they need for that meet?

MR. LERMOND: Just the approval of the officials and the stewards will be on the same list.

CHAIRMAN VAN CLIEF: I make a motion that we authorize Mr. Lermond to approve the official and steward lists as submitted by the Gold Cup management.

COMMISSIONER DAWSON: Second.

CHAIRMAN VAN CLIEF: Thank you. All in favor?

NOTE: The Commission votes aye.

CHAIRMAN VAN CLIEF: Any opposed? Motion carries. All right. In that case, Dave, there's nothing else then we would have to consider?

MR. LERMOND: No.

CHAIRMAN VAN CLIEF: Okay. Let's go ahead and shoot for that week, find a date that works for everybody. If not, we will push it a little further on into early November, if that suits everybody.

COMMISSIONER REYNOLDS: If the 27th needs to be the date, I think we can handle it.

CHAIRMAN VAN CLIEF: We'll also -- one of the factors in my mind is to see what's coming up, and if there's some heavy duty item, I'd prefer to have all of us here.
COMMISSIONER REYNOLDS: Right.
CHAIRMAN VAN CLIEF: But if it's fairly casual
and informative in nature, we'll go ahead.
COMMISSIONER REYNOLDS: I'll go ahead with that.
CHAIRMAN VAN CLIEF: Great. Can I ask for a
motion to adjourn?
COMMISSIONER REYNOLDS: So moved.
COMMISSIONER DAWSON: Second.
CHAIRMAN VAN CLIEF: So moved. Any opposed?
Thank you very much. We stand adjourned.

NOTE: The hearing of the Virginia Racing
Commission stands adjourned at 11:07 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 2nd day of October, 2016.

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SANDRA G. SPINNER
COURT REPORTER