VIRGINIA RACING COMMISSION

June 23, 2014

10700 Horsemen's Road
New Kent, VA 23124

Commencing at 10:00 a.m.

COMMISSION MEMBERS:
J. Sargeant Reynolds, Jr., Chairman
D.G. Van Clief, Vice Chairman
Carol G. Dawson
Stran L. Trout
Clinton Miller

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

ATTORNEY GENERAL'S OFFICE
Joshua E. Laws, Esquire

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MR. REYNOLDS: All right. I think we're close enough for government work here. About a minute before ten, but if there are no objections, we'll go ahead and start. Any objections to starting?

MR. PETRAMALO: No.

MR. REYNOLDS: Great. Thank you all for meeting here today. I guess we'll convene this Racing Commission meeting. I don't know what the date is. It's summer time.

MR. HETTEL: Twenty-third.

MR. REYNOLDS: Thank you all for coming. Obviously, we know why we're all here. We've been battling back and forth since January. Over the months, I feel like we made progress, and then we haven't made progress, and then we got very close, and then we were no closer than we were in January, so I hope today we can forge a way forward.

We had been talking with the Secretary of Commerce. He's been very involved and very interested in what's going on here, and he's been very helpful, I think. He's had some great ideas, and we've -- I think we over the last couple of weeks have been batting around three options.

As we all know, here it is June 23rd. It's very late in the date and we mandated back in December
that we would race five weeks, 25 days. Well, we
take a look at it now at this late date,
realistically, with some of the events coming up at
the track, the non-course events coming up at the
track in August, and butting up against Timonium in
Maryland starting their circuit again after Labor
Day, that five weeks, 25 days is gonna be awfully
hard to do, in my opinion.

There were a couple of other options on the
table. Option two would be to go ahead and I guess
scrap the 2014 meet, get the OTBs open immediately so
we can start putting some money away and quickly
agree on 2015 dates between Colonial Downs and the
horsemen and really focus on 2015 and have a great,
great meet.

So with that, I would turn it over to the
horsemen and then the track and tell us what you all
are thinking about, which option is the most viable.

Maybe it's not -- I personally think it's awful
and very disappointing that we may not run in 2014,
but at the same time, it is what it is, and maybe
there's a silver lining and we can put that behind us
and look forward with a positive outlook.

Get the Blue Ribbon Committee back in action. I
will ask Vice Chairman Van Clief, who is chairman of
that committee to please reconvene that committee as soon as possible and work very hard together to come up with a great vision for the future of racing in Virginia.

I actually think it could be very bright. It's not very bright right now, but I think if we can get through this impasse, I think it can be very bright if we all work together.

With that, I'll turn it over to Frank to let me know what you all think about it.

MR. PETRAMALO: Obviously, from the horsemen's perspective, we'd love to race this summer. I agree with your assessment, Mr. Chairman, that five weeks, 25 days would be very difficult to squeeze in this year.

It would probably have to start sometime in mid July and could end before Timonium, but it would really be a stretch, and the problem is because we are so late in the racing season, many horsemen have had to make decisions where they're going to race this summer, and a number of them that I've spoken to have shipped their horses to Delaware Park or Presque Isle, et cetera.

Of course with regard to the normal contingent that usually comes from Florida, it's much too late
for them. So it's possible, but it would be very
difficult to do.

With respect to not racing in 2014, that's less
desirable, but perhaps more realistic. But that
said, we would expect that if there were no racing in
2014, that we would reach a horsemen's contract with
Colonial to cover both 2014, no racing, and 2015.

Now, with respect to 2015, what we would want is
the normal eight weeks of summer racing. And when I
say normal, that's the usual, customary stable area
open, training, et cetera.

I think that reaching a contract to embody both
of those principles would be a very simple matter, if
it was clear that this notion that Colonial had
floated once before of being reimbursed for its
alleged losses of one million and a half dollars or
whatever it is was off the table. Because if we're
back arguing about that, we'll never reach an
agreement. That's kind of in a shorthand version
where the horsemen stand.

MR. REYNOLDS: Okay. Jim? Ian?

MR. STEWART: Well, what was put to us was that
if the signal came back on, the OTBs would -- we'd
negotiate 2015. I'm assuming that based on what I
heard from Mr. Petramalo that the signal is not
coming back on in 2014, so we have a different view of what 2015 racing should look like.

MR. PETRAMALO: I didn't -- perhaps it was failure on my part, but I envisioned executing a contract almost immediately covering 2014 and 2015, and once that contract was in place, automatically, the signal comes back on.

MR. STEWART: That's a little different than what was communicated to me, but bottom line is we're not going to agree to the eight-week schedule you've outlined.

MR. REYNOLDS: Okay. My personal view, I'm going to ask the commissioners to each make comments if they have them, but my personal view is because you all are not racing this year and you all are going to save a lot of money by not racing this year, I don't see why we can't have the eight weeks next year, full customary meet.

You know, that's important to them. I don't see why you can't also have your three, four, five day, whatever it is, boutique meet that you all want to support high-quality racing.

I certainly support that as well, but my personal view is because you're gonna save all that money and not even be open this year, if we can get the OTBs
back open immediately and start saving that money and building up a purse account for next year, I would think we should be able to have a great, high-quality meet that supports the native industry here. So I would certainly look favorably on the eight weeks full customary meet. A ship-in-only meet next year in my mind is unacceptable.

Having said that, I might turn it over to my fellow commissioners for any comments that you all have.

MS. DAWSON: Mr. Chairman, I would just like to add that I think the racing fans of the Commonwealth have a great interest in what is decided here, and they put faith and confidence in this Commission to try and get something worked out

I would hate to give up on any racing at all in 2014. I think there was a third option that we talked about, a ship-in type of a meet.

But in any case, if that isn't possible, then my feeling would be that we get a contract for next year, get the OTBs open, and as you say, let's look forward to a really good meet next year.

MR. TROUT: Mr. Chairman, I do have some comments on this. Number one, I'm very concerned that there is now a strong potential there may not be
any racing in 2014.

When you close a business, particularly one that deals with consumers and deals with people who are advocates of going to races or racing horses or whatever it might be, or employees at the track, you take a year off, you've almost got to start over again, and I hate to see that happen.

I realize that because of the date of today and we're dealing with one week left to go in the month of June, that actually putting together a season similar to what we've had in the past year is probably out of the question at this point.

I would like to see -- I think if we could do some racing this year, that would be preferable, and if that could be done -- I understand you said Timonium opens after Labor Day -- to do something just before Labor Day or over that weekend, could still allow the boutique race and allow us a couple of months between now and then to set that up. It could be sufficient time.

As far as planning for 2015, what I hear from -- and I will say this. My friend Ian over there, we've known each other for a long time. There seems to be a potential of no racing agreement and maybe no racing 2015.
If there's not the desire to negotiate some type of a racing meet for 2015, and in particular, since that would allow the off track signals and all of that to be restarted again, which will bring some income in for the track and everybody else, I can't see going in that direction where we're not even considering or can't agree on a 2015 meet in general terms. So that really needs to be done.

So from the county's point of view, and I live here in this county, this is our signature business. This is the one when people ask where I live, I say I live in the county with the track. And this is it. And now I have to say I live in the county with the closed track, and that's not very much fun to have any kind of a closed business.

I know we fought over this thing for six months. We really need to do something where we can at least reopen the off tracks, reopen the signals.

Secondly, look at 2015 and maybe even subsequent years. We need longer-term agreements on this.

And third, if there's a possibility of a boutique meet, which is what the track has been asking for, there is time, two months between now and when apparently the Maryland tracks open up, that this can be put together, so there's still some potential on
that.

What I'm hearing from the two parties right now is no solution and that's scary. Thank you.

MR. REYNOLDS: Thank you, Mr. Trout. Commissioner Miller.

MR. MILLER: I have a couple questions, if I could.

MR. REYNOLDS: Yes, sir.

MR. MILLER: I will direct them to Frank or anyone else, Jim, anyone. Has anyone been quantifying the amount of estimated revenue lost by the closure of these off track betting facilities?

MR. PETRAMALO: The answer is yes. If you're talking about the horsemen's purse account, I'm looking for the numbers here. If you're talking about the horsemen's purse account, through the end of May, it was probably $1.1 million.

Dave Lermond at the, I guess at the end of May or early June, calculated the lost revenue to the Commission, the localities and the Breeders Fund. I don't have those numbers in front of me. I have a piece of paper with them on it someplace. Here it is. Here it is.

Dave calculated that the Racing Commission as of June 1st lost approximately $337,000; the Breeders
Fund, approximately 225,000. Dave has the exact numbers here. The localities, including New Kent County, about 191,000; Virginia Tech, about 34,000; The Virginia Horse Center, about 11,000; the Virginia Horse Industry Board, about 11,000, and the Virginia Thoroughbred Association, the VTA, about 11,000, for a total of a little more than $800,000.

MR. MILLER: And the purse account?

MR. PETRAMALO: One point one.

MR. MILLER: That's through June?

MR. PETRAMALO: Through May.

MR. MILLER: Through May I mean. So I'll direct my questions to Dave. Do you continue to monitor? Do you continue to estimate that on a month-by-month basis?

MR. LERMOND: Actually, unfortunately, one of my duties on Monday or Tuesday every week is to go through and figure out where we are on these numbers. The last one we had was through June 15th.

MR. MILLER: You don't need to give the number right now, but you do have it?

MR. LERMOND: Yes, sir.

MR. MILLER: You continue to do that as time goes by?

MR. LERMOND: Correct.
MR. STEWART: I might point out the track has lost in excess of $2 million.

MR. MILLER: The track has lost how much?

MR. STEWART: I would say in excess of $2 million.

MR. MILLER: Okay. In other words, if these facilities had been open, the track would have in its account right now an additional $2 million?

MR. STEWART: Probably.

MR. MILLER: And if these facilities were to be open in July and August, September, whatever, additional revenue would keep coming in to the track; is that correct?

MR. STEWART: It would. I guess the question is which ones would reopen. I don't think all of them would.

MR. MILLER: Well, some. There would be some revenue.

MR. STEWART: Sure.

MR. MILLER: It would not be a debit figure, it would be a positive figure.

MR. STEWART: Um-hmm.

MR. WEINBERG: Sure.

MR. MILLER: This is what I can't understand, and maybe I'm naive. Maybe I don't know much about
business. I don't know as much about business
probably as anyone in this room. I was lawyer. It
was a bad business I was in. I didn't depend on
consumer satisfaction. If I did, you know, I'd be in
bad shape.

I just don't understand the track's -- Mr. Jacobs
is the owner. I don't understand why he foregoes
that positive stream of revenue, keeping the status
quo that we have right now, no contract, no racing
this year.

I don't understand it, because it seems to me
that if I took the time and if I were as good at
figures as Dave and some of the others in this room,
seems to me that somewhere along the line, I would
sit down and I would say this is the revenue coming
in and it keeps coming in. This is what it would
cost me to run this little meet, and it is a little
meet.

It's almost a nothing meet to have five weeks, 25
days of racing within five weeks. But I guess in
today's Thoroughbred industry, that's probably the
best anyone can hope for.

But it seems to me that the cost for that, if you
have anticipated or figured out what that costs on a
normal basis, it seems to me that the revenue stream
coming in to the track compared to the expenses to go out to run the meet, a little five-week, 25-day meet, that the track would still be in a positive revenue position just on that segment of the business. Am I wrong?

MR. STEWART: Would you care for me to respond?

MR. MILLER: Yeah. That's why I'm saying this. I'm not trying to throw this out into a cloud.

MR. STEWART: There was a letter out there on January 30th where we said we would do that and we made that exact evaluation. HBPA refused to do that. The HBPA shut down the OTBs. They shut them down. That's a fact.

MR. MILLER: Okay, but that's done.

MR. STEWART: That is done. Well, hear me out.

MR. MILLER: Ian, going forward is what I'm looking at.

MR. STEWART: So for 17 years, Mr. Jacobs operated this business and it has not made any money. He's lost millions of dollars. That has to come to an end. And just to sort of continue on in kind of a losing situation is not an acceptable solution.

I've been saying that for -- I've been coming to these meetings for 17 years. Probably longer than anybody in the room, except for Jim, and we've
reached the end of the road.

MR. MILLER: We'll correct my flawed view then, because how does a positive revenue flow, if you were to open the facilities now and even run the races, a race meet this year, and you still have a positive revenue flow from that segment of your business, how does that add to your losses?

MR. STEWART: Because the losses of the whole operation exceed whatever positive revenue there will be. We're gonna lose money running the harness meet. We're gonna lose money running live races. It's a negative proposition and it has been a negative proposition for 17 years.

MR. MILLER: You're saying you lose money running the live races, even though that loss that you anticipate would be offset by a positive revenue flow from your off track betting facilities?

MR. STEWART: If you add up the whole operation of Colonial Downs -- you can't just segment it off into little pieces.

MR. MILLER: Well, we have to --

MR. STEWART: There's pieces of it that make money, but there's lots of pieces that lose money.

MR. MILLER: Ian, excuse me. We have to segment it off to a little piece to meet our
responsibility. Our responsibility as a Commission is to make sure that the licensee that has the authority to run Thoroughbred racing in Virginia, make sure that they run racing or at least operate in such a manner as it is a positive economic benefit to the agribusiness industry in Virginia. That's the primary purpose for which this legislation was passed.

Now it had to be anticipated by the legislature when they passed it that although that's the primary purpose of the legislation, it wasn't to have gambling in Virginia. It wasn't even to run in particular Thoroughbred racing. It could be all Standardbred racing, it could be Thoroughbred racing, it could be steeple chase, whatever.

But the primary purpose of allowing pari-mutuel betting, wagering in Virginia was to support the agribusiness industry in Virginia, and that a licensee would come forward and apply for a license and be willing to operate within the Commonwealth of Virginia, be willing to operate to meet that responsibility, and in making their analysis as to whether they could operate, they would have to determine can we make a profit meeting that responsibility.
Now, you're saying that in the 17 years this licensee has not made any profit; they've not made any money, has lost money. That may well be, but he applied for the license and he got the license and he has a responsibility as a licensee to meet that primary responsibility of supporting the agribusiness industry in Virginia while hopefully making a profit, and if he can't do it, then he needs to, as someone suggested here a few weeks ago, just surrender the license and let someone else give it a go. Would I be incorrect to make that --

MR. STEWART: I think you've oversimplified some things.

MR. MILLER: Well, that's my problem.

MR. STEWART: We've offered to race several different schedules. What we are being held accountable for is refusing to race their schedule.

MR. MILLER: Well, don't you have a --

MR. STEWART: Where is it said that we have to agree to race the horsemen's schedule?

MR. MILLER: Isn't that part of the quandary when you get into the business? If I operate a shoe store, I'm at the mercy of a lot of people that make leather products, plastic products, cork, the people that ship the stuff. They make certain demands on
me. It may make it impossible for me to run my shoe
store successfully, but I made that decision to get
into the business because I thought I could do it.

Now the suppliers and manufacturers and shippers
are being so adamant in their position, they want to
sign a contract with me that is beneficial to me or
helps me, so I have a choice to make. Do I continue
in the shoe business or do I get out of the shoe
business?

Now, you have to, as a licensee to operate a
track in Virginia, you know you have to deal with
horsemen. They may be the most impossible people in
the world to deal with. I don't know, but
you knew that coming in. You have to deal with them.
You have to reach agreement with them, and the
statute requires that you meet agreement with them,
because the statute requires a contract to do all
these other things.

So again, I say to you that I'm not saying the
horsemen -- they may be completely unreasonable. I
don't know, but that's your problem as a licensee.

You've got to make a decision are we going to
deal with these hard headed bastards or are we going
to walk away or are we going to keep everything in
the status quo, keep everything up in the air, keep
everything uncertain and ride out three more years of your contract term in the situation we are in now where nothing is happening.

MR. STEWART: Well, I'll point out a couple things to you. When we invested the $60 million in 1997, there's been two changes to the law since then. One, at the time, there was no requirement that a specific amount be deposited into the purse account. That was to be negotiated between us and the horsemen.

A few years later, the horsemen got that law changed with the help of the Racing Commission, actually, and now there's a new law that four or five years ago, Jim can help me out, that requires a contract between us and the horsemen. That's not standard throughout the industry. That wasn't in place when we invested the $60 million.

So you're right in the sense that we have to make a choice and we continuously have to make a choice, but to say that the rules -- that the situation has not changed since we wrote the checks is not true.

MR. MILLER: Well, I'm sorry. I didn't suggest the situation hasn't changed. Change comes all the time in all business. The Internal Revenue Service makes rulings, OSHA. You know, when you're in
business, everybody's always changing things. Why can't I operate my business as a free American without all these rules and regulations? You hear it all the time. We have too much government. We have too many regulations. But that's all part of life. That's part of business.

As a licensee, you've got to face it. You've got to work with it. You know, all I'm suggesting is are we going to have a -- I want us to have a contract, and I agree with the Chairman. I think probably option two that he suggested is about the best that we're gonna get at this point.

But I want a contract, and I want to see it within a reasonable time. And when I say a reasonable time, okay, I think within a week. I think you've been hashing this thing about for half a year. Well, more than half a year. I wasn't on the Commission, but from what I read, you've been dickering back and forth for at least half a year.

So I think all the issues have been thoroughly discussed and everybody's position has been thoroughly established. But unless there's a contract for this Commission to either approve or not within the next few days or week or two, then I suggest to you that you're gonna be unable to operate
in Virginia as the licensee, and that you should think about either surrendering your license or face the consequence of having your license revoked before the end of your twenty-year period, because we can't go on for three -- we can't. We can't.

MR. STEWART: So your proposition is that we negotiate, but in the end, we agree to what they have to say?

MR. MILLER: I don't want you to negotiate one more bit.

MR. STEWART: So I just agree to what they have to say?

MR. MILLER: Yeah. We have already established 25 days. Five weeks, 25-day race meet. We directed that --

MR. STEWART: They refused to do that.

MR. MILLER: -- back in December.

MR. STEWART: They refused to do that.

MR. MILLER: You refused to do that.

MR. WEINBERG: No, sir.

MR. MILLER: Both of your refused to do that.

MR. WEINBERG: No, sir. No, sir.

MR. MILLER: Look. Let me -- I don't -- The fact that they refused to do it in January, February, March, April, May is of no consequence to me. They
are willing to do it now. That's what I'm looking at. Now all the things that went before, that's water over or under the damn, whichever.

MR. STEWART: So everything that has taken place in the last six months is irrelevant?

MR. MILLER: It's relevant to the fact that we can't reach a place where we can do anything. We're at a standstill. We're at a point where you're not performing properly as the licensee.

MR. STEWART: Because we don't agree with them?

MR. MILLER: Because you're not performing your function. It may be the horsemen's fault. It may be. They may be 90 percent at fault, but you have a responsibility as the licensee to come in here with a contract with these horsemen.

Now you can come in with a contract for this year and fight out next year and the next year and the next year.

That's not the best situation, but that's what you may be suggesting, that you keep fighting, but I'm suggesting that you -- that it's over. There's no use to keep --

It's not good for Virginia to have the track, the licensee, and the horsemen continually fighting year after year after year and not meeting the
responsibility of providing the very best race meet
that is possible to provide within the confines of
what Virginia will allow and meeting your
responsibility to support the agribusiness industry
in Virginia. That's what I'm suggesting.

Now you have a decision to make. Do you keep the
store open or do you want to close it? Do you deal
with the people you have to deal with, even though
it's not the best situation for you or not? What are
you going to do?

I suggest that if you want to stay in business,
you have to swallow hard and say this isn't fair.
The government isn't fair. The horsemen aren't fair.
No one's fair. We're the victim, but if we're gonna
keep the store open, this is what we have to do.

MR. STEWART: Well, I suggest to you that the
reason you're taking -- well --

MR. WEINBERG: I would only observe, Chairman
Miller, with that responsibility -- I mean
Commissioner Miller, with responsibility, there is
also a benefit that the Virginia model was ten OTBs
fully functioning for a full year, and with that
revenue, the licensee is obligated to run a live
meet.

With respect to the Standardbred breed, that's
functioning. The OTB has been open -- ten OTBs were open, subsequently have had to close. Revenue has been generated and that revenue will be spent on a live meet.

But I think it is disingenuous to suggest that the licensee has an obligation to run a meet in a year when it has had no revenues. So there is an imbalance in saying you have an obligation to run when you have not had the benefit of the license. Right?

And let me just throw one more observation out.

In running a business, a shoe business, if you believe that the model is broken, that if you continue to sell tennis shoes, for example, and you want to change that, you want to get into the sandal business because you think that will improve your profitability, sometimes that's a struggle. Change is disruptive.

It is not that the licensee is saying I don't want to run at all. It is saying I want to run differently than what I have run in the past, and the people it has dealt with in the past have said we don't want to do that. That's a little bit of a difficulty, but we should be given the opportunity to find people who do want to do that.
MR. MILLER: You hold the key to the revenue. You say you're losing this revenue, that revenue is not coming in, but if you agree to a contract, that revenue will start coming in again, and you will have an opportunity -- you have six more months this year and you have next year.

You have three years left on your contract to make any necessary adjustments in your business to meet your profitability standards. You have that opportunity, but you're not even taking -- see, to me, you're not taking the opportunity that is handed to you. You're -- if you don't agree with the horsemen and all this off track betting is -- no revenue is coming in, are you willing to go three years with that and have nothing?

MR. WEINBERG: No one is talking about going three years.

MR. MILLER: Well, when is the first positive step going to be made to rectify the situation? When do you anticipate that happening?

MR. STEWART: With all due respect, why is it our responsibility? Because we are the licensee, right?

MR. MILLER: Right.

MR. STEWART: The problem is you have no
jurisdiction over the HBPA. You have none. If you had some, you would have done something in January. They are an unlicensed organization.

MR. MILLER: What would you suggest?

MR. STEWART: You have no authority over them.

MR. MILLER: What would you suggest? If we had authority over the horsemen, what would you suggest the state would do regarding the horsemen?

MR. STEWART: Well, you're telling me that I should sign a contract that they write. You could tell them to sign a contract that I write.

MR. REYNOLDS: Or compromise.

MR. WEINBERG: What should have been done in January if you had authority over the horsemen's group is to say we've ordered 25 days, five weeks of racing. That is what is gonna be done in 2014. Now sign a contract and get on with it. Right?

The Commission spoke. They had an opportunity to be heard. We were heard, you made your decision and you should have forced the parties to sign the contract then. Now five months has transpired. The revenues are very, very different. What was appropriate in January is not appropriate in June.

Twenty-five days, five weeks was the premiss that we had revenues for a full year. That premiss is
false.

MR. MILLER: Okay. So if that's gone for this year, if the contract is signed now, you get together on this option two, the revenues start building so you'll have revenues for the balance of this year to use for a meet next year. So you'll have a year-and-a-half worth of revenues coming in to run an appropriate meet in 2015, right?

MR. WEINBERG: Right.

MR. STEWART: We'll have 11 months of revenue.

MR. MILLER: Pardon?

MR. WEINBERG: If you run during the summer, you have 11 months if you start in June of 2015.

MR. MILLER: So why don't you agree to option two and go forward with a contract now?

MR. WEINBERG: We agreed to option two with the ability to negotiate in private a contract. You're saying do eight weeks, 32 days. That is what we rejected in getting to the five weeks, 25 days. Right? I'm sorry. You were not here in December. That's what the horsemen wanted. We wanted a lesser meet. The Commission compromised at 25 days, five weeks.

MS. DAWSON: Excuse me, Mr. Chairman, for interrupting. I wanted to say something here about a
perception that you mention that we should have
forced a contract to be signed. We don't have any
authority to do that.

MR. WEINBERG: He asked me if the Commission
had authority over the horsemen.

MS. DAWSON: You said we should have done that
in January.

MR. WEINBERG: If you had the authority.

MS. DAWSON: Thank you.

MR. REYNOLDS: Quickly on the eight-week thing.
I think we were talking about 32 days for next year.
Now we're talking 24 days with three of those being
boutiques. We're not talking eight weeks, 32 days.

MR. PETRAMALO: Twenty-four days is the same as
we raced last year.

MR. REYNOLDS: Just for clarification on that.

MR. PETRAMALO: There are several
clarifications that probably should be added to the
discussion. Just by sitting there breathing,
Colonial Downs since January or since the shutdown of
the OTBs has probably generated somewhere between
$1.5 million and $2 million from online wagering,
completely unaffected by the dispute. They have
their own EZ Horseplay.

But more importantly, they draw source market
fees, five percent of all Virginia wagering from their three competitors. This is a great country. You're getting five percent from your competitors, TVG, Twin Spires and Xpressbet. Just by living, they're getting that. So they're generating income.

Secondly, Colonial always says, oh, we lose money. No doubt about it. On paper over the last 17 years. They've lost money. Have they lost money on a cash flow basis? No. By the time you throw in depreciation and non-cash items, bingo, they have a loss. But if you're talking about taking money out of their pocket to run this racetrack, no.

Something else you ought to consider. Colonial Downs doesn't exist in a vacuum. It's part of Jacobs Entertainment, which owns casinos and video lottery outlets in Louisiana. They generate a lot of money, and every time they need to restructure their operation, they always come here and say, well, we need your permission because we're gonna pledge the assets of Colonial for this purpose or that purpose.

They always say, and oh, by the way, this benefits Colonial Downs because it gives Colonial access to cash, et cetera. So we're not talking about a little company here that's struggling. It's part of a larger company, and that, you ought to
consider.

Finally, we always get the recriminations. Who is responsible? We opposed five weeks, 25 days in December and in January, because for the horsemen, it turned out to be a disaster. That is, the amount of starts were reduced by about 25 percent. The handle was down 23 percent. Attendance was down a similar amount.

So we thought five weeks, 25 days is not gonna make it. You folks basically said, well, go back to the table and see what you can come up with, and we did that.

Over the next five months, we accepted every compromise that you the Racing Commission proposed, whether it was seven weeks, 28 days; seven weeks, 21 days; six days, 24 days. We accepted every one of those. Those folks rejected every one. So it's not quite fair to say, well, you know, it's all the horsemen's fault.

The other thing is Ian starts out by saying you're telling us that we've got to accept the horsemen's contract. The horsemen's proposal, where do you get off doing that? Well, turn it the other way. Where would you get off telling us that we have to accept their six days?
The point is for the last 17 years, we've been in a partnership, like it or not, on opposite sides of the table, and we've had to negotiate days. Over that period, we've had to negotiate days from 25 to 45. These folks are the ones who all of a sudden come in and say, guess what, six days is it or nothing. Now you decide who is being unreasonable in this process.

MR. MILLER: I want to say one other thing. I won't say another word. It doesn't matter at this point who is reasonable and who is unreasonable, as far as I'm concerned. We've got a responsibility to get some racing running in Virginia. We have a responsibility to move off this impasse. We have that responsibility.

I have heard nothing from anyone that would indicate that if we don't do something today that anything is going to change.

To me, if we keep this song and dance -- this is only my third meeting, but the last two meetings were useless. I mean I was ashamed to be a commissioner, because it made us look silly, really, to come over here, have these horsemen come over here, have people come over here expecting that we were going to do something positive, we were going to get something
moving here in Virginia.

We didn't. We had two meetings where we came over and said nobody can agree, now keep working. Come back, no agreement. Now nobody can agree. You all keep working.

But obviously, you all could meet forever and you're not going to work anything out, unless we take a positive stance and say this is what has to be done or else we need to look at other people to carry out the function of racing in Virginia. I mean we can't go on the way we're going. I mean I think anyone can see that.

So you know, what was done in January, February, March, April that was reasonable or unreasonable, we chalk that up to experience and we say that was a problem. This person was right, this person was wrong.

But today, we have to cast all that aside and say what is the best approach to try to preserve the product in Virginia and to go forward and hopefully keep this licensee in place.

Because I'll tell ya. I don't see anybody knocking down the door to get involved. It is a tough situation. It will be a tough situation if this licensee doesn't carry out the functions for the
remaining three years of their license. It will be really tough.

I'm hoping that this licensee will meet its responsibility, and that for this interim between now and next summer, that you can work to put something in place that will be good for the balance of your three-year license. I'm just hoping.

MR. REYNOLDS: Thank you. Mr. Commissioner.

MR. VAN CLIEF: Thank you very much, Mr. Chairman. A few comments of my own, if I might. When I first joined this Commission a little over a year ago and looked at the enabling legislation, it was clear that a large part of our mission, perhaps because there's not a lot to regulate these days, the major of part of our Commission is as a Commission, do what we can within our authority to do what is best for the future of the horse racing and breeding industries in Virginia.

At this point, we can spend all day talking about who is at fault here, and I don't think it's gonna get us very much further. The arguments sound very much the same this morning as they did last month and the month before.

It has been both a painful and an instructive six months, and one marked by about as much dysfunction
between a racetrack management and a horsemen's group as I've seen in 40 years in this industry and a number of states, but that's behind us.

Like our chairman, I think that we can look forward to a future in Virginia racing and Virginia breeding, and it is much brighter than it looks this morning.

I think our obligation as a Commission is to do what is best for the industry here in Virginia for our native industry. That includes in my mind our owners, our breeders, our racetrack owner and operator, our customers, and all the other businesses that depend on these principals for their livelihood, both private and public industry.

I think we are absolutely out of time. I concur wholeheartedly with what Commissioner Miller has just said, and I think that one of the fundamental conclusions that we all have to reach is that it is the obligation of the racetrack licensee to conduct live racing.

The Commonwealth granted a license for that purpose. It is meant to support an agribusiness represented in great part by the people behind you there, and I think it's decision time. I think we have to take action. There have been a number of
points of contention. I don't know how relevant some
of those are here today.

I have had the opportunity in recent weeks to
speak privately with the racetrack ownership, the
representatives of the breeders and the owners, and
whereas I think we've all on this Commission been
staunch advocates of live racing during 2014, and I
say this with sort of a heavy heart, actually.

I have felt all along that the very wrong thing
to do would be to go dark; nonetheless, I'm forced to
conclude at this point, and I do so only knowing that
reluctantly, but nonetheless, the parties all concur
to some extent that it's late, that if we did run a
race meet this year, that it would be of dubious
quality and perhaps dubious economic benefit, and
that if we are going to look to the future, one
option is not to run live racing this year, get the
satellite wagering of OTBs back in operation
immediately, get cash flowing, bank the money and be
prepared with a game plan for next year.

Maybe I shouldn't call it a footnote. There's an
element the Commission has to keep in mind. There is
a contract between Colonial Downs and the harness
horsemen for the conduct of their usual meet. We
have to be at least cognizant of that contract and
the welfare of those horsemen as well.

What I would be prepared to support, Mr. Chairman, would be if it meets with our fellow commissioners' approval, I believe it meets with the constituencies' approval, to rescind our order to race in 2014, but do what is necessary to execute a contract which will allow the immediate re-institution of operation of our satellite wagering facilities.

I think given the fact that we are considering letting everyone off the hook here for live dates in 2014, that it is imminently reasonable to support the call for an eight-week race meet in 2015, three days of racing per week.

I would stipulate a personal preference that some of those dates, at least three, if purse structure and the financial aspects support it, be set aside so that Colonial Downs can commence the development of their high-quality racing. This would be, in my mind, in conjunction with Virginia Derby week. I think we do want to see the development of high-quality racing.

At the same time, I do think it's absolutely imperative that the licensee conduct racing in such a manner as to support the racing industry as it exists
today. If you can't do that, in my mind, without a six- or 12-day meet, I cannot support that.

I don't think you can do that without offering stabling and training facilities as would be the norm for any racetrack I'm familiar with around the country.

So I would further stipulate that in the context of an eight-week, 24-day meet in 2015, that Colonial Downs would offer stabling and training facilities as they have in the past.

I think with regards to -- this may be some detail that we don't need to address, but I know it has been a sticking point. I think at this point, I'm not interested in hearing anymore about the reimbursement issue. We're down the road on that. Everybody have been losers and we can argue all day long who did what and when, and we sit here six months down the road. I don't think that's particularly relevant.

I would, Mr. Chairman, if we get to the point of crafting this into a motion and a resolution today, I would like to ask Colonial Downs to provide us with written notification of their compliance within a week, and I would expect that there would be a contract forthcoming fairly shortly.
Those are my comments. I do agree that we -- the
time has come for action and we need to know where
everybody stands.

MR. REYNOLDS: Okay. Thank you. I think this
needs to be done sooner rather than later. I would
like to -- I don't know if we need to draw up a
resolution now or bring it no the next meeting. I
just ask my fellow commissioners do you all agree
with Mr. Van Clief's suggestions?

MR. MILLER: I agree, and I suggest that we get
together with our counsel and have him prepare it, go
into closed session and have him draft the
resolution. I think we should act today. I would
like, Mr. Chairman, if you would ask if there's
anyone else that wants to be heard.

MR. REYNOLDS: Absolutely. Before we go in
closed session, let me just make a quick comment
before we do that.

Commissioner Van Clief mentioned that we're
trying to protect our fellow horsemen, the harness
folks, so if we can't get a contract, we want a
contract as quickly as possible so we can get the
OTBs back open. That's obviously a large key.

But if we don't have any sort of resolution, and
I don't see this at all. If we don't have any
resolution by October 25th, which is the end of the
harness meet, then this Commission will call for a
hearing to do a fact-finding session to understand
why the licensee has not entered into a contract.

So having said that, would anybody from the
public like to speak? Doug, would you like to speak
on behalf of Debbie?

DR. DANIELS: Well, with the Virginia
Thoroughbred Association, and Donna is here to speak
on behalf of them if she would like to as well, too.

I think we very much agree with what has been
said here today. Certainly, the breeders want a
contract. Wanted to race in 2014, and if we are not
going to race in 2014, we believe a contract needs to
be cut as soon as possible for 2015, or we're gonna
be right back in the same position that we were in
before.

There's been a lot of legislators who have been
very interested in those. We're concerned about this
going into some type of legislation. We even hear
that legislation has been proposed, possibly, for the
next session. So if we do not get this thing done,
we're just gonna be going into the General Assembly.
we're gonna be kicking the can down the road and
we're gonna find ourselves right back in the same
situation again. So thanks, Mr. Chairman.

MR. REYNOLDS: Thank you. Anybody from the public wish to speak, please state your name.

MR. FARLEY: My name is Dan Farley. I have known D.G. a long time, and one thing I have to agree with him on is I've been in the racing industry as a journalist for 43 years. I have never seen anything in the way of an impasse like this one. I think that the management of this racetrack. The only horsemen's group they could possibly like would be one who did exactly what they wanted. That can never work in this business.

A boutique meet, I'm gonna tell you what happens when you have only a boutique meet. My friend, Ken Ramsey, is gonna send a trailer full of Kittens Joys down here. He's gonna take all of your money away from you and go back home. You're not gonna get anything out of that.

In terms of a race meet, I also think Mr. Van Clief was right. And eight-week meeting three days a week, Friday, Saturday, Sunday will offer you much more than a five-day week where you're sure to have at least two very slow days during those weeks.

I know Mr. Jacobs, having read about him a little bit, is in the casino business in Nevada.
This is not like the casino business. This place is not guaranteed a profit, but maybe there are alternative revenue sources out there. I know in Kentucky, tracks have gone to what's called instant racing. It's hooked up in the lottery legislation. I know Virginia has a lottery. If instant racing can be fit into the racing scene, there's a lottery legislation that is going to guarantee you some income.

I've been here before, and I love this little racetrack. It's a very nice little racetrack and it is heartbreaking to see it empty.

If you're worried about your revenue flow, investigate other sources of revenue. You're out in the middle of nowhere. There's not a casino out there to bother you. Something like instant racing will grow revenue.

But if you don't want to live up to your obligations to the State of Virginia as Commissioner Miller has pointed out, give up your license. Let somebody else come in here or lease the track to them to contract a meeting.

Do something. You have got to make some sort of movement, the way I see it, or get out of town.

That's all I have to say. Sorry for Kentucky
sticking its nose in your business.

MR. REYNOLDS: Thank you. Anybody else? Yes, ma'am?

MS. COSLEY: Catherine Cosley. I'm an owner. Just very not too long ago, I became an owner and became interested in this. I think the meeting minutes need to reflect that the little people continue to lose money, too. And there's -- I have a lot of observations as well.

One of them is if Colonial Downs would have spent as much effort promoting horse racing in this area in Virginia as much as they have been promoting all of the non-horse activities that will be participating in this track, I think we'd be doing -- that should be part of a marketing plan as we go forward.

The second thing is, and I often end up saying things a lot of other people keep in their mind and it doesn't come out of their mouth. But as just a small person, a common person as part of these proceedings, it's my perception that Colonial Downs continues to come to this table as a scorned wife that has had to deal with an extramarital affair and can't get over it and get past it and do what they need to do to move forward in a partnership.

So I think a lot of other people here are --
mean I know everybody else, the little guys are losing money, and I think those things need to just continually be reflected in the meeting minutes for you to realize we are hurting. The little guy is hurting, and here I am coming into this business within the last year. Where's my incentive to stay in this business if I have to come in it within this dynamic?


MR. ALLEN: I'm Ferris Allen. I've been here since before the beginning. I remember making a trip down here in the 60s to see if we could have racing here, so this is very personal for me.

I've got a lot of notes, but what I really want to do is I want to debunk a lot of Colonial's argument here.

A lot of their argument early on -- and I blame you, Commissioners, for buying in to it to a degree -- was that they wanted high-quality boutique racing. Well, they already have about as high-quality boutique racing as they can have with their Virginia Derby weekend and those stakes that we as horsemen have agreed to skew in their favor so they could have marquee races here.

We've had terrific people through here. We've
had Hall of Famer Edgar Prado through here. Tenth
leading rider of all time, Mario Peno through here,
and the best female jockey ever, Rosie Napravnik
here, and many, many top horses through here, because
we as horsemen have seen that having the best quality
racing we can have here for a certain weekend is a
great thing to do.

That's already been here, right, and we even
agreed, and D.G. was a proponent of this, of
tightening the meet down to 21 days so it could aim a
little more in that direction.

All that Colonial is interested in doing here is
reducing their expenses. That's all they care about.
They could give a rat's ass about horse racing.
That's all they want to do is reduce their expenses.

You can look at it over and over and over again,
and everything they've done, everything that has gone
on here, and look at it any way you want. Try to
find something that they've done that's anything
other than them reducing expenses, and I want to hear
about it. That's all it is. Thank you.

MR. REYNOLDS: Thank you. Jeanna.

MS. BOUZEK: I'm Jeanna Bouzek. I'm vice
president of operations. I want to speak on behalf
of the employees; not only the few that are left, but
the ones that have been laid off. I keep hearing each commissioner say get these OTBs open. Get these OTBs open. I can assure you these employees that have been laid off, some starting in February and some scheduled for this week and next week, aren't just sitting around waiting for the OTBs to open. Equipment has been sent back.

You can't just (snapping fingers). I stood up here three months ago and said if we don't somehow get these OTBs up and OTBs open, the system will never look the same, and it's not gonna look the same. So you can't figure into your calculations that if all the OTBs are open, the employees are gonna come on back and the customers are gonna come on back.

You know, it's my job. I do what I'm told. It's as hard on us as it is on the horsemen, as it is on the horse owners, as it is on whoever. Just that the employees that are left in the OTBs are taking a beating over what's going on, and your OTB system is never gonna look like it did before.

I stood up here and said it three months ago. It's a shame that it got this far, and it's a shame for the employees that I came up with 17 years ago that we've had to look at and lay off because of all
MR. REYNOLDS: We want to get what we can of the OTBs open, and also want to look forward and perhaps pursue instant racing. That gives us something to shoot for. We can't do that without an agreement between these two parties.

MS. BOUZEK: I understand the cost-cutting and cost-cutting, but I invite anybody to come over to the track after the meeting. We've done about $200,000 worth of renovations.

That was always something that I thought was something we were supposed to have for this live meet we were supposed to have in 2014. We did renovations to the Jockey Club. We've expanded concessions. We've done a lot of work in preparation for what is now gonna be nonexistent in 2014.

MR. ALLEN: That's why you won't leave the stable area closed.

MS. BOUZEK: I don't have any decision about that.

MR. REYNOLDS: Any other comments? Yes, ma'am.

MS. GOODWIN: Good morning, Commissioners. My name is Heather Goodwin, and I'm actually one of the few people in this room that does not have a financial stake whatsoever. I'm feeling pretty lucky...
right now, obviously.

I do have an interest in Virginia and equestrian activities. My father was, actually was before he passed, one of your only other pari-mutuel licensees. My father's name is John Holland, and he actually came on the scene shortly after Colonial Downs arrived and started their process, and he did race. He raced one season, three weekends with a harness horse. Unfortunately, we didn't have the privilege of having Thoroughbreds then, but we did race one season.

Unfortunately, on the projections that I personally did for him at that time, the costs in actually attempting another season were extremely prohibitive and we bartered [sic] most of that on the fact of where the industry was at that time.

We actually went along with Colonial Downs to further legislation to add more OTBs down the road when we weren't even operating, mostly because we wanted to see the industry thrive. We wanted to see the industry grow in the Thoroughbred, Standard, as well as steeple chase, which we've done on several occasions without pari-mutuel betting.

In my mind, one of the problems here, and I think it has been touched on by everyone, is that these
parties don't have to play nice. They don't have to work together. Fortunately, there is an opportunity for all of you to make money with each other, if you can come to an agreement.

I know that there has been some mention of legislation, and I think one of the difficulties for a commission such as yourself in Virginia is you have no real power. You can't make anyone really do anything. You can threaten to stop the industry and bring everything to a hault, but that's not gonna help anyone in this room. It's not gonna keep these people employed. It's not gonna keep these people in the industry. You're letting money go to other states.

There is a benefit in Virginia to racing. There can be money made. The problem is that the Commission doesn't have the authority to make everyone play nice.

What I would actually recommend, and it's several years since I've have actually looked at the legislation revolving around racing in Virginia, but you need a requirement of mandatory arbitration to bring these groups to the table and say, someone, a third party, is gonna look at your numbers. We want Colonial Downs and Jacobs, to whatever extent,
to make money. If he makes money, everybody else
makes money.

I understand the theory about them, you know,
wanting to cut their expenses. It is a whole lot
easier to be charitable and raise your percentages if
you're breaking even or making money.

So I would encourage the Commission to actually
look at legislation that allows you to do something.
Allows you to bring these parties to the table and
say we're gonna tweak the numbers here and there and
actually get somewhere, because otherwise, you've
wasted the last 20 years, not to mention a whole lot
of taxpayer dollars, and these people who are
dependent upon this industry are gonna have to look
elsewhere. Thank you.

MR. REYNOLDS: Thank you. Mr. Van Clief.

MR. VAN CLIEF: I'd like to respond to that. I
think that's a very perceptive and correct statement.
I agree with you. I think we suffer, all of us,
whatever party you want to look at, whatever faction,
from what, essentially, is a dysfunctional economic
model.

There aren't enough dollars in our system to
support race track, owner, breeder, collateral
industry and so forth.
I would like to echo the chairman's admonitions that we get our planning group back to work in very quick order. I will look forward to doing that myself, and I think that one of the high priorities on that list will be some enabling legislation from the painful lessons that we've learned here in 2014. Thank you for your comments.

MR. REYNOLDS: Thank you. Are there any last comments before we go into closed session?

NOTE: There is no response.

MR. REYNOLDS: I see none. Mr. Laws.

MR. LAWS: Is there a motion to go into closed session in accordance with Virginia Code 2.2-3711(A)(7), for the purpose of getting legal advice from counsel on how to craft a motion that's consistent with the Virginia Administrative Code and the Virginia Code, and also to receive legal advice on the resolution that has been proposed by Vice Chairman Miller?

MS. DAWSON: Mr. Chairman, I so move.

MR. VAN CLIEF: Second.

MR. TROUT: Second.

MR. REYNOLDS: All those in favor?

NOTE: The Commission votes aye.

MR. REYNOLDS: We will be in closed session and
be back as quickly as possible.

NOTE: There is a recess from 11:10 a.m. until 12:05 p.m.

MR. LAWS: At this point, is there a motion on the floor to end closed session and go back into open session, and certifying further that to the best of each member's knowledge, only the public business matters lawfully exempted from open meeting requirements under this chapter, and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting of the public body?

MS. DAWSON: So moved.

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

MR. TROUT: Aye.

MR. MILLER: Aye.

MR. REYNOLDS: Any opposed?

NOTE: There was no response.

MR. LAWS: Mr. Chairman, with your indulgence at this point, I'm gonna read a resolution.

The Commission is ordering Colonial Downs to request 2015 Thoroughbred race days in accordance with the directive set forth hereinafter.

The Commission is ordering Colonial Downs and the
Virginia HBPA to enter into a contract for 2015 live
Thoroughbred race days that will include at least
eight continuous weeks and 24 race days, three days
per week, with the stables and training facilities
open.

Such contract shall be presented to the
Commission or the executive secretary of the
Commission by July 1st, 2014. If Colonial Downs and
the Virginia HBPA enter into a contract for 2015
Thoroughbred race days, the Racing Commission will
rescind it's December 2013 order for Thoroughbred
race days in 2014.

Further, upon entering into this contract, by
operation of law, the satellite wagering facilities
in Virginia can once again begin accepting
pari-mutuel wagering on Thoroughbred horse racing.

Further, the Commission is prescribing and
delegating authority to the executive secretary of
the Racing Commission to accept and approve a
contract between Colonial Downs and the Virginia HBPA
that conforms to this resolution.

That's the end of the resolution. Mr. Chairman.

MR. REYNOLDS: Thank you. Is there any
discussion among the commissioners?

MR. TROUT: Let me say one thing real briefly.
I'm disappointed that we're skipping a year. I think everybody else is disappointed to be skipping the year 2014.

But I'm really reminded, and this is almost an anniversary. Forty years ago, I started out as a new lawyer. I was arguing or discussing with one of my bosses the problems with a case I had, and he kind of sat back and he looked at me and he said, "You've got to play the cards that you're dealt. Whatever you've got in your case, good and bad, that's where you are. You can't do one more draw, you can't do more cards."

That's where I think we are today. We've been through a lot of discussions. We've had a lot of potential blames and potential problems that have been gone through with losses of money here and there, but right now, we are where we are today and we need to go forward from our current situation to play the cards that we're dealt, play the cards that we have and not look so much towards the past as something that needs to be corrected, but the future as something that needs to be embraced.

So I do approve this resolution.

MR. VAN CLIEF: Mr. Chairman, do you need a motion?

MR. REYNOLDS: I would love a motion.
MR. VAN CLIEF: In that case, I will move the resolution as read by Mr. Laws.

MS. DAWSON: I second it.

MR. REYNOLDS: Hearing a motion and a second, all those in favor, say aye.

NOTE: The Commission votes aye.

MR. REYNOLDS: The motion carries. Mr. Weinberg?

MR. WEINBERG: For the record, let me make Colonial Downs's legal objection to the order. I think the order requires the terms of the contract between the horsemen and Colonial Downs. That issue has been decided by the Richmond Circuit Court once before, and it has been held that the Commission does not have the authority to prescribe the terms of that contract, so I register our objection on that grounds.

MR. REYNOLDS: Okay.

MR. WEINBERG: Secondly, you in essence have made a finding of fact about 2015 race days, which is contrary to the Administrative Procedures Act and to your own regulations as to how that is to be done, so I register our objection on that ground.

MR. REYNOLDS: Okay. Thank you.

MR. WEINBERG: Thank you.
MR. LAWS: If I could ask you a couple questions about that. It's my understanding, and I want to know if you agree, that under Virginia law, the Commission has the authority to accept or reject any term in the contract agreed to between the licensee and the majority horsemen's group.

MR. WEINBERG: That is correct.

MR. LAWS: And would it then be appropriate for the -- strike that. Would it then be lawful for the Commission to tell the parties, the licensee and the recognized majority horsemen's group, the terms that it's willing to accept or terms that it's willing to reject?

MR. WEINBERG: Yes.

MR. LAWS: Why does this resolution not fall into that permissive category?

MR. WEINBERG: Because it uses the words shall order Colonial Downs to enter into a contract that contains these terms.

MR. LAWS: Thank you.

MR. WEINBERG: You're telling us what it has to have.

MR. LAWS: I understand. Thank you.

MR. REYNOLDS: I certainly hope you all, regardless of where this resolution falls, I hope you
all will work hard and get us some sort of contract by July 1st.

MR. PETRAMALO: Donna Dennehy just poked me and said, "You're a lawyer, too, aren't you?"

My view is that the Commission does have the authority to do what it just did on the following rationale.

You have outstanding a December 2013 assignment of race days and ordered this Commission of five weeks, 25 days. You reaffirmed that at your May 7th meeting. What you in effect are doing analytically and legally is saying to the parties, we the Racing Commission will vacate that if you do the following.

Now the parties are free not to do that, and if they don't, then we're stuck with five weeks, 25 days. I think that's perfectly lawful.

MR. REYNOLDS: Okay. Thank you. Any other comments from the commissioners before I seek a motion for adjournment?

NOTE: There is no response.

MR. REYNOLDS: Do I hear a motion to adjourn?

MR. TROUT: So moved.

MS. DAWSON: Second.

MR. REYNOLDS: All those in favor?

NOTE: The Commission votes aye.
MR. REYNOLDS: Thank you all for coming. We are adjourned.

NOTE: This hearing is adjourned at 12:12 p.m.
CERTIFICATE OF COURT REPORTER

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

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

Given under my hand this 29th day of June, 2014.

______________________________
SANDRA G. SPINNER
COURT REPORTER