

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

VIRGINIA RACING COMMISSION

November 14, 2017

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

Commencing at 10:00 a.m.

COMMISSION MEMBERS:
D.G. Van Clief, Jr., Chairman
I. Clinton Miller
Dr. Charles Steger
J. Sargeant Reynolds, Jr.
Stuart C. Siegel

COMMISSION STAFF:
David S. Lermond, Jr., Executive Secretary
Rhonda F. Davis, Pari-Mutuel and Licensing Coordinator

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

CAPITOL REPORTING, INC.
REGISTERED PROFESSIONAL REPORTERS
(804) 788-4917

I N D E X

	Page
1	
2	
3	1. Call to Order 3
4	2. Approval of the Minutes from the August 17 Meeting 3
5	
6	3. New Business
7	A. Request for Approval of a Satellite Wagering Facility Application Submitted by the Virginia Equine Alliance for the Quality Inn/Dutch Inn Located in Collinsville, Virginia 4
8	B. Request for Approval of the Quality Inn/Dutch Inn Simulcast Revenue Sharing Agreement 14
9	C. Update on Strategic Planning Committee 17
10	D. Consideration of Committee Member Assignments, if necessary 19
11	E. Report from the Virginia Equine Alliance 20
12	i. OTB Development 20
13	ii. Shenandoah Downs 30
14	4. Public Comment Period 38
15	5. Commissioners' Comments 43
16	6. Closed Session 43
17	7. Adjournment 52
18	
19	
20	
21	
22	
23	
24	
25	

1 CHAIRMAN VAN CLIEF: Good morning, everybody.
2 My watch and my telephone say it's ten o'clock, so I
3 would like to call this meeting of the Virginia
4 Racing Commission to order, and I would like to
5 start with welcoming Commissioner Stuart Siegel back
6 to the Commission.

7 He chaired it when I was a rookie and it's
8 delightful to have him back on the Commission. So
9 Commissioner, thank you for your willingness to
10 serve again.

11 COMMISSIONER SIEGEL: Happy to be here.

12 CHAIRMAN VAN CLIEF: Next order of business is
13 to consider approval of minutes. I'd like to
14 suggest one change. That is, in attendance at our
15 last meeting, it shows that myself, Commissioners
16 Miller and Steger were there, and I believe
17 Commissioner Reynolds was also in attendance. So
18 if we could add his name to the roster of those
19 attending, I'd appreciate it. I don't have anything
20 else for the minutes. Does anybody else?

21 COMMISSIONER REYNOLDS: I move approval.

22 CHAIRMAN VAN CLIEF: We have a motion for
23 approval.

24 COMMISSIONER STEGER: Second.

25 CHAIRMAN VAN CLIEF: Okay. Second. Thank you.

1 Any opposed? The minutes stand approved as amended.
2 Under new business, we've got a number of issues
3 to take action on. The most notable is, I believe,
4 to consider approving a satellite wagering
5 application which has been submitted by the Virginia
6 Equine Alliance, so I'd like to get started with
7 that hearing as part of this meeting at the top.

8 Is that report going to be coming, Debbie, from
9 you?

10 MS. EASTER: Jeb. And if you need more details,
11 I'll hit you with that.

12 CHAIRMAN VAN CLIEF: Mr. Hannum is going to
13 issue a report on this. For the commissioners, I
14 believe you will find under Tab Two of the staff
15 report an executive report on the application. So,
16 Mr. Hannum.

17 MR. HANNUM: Great. Thank you, Mr. Chairman.
18 Thank you. So with all of these reports or
19 applications that come before you, it's a lot of
20 work to get the site selected and have the license
21 application before you.

22 I just wanted to acknowledge Debbie's work on
23 this site. Darryl Wood, Mary Calabrese, Jason
24 Whittler, Bill Murrill with the Easter office, Frank
25 Petramalo and really everybody is involved with

1 these things, and as we have different projects
2 before us, people pitch in and take on things and so
3 it's a real team effort to come before you with
4 this, and while I'll speak to it, I just wanted to
5 point that out.

6 So as I mentioned, Debbie and others paid a few
7 visits down to Henry County. This was an area that
8 we obviously wanted to pursue. Colonial had a site
9 down there and in 2007 did about \$12 million in
10 handle, so this was obviously an important OTB
11 location for us.

12 So the site is at the Quality Inn, referred to
13 as the Dutch Inn on Route 220. It's a good location
14 for us in Collinsville, Henry County, so just
15 outside of Martinsville.

16 This is an area with a population with obviously
17 Virginia residents, but also nearby North Carolina,
18 which provides an opportunity for others to travel
19 to the site.

20 It's about 4500 square feet with enough space
21 for about 300 people. It will follow a similar sort
22 of layout as our other OTBs and having a couple of
23 spaces for live tellers, self-service machines and
24 about 30-plus televisions, so I think it'll be very
25 well laid out and very accommodating for people that

1 are new to betting, and also, you know, comfortable
2 for sort of the seasoned handicappers.

3 One of the issues that is laid out in the staff
4 report on the third page is that we still need to
5 obtain a special use permit, and the date for that
6 is on November 29th, so this would follow a little
7 bit how things happened down at Chesapeake.

8 As you remember, we had the application before
9 you, but we still needed to receive a permit from
10 the city. So I just point that out to you that
11 November 29th is the permit date, hopefully, for
12 approval.

13 I mentioned the handle of \$12 million in 2007
14 that Colonial had, so we were conservatively
15 estimating a \$5 million handle in 2018, and we hope
16 to be up to eight or nine million within the next
17 couple of years, and that's all laid out in Tab K of
18 the full application.

19 So if approved, this would be our fourth OTB or
20 SWF, and we have some experience now with our
21 Richmond sites and a good team in place and we
22 appreciate your consideration for this application
23 and can answer any questions you have. So thank
24 you.

25 CHAIRMAN VAN CLIEF: Thank you. Do the

1 commissioners have any questions for Mr. Hannum?
2 I might start with one or two. The executive
3 summary indicates that you'll have three terminals
4 initially in the betting area that can be manned by
5 a live teller or converted to self-serve. Just
6 curious. Are you going to hire tellers initially in
7 that area to service the crowd or are you going to
8 have self-service?

9 MR. HANNUM: we'll always have at least one live
10 teller, and depending on the race day or the special
11 event, we can increase that and that's what we found
12 has worked well with our other sites. So we always
13 have at least one, and then on weekends or a big day
14 we'd have more.

15 People are pretty good. We encourage people to
16 use the self-service machines and once people get
17 the hang of it, they're pretty comfortable with it
18 and that helps, obviously, with not having big lines
19 right before big races and we certainly always want
20 the ability to increase it as necessary.

21 CHAIRMAN VAN CLIEF: With your experience thus
22 far, do you find that you get a fair number of new
23 wagers that need some schooling and go to the
24 teller for help or are most of the betters that come
25 in already pretty knowledgeable?

1 MR. HANNUM: That's a good question. I think
2 one of the problems that we have is that people tend
3 to wait until the last couple of minutes to bet, and
4 that can be frustrating for the people that know
5 what they're doing when you have four people in
6 front of them and there's a minute to post.

7 Some in the Richmond sites, the staff there
8 encourage people to try to bet as early as possible,
9 but I think that, you know, we want the new people
10 to come in. The staff are trained to help them and
11 encourage them.

12 The breakdown is, I can't speak to that, but
13 just getting people to use the self-service
14 machines, that certainly helps when you're just a
15 few minutes from post, so we try to encourage people
16 to do that.

17 CHAIRMAN VAN CLIEF: I note that you're going to
18 have the capacity to import ten signals, assuming
19 again these would be the same signals that are
20 imported to the other facilities. Is that true and
21 what product are you bringing in?

22 MR. HANNUM: Yes. So it would be the same, and
23 then we obviously want to have a good balance with
24 the Thoroughbred and Standardbred signal and that
25 seems to have worked well. It's running about

1 75 percent 25 percent in terms of how that is
2 breaking down, which is what we sort of anticipated,
3 but as you know, the harness signals tend to pick up
4 in the evening and go to nighttime. So I think that
5 so far, we've had a good mix and people responded
6 well to it.

7 CHAIRMAN VAN CLIEF: Are you bringing major
8 racing signals in, Churchill Downs?

9 MR. HANNUM: Yes. We have contracts with all
10 the big tracks and that's all in place. So we have
11 California, New York, Kentucky and every one that
12 one would want to have.

13 CHAIRMAN VAN CLIEF: Okay. Thank you. My last
14 question is you've got the hearing coming up on your
15 zoning and do you anticipate any issues, again given
16 the Chesapeake experience? Are there any landmines
17 out there that you're afraid of stumbling across?

18 MR. HANNUM: I hope not. I hope not. So
19 everyone has been welcoming. We've learned a lot
20 from our Chesapeake experience and that anything can
21 come up and these delays are sometimes part of the
22 process of getting a site open. But fingers
23 crossed, things should go well on the 29th.

24 MS. EASTER: Just unlike some of the other
25 localities as in Chesapeake, Henry County had

1 updated their wagering laws, so they have zoning
2 laws in place for our facilities because they had
3 problems with internet wagering cafés coming over,
4 so they separated us off. So far, everything I've
5 heard from the zoning folks said we shouldn't be a
6 problem for racing.

7 CHAIRMAN VAN CLIEF: That was my last question.
8 One more occurs to me. This is just to refresh my
9 memory. The development budget that you have in the
10 application, how does that compare to the previous
11 facilities we opened?

12 MS. EASTER: We're a little higher on this
13 facility than we are on the other. I think that the
14 idea here -- two things that have made that budget
15 higher.

16 One is that this was an already existing
17 restaurant. It was a lounge that had basically been
18 -- they leave it open a little bit for their
19 customers a little bit in the evening and it really
20 hasn't been functioning. They weren't looking to
21 get in the restaurant business and saw this as an
22 opportunity.

23 I think the owners and us are looking to make it
24 something very unique and nice for the Martinsville
25 area in a sports bar that will have some lounge-type

1 sofas in it and benches with pillows and stuff, so
2 it'll be a little bit nicer type facility.

3 The majority of it is going to decorations and
4 just making it -- we don't really have to do a lot
5 of moving walls and everything, but decorating it
6 nicely, making it really attractive to people so
7 hopefully they'll want to come.

8 CHAIRMAN VAN CLIEF: Maybe I should know this,
9 but in terms of the capital that's coming into it,
10 who bears that capital of improving it? Is that the
11 restaurant or both?

12 MS. EASTER: We share in those costs. In this
13 one, we're taking a lot of the decoration cost.
14 We're taking the majority of the decoration. We're
15 putting in 200,000, they're putting about 50,000.
16 They're putting in 50 to 100 into the kitchen
17 upgrade, and then we'll also have additional
18 expenses from putting in -- which we do in every OTB
19 -- the tote machines, the lines, what we call the
20 switch, which allows us to -- which is a crazy
21 expensive piece of machinery, but it allows us to
22 coordinator all of the TVs.

23 So how does it compare from the start? It's
24 more expensive, but after we finish the Breakers and
25 Ponies after the upgrades, after we've gone in there

1 and agreed to stuff, it starts to level out.

2 CHAIRMAN VAN CLIEF: Thank you. That is all for
3 me.

4 MS. EASTER: We're getting better at budgeting
5 what we actually put in to things.

6 CHAIRMAN VAN CLIEF: All right. Good.
7 Questions from anybody else? In that case, you're
8 looking at your staff report at the end of the
9 recommendations, Page Four. I'd note that staff has
10 recommended approval of the application with the
11 following conditions, and I will read them.

12 Condition number one, the satellite wagering
13 facility shall be operated in accordance with all
14 representations, plans and specifications as
15 submitted in the application and as described at the
16 Commission meeting on November 14, 2017, and shall
17 not deviate materially from these representations,
18 plans and specifications without prior consent of
19 the Commission.

20 Number two, the facility shall be operated in
21 accordance with all applicable state and federal
22 statutes and regulations, the regulations of the
23 Commission and all local ordinances.

24 Number three, VEA shall post a bond or other
25 instrument of financial security in a form

1 acceptable to the Commission staff in the amount
2 sufficient to cover the outstanding mutuel tickets.
3 VEA may utilize its existing security offered in
4 support of other SWF licenses previously granted by
5 the Commission to meet this requirement.

6 Number four, VEA shall secure the proper zoning
7 permit from Henry County for this location prior to
8 commencing operations.

9 I'd suggest that we consider including those
10 conditions in a motion to approve. If there is one,
11 I would ask my fellow commissioners if somebody
12 would like to make a motion.

13 COMMISSIONER REYNOLDS: So moved.

14 COMMISSIONER MILLER: Second.

15 CHAIRMAN VAN CLIEF: A motion for approval
16 incorporating four conditions incorporated in the
17 staff report and a second. Is there any further
18 question? Any other issue that a commissioner would
19 like to bring up before we call a vote on this?

20 All in favor of approving the VEA application
21 for this OTB, signify by saying aye.

22 NOTE: The Commission votes aye.

23 CHAIRMAN VAN CLIEF: Any opposed? The motion
24 carries to approve unanimously. well done for the
25 VEA on their next OTB.

1 MR. HANNUM: Thank you.

2 CHAIRMAN VAN CLIEF: That will conclude the
3 hearing on the matter and we'll go on with our
4 agenda.

5 Next up is a request to approve the simulcast
6 revenue sharing agreement relative to this OTB, and
7 Mr. Petramalo is going to explain that to us, and it
8 also is under Tab Three in your books. Thank you.

9 MR. PETRAMALO: Yes. A little background. As
10 you may recall, our state racing statute with regard
11 to simulcast wagering requires that five percent of
12 the handle be paid to the horsemen. Five percent of
13 Thoroughbred handle goes to the HBPA for our purse
14 account, five percent of Standardbred handle goes to
15 the VHHA for their purse account.

16 That's written in the statute and it's a nice
17 contribution to us, but at the same time, for a new
18 start-up, it can be somewhat burdensome. So what
19 we've done over the years, not only with prior VEA
20 OTBs, but even with Colonial Downs, we've entered
21 into a 50/50 sharing agreement whereby we initially
22 start off sharing with them 50 percent of what I
23 call the net profit. I'm sure the accountant has
24 got some other word for it. Actually, it's EBITDA,
25 but I call it net profit.

1 Generally speaking, that's less than five
2 percent. As it gets close to five percent, we're in
3 Equibase. If it gets better than five percent, then
4 we're doing better than a 50/50 share. So this
5 agreement basically sets forth that with regard to
6 the new SWF at Dutch Inn.

7 Let me give you a little history here. The VEA
8 is doing a very good job of efficiently running
9 their operations, because their net, which they're
10 sharing with us which means we get it too, is
11 4.2 percent of handle.

12 Now by statute, we're supposed to get five
13 percent, but we're getting 4.2 percent and we're
14 rebating eight-tenths of a percent. That's a much
15 better performance than when we had the deals with
16 Colonial Downs. For whatever reason, Colonial's
17 profit margin was not 4.2 percent; it was
18 considerably lower. So we're doing quite well under
19 this arrangement.

20 It's not as though we're taking a tremendous hit
21 by agreeing to 50/50 rather than staying with the
22 statutory share. So as I said at the outset, this
23 is the same agreement that we have in place with
24 Breakers and Ponies & Pints. Any questions?

25 COMMISSIONER STEGER: When Colonial did their

1 calculations did they factor in all their
2 overhead --

3 MR. PETRAMALO: Yeah.

4 COMMISSIONER STEGER: -- or was it overhead of
5 the OTBs only?

6 MR. PETRAMALO: No, no. It was just a
7 site-by-site. OTB-by-OTB. Now granted, Colonial
8 had initially a different business plan. Remember
9 they had stand-alones. They provided the food and
10 beverage so their overhead was considerable.

11 It was only later on they went to the same model
12 that we're using, going into an existing sports bar
13 which cut the expenses somewhat, but even in those
14 places they had never reached a 4.2 percent EBITDA,
15 so the VEA is doing a great job.

16 CHAIRMAN VAN CLIEF: Are there any other
17 questions for Mr. Petramalo? If there are none,
18 then we do need a motion to approve the Dutch Inn
19 simulcast revenue-sharing agreement as set forth in
20 your meeting books.

21 COMMISSIONER STEGER: So moved.

22 CHAIRMAN VAN CLIEF: We have a motion. Do we
23 have a second?

24 COMMISSIONER SIEGEL: Second.

25 CHAIRMAN VAN CLIEF: Thank you very much. We

1 have a second. Do you have any further conversation
2 or questions? If not, please signify your approval
3 by saying aye.

4 NOTE: The Commission votes aye.

5 CHAIRMAN VAN CLIEF: Any opposed? Motion
6 carries unanimously. Thank you.

7 Next up is an update on the Strategic Planning
8 Committee's activities over the last month or so.
9 Most of you in the room will remember that we
10 started off a couple months ago suggesting that the
11 industry might benefit from a formal strategic
12 planning process to line up our priorities in a
13 forward-looking manner and provide us ultimately
14 with a well-packaged written document that would
15 provide us a roadmap for the future and also talking
16 points should we need them, whether it be for
17 legislature, the administration, prospective
18 marketing partners or sponsors. Whatever the need
19 might be, we thought this might be a useful product.

20 Commissioner Steger very kindly agreed to chair
21 that committee and process. President Easter very
22 kindly agreed to undertake the committee and make it
23 a VEA function and Mr. Preston Bryant from McGuire
24 Woods Consulting very kindly agreed to take it on as
25 the formal facilitator and consultant. He's here

1 today with us.

2 I think it has been a terrific process and I
3 hope everybody feels it has been a very valuable
4 one. At any rate, I would like to ask our chairman,
5 Dr. Steger, if he might give us an update of the
6 activities over the last few weeks.

7 COMMISSIONER STEGER: Thank you, Mr. Chairman.
8 I also want to thank Preston Bryant at McGuire Woods
9 Consulting. I know they're doing this at a highly
10 discounted rate. We appreciate it.

11 I think the meetings have gone extremely well.
12 We've had significant participation, very thoughtful
13 discussion, and the bottom line is I think we all
14 have come to the conclusion, as is not surprising,
15 that we've got to work on our revenue sources for
16 the purses and everything else, otherwise the whole
17 business doesn't matter.

18 I think approving the OTB in Collinsville today
19 is a good step in the right direction. We've also
20 got to look at the issue of the historical betting
21 and getting that done, because there is interest in
22 the purchase of Colonial Downs, which I think is
23 probably going to be contingent on getting that
24 taken care of in the process.

25 I think the other conclusions would be that --

1 and I don't know that I have unanimous consent on
2 this, but I think the vast majority of the people
3 feel that we've got to have a live racing product in
4 Virginia to keep the whole business alive, and that
5 we need to follow through whatever the path may be
6 to ensure that that happens, and then we're going to
7 have to look at ensuring that we have a marketing
8 program to support it.

9 So in general, the process has gone well. I
10 want to express my appreciation to all the members
11 of the committee for their active, candid and
12 helpful participation and thank the chairman for his
13 efforts in this regard, and we're going to bring
14 this to closure here in the next few weeks and we
15 look forward to -- I'm confident there will be a
16 positive outcome. We'll see how it goes.

17 If we have to work on our legislative
18 strategies, be sure we get the historical racing
19 thing approved. So that will conclude my comments,
20 Mr. Chairman. Thank you.

21 CHAIRMAN VAN CLIEF: Thank you very much. The
22 next item of business is to consider committee
23 member assignments. We don't really have a lot to
24 do here today, although we have one minor gap in the
25 system.

1 Commissioner Carol Dawson served as the chairman
2 of our Racing Safety and Medication Committee for a
3 couple of years, and with her departure from the
4 Commission, we need to consider a replacement.

5 I have asked Commissioner Reynolds, who has
6 served on the committee for some years now, if he
7 would consider stepping up and assuming
8 chairmanship. He has said that he would, so I'd
9 like to make that assignment and we'll make that
10 official today. Thank you, Commissioner Reynolds.

11 COMMISSIONER REYNOLDS: Thank you, Mr. Chairman.

12 CHAIRMAN VAN CLIEF: The next report is on
13 the -- we always have a report on the activities of
14 the Virginia Equine Alliance, which would normally
15 include the OTB developments which we heard about
16 today, activities at Shenandoah Downs, and perhaps
17 that would include a report on the beautiful day at
18 Gold Cup and any other activities that the senior
19 management would like to bring before the
20 Commission.

21 Mr. Hannum, are you going to lead off with that?

22 MR. HANNUM: Sure. Thank you. So I'll start on
23 the OTB development. I'll start with just a quick
24 update on our two Richmond sites which continue to
25 do well.

1 October, for example, at Breakers, handle was a
2 little over 800,000 and Ponies & Pints was a little
3 over 660,000, so the two of them continue to do
4 well.

5 Handle per day at Breakers is almost 31,000 and
6 Ponies & Pints is about 25,000. So we've been
7 pleased with those two sites, and again as I said,
8 we've learned a lot so that's going to help us going
9 forward with our new OTBs.

10 Just a quick overview of the pending sites.
11 Chesapeake, we hope to have open on Thursday, so
12 that is exciting. That has been a long, drawn out
13 process, but I think it's really going to be a great
14 site.

15 Thursday, Friday will be sort of a soft opening
16 and then there will be a grand opening on Saturday,
17 which a number of people have already committed to
18 and said they were going to go to down in
19 Chesapeake, so we're looking forward to letting you
20 know how all that goes and we appreciate the
21 Commission staff's help and support on this as we've
22 gone through a lot of issues.

23 Collinsville we talked about this morning and we
24 appreciate the approval and November 29th we have
25 the permit review.

1 vinton is another area that we've been looking
2 at. we had a site selected in Vinton and based on
3 feedback from the mayor and the city, we're looking
4 to find a new site.

5 There were some zoning issues with the site that
6 we had selected and the city asked us to look at
7 another site which we feel could be better based on
8 its size and its location.

9 So we had really with Vinton, we had spent a lot
10 of time, a little bit of our resources on some
11 concept drawings but minimal investment. So it's
12 unfortunate we're having to look at another site
13 again.

14 We have a potential site, it's just a zoning
15 matter, and as we've learned from Chesapeake, those
16 are the types of issues that are going to come up
17 and we have to navigate all of them carefully and
18 respectfully in the areas that we want to operate.
19 So we'll keep you posted on Vinton.

20 Hampton is another city where we have a site
21 selected. We started the permit application
22 process. We hope to have the application in to the
23 City of Hampton by the beginning of December and
24 that would put us on the Planning Commission agenda
25 in January and that would then get that whole

1 process started.

2 Some assuming we're on for January, then it
3 would then go before the city council in February,
4 so a similar sort of process that we just went
5 through with Chesapeake.

6 So that's kind of a quick overview of the
7 pending sites. I'll pause there if you have any
8 questions. Debbie may want to comment on something
9 I may have missed, but that's where we are with the
10 next couple of sites that we're thinking about.

11 MS. EASTER: The only comment I'll have is,
12 Commissioner Van Clief, when you asked about
13 Collinsville and the -- this one is more of a
14 political. We are running up in some of these
15 places about the potential political worries about
16 gambling.

17 The city actually put us in this spot or
18 suggested the spot and we're zoned and legal to go
19 in there, but they got worried about it was sold as
20 a restaurant -- not a restaurant -- SWF at the time
21 it was rezoned and we're worried about the political
22 fallback.

23 So they want us there, they're excited about our
24 project, but when they got thinking about what the
25 political fallback might be, they thought we

1 probably shouldn't go in that site. So that's what
2 happened there.

3 CHAIRMAN VAN CLIEF: Can you articulate in a
4 little more detail the reasons for the pushback?
5 Is it pure, straight anti-gaming? Is it for
6 religious reasons?

7 MS. EASTER: Could be. From the moment we saw
8 that site, Darryl and Mary and I, it's across from a
9 church. We articulated our worries about that.
10 They were like, no problem. It shouldn't be a
11 problem at all, but I guess they had incentivized a
12 restaurant to come there to buy the old public
13 library and used some city funds to do it and the
14 economic development guys thought that we were a
15 great match with that and so we had gone forward
16 with the project.

17 Then when they sort of informally talked with
18 some of the city council, they were like, hey, we
19 sold that to the public with public money as a
20 restaurant in a family area and they don't want the
21 political fallback, so that's fine.

22 I think that they're working on a new
23 development project and if it works out, it'll
24 probably be a better location for us. So it's just
25 working with the city and not getting upside down

1 with them, and I don't think it benefits any of us
2 to do that.

3 But we spent a good bit -- I actually was going
4 to be prepared today to bring you an application in
5 December for that site, so that's an unfortunate
6 thing on that, but hopefully maybe by the middle of
7 next year.

8 when you asked about Collinsville, that's
9 probably the only thing that could hold us up. They
10 are very happy to have us there. They don't see any
11 problem with the special permit. Who knows who
12 shows up at the meeting and what politicians do when
13 the crowd shows up. So that could be the only thing
14 I see could get in our way.

15 CHAIRMAN VAN CLIEF: Are you finding -- and now
16 going through this for a while and getting some
17 experience under your belt -- are you finding there
18 are talking points, reasons, economic development,
19 job creation, the positives you bring to the
20 marketplace that offset some of that natural
21 pushback that has been around for so long?

22 MS. EASTER: Unfortunately, one of the things
23 city council told me in Vinton the other night, I
24 think when Colonial came -- and I don't think it was
25 something they were trying to do to pull over

1 anybody. I just think that there were expectations
2 that those stand-alones would do a lot of business
3 and we all know what our business is doing now.

4 They said we appreciate you telling us what you
5 think you're going to bring to the economy, because
6 that's about what we saw from Colonial Downs and
7 they had promised us hundreds of thousands of
8 dollars.

9 I think it's just that given the opportunity in
10 a public spot, some people still voice their
11 opposition to gambling, and even though it's legal,
12 it's just how the politicians want to stand up to
13 that or not.

14 So far, we've been lucky. Chesapeake, we
15 thought that was going to be a real problem and we
16 were able to overcome it. So we're going into
17 places in Vinton and Collinsville where they do want
18 us. The people that are on the city councils and
19 county, they want us there so that's a nice thing.

20 CHAIRMAN VAN CLIEF: Thank you.

21 COMMISSIONER SIEGEL: I have a question. You
22 characterized your existing locations as being good
23 and that's encouraging. I'm just interested in how
24 you measure that. Did you have projections to which
25 you reached? I take it no one -- none of them have

1 been open long enough to have comp sales, but are
2 there projections? Your overhead is somewhat
3 limited so profitability can come with relative
4 ease, but are you meeting projections and what
5 projections do you have going forward for growth?

6 MR. HANNUM: So we haven't been open for a year
7 yet in any of the sites, so once we get to that
8 point, and that's getting close, then we can start
9 comparing month-to-month.

10 But we really looked at what Colonial had done.
11 The two sites that we have open now are in Richmond,
12 but our sites are different; a little bit smaller
13 and the scale is not -- we're not comparing apples
14 to apples, but we were looking at what the market
15 did before, and so we had estimates based on our
16 applications and we're meeting those numbers now for
17 two sites.

18 So the whole model is so different that we have
19 been able to come in, go into existing businesses
20 with a very limited amount of investment and so that
21 model is working very well and Frank spoke to that
22 earlier.

23 So I think, fingers crossed, we have a model
24 that doesn't require significant outlay for us to
25 get them open, and then we have a limited expense on

1 our side. So far, we've been pleased and hopefully
2 these other markets will support them.

3 Once we get into 2018, then we can start looking
4 at how the sites are doing compared to a year ago
5 and we can continue to look to grow them and then
6 maybe Richmond could support another OTB and we
7 maybe could expand some of the ones that we have
8 right now.

9 COMMISSIONER SIEGEL: I take it you have
10 marketing lined in your budget to help grow those
11 sales?

12 MR. HANNUM: We do. Yes. So we have a
13 dedicated staff member, Darryl Wood, who does
14 communication and marketing for the OTBs. So that's
15 very important. We work very closely with the site
16 owners, the restaurant bar owners to do things that
17 are going to be consistent with how they want to
18 promote their businesses as well.

19 COMMISSIONER SIEGEL: I would think early on
20 that would be more important because people need to
21 find out where you are.

22 MR. HANNUM: Exactly. Yes.

23 MS. EASTER: I'll chime in, just because I get
24 to see the numbers even a little bit. You're
25 familiar with Finn McCool's and Hurleys and Major

1 willies, those types of places that are similar to
2 what we're doing.

3 That facility is a little bit smaller than the
4 two facilities we have in Richmond. Those were
5 hitting about \$3 million in their day. We're
6 already hitting \$10 million to \$12 million a day in
7 our facilities -- I mean excuse me -- a year in our
8 facilities, and so as Jeb said, we'll know more.

9 I think that one of the things going forward,
10 and we will be discussing this, they put together
11 their budgets for next year and maybe we have good
12 committees on some of these other things. One of
13 the things that has been mentioned is the Marketing
14 Committee.

15 In all honesty, we've been flying by the seat of
16 our pants. Some of it has been lucky. We don't
17 have but so much room in some of the facilities. We
18 didn't flood it with marketing because we didn't
19 want to over fill it, but I think we can do a better
20 job of that going forward and I hope that will pay
21 off, but everybody, Darryl and Jason and everybody
22 that has been in the OTBs have done a super job so
23 far and we couldn't be more tickled with what's
24 coming back.

25 COMMISSIONER SIEGEL: Good.

1 CHAIRMAN VAN CLIEF: I might make a comment to
2 Dr. Steger's report. He mentioned marketing is an
3 important aspect of the conclusions being drawn by
4 the committee. I think the consensus seemed to be
5 in our last meeting that the industry ought to be
6 engaged in an overall marketing evaluation that will
7 deal with a lot of aspects that will capture exactly
8 what you're taking about here as well.

9 MS. EASTER: We're getting better as we go
10 along, but we're all on new jobs, too, so luckily
11 we've got a good leader.

12 CHAIRMAN VAN CLIEF: Any other questions?

13 MR. HANNUM: Okay. So just moving on to
14 Shenandoah. We had our second harness meet that
15 concluded in October. We have really a wonderful
16 partner with the Shenandoah County Fair. Tom
17 Eshelman called me this morning. He was planning on
18 being here and he said unfortunately he couldn't
19 make it and he was hoping to come in December.

20 We just have a really good partner. We're
21 continuing to look at how we can just make changes
22 there that are going to be good for the horsemen.

23 We had a significantly different back side set
24 up this year which was very helpful, I think, to the
25 horsemen. It certainly made it a lot easier to move

1 around on the back side. It was a lot safer. It
2 was esthetically a lot more attractive, so we'll
3 continue to tweak that.

4 we had an improved betting experience for
5 customers this year. We had new betting counters.
6 We had new layout. We had televisions positioned
7 differently. We had walk-around tellers which was
8 received very well, and so I think that aspect of it
9 went very well.

10 I think the racing was very good. We're up
11 against the big boys and we sort of are managing to
12 hold our own and that's encouraging. People were
13 very supportive. In between the weekends, we would
14 have anywhere from 50 to 60 horses on the back side
15 training every day, and people stuck with us when
16 Rose Croft reopened. There was some competition
17 with them on I think the last two weekends. Entries
18 really weren't affected in a significant way. So
19 that was all very encouraging.

20 So I think the horsemen like it. We were very
21 lucky with weather this year. We only had one bad
22 day, and over all, I think it's just turning into a
23 nice meet.

24 But having said that, you know, we're open
25 minded as to if we want to think about a new season.

1 The fall is always going to be tough for us based on
2 college football, a lot of other events that are
3 going on out in the Shenandoah valley.

4 So the VHHA board is kicking around the
5 possibility of maybe a spring meet. I don't want to
6 say we're going to do that. I just mention it to
7 the Commission because it's something that's under
8 consideration, but we're committed to the same
9 schedule for next year, but it's just something that
10 everybody has sort of got in the back of their
11 minds.

12 The spring meet would lend itself to less
13 competition, but it wouldn't obviously be as
14 favorable with the two-year-old racing because that
15 obviously wouldn't work.

16 We'll continue to work with the county fair on
17 the set-up and improvements to the site. This year
18 we had a new bathroom facility which was extremely
19 popular. We had an expanded crowd's nest as a
20 judges' and stewards' area up in the grandstand
21 which was much improved working space for everybody.
22 So those sort of things we can sort of pick off year
23 by year and so we'll continue to do that.

24 We're going to meet this winter with the VHHA
25 the VEA and the county fair to go through all of

1 these things with a real focus on marketing issues,
2 and we just really want to do everything we can
3 possibly do to try to get people in the door.

4 So in terms of the numbers, Saturdays are a good
5 day. Just for example, the first Saturday we did a
6 little over 12,000 in handle. We probably had about
7 700 people there and that was sort of consistent for
8 each Saturday. The last Saturday, we did almost
9 20,000. That was the highest handle we've had since
10 we've been doing the meet. It was \$18,320 on the
11 last Saturday, so that was great.

12 Sundays are a little bit lighter. They're
13 usually around 10,000, a little under 10,000 and
14 then attendance tends to fall off to 300 or 400
15 people. So that's something we want to look at but
16 we know we've got other things going on for people.

17 So the total handle was 124,000 in 2016. It was
18 105,000, so that's an increase of a little over
19 18 percent, so I think that's great. So we now have
20 some numbers we can compare year-in and year-out.

21 So that's a quick overview on Shenandoah and I'm
22 happy to take any questions and it's something we
23 can continue to talk about as we go forward.

24 Commissioner Miller has been enormously
25 supportive of the meet and we really appreciate him

1 coming out and coming back to talk to staff and just
2 making his presence known to all of us, which is
3 just really helpful and we look forward to a really
4 good meet next year and continuing to try to improve
5 things. So we appreciate everyone's support.

6 CHAIRMAN VAN CLIEF: Any questions about the
7 Shenandoah meet? Jeb, could you talk a little bit
8 more about you mentioned the mobile tellers, how
9 that worked and how many you had and how that was
10 accepted by the crowd and customers and so forth?

11 MR. HANNUM: Yes. I say it was popular. I
12 don't know how popular it was among the actual
13 tellers because they were literally going up and
14 down those stairs and physically, it was pretty
15 demanding and people were raising their hands and
16 wanting to grab them before the races went off, but
17 we always had one or two people floating around.

18 Some of the spectators and customers are a
19 little bit older and getting down those stairs to
20 the betting area and then back up the stairs, it's a
21 lot.

22 It was bright, sunny, warm days so that takes a
23 lot out of people, so I think that's something we
24 want to continue for next year and we may be even
25 working with the Commission staff.

1 I just sort of throw this out, but we need to
2 make sure everything is obviously done as Mr.
3 Lermond wants it to be done. But maybe we can have
4 a booth up in the stand. Those are sort of things
5 we want to try to tweak a little bit for people. So
6 there's a lot of interest. We just want to make it
7 as easy as we possibly can for people, but that was
8 a good innovation that was enthusiastically
9 appreciated by everybody.

10 CHAIRMAN VAN CLIEF: Great.

11 MR. HANNUM: We also, I should mention we sent
12 our signal from Shenandoah into the OTBs in
13 Richmond, so that was the first time we'd done that
14 and so that was a good experiment for us in terms of
15 the actual quality of the signal to promote
16 Shenandoah and giving people the opportunity to bet
17 on those races.

18 Handle was not robust. We didn't think it would
19 be, but that's something that we will do again for
20 next year. We've got to get the picture quality as
21 sharp as the other races.

22 I think there are some things that we can do in
23 terms of that time in between the races. Maybe
24 there's some commentary or ways to show the horses
25 and feature things a little bit more consistently

1 with what other racetracks are doing.

2 But clearly for Shenandoah, we want people to
3 know about it and we want to get handle up and if
4 there's ever the ability to send out that signal,
5 we've got to get it right in-house and this is a
6 good way for us to make those adjustments, so we'll
7 be looking to do that again.

8 CHAIRMAN VAN CLIEF: Thank you. How did the
9 racetrack itself perform, the racing strip? I know
10 it got excellent reviews in the first year. Did
11 that hold up and are you seeing that as draw for
12 quality horses in the future?

13 MR. HANNUM: Yes. JD Thomas who does the track
14 for us is just great. We're so lucky to have him.
15 I think the track is fabulous. The times are very
16 good. I think that's one of the reasons people have
17 been supportive. It's just a really good track and
18 well maintained and I think it'll just get better
19 and better each year, so we've been very pleased
20 with that.

21 CHAIRMAN VAN CLIEF: Okay. Thank you.

22 MR. HANNUM: So I just wanted to -- before we
23 move on from the Equine Alliance, I wanted to --
24 it's not on the agenda, but just to let Dr. Allison
25 speak about the Gold Cup if there are no more

1 questions on Shenandoah. I just wanted to add that.

2 DR. ALLISON: Gold Cup is very disappointed in
3 its betting performance and we are trying everything
4 to improve our performance. We have introduced the
5 walk-around teller and it had a mixed review. Here
6 again, it's going to take education to get top
7 performance, and here's an illustration where we had
8 long lines waiting in the tents.

9 we would bring the tellers over and the
10 people -- and I watched this several times. The
11 people would say, no, we would rather wait in line.
12 So this is an educational thing.

13 we have to get our folks introduced and using
14 this, but we intend to increase the number of
15 walk-around tellers. It's more cost efficient,
16 actually, but we still want to continue to emphasize
17 our cell phone, because we think with our young
18 demographic population at the race that this is the
19 way to go. So we're working hard on it.

20 CHAIRMAN VAN CLIEF: I know you've had an issue
21 with signal strength and band width in the past.
22 How did that work with the phones and your customer
23 base this year?

24 DR. ALLISON: The signal issue was much
25 improved, but I think for our two races it was the

1 bad weather in the spring and we have reports
2 substantiating and also photographic evidence, just
3 not the long lines when the weather was so bad.

4 CHAIRMAN VAN CLIEF: How was your crowd?

5 DR. ALLISON: The crowd was slightly less than
6 last year and we here again constantly market our
7 races.

8 I'm going to bring some information to our
9 strategic meeting showing the comprehensive approach
10 we have to marketing and so it could be of interest
11 for the future.

12 CHAIRMAN VAN CLIEF: Okay. It was a lovely day.
13 Thank you very much.

14 MR. HANNUM: That's it for me.

15 CHAIRMAN VAN CLIEF: That's your report?

16 MR. HANNUM: Yes. Thank you.

17 CHAIRMAN VAN CLIEF: Thank you very much. Are
18 there any further questions for the VEA management?
19 Okay. If not, that brings us to the public comment
20 period. Is there anybody that would like to --
21 Mr. Berman.

22 MR. BERMAN: Good morning.

23 CHAIRMAN VAN CLIEF: Good morning.

24 MR. BERMAN: I would like to make a few comments
25 about the Strategic Planning Committee. When you

1 first announced that in June, you announced that it
2 was a VRC committee and you voted on that, or I
3 guess maybe that was July when you voted on it, and
4 you appointed Commissioner Steger to be the chairman
5 of that committee.

6 One thing that disturbs me about the committee
7 is it's made up of all the special interest and the
8 industry insiders. And let's be frank. The HBPA
9 and the VEA and VTA are all special interest. I
10 didn't see the fans or the general public or anybody
11 from the outside included in that committee at all.
12 That bothers me.

13 In the July meeting, I brought up the fact that
14 I might like to come to those meetings, just like I
15 did 15 years ago when Ms. Paulson used to have them,
16 and you said you'd get back to me about that. In
17 the next meeting in August, you told me that that
18 committee, the ownership of that committee as you
19 put it, had been transferred to VEA.

20 I don't know. Just it kind of seemed to me like
21 you were trying to box me out of that thing. I know
22 nobody is going to say they were, but that's what it
23 seemed like to me.

24 One of the problems I have is now that it's a
25 VEA committee and the ownership of that committee is

1 one of the special interests, is it really
2 appropriate to have a sitting commissioner be the
3 chairman of a committee that is operated and owned
4 by one of the special interests?

5 It would just seem to me that's going to, you
6 know, in some ways, I look at that and it taints
7 that committee because it looks like it's just
8 pushing forward that same agenda that we've been,
9 the special interest groups or the VEA and everybody
10 have been pushing for the last couple of years.

11 Let me remind this Commission with all respect
12 to Mr. Petramalo and Ms. Easter. The VHBPA has
13 negotiated us into a position where we have zero
14 racing. The VTA, Ms. Easter has already admitted
15 that in the last -- I looked it up in the Jockey
16 Club, and the last 20 years our foal production has
17 gone from over 900 to less than 100 this year, and
18 that's who we have on our Strategic Planning
19 Committee. I think we could have used more people
20 from the outside, but you know, I guess that's a
21 done deal now.

22 As far as Mr. Bryant is concerned, I remember
23 when Mr. Bryant used to lobby the legislature back
24 in 2000, and I kept wondering why we -- you had said
25 something about needing to get a professional

1 involved and you talked about having a plan drawn
2 up. I don't understand why we're spending money on
3 Mr. Bryant when we've got Mr. Lermond. He's very
4 capable. He could have done that.

5 But after today -- and I knew this beforehand.
6 I'm getting the impression that we brought Mr.
7 Bryant along because we're gonna make a move in the
8 legislature for slots, and let's call it what it is.

9 You can call it historical racing, you can call
10 it instant racing, but at the end of the day, it's
11 slots, and you know, that doesn't sit well with me,
12 either, not that I, you know, have a problem with
13 Mr. Bryant.

14 As far as the OTBs and the slots, I encourage --
15 I'd like to see the OTBs expand, but the problem is
16 when the VEA opens these OTBs, when we get a
17 prospective track owner that comes in here, the
18 money that's made from them is gonna remain with the
19 VEA, so that takes an incentive away from these
20 track owners to come in here and seriously look at a
21 track.

22 Now it appears that we're throwing all our eggs
23 in one basket and we're gonna go down to the
24 legislature and try to make a push for slots. I
25 think that's a move for desperation and I don't

1 think it's gonna fly.

2 I think you're gonna receive a lot of not just
3 opposition from the anti-gambling people, but you
4 have people like me who haven't been happy with the
5 way these people have been handling all their money
6 for these last few years and I'm gonna object to it.

7 I love racing. I want to see racing succeed,
8 but just like when Jacobs was owning the track, I
9 made a promise to myself that I would never allow
10 that man to get slots. I would do everything I
11 could to prevent him from getting slots until he got
12 his house in order.

13 we got rid of him and now we need to get our own
14 house in order and all of a sudden we're gonna push
15 for slots and I think it's premature and I think
16 we're gonna do more damage than we're gonna do good,
17 because trying to push this proposal to get these
18 guys from out of town to buy the track, making all
19 these promises, that's pie in the sky to me. So it
20 would just appear that, you know, I don't know, it's
21 gonna be a hell of a fight on the horizon if you try
22 to do that.

23 I just want to quote one thing from Mr. Miller
24 over there, Commissioner Miller. This is something
25 he said about the Strategic Planning Committee, I

1 think was in July. This is, quote: Let the public
2 know everything we're doing, everywhere we're doing
3 it, and that way no one could ever complain that the
4 committee is doing something that's against the
5 interest of the public.

6 well, I'm complaining, because like I say, I see
7 it all as special interest groups. These same
8 people have gotten us in the position we're in
9 today, and this little move to move it from a VRC
10 committee to a VEA committee, I think that's a
11 little -- to me, it's a little fishy.

12 It just looks like you're trying to box out the
13 public and limit the amount of input from people
14 outside that little group. So with that, I'm going
15 to sit down. Thank you.

16 CHAIRMAN VAN CLIEF: Any other members of the
17 public that would like to comment? If not, then we
18 have an opportunity for commissioners' comments.
19 Commissioner Reynolds.

20 COMMISSIONER REYNOLDS: I don't have a comment,
21 Mr. Chairman.

22 CHAIRMAN VAN CLIEF: Commissioner Steger.

23 COMMISSIONER STEGER: No comment.

24 CHAIRMAN VAN CLIEF: Commissioner Siegel.

25 COMMISSIONER SIEGEL: Just happy to be here.

1 CHAIRMAN VAN CLIEF: Mr. Miller.

2 COMMISSIONER MILLER: Well, I'll make a brief
3 comment about the process. Usually, I guess in all
4 facets of government and business, you have a
5 planning process for whatever. How are we going to
6 make more profit for the shoe industry if you're in
7 the shoe industry. If you have a movie business,
8 you have a planning group that gets together. What
9 kind of films are we going to make? Where are we
10 going to make them? How are we going to distribute
11 them? Who are we going to appeal to, to keep the
12 industry going?

13 I think it's the same way in the racing and in
14 the Thoroughbred racing, harness racing and
15 pari-mutuel wagering industry. You have to have
16 someone, some group to come together, and you can
17 describe them as special interest, and they are.
18 They have a special interest in preserving the
19 industry from which everyone is trying to make a
20 living and trying to contribute to. So yeah.
21 That's a special interest.

22 In our political system today, the word special
23 interest takes on a bad connotation and it
24 shouldn't. Everyone should have some kind of
25 special interest. It keeps your juices flowing, it

1 keeps businesses going.

2 So the make-up of the group, the strategic
3 planning group, the make-up may be viewed by some as
4 special interest, and as I said, they have special
5 interests, but you can't include -- when you're in a
6 planning process, you can't include the whole
7 spectrum of society in that planning process.

8 Just like in Congress. Why do they have
9 committees? Because when you're considering
10 legislature, if you throw the preliminary work to
11 all 100 members of the senate in Virginia for
12 instance, or well, not 100; whatever we have, 50
13 whatever, but in the United States Senate, you can't
14 have all 100 senators serving on the preliminary
15 committee coming up with some suggestions because
16 you'll never get to be able to condense the
17 suggestions that you have to keep the facility
18 operating.

19 You have to have a core group to come up and you
20 hope that you're putting together a core group with
21 a certain amount of expertise in the field to make
22 suggestions about what should be done to preserve
23 the industry, preserve the business, preserve
24 whatever it is you're trying to preserve.

25 That being said, after that special interest

1 group has put together a plan, the important part is
2 taking that plan then to all the people who are
3 affected, such as yourself, sir.

4 Getting it out to the public for the public to
5 have full and complete explanation of the process.
6 what recommendations did you come up with, how did
7 you come up with those recommendations. why didn't
8 you recommend this? why didn't you recommend that?

9 That debate takes place after the
10 recommendations are assembled and the public should
11 have and they will have, I assume, in this process
12 that once these recommendations are made, we're
13 going to have a series of meetings where the public
14 is fully advised of the content of the meeting, why
15 we're meeting, what we hope to achieve in the
16 meeting, and the public is going to be invited to
17 come in and either support, object, whatever, those
18 recommendations that the special interest, quote,
19 unquote, group has put together. That's how I see
20 the process and I think that's about the only way
21 you do it.

22 I hope I've -- I don't know whether I've
23 explained my position or not, but anyway, that's how
24 I feel. You have to have a group of people expert
25 in the field and with a vital interest of whatever

1 it is you're working on at heart, and then they make
2 their recommendations what they feel would be
3 appropriate to preserve whatever it is they're
4 working on, whatever industry it is, whatever plan
5 it is, and then they'll bring that plan to the
6 public for the public to have nay or yea, say one
7 way or the other so you have a full airing of the
8 issues. That's all I have to say.

9 CHAIRMAN VAN CLIEF: Thank you, Commissioner. I
10 would simply add that I agree with the sentiments
11 voiced by Commissioner Miller, and I would just
12 briefly note that the -- in this case, the special
13 interest groups I would classify as the
14 stakeholders.

15 we have the harness horsemen, the Thoroughbred
16 horsemen and the breeders and the race facility
17 operators all represented and that is the industry.
18 There's one major constituency not included, and
19 before Mr. Berman can say it, I'll say it for him.
20 That is our customers and our wagering public and --

21 MR. BERMAN: Our citizens.

22 CHAIRMAN VAN CLIEF: -- they are not to be
23 overlooked and I couldn't agree more with
24 Commissioner Miller's suggestion that we not
25 prejudge the actions the committee might take and

1 the recommendations that it would bring forth.
2 Let's see the plan, and once we've seen it, then we
3 will welcome input from any person. Thank you very
4 much. Anybody else?

5 COMMISSIONER STEGER: On our minutes, are our
6 minutes made public record?

7 CHAIRMAN VAN CLIEF: Well, as they're a VEA
8 committee, they're not public record in the sense
9 they would be if it was VRC, unless the VEA
10 determines it wants to make them so. I think we're
11 suggesting that we're certainly going to come
12 forward with the results of our work and that can be
13 judged at that time.

14 COMMISSIONER STEGER: Okay.

15 CHAIRMAN VAN CLIEF: For a change, I'm going to
16 suggest to my fellow commissioners that we do go
17 into closed session today. There have been some
18 deliberations, as I think everybody in the room is
19 aware, between a potential vying group and the
20 current ownership of Colonial Downs, and those
21 deliberations as we understand it have been underway
22 for some time now and include various aspects of the
23 industry.

24 we think that if they continue to go forward and
25 if they are more of a point successful, it will

1 bring some questions to bear of a legal nature for
2 this Commission, so we'd like to take the
3 opportunity this morning to go into closed session
4 with our counsel and discuss what those legal issues
5 might be that are going to face us in the future.

6 Mr. Pitchford, do you have a motion that we
7 can utilize to properly move from where we sit into
8 closed session?

9 MR. PITCHFORD: Yes, sir, Mr. Chairman.

10 In accordance with the provisions of Section
11 2.2-3711 (A)(8) of the Code of Virginia, I move that
12 the Commission go into closed meeting for the
13 purpose of consultation with legal counsel employed
14 or retained by a public body regarding specific
15 legal matters requiring the provision of legal
16 advice by such counsel concerning the possible sale
17 of the Colonial Downs racetrack. The Commissioners
18 will only ask counsel questions and will not engage
19 in any deliberations or other activity.

20 A member of the Commission will make that
21 motion.

22 CHAIRMAN VAN CLIEF: I'll make that motion.

23 COMMISSIONER STEGER: Second.

24 CHAIRMAN VAN CLIEF: Second from Dr. Steger.

25 All in favor, signify by saying aye.

1 NOTE: The Commission votes aye.

2 CHAIRMAN VAN CLIEF: Anybody opposed? Thank you
3 very much. We will now transition into closed
4 session. I don't think we have any further business
5 when we come back, other than to reconvene the
6 meeting and open session and adjourn, so if you all
7 want to stay around and chat afterwards, we're happy
8 to do that; otherwise, you're free to go. Thank you
9 very much.

10 NOTE: The Commission goes into closed
11 session; thereafter, the meeting continues as
12 follows:

13 CHAIRMAN VAN CLIEF: Mr. Pitchford. We now
14 would like to come back into open session. Do you
15 have a motion formalized for that purpose?

16 MR. PITCHFORD: I do, Mr. Chairman, and as the
17 Commissioners are aware, after the motion is made
18 and seconded there will need to be a roll call vote.

19 WHEREAS, the Virginia Racing Commission has
20 convened a closed meeting on this date pursuant to
21 an affirmative recorded vote and in accordance with
22 the provisions of the Virginia Freedom of
23 Information Act; and WHEREAS, Section 2.2-3712 of
24 the Code of Virginia requires a certification by
25 this Commission that such closed meeting was

1 conducted in conformity with Virginia law; NOW,
2 THEREFORE, BE IT RESOLVED, that the Virginia Racing
3 Commission certifies that, to the best of each
4 member's knowledge, only public business matters
5 lawfully exempted from open meeting requirements
6 under the Virginia Freedom of Information Act and
7 only such business matters as were identified in the
8 motion convening the closed meeting were heard,
9 discussed or considered by the Commission in the
10 closed meeting.

11 CHAIRMAN VAN CLIEF: I will make such motion.

12 COMMISSIONER MILLER: Second.

13 CHAIRMAN VAN CLIEF: Commissioner Miller
14 seconds. All in favor, signify by saying aye.
15 we're going to have roll call.

16 Commissioner Reynolds.

17 COMMISSIONER REYNOLDS: Aye.

18 CHAIRMAN VAN CLIEF: Commissioner Steger.

19 COMMISSIONER STEGER: Aye.

20 CHAIRMAN VAN CLIEF: I vote aye. Commissioner
21 Siegel.

22 COMMISSIONER SIEGEL: Aye.

23 CHAIRMAN VAN CLIEF: Commissioner Miller.

24 COMMISSIONER MILLER: Aye.

25 CHAIRMAN VAN CLIEF: It's unanimous.

1 Before we adjourn, Dave, would you -- let's look
2 for around -- I don't have my calendar in front of
3 me, but December 15th -- like to go ahead and set a
4 mid December meeting. I don't know if it suits
5 everybody. I don't know what everybody's schedule
6 will look like.

7 I'm guessing we'll probably have some business
8 we'll need to attend to, so let's get on the
9 calendar for that purpose.

10 Is there anything any of the other commissioners
11 would like to put before the meeting at this point?
12 In that case, I need a motion to adjourn, please.

13 COMMISSIONER REYNOLDS: So moved.

14 COMMISSIONER MILLER: Second.

15 CHAIRMAN VAN CLIEF: Any opposed? We stand
16 adjourned. Thank you very much.

17

18 NOTE: The meeting of the Virginia Racing
19 Commission is adjourned at 12:12 p.m.

20

21

22

23

24

25

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 26th day of November, 2017.

Sandra G. Spinner

SANDRA G. SPINNER

COURT REPORTER