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

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

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

Before we get into the body of the agenda, which I trust is going to be fairly routine this morning, I'd just like to make a couple comments on what is probably really on all of our minds here this morning is what I see as a major change of course and a huge breakthrough for Virginia's horse racing and breeding industry, and that, of course, was the signing last week by the governor of our historic horse racing bill, and I wanted to take just a couple of minutes just to recognize that and to thank, just looking around the room, virtually everybody in this room who put good, hard work, long hours, long days, weeks and months into taking advantage of the opportunity that was placed in front of us this winter in the session of the
General Assembly. Certainly the stars seem to have been aligned. This is historic in nature and in the direction that I think will enable us to go forward.

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

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

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

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

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

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

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

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

COMMISSIONER REYNOLDS: I vote they be accepted.

COMMISSIONER SIEGEL: I second.

CHAIRMAN VAN CLIFÉ: Thank you very much. Any
opposed? No. Minutes are approved.

Now new business. The first two items of new
business deal with the Gold Cup, and I would ask our
chairman, Dr. Allison, if he has any comments before we get to the required approvals.

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

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

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

CHAIRMAN VAN CLIEF: Thank you for sharing that, and personally being a fan of the Gold Cup and the beauty and excitement of the event, you do draw a very attractive demographic. Everybody should know that, and I'm not surprised that it's a well behaved group as well. It draws a good crowd. A big one in fact. Thank you.
So under Tab Two, we have an application for a limited license from the Virginia Gold Cup Association. Mr. Lermond, any comments or background on this one?

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

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

I do want to call your attention to condition number one. It talks about the Commission's March 20th meeting. That was the meeting, of course, that the water main broke and we could not have the meeting. So where it says March 20th, I want to insert the day April 18th, and I would -- Mr. Chairman, if you want, I could go ahead and read the conditions and then seek a motion if you'd like to do that.
CHAIRMAN VAN CLIEF: Thank you. I think that
would be great. I think it would be a good idea to
go ahead and read verbatim both of the conditions,
one and two, because I'll ask that that be part of
the motion.

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

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

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

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

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

MR. LERMOND: Yes. It is.

COMMISSIONER SIEGEL: No major changes?

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

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

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

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

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

I would also remark that included on this list are the three stewards. The Racing Commission is
also required to approve the three stewards; however, the three stewards are employees of the Commission, not employees of the Gold Cup. So I would at this time, I would seek a motion to not only approve the list of racing officials submitted by the Gold Cup, but in addition, the three stewards that are also presented on this list.

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

COMMISSIONER SIEGEL: Second.

CHAIRMAN VAN CLIEF: Thank you.

COMMISSIONER REYNOLDS: I vote aye.

COMMISSIONER SIEGEL: Aye.

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

Mr. Lermond, we will stick with you.

MR. LERMOND: Okay.

CHAIRMAN VAN CLIEF: Under Tab Four, we are going to consider some changes to the code. Dave,
do you want to take us through that as well, please?

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

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

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

Next year, every single person on that list would have to have a fingerprint card mailed to them, they'd have to go to the police department, have their fingerprints taken, mail them back to us and there would also be a cost of $25 per person that the Gold Cup would have to absorb. I just don't feel this is really a necessary thing for these individuals.
Another great example would be horse owners. Five years ago when Colonial shut down, there were a number of owners and trainers that had to get licensed specifically just to run at the Gold Cup. So they paid $50 for their license to run two days, and five years later, we're going to require them all to do the same thing; take the fingerprint card, go to the police station, send it back.

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

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

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

So we've talked about it with staff and what we feel is that anyone who works at an OTB, that would be a teller, wagering coordinator, manager, someone that will handle money, tellers at hopefully
Colonial Downs very soon, anybody that would work in the money room and probably the mutuel manager would all be fingerprinted every five years. Additionally, I'm happy to say that anybody that works with historical horse racing would also have to have the five year requirement.

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

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

I would also draw your attention to Paragraph B. Since we were changing these regulations, I wanted to put the words "or with a credit card" when it talks about a payment. These regulations were written a long time ago before credit card use was so prevalent and I think it just makes sense to put that in there.
Duncan has reviewed these changes. He feels they're acceptable and would still be in compliance with the code and I would request a motion to adopt these as final amendments to 11VAC10-60-10, and I'll be happy to answer any further questions.

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

So I think we are headed in the right direction with this balance, but I would ask my fellow commissioners to make sure they're happy and understand and are satisfied with the solution that is being proffered here.
COMMISSIONER REYNOLDS: I'm for it.

COMMISSIONER SIEGEL: I agree.

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

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

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

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

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

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

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

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

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

Now, let me quickly add that we would also request that the Virginia state Breeders Fund contribute 10,000 per stakes race for a total of
130,000, which is the same as was done last year. Basically, we put up 65,000 for the stakes race and then the Breeders Fund puts in 10,000.

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

The other new feature here is we've created a bonus program for owners and trainers who compete in this three days of Virginia stakes races. We propose a $20,000 bonus for trainers and a $20,000 bonus for owners based on the number of points they accumulate racing on those three days. For example, if you win a race, you get five points. You come in second, you get four points.

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

MS. NIXON: Oh, gosh.

MR. PETRAMALO: You're going to win money here. For example, with regard to a trainer bonus. A
trainer accumulating the most points $10,000; second, $4,000; third, 3,000; fourth, $2,000, and fifth, 1,000, and same with respect to the owner. A $20,000 bonus for them.

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

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

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

MR. PETRAMALO: That's what I've been advised.
COMMISSIONER SIEGEL: Okay. Might want to confirm that.

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

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

MR. PETRAMALO: Yes.

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

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

MR. PETRAMALO: Yes.

CHAIRMAN VAN CLIEF: Great. No further questions for me. Gentlemen.
COMMISSIONER REYNOLDS: One question. You answered two of the questions I had in your presentation, so thank you for that. The $1,085,000 coming out of your purse account, are you comfortable that leaves enough of a balance for you all to do things going forward for a while?

MR. PETRAMALO: Yes. Yes.

CHAIRMAN VAN CLIEF: What is that balance?

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

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

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

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

COMMISSIONER SIEGEL: I'll second that.

COMMISSIONER REYNOLDS: I'll vote yea.

CHAIRMAN VAN CLIEF: Thank you very much. Now
on to the Virginia Breeders Fund expenditures, the
130,000. I'm not sure we need any additional
explanation for that and I will also make a motion
that we approve the 130,000 from the funds also as
set forth in Mr. Petramalo's briefing.

COMMISSIONER REYNOLDS: I'll second it.

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

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

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

COMMISSIONER REYNOLDS: Mr. Lermond, I believe
when you read the first part you said finishing
fifth through sixth.

MR. LERMOND: I'm sorry.

COMMISSIONER REYNOLDS: Doesn't that mean first?

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

COMMISSIONER REYNOLDS: Okay.

MR. LERMOND: Thank you.

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

COMMISSIONER REYNOLDS: I'll second that motion.

CHAIRMAN VAN CLIEF: Thank you. Any opposed?

Motion carries. Thank you very much.

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

MR. HANNUM: Great. Thank you, Mr. Chairman. Before I get in to my report, thank you for your comments at the beginning of the meeting regarding what we hope is going to be a new and exciting path forward for the industry based on the governor signing HB 1609, and I just wanted to acknowledge that we look forward to working with the Commission. We are enormously excited about it and I wanted to point out the hard work that Debbie Easter
contributed personally. She did above and beyond.
Unfortunately, she's not here today, but I just want
to point that out and have that reflected in the
record because Debbie just did an extraordinary job
helping with the passage of that bill.

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

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

I'll just touch on a couple of points.
Obviously, our racing schedule for 2018 is pending
Racing Commission approval, but I'll speak to these matters with that caveat.

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

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

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

So it's a little bit of a tweak. We wanted to experiment with a Friday and we felt doing it on the last weekend made the most sense and then the weekend will wrap up on Sunday with the stakes races. So we'll see how that goes.
This will be our third meet at Shenandoah. We found that attendance is robust on Saturdays. It tends to fall off on Sundays, so we want to tweak the calendar a little bit and see what kind of turn out we get on a Friday and maybe we look to doing more Fridays going forward, so we will keep you posted on that.

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

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

We also spent some time talking about a five-year plan. So throwing out ideas for other improvements to the facility that would benefit
horsemen. I think this is particularly important
based on HB 1609, which would hopefully maybe
provide additional resources in the years to come
for these sort of things.

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

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

So that's something we'll continue to talk about
with the VHHA and the fair and the VEA just wants to
be as supportive as we can and we want to have the
horsemen to have as good of facilities as we can
afford. So those are just some of the highlights on
the Shenandoah meet.
Again, all of this will be formally submitted in June or July and we look forward to working with Tom Eshelman and his team at the fair on another good meet. So I'll pause there if there are any questions.

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

COMMISSIONER REYNOLDS: I have one question.

CHAIRMAN VAN CLIEF: Yes.

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

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

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

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

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

COMMISSIONER REYNOLDS: That makes sense. Thank
you.

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

MR. HANNUM: We're not right now, Mr. Chairman.
The idea when we talked on the 3rd was to look at
the grounds, see where a barn could go or a larger
barn, how would that affect the fair, how could they utilize the facility as well. So we're just getting that conversation going.

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

MR. ESHELMAN: Twenty-four stalls.

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

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

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

We opened our fourth OTB in Collinsville on
March 3rd, so I'll speak to that for a moment. We call that site the Windmill and it has been doing well.

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

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

We have a really very good crew down there. Jason Whitler, who is our OTB manager, is here today, did a great job getting the site up and
running on schedule and getting all the staffing in place that we needed.

So I'll pause there. I've asked Darryl Wood to speak about some of the marketing activity at Collinsville and then Darryl will touch on some of the things that we're planning for the Kentucky Derby.

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

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

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

In Collinsville, we are going to use every aspect of the main ballroom of the first floor of the hotel. The betting center is on the second floor. In the ballroom, we're going to have live
TVs, a betting station, a live band, kind of the same deal. So we are really using TV and radio. Big social media campaign in North Carolina, Greensboro, Highpoint, Winston-Salem to get those folks out to the window for Derby day.

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

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

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

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

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

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

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

CHAIRMAN VAN CLIEF: Thank you very much. Dave, could we make sure that those of us on the Commission are getting some regular reporting on these numbers so it's in front of us a little more frequently so we can track the progress in terms of growth, handle, attendance, whatever is available, that we can take a look at on a regular basis?
MR. LERMOND: I did actually have a report but it was completed in the last day or two and Jeb did not have a chance to look at it and I didn't think it was fair to present it at this meeting, but I think it was Commissioner Siegel's suggestion that we do that, so Ron put together a nice comparison sheet. I'll give it to you after the meeting.

CHAIRMAN VAN CLIEF: Terrific.

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

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

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

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

(NOTE: There is no response.)

CHAIRMAN VAN CLIEF: Okay. Thank you very much. Commissioners comments. Gentlemen, any additional comments you'd like to make at this
point? Observations?

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

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

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

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

There are lots of things that go in to that. We want as much live racing as is practical that we can afford, that we attract the right horses. I don't know what that number is, but I will have a particular eye on making sure we allow
the new stakeholder to come in and have the
opportunity to come in and proffer off of historical
gaming and that the entire Commonwealth profits off
of that as well.

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

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

CHAIRMAN VAN CLIEF: Thank you.

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

I think all of us would like to see racing as
soon as practical without going too quickly, and so
we're here to cooperate in any way we can to make
sure that occurs in an appropriate fashion and in a
way that we can all be proud of.
CHAIRMAN VAN CLIEF: Thank you. I concur with both of my colleagues and one last observation on my part.

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

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

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

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

COMMISSIONER SIEGEL: So moved.
COMMISSIONER REYNOLDS: I'll second that motion.

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

NOTE: The meeting is adjourned.
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 April, 2018.

Sandra G. Spinner

SANDRA G. SPINNER
COURT REPORTER