

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

April 18, 2018

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  
J. Sargeant Reynolds, Jr.  
Stuart Siegel

COMMISSION STAFF:

David S. Lermond, Jr., Executive Secretary  
Kimberly C. Mackey, Office Administrator  
Rhonda Davis, Pari-Mutuel Wagering 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 December 14th meeting minutes 5
5	3. New Business
6	a. Request for Approval of the 2018 Limited 6
7	Limited License Application Submitted by
8	the Virginia Gold Cup Association
9	b. Request for Approval of the 2018 Gold Cup 9
10	Racing Officials
11	c. Request for Approval of Proposed Final 10
12	Amendments to 11 VAC10-60-10
13	d. Request for Approval of 2018 VA-Bred 15
14	Restricted Races at Laurel Park
15	e. Request for Approval of Thoroughbred 21
16	Expenditures from the Virginia Breeders
17	Fund
18	f. Report from the Virginia Equine Alliance 22
19	(VEA)
20	i. Shenandoah Downs Planning Meeting 23
21	ii. Update on New Collinsville OTB 29
22	
23	
24	4. Public Comment Period 34
25	5. Commissioners' Comments 34
	6. Closed Session (if necessary) 37
	7. Adjournment 39

1           CHAIRMAN VAN CLIEF: welcome, everybody, and  
2 thank you for taking the time with us this morning.  
3 I would like to call this meeting of the Virginia  
4 Racing Commission to order.

5           I'd note that with only three of us here, we do  
6 have a quorum, but there will be three present.  
7 Unfortunately, Commissioner Miller and Commissioner  
8 Steger are not going to be able to join us this  
9 morning so they are absent, but we have enough of us  
10 to do business.

11           Before we get into the body of the agenda, which  
12 I trust is going to be fairly routine this morning,  
13 I'd just like to make a couple comments on what is  
14 probably really on all of our minds here this  
15 morning is what I see as a major change of course  
16 and a huge breakthrough for Virginia's horse racing  
17 and breeding industry, and that, of course, was the  
18 signing last week by the governor of our historic  
19 horse racing bill, and I wanted to take just a  
20 couple of minutes just to recognize that and to  
21 thank, just looking around the room, virtually  
22 everybody in this room who put good, hard work, long  
23 hours, long days, weeks and months into taking  
24 advantage of the opportunity that was placed in  
25 front of us this winter in the session of the

1 General Assembly. Certainly the stars seem to have  
2 been aligned. This is historic in nature and in the  
3 direction that I think will enable us to go forward.

4 I believe that it does signal the quickly  
5 emerging regrowth of this traditional Virginia  
6 industry and I couldn't be more excited. So thanks  
7 to all of you for the work you put in.

8 Of course, our thanks to the governor for his  
9 attention and support of this initiative, along with  
10 all of the members of the General Assembly who  
11 supported us, particularly Delegate Michael webber,  
12 who introduced the bill and has been incredibly  
13 supportive and instrumental all the way along.

14 We as a Commission now face the task of writing  
15 rules and regulations for this. Most of you are  
16 familiar with the directive issued by the governor  
17 last week. We will be engaged and in fact we are  
18 already engaged through our executive secretary and  
19 outreach to the administration.

20 We will be reaching out to members of the  
21 industry through Virginia Equine Alliance and others  
22 that we will want to coordinate with, including in  
23 the communities where the activity will be taking  
24 place.

25 We want to be coordinated and comprehensive in

1 the way we write these rules. We want to be  
2 coordinated and comprehensive in our communications  
3 as we go through the process. We look forward to  
4 it.

5 We may be reaching out for expertise through  
6 other sources, but our determination is to get this  
7 right and do it in the very best possible way for  
8 the Commonwealth. I couldn't be more excited about  
9 the opportunity that's in front of us.

10 I will ask my fellow commissioners during the  
11 commissioners' comment period if they want to opine  
12 on any aspect of this and we look forward to working  
13 with all of you to take this through the next series  
14 of successful steps. Again, congratulations to all  
15 of you on this historic achievement.

16 Now on to the agenda. The approval of our  
17 December 14th meeting minutes is under Tab One.  
18 Either of my colleagues have any questions or  
19 modifications to them?

20 COMMISSIONER REYNOLDS: I vote they be accepted.

21 COMMISSIONER SIEGEL: I second.

22 CHAIRMAN VAN CLIEF: Thank you very much. Any  
23 opposed? No. Minutes are approved.

24 Now new business. The first two items of new  
25 business deal with the Gold Cup, and I would ask our

1 chairman, Dr. Allison, if he has any comments before  
2 we get to the required approvals.

3 DR. ALLISON: Mr. Chairman, things are moving  
4 smoothly. The sales are a little behind, but we  
5 think with a good weather forecast we'll exceed last  
6 year.

7 I did want to mention this time and period in  
8 which we live. Very seldom there's any good news.  
9 I want to comment that as recently as five years  
10 ago, after the races, the sheriff and I would go  
11 through all of the arrests and misbehavior and it  
12 would be like three pages on a legal pad.

13 The last two races the sheriff and I met and  
14 there wasn't a single incident that had to be  
15 reported and I just think that is good news that  
16 people know that racing can be a wonderful place for  
17 family and not to worry about any type of  
18 misbehavior.

19 CHAIRMAN VAN CLIEF: Thank you for sharing that,  
20 and personally being a fan of the Gold Cup and the  
21 beauty and excitement of the event, you do draw a  
22 very attractive demographic. Everybody should know  
23 that, and I'm not surprised that it's a well behaved  
24 group as well. It draws a good crowd. A big one in  
25 fact. Thank you.

1           So under Tab Two, we have an application for a  
2           limited license from the Virginia Gold Cup  
3           Association. Mr. Lermond, any comments or  
4           background on this one?

5           MR. LERMOND: Thank you, Mr. Chairman. On  
6           February 5, 2018, the Gold Cup Association applied  
7           for a limited license to conduct horse racing with  
8           pari-mutuel wagering privileges to be contested on  
9           May 5, 2018 and October 27, 2018 in accordance with  
10          the code of Virginia.

11          As always, the Gold Cup's application was not  
12          only complete, but well put together. Staff has  
13          reviewed it. We did not have any problems with any  
14          of the contents. At the end of the staff report,  
15          there are two recommendations and they are normally  
16          pretty standard when we issue a license.

17          I do want to call your attention to condition  
18          number one. It talks about the Commission's  
19          March 20th meeting. That was the meeting, of  
20          course, that the water main broke and we could not  
21          have the meeting. So where it says March 20th, I  
22          want to insert the day April 18th, and I would --  
23          Mr. Chairman, if you want, I could go ahead and read  
24          the conditions and then seek a motion if you'd like  
25          to do that.

1           CHAIRMAN VAN CLIEF: Thank you. I think that  
2 would be great. I think it would be a good idea to  
3 go ahead and read verbatim both of the conditions,  
4 one and two, because I'll ask that that be part of  
5 the motion.

6           MR. LERMOND: Okay. So staff recommend that a  
7 limited license be granted in calendar year 2018 to  
8 the Virginia Gold Cup Association with the following  
9 two conditions.

10           Number one, horse racing with pari-mutuel  
11 wagering shall be operated in accordance with all  
12 representations, plans and specifications as  
13 submitted in the application and as described in the  
14 Virginia Racing Commission's April 18th meeting, and  
15 the licensee shall not deviate materially from these  
16 representations, plans and specifications without  
17 prior consent of the Commission.

18           Two, the horse racing pari-mutuel wagering shall  
19 be operated in accordance with all applicable state  
20 and federal statutes and regulations, the  
21 regulations of the Commission and all local  
22 ordinances.

23           I would seek a motion for approval with these  
24 two conditions.

25           COMMISSIONER REYNOLDS: I'll make that motion.



1           COMMISSIONER SIEGEL: I'll second it. I just  
2 have one question. Is this consistent with last  
3 year's motion from a similar event?

4           MR. LERMOND: Yes. It is.

5           COMMISSIONER SIEGEL: No major changes?

6           MR. LERMOND: No. Those are just two standard  
7 conditions. Duncan and I have spoken about it.

8           CHAIRMAN VAN CLIEF: These conditions are  
9 virtually identical to at least the last couple of  
10 motions we made for licensing. I vote aye and the  
11 motion passes unanimously.

12           Next up, Mr. Lermond, will you take us through  
13 the application for officials? That's Tab Three, by  
14 the way.

15           MR. LERMOND: Under Tab Three is the list of  
16 race officials submitted by the Gold Cup. By  
17 regulation, the Commission is required to approve  
18 the list of racing officials for any racing that  
19 occurs in Virginia for pari-mutuel wagering.

20           The names on this list are getting very familiar  
21 to me and my staff at this point because there seem  
22 to be the same good, qualified individuals that  
23 appear on this list each year.

24           I would also remark that included on this list  
25 are the three stewards. The Racing Commission is

1 also required to approve the three stewards;  
2 however, the three stewards are employees of the  
3 Commission, not employees of the Gold Cup.

4 So I would at this time, I would seek a motion  
5 to not only approve the list of racing officials  
6 submitted by the Gold Cup, but in addition, the  
7 three stewards that are also presented on this list.

8 CHAIRMAN VAN CLIEF: Okay. I will make the  
9 motion to approve the officials as set forth and  
10 note in the content of the motion that there is a  
11 separate jurisdiction that we are appointing the  
12 stewards. The Commission is appointing the stewards  
13 and we are approving the balance of the officials as  
14 requested by the Virginia Gold Cup. Okay. So I  
15 make that motion.

16 COMMISSIONER SIEGEL: Second.

17 CHAIRMAN VAN CLIEF: Thank you.

18 COMMISSIONER REYNOLDS: I vote aye.

19 COMMISSIONER SIEGEL: Aye.

20 CHAIRMAN VAN CLIEF: Thank you. The motion  
21 passes. Thank you very much.

22 Mr. Lermond, we will stick with you.

23 MR. LERMOND: Okay.

24 CHAIRMAN VAN CLIEF: Under Tab Four, we are  
25 going to consider some changes to the code. Dave,

1 do you want to take us through that as well, please?

2 MR. LERMOND: Thank you. This is something that  
3 the staff has been talking about for the last couple  
4 years, and it has to deal with the fact that the  
5 code of Virginia states that when someone applies  
6 for a license, they are to be fingerprinted and we  
7 run state and FBI checks based on those  
8 fingerprints.

9 The regulations, for some reason, carry that a  
10 step further and say not only are they fingerprinted  
11 initially, but also every five years thereafter.  
12 There are a couple reasons that I'd like to delete  
13 the every five years thereafter part of this.

14 One, a great example, is the list of officials  
15 that you just approved. These are volunteers that  
16 work very hard for the Gold Cup at no pay and  
17 they're all very qualified people.

18 Next year, every single person on that list  
19 would have to have a fingerprint card mailed to  
20 them, they'd have to go to the police department,  
21 have their fingerprints taken, mail them back to us  
22 and there would also be a cost of \$25 per person  
23 that the Gold Cup would have to absorb. I just  
24 don't feel this is really a necessary thing for  
25 these individuals.

1           Another great example would be horse owners.  
2           Five years ago when Colonial shut down, there were a  
3           number of owners and trainers that had to get  
4           licensed specifically just to run at the Gold Cup.  
5           So they paid \$50 for their license to run two days,  
6           and five years later, we're going to require them  
7           all to do the same thing; take the fingerprint card,  
8           go to the police station, send it back.

9           So those are the groups of people that we  
10          envision not requiring the every five year  
11          fingerprint.

12          The last paragraph, the last sentence in the  
13          paragraph that we're changing does say the  
14          Commission at its discretion may require  
15          fingerprints from any applicant or holder of a  
16          permit at any time.

17          Chairman Van Clief and I had spoken about this  
18          previously and he wanted me to make sure if we  
19          approve this rule that I would make it clear what  
20          the policy would be going forward if this rule is  
21          accepted.

22          So we've talked about it with staff and what we  
23          feel is that anyone who works at an OTB, that would  
24          be a teller, wagering coordinator, manager, someone  
25          that will handle money, tellers at hopefully

1 Colonial Downs very soon, anybody that would work in  
2 the money room and probably the mutuel manager would  
3 all be fingerprinted every five years.

4 Additionally, I'm happy to say that anybody that  
5 works with historical horse racing would also have  
6 to have the five year requirement.

7 When it comes to trainers, I think that is one  
8 where we would maybe go case-by-case. When a  
9 trainer applies for a license, you can see whether  
10 they've had a clean record or they've been in a lot  
11 of trouble. I think if someone had been in a lot  
12 of trouble, we could say we'd like to get your prints  
13 this year.

14 But I just think this is -- it makes good sense  
15 and it's something that the staff really feels  
16 strongly about and I talked to Frank and his  
17 horsemen are in favor of it and Dr. Allison, of  
18 course, is in favor of it.

19 I would also draw your attention to Paragraph B.  
20 Since we were changing these regulations, I wanted  
21 to put the words "or with a credit card" when it  
22 talks about a payment. These regulations were  
23 written a long time ago before credit card use was  
24 so prevalent and I think it just makes sense to put  
25 that in there.

1           Duncan has reviewed these changes. He feels  
2 they're acceptable and would still be in compliance  
3 with the code and I would request a motion to adopt  
4 these as final amendments to 11VAC10-60-10, and I'll  
5 be happy to answer any further questions.

6           CHAIRMAN VAN CLIEF: Thank you. I don't see too  
7 much controversial about bringing this in to the  
8 20th if not 21st century of credit card use, but I  
9 think we in our previous conversations, Dave and I  
10 debated the five year interval for fingerprinting  
11 and I think we're trying to walk a line between  
12 creating a user-friendly environment, licensing  
13 environment for our horsemen, and those who come  
14 into the state to race and participate, while at the  
15 same time identifying categories of employees who  
16 are in particularly sensitive -- especially dealing  
17 with cash and monetary instruments -- to make sure  
18 that we are constantly doing what we can to  
19 guarantee the public that what we do maintains the  
20 highest levels of integrity.

21           So I think we are headed in the right direction  
22 with this balance, but I would ask my fellow  
23 commissioners to make sure they're happy and  
24 understand and are satisfied with the solution that  
25 is being proffered here.

1 COMMISSIONER REYNOLDS: I'm for it.

2 COMMISSIONER SIEGEL: I agree.

3 COMMISSIONER REYNOLDS: I'd like to propose that  
4 we accept the amended regulations 11VAC10-60-10 and  
5 we approve those.

6 CHAIRMAN VAN CLIEF: I'll second that. None are  
7 opposed. The motion passes. Dave, thank you very  
8 much.

9 Next up is request for the approval of the 2018  
10 Virginia-bred restricted race funding at Laurel, and  
11 I believe Mr. Petramalo is going to brief us on that  
12 this morning.

13 MR. PETRAMALO: Yes. Thank you, Mr. Chairman.  
14 What we're seeking approval for is our series of  
15 Virginia-bred races that in the past we've run at  
16 Laurel. We'd like to run them at Laurel again this  
17 year.

18 It's a series of 13 Virginia-bred stakes races  
19 that we race over three days. Let me make sure I  
20 get the dates correct. Saturday, June 23rd will run  
21 the same four stakes races that we ran last year.  
22 Saturday, August 4th, again, the same stakes races  
23 we ran for that day, and then on Saturday,  
24 September 22nd, we will run five races. The extra  
25 race on that Saturday is a two-year-old race and

1 we've added a slight modification to that race.

2 It's the Jamestown and it used to be open to  
3 two-year-old Virginia-breds. We are expanding it  
4 this year to make eligible our Virginia-certified  
5 horses. This would be the first year that we would  
6 have two-year-olds under the certification program  
7 who would be eligible to race.

8 So what we're doing in that race, however, is  
9 preferring Virginia-bred horses over  
10 Virginia-certified horses. So if we get six  
11 Virginia-bred entries, that closes them. However,  
12 if we get less than six, then it's open to  
13 Virginia-certified horses.

14 Tied to that, we've added a maiden race in  
15 August for Virginia that would be open to  
16 Virginia-certified horses, so that they would have  
17 the opportunity to get a race under their belt  
18 before coming in and running the stakes race.

19 To give you the numbers, I think we should have  
20 it in the memo in your packet, but it basically is  
21 the VHBPA's request to spend \$1,085,000 from the  
22 purse account allocated among those races.

23 Now, let me quickly add that we would also  
24 request that the Virginia state Breeders Fund  
25 contribute 10,000 per stakes race for a total of



1 130,000, which is the same as was done last year.  
2 Basically, we put up 65,000 for the stakes race and  
3 then the Breeders Fund puts in 10,000.

4 Two differences this year. We do not propose to  
5 run our graded stakes races which are open to all  
6 horses. They are the Commonwealth Derby for  
7 three-year-olds and the Commonwealth Oaks for  
8 three-year-old fillies. We are not going to run  
9 them this year. We are going to save the money and  
10 hopefully run them next year here in Virginia at  
11 Colonial Downs.

12 The other new feature here is we've created a  
13 bonus program for owners and trainers who compete in  
14 this three days of Virginia stakes races.

15 We propose a \$20,000 bonus for trainers and a  
16 \$20,000 bonus for owners based on the number of  
17 points they accumulate racing on those three days.  
18 For example, if you win a race, you get five points.  
19 You come in second, you get four points.

20 What we do is spread that \$20,000 out as  
21 follows. Use my colleague, Stephanie Nixon, as an  
22 example here.

23 MS. NIXON: Oh, gosh.

24 MR. PETRAMALO: You're going to win money here.  
25 For example, with regard to a trainer bonus. A

1 trainer accumulating the most points \$10,000;  
2 second, \$4,000; third, 3,000; fourth, \$2,000, and  
3 fifth, 1,000, and same with respect to the owner.  
4 A \$20,000 bonus for them.

5 So we also ask for your permission to include  
6 that in the amount of money that we're taking from  
7 our purse account and allocating it to those  
8 Virginia races. By the way, the 40,000 is included  
9 in the number I gave you, the 1,085,000, and I think  
10 that takes care of all of the elements.

11 But in addition, excuse me. Let me add this.  
12 In addition to stakes races, there are five  
13 Virginia-bred -- including one Virginia-certified --  
14 maiden races. The purses will be 40,000. Last  
15 year, we ran the same races, but I think the purses  
16 were 30,000. We bumped them up to 40,000 to make  
17 them coincide with the maiden special purse level at  
18 Laurel for Maryland horses. But again, all of those  
19 are in the budget of \$1,085,000.

20 CHAIRMAN VAN CLIEF: Thank you very much. With  
21 the deletion of the graded stakes this year, I take  
22 it that we can skip a year and maintain those  
23 grades? Has the Graded Stakes Committee confirmed  
24 that?

25 MR. PETRAMALO: That's what I've been advised.

1           COMMISSIONER SIEGEL: Okay. Might want to  
2 confirm that.

3           MR. PETRAMALO: I will. I believe, if I'm not  
4 mistaken, the MJC racing secretary confirmed that  
5 and she sits on the Graded Stakes Committee, but I  
6 will reach out.

7           CHAIRMAN VAN CLIEF: That's my understanding. I  
8 assume that is the case, but I thought we would make  
9 sure after all the effort and money we spent to  
10 preserve those grades the last few years.

11          MR. PETRAMALO: Yes.

12          CHAIRMAN VAN CLIEF: So essentially then, we're  
13 looking at a program very similar to last year,  
14 although number one, we're going to take a vacation  
15 from our graded stakes if we can do that and still  
16 preserve the grade.

17          Number two, you've included two-year-old races  
18 in the certified category for the first time, and  
19 thirdly, you have instituted a bonus program for  
20 trainers and owners, and lastly, there's been a  
21 slight bump up in certain purse categories. Have I  
22 got that right?

23          MR. PETRAMALO: Yes.

24          CHAIRMAN VAN CLIEF: Great. No further  
25 questions for me. Gentlemen.

1           COMMISSIONER REYNOLDS: One question. You  
2 answered two of the questions I had in your  
3 presentation, so thank you for that. The \$1,085,000  
4 coming out of your purse account, are you  
5 comfortable that leaves enough of a balance for you  
6 all to do things going forward for a while?

7           MR. PETRAMALO: Yes. Yes.

8           CHAIRMAN VAN CLIEF: What is that balance?

9           MR. PETRAMALO: I should have checked it  
10 yesterday. It's in excess of \$4 million. It's  
11 probably 4.2 or 4.3. Something like that.

12          COMMISSIONER REYNOLDS: I think that's pretty  
13 healthy, relatively speaking. Okay. That's the  
14 only question I had. Thank you.

15          MR. LERMOND: Mr. Chairman, a point of  
16 clarification. The 10,000 that Frank spoke about,  
17 the \$10,000 per race from the Breeders Fund, we will  
18 address that in the next agenda.

19          CHAIRMAN VAN CLIEF: Thank you. So this motion  
20 then is to approve the 1,085,000 from the purse  
21 fund. I'll make the motion that we approve that as  
22 set forth by Mr. Petramalo.

23          COMMISSIONER SIEGEL: I'll second that.

24          COMMISSIONER REYNOLDS: I'll vote yea.

25          CHAIRMAN VAN CLIEF: Thank you very much. Now

1 on to the Virginia Breeders Fund expenditures, the  
2 130,000. I'm not sure we need any additional  
3 explanation for that and I will also make a motion  
4 that we approve the 130,000 from the funds also as  
5 set forth in Mr. Petramalo's briefing.

6 COMMISSIONER REYNOLDS: I'll second it.

7 MR. LERMOND: There's another part to it. Under  
8 Tab Six of your books, these are based on the  
9 recommendation of the Virginia Thoroughbred  
10 Association, Breeders Fund Committee and also has  
11 the approval of the board of directors, and the  
12 following expenditures are being requested for 2018.

13 Number one, up to 60,000 for a Virginia-bred 100  
14 percent owners bonus program on all non-restricted  
15 races contested at the Gold Cup and International  
16 Gold Cup races at Great Meadow race course for  
17 horses finishing fifth through sixth with a cap of  
18 \$10,000 per award.

19 As Mr. Chairman just said, the 130,000 for purse  
20 contributions to 13 Virginia-bred stake races to be  
21 contested in Maryland. Each race will have a total  
22 purse of 75,000, consisting of 65,000 from the HBPA  
23 and 10,000 from the Virginia Breeders Fund.

24 COMMISSIONER REYNOLDS: Mr. Lermond, I believe  
25 when you read the first part you said finishing

1 fifth through sixth.

2 MR. LERMOND: I'm sorry.

3 COMMISSIONER REYNOLDS: Doesn't that mean first?

4 MR. LERMOND: Yes. Absolutely. First through  
5 sixth.

6 COMMISSIONER REYNOLDS: Okay.

7 MR. LERMOND: Thank you.

8 CHAIRMAN VAN CLIEF: Then I'll modify my motion  
9 to include both points one and two, the up to  
10 \$60,000 for the Gold Cup and the 130,000 as we  
11 discussed before.

12 COMMISSIONER REYNOLDS: I'll second that motion.

13 CHAIRMAN VAN CLIEF: Thank you. Any opposed?  
14 Motion carries. Thank you very much.

15 That takes care of new business at this point  
16 and Mr. Hannum, you're up.

17 MR. HANNUM: Great. Thank you, Mr. Chairman.  
18 Before I get in to my report, thank you for your  
19 comments at the beginning of the meeting regarding  
20 what we hope is going to be a new and exciting path  
21 forward for the industry based on the governor  
22 signing HB 1609, and I just wanted to acknowledge  
23 that we look forward to working with the Commission.  
24 We are enormously excited about it and I wanted to  
25 point out the hard work that Debbie Easter

1 contributed personally. She did above and beyond.  
2 Unfortunately, she's not here today, but I just want  
3 to point that out and have that reflected in the  
4 record because Debbie just did an extraordinary job  
5 helping with the passage of that bill.

6 My experience to date with the Revolutionary  
7 Racing group has been nothing but positive. They're  
8 very professional, they're very serious. They have  
9 just been very good to work with in all regards and  
10 we look forward to continuing that partnership. So  
11 we're excited to be working with them, and as I  
12 said, the Commission itself, so thank you,  
13 Mr. Chairman.

14 Moving to the VEA report, I wanted to let you  
15 all know that we met -- my first item is the  
16 Shenandoah Downs planning meeting. We had a  
17 planning meeting back on March 2nd. Tom Eshelman,  
18 the general manager of the fair is here today, and  
19 it was the VEA the VHHA and the fair committee. Tom  
20 was there, obviously, with representatives of the  
21 fair board. This is something we started to do on  
22 an annual basis and is helpful to get things  
23 organized for the race meet ahead.

24 I'll just touch on a couple of points.  
25 Obviously, our racing schedule for 2018 is pending

1 Racing Commission approval, but I'll speak to these  
2 matters with that caveat.

3 I think one of the significant changes for this  
4 year which we will propose to the Commission will be  
5 just a slight tweak to the racing schedule. The  
6 first weekend will be September 15th and 16th, which  
7 will be the same weekend that we started when we had  
8 the races last year.

9 We will have two non-betting days. So moving  
10 ahead in this calendar it will be presented to you  
11 more formally when we propose our application. But  
12 we propose to have a non-betting day in early  
13 October on a Monday, which would be the qualifying  
14 day for the Virginia-bred horses for their stakes  
15 races, which would be then the following Sunday.

16 We are also going to have a Friday day, so the  
17 last weekend of the meet, we will race on Friday,  
18 October 12th, Saturday, October 13th and Sunday  
19 October 14th will be a non-betting day. Those will  
20 be the stakes races for the harness horses.

21 So it's a little bit of a tweak. We wanted to  
22 experiment with a Friday and we felt doing it on the  
23 last weekend made the most sense and then the  
24 weekend will wrap up on Sunday with the stakes  
25 races. So we'll see how that goes.



1           This will be our third meet at Shenandoah. We  
2 found that attendance is robust on Saturdays. It  
3 tends to fall off on Sundays, so we want to tweak  
4 the calendar a little bit and see what kind of turn  
5 out we get on a Friday and maybe we look to doing  
6 more Fridays going forward, so we will keep you  
7 posted on that.

8           One of the other items we discussed was the lay  
9 out of the back side. That's particularly important  
10 for horsemen and for safety concerns. We felt that  
11 the barns out in the back field of the parking area  
12 worked well for us. That was a less congested back  
13 side than we had on our first meet, so we will have  
14 that general blueprint.

15           One change will be moving the Racing Commission  
16 testing area out of what they call the Lilly  
17 Building and are going to move it to a separate area  
18 which will be more secure and just a little bit less  
19 traffic. So the horses will come off, go to a new  
20 section for testing, as opposed to going back to the  
21 paddock area. So we think that will work better for  
22 Dave and his team.

23           We also spent some time talking about a  
24 five-year plan. So throwing out ideas for other  
25 improvements to the facility that would benefit

1 horsemen. I think this is particularly important  
2 based on HB 1609, which would hopefully maybe  
3 provide additional resources in the years to come  
4 for these sort of things.

5 One of the things we talked about is perhaps  
6 building permanent barns. Right now, we have most  
7 of the horses in temporary stabling which works well  
8 for us, but it is a long meet and we are vulnerable  
9 to weather at that time of year and we have been  
10 lucky, but obviously the more horses we can have in  
11 permanent barns, the better. We looked at a couple  
12 scenarios where we could build some barns, and  
13 obviously, anything we can do we want to do it so  
14 it's helpful to the fair as well.

15 We talked about signage on Route 81. Clearly  
16 it's a great opportunity to promote the races for  
17 traffic on that highway so we looked at that and  
18 then some other things with wash areas for horses  
19 and things like that.

20 So that's something we'll continue to talk about  
21 with the VHHA and the fair and the VEA just wants to  
22 be as supportive as we can and we want to have the  
23 horsemen to have as good of facilities as we can  
24 afford. So those are just some of the highlights on  
25 the Shenandoah meet.

1           Again, all of this will be formally submitted in  
2 June or July and we look forward to working with Tom  
3 Eshelman and his team at the fair on another good  
4 meet. So I'll pause there if there are any  
5 questions.

6           Tom, who is there behind me, feel free to speak  
7 if you want to on anything from the fair  
8 perspective.

9           COMMISSIONER REYNOLDS: I have one question.

10          CHAIRMAN VAN CLIEF: Yes.

11          COMMISSIONER REYNOLDS: I think you expanded on  
12 it a little bit. You said there will be a couple of  
13 non-betting days and the first one was because maybe  
14 there were qualifiers for stake races coming up and  
15 then there was another non-betting day on a Friday?

16          MR. HANNUM: Yes. So in a ten-day -- so we will  
17 have ten -- our meet will be ten days, and as I  
18 understand it, in the harness racing, ten-day meet  
19 horses that win a race in a ten-day meet can still  
20 qualify for a maiden race at another meet. So if  
21 you go beyond ten days of pari-mutuel racing, a  
22 maiden win then carries forward forever.

23                 So for the time being, the VHHA wants to keep  
24 the meet to ten pari-mutuel days.

25                 The pool of Virginia-bred horses is quite small

1 right now, so by having the qualifiers and the  
2 stakes races on non-betting days, we can have extra  
3 days which don't jeopardize our ten-day pari-mutuel  
4 meet and we can have the races for the  
5 Virginia-breds, but we know that those field sizes  
6 are going to be quite small; two or three horses,  
7 four horses. So it seemed to make sense to do those  
8 on non-betting days and then we don't have the short  
9 fields and we're not offering a betting product that  
10 isn't very appealing.

11 So we're going to try that. So it would be  
12 Monday would be the qualifying day on October 8th  
13 and then Sunday the 14th would be the finals for  
14 those races. So we'll see how that goes. So that  
15 was the idea behind it.

16 COMMISSIONER REYNOLDS: That makes sense. Thank  
17 you.

18 CHAIRMAN VAN CLIEF: Question. I may have  
19 missed it, but you're contemplating adding new  
20 barns. Are you thinking of construction this year  
21 or is that -- I think it's a great sign if you're  
22 already looking at some more capital improvements.

23 MR. HANNUM: We're not right now, Mr. Chairman.  
24 The idea when we talked on the 3rd was to look at  
25 the grounds, see where a barn could go or a larger

1 barn, how would that affect the fair, how could they  
2 utilize the facility as well. So we're just getting  
3 that conversation going.

4 No commitments have been made, no money has been  
5 allocated, but it would be something we would want  
6 to do and start to plan for. So it's just the first  
7 discussion we really had as a group and with the  
8 fair, importantly. I'm not sure where we're going  
9 to go with it. Right now, there is a barn there.  
10 I think it's 12 or 24 stalls.

11 MR. ESHELMAN: Twenty-four stalls.

12 MR. HANNUM: Twenty-four stalls. So maybe we do  
13 one or two smaller barns as opposed to a large one.  
14 We'll have to look at that, but I think ultimately  
15 that's sort of what we need to do. I just worry  
16 from a planning point of view to have all those  
17 temporary stalls up over five weekends is an awfully  
18 long time in the fall and we could have a lot of  
19 rain or any sort of weather.

20 CHAIRMAN VAN CLIEF: If you're adding more  
21 permanent capacity, that's a great sign. That  
22 sounds very positive.

23 MR. HANNUM: Yes. Thank you. So I'll move on  
24 from Shenandoah to talk about the OTBs.

25 We opened our fourth OTB in Collinsville on

1 March 3rd, so I'll speak to that for a moment. We  
2 call that site the windmill and it has been doing  
3 well.

4 When we originally were planning it, we thought  
5 that the activity might be quiet on Mondays,  
6 Tuesdays. That's been the case, so handle has been  
7 significantly lower at that site on Mondays and  
8 Tuesdays than it is in Richmond and the Richmond  
9 sites and the Chesapeake and we sort of anticipated  
10 that, but we wanted to continue with the  
11 seven-day-a-week schedule through the Triple Crown  
12 races and then after the Triple Crown, we may cut  
13 back and go to a five-day-a-week schedule. So we're  
14 looking at that.

15 In March, handle in Collinsville was almost a  
16 half million dollars. On Thursdays, Fridays and  
17 Saturdays, they tend to do as well as our other  
18 OTBs; handle \$30,000 or \$40,000 so that's  
19 encouraging, but on the quieter race days things  
20 fall off a little bit. So we'll evaluate what the  
21 appropriate schedule is for Collinsville, but we are  
22 pleased with that.

23 We have a really very good crew down there.  
24 Jason Whitler, who is our OTB manager, is here  
25 today, did a great job getting the site up and

1 running on schedule and getting all the staffing in  
2 place that we needed.

3 So I'll pause there. I've asked Darryl wood to  
4 speak about some of the marketing activity at  
5 collinsville and then Darryl will touch on some of  
6 the things that we're planning for the Kentucky  
7 Derby.

8 MR. WOOD: Thanks, Jeb. Like Jeb just said, the  
9 focus right now is to try to take advantage of the  
10 Triple Crown series coming up. We hope to introduce  
11 as many first-time players on Derby day as we can.

12 With the four sites, we're really putting  
13 emphasis on the Shockoe Bottom site, Ponies & Pints,  
14 and the new one, the windmill, because they've got a  
15 bigger area that we can have parties at that include  
16 either a disc jockey live music, big fancy hat  
17 contests.

18 At Ponies & Pints, we're in the parking lot. We  
19 had a great party last year. We are hoping to max  
20 out the space that will force us to have a street  
21 festival next year instead of just a parking lot.

22 In collinsville, we are going to use every  
23 aspect of the main ballroom of the first floor of  
24 the hotel. The betting center is on the second  
25 floor. In the ballroom, we're going to have live

1 TVs, a betting station, a live band, kind of the  
2 same deal. So we are really using TV and radio.  
3 Big social media campaign in North Carolina,  
4 Greensboro, Highpoint, Winston-Salem to get those  
5 folks out to the window for Derby day.

6 At Breakers in the west end of Richmond and  
7 Chesapeake, it's more of managing the crowd. We are  
8 inside the building in both places and just to give  
9 people a good experience.

10 Even at Ponies & Pints, we're looking to keep  
11 the momentum going. We've got a beer festival  
12 planned in the parking lot on Preakness day and on  
13 Belmont day and hopefully with the Triple Crown  
14 we'll be doing a bourbon whiskey-type festival in  
15 the parking lot. So really ramping up for that  
16 right now.

17 Some of the events we've been doing at the OTBs  
18 this year. We're about to institute somewhat of a  
19 player rewards program where we can recognize the  
20 biggest players at each site, make sure that they  
21 are recognized, taken care of, whether it be  
22 complimentary food and beverages, free programs,  
23 things like that. We have three or four different  
24 levels for that.

25 we're offering free programs Wednesday at



1 Breakers in Richmond and Thursday at Ponies & Pints  
2 and seeing if it will result in more handle if we  
3 can keep players around an extra hour betting if  
4 they buy different programs on top of the tracks  
5 that we're offering for free. Seeing if we can grow  
6 the handle that way some.

7 we're doing poker at Breakers on Tuesday nights,  
8 bringing in 30, 35 people every Tuesday now,  
9 introduce them into horse racing.

10 we're doing handicapping contests probably every  
11 other Saturday system-wide. We're offering \$500 in  
12 prize money. It has developed quite a following now  
13 and the handle at Buckets last Saturday was \$68,000  
14 when we did it. We had 90 people play so that's  
15 growing. We want to carry that even to a higher  
16 level later this year as well.

17 Just trying to take advantage of the big races  
18 coming up.

19 CHAIRMAN VAN CLIEF: Thank you very much. Dave,  
20 could we make sure that those of us on the  
21 Commission are getting some regular reporting on  
22 these numbers so it's in front of us a little more  
23 frequently so we can track the progress in terms of  
24 growth, handle, attendance, whatever is available,  
25 that we can take a look at on a regular basis?

1 MR. LERMOND: I did actually have a report but  
2 it was completed in the last day or two and Jeb did  
3 not have a chance to look at it and I didn't think  
4 it was fair to present it at this meeting, but I  
5 think it was Commissioner Siegel's suggestion that  
6 we do that, so Ron put together a nice comparison  
7 sheet. I'll give it to you after the meeting.

8 CHAIRMAN VAN CLIEF: Terrific.

9 MR. LERMOND: Going forward, that will be  
10 included in the books and everyone else will have it  
11 as well.

12 CHAIRMAN VAN CLIEF: Great. Thank you. No  
13 hurry, but I just thought it would be nice if we  
14 could be plugged in to those numbers. Thank you.

15 MR. HANNUM: So that's my report, Mr. Chairman.

16 CHAIRMAN VAN CLIEF: Thank you, Mr. Hannum.  
17 Good report. At this point, we have an opportunity  
18 for public comment. Is there anybody in the room  
19 who hasn't spoken or for that matter has already  
20 spoken that would like to speak again? Any comments  
21 of any sort, we'd be happy to take them.

22 (NOTE: There is no response.)

23 CHAIRMAN VAN CLIEF: Okay. Thank you very much.  
24 Commissioners comments. Gentlemen, any  
25 additional comments you'd like to make at this

1 point? Observations?

2 COMMISSIONER REYNOLDS: Yes. Mr. Chairman, I  
3 just wanted to comment and reiterate all of the  
4 comments that you made at the beginning of the  
5 meeting. I feel exactly the same way.

6 I was able to get involved and help a little bit  
7 here and there, but thanks to the VEA and all of you  
8 for what you did to get this through. I think it's  
9 a tremendous opportunity for us going forward to  
10 revitalize and grow our industry here.

11 I know that the Commission has got a big task  
12 ahead of us to get the regulations right and right  
13 by the Executive branch and the people of Virginia.

14 The one thing I will particularly have my eye on  
15 as we put these regulations together is that a lot  
16 of this, we want to get live racing back to Colonial  
17 Downs and I'm going to want to make sure that we as  
18 a Commission do what we can to get the regulations  
19 right and maximize the live racing experience at  
20 Colonial Downs.

21 There are lots of things that go in to that. We  
22 want as much live racing as is practical that we can  
23 afford, that we attract the right horses. I don't  
24 know what that number is, but I will have a  
25 particular eye on making sure we allow

1 the new stakeholder to come in and have the  
2 opportunity to come in and proffer off of historical  
3 gaming and that the entire Commonwealth profits off  
4 of that as well.

5 So I want to make sure that we have the  
6 maximized live racing experience for not only our  
7 stakeholders but for racing fans who have been  
8 without live Thoroughbred racing in this  
9 Commonwealth since 2013, I believe.

10 So I look forward to working with my fellow  
11 commissioners on that with particular emphasis on  
12 the live racing component. With that, those are my  
13 comments.

14 CHAIRMAN VAN CLIEF: Thank you.

15 COMMISSIONER SIEGEL: I would echo what Sarge  
16 said. I think there's a lot of work to be done on  
17 the part of the horsemen as well as  
18 the new licensee, potentially, and this Commission,  
19 and I just would hope that you would keep us  
20 informed of that progress as that goes forward.

21 I think all of us would like to see racing as  
22 soon as practical without going too quickly, and so  
23 we're here to cooperate in any way we can to make  
24 sure that occurs in an appropriate fashion and in a  
25 way that we can all be proud of.

1           CHAIRMAN VAN CLIEF: Thank you. I concur with  
2 both of my colleagues and one last observation on my  
3 part.

4           It has been three years now since the VEA was  
5 constituted and I think we are unique in American  
6 racing. There aren't any states elsewhere that I  
7 know of where all the parts: Owners, trainers,  
8 breeders, facility operators share one umbrella  
9 organization.

10          I'm not sure that the political success that  
11 we've enjoyed in recent weeks would have occurred or  
12 at least occurred as quickly as it has, had all of  
13 you not been operating as a single voice, as a  
14 single unit and with the integrity in your message  
15 and your actions the VEA has.

16          That just occurred to me when Mr. Hannum singled  
17 out Debbie Easter for well-deserved praise. She has  
18 led an organization that has been very successful  
19 and I think maybe succeeded beyond the original  
20 aspiration, so well done. You have hung together  
21 and I hope you will continue to do so because it has  
22 certainly born fruit. So thanks very much.

23          We do not need a closed session today, so I  
24 would welcome a motion to adjourn.

25          COMMISSIONER SIEGEL: So moved.

1                   COMMISSIONER REYNOLDS: I'll second that motion.

2                   CHAIRMAN VAN CLIEF: All right. Thank you very  
3 much. We stand adjourned and thanks to you all for  
4 your time this morning.

5

6                   NOTE: The meeting is adjourned.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 CERTIFICATE OF COURT REPORTER  
2

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

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

10 Given under my hand this 26th day of April, 2018.  
11

12 *Sandra G. Spinner*  
13 \_\_\_\_\_

14 SANDRA G. SPINNER

15 COURT REPORTER  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25