VIRGINIA RACING COMMISSION

March 17, 2014

10700 Horsemens Road

New Kent, VA 23124

Commencing at 10:08 a.m.

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

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, Permitting Clerk

ATTORNEY GENERAL'S OFFICE
Joshua E. Laws, Esquire

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MR. LAWS: Good morning. I'm Josh Laws from the Attorney General's office. We have four commissioners who can take official action on the Commission currently; only two of them are physically present.

Under Virginia law, you have to have a quorum physically present in order to take any official action. Because we have four members on the Commission who can take official action and three physically present to constitute a quorum, we don't have -- basically, three present -- we don't have a quorum, so we can't take any action, we can't vote or have hearings or listen to any appeals. What we can do is have a public meeting where people can just voice their opinion on issues, if the Commission wants to hear it. So that's where we are today.

MR. HETTEL: So we'll have that public meeting at ten o'clock?

MR. REYNOLDS: Ten o'clock, unless everybody gets here early, we can start early. Let's say ten o'clock.

MR. HETTEL: We'll wait for the folks from Colonial Downs to come, and we can discuss but not vote on the 2014 race dates. Okay.

MR. VAN CLIEF: Bernie? Sarge?
MR. HETTEL: Yes. Go ahead.

MR. REYNOLDS: Yes.

MR. VAN CLIEF: This is DG. While we have everybody on the phone for a few minutes, before we ring off, could we talk about that meeting just a little bit? Can we do that legally, or do we have to wait to convene the meeting to speak?

MR. LAWS: What do you want to discuss?

MR. VAN CLIEF: I wanted to discuss our response to what I assume we're gonna hear from the horsemen and the track management this morning.

MR. LAWS: Any time you have more than two Commission members that want to have a conversation, it's considered a meeting. So the only way we could have a meeting would be a closed session. If you want to get some legal advice on a particular issue, we can go in closed session, but if you just want a general discussion, that's not sufficient.

MR. TROUT: Or I could leave the room.

MR. VAN CLIEF: That's what I wanted to know. We'll wait until ten o'clock.

MR. LAWS: Sorry, DG.

MR. REYNOLDS: DG, I can give you a call. Once we hang up here, I'll give you a call.

MR. VAN CLIEF: Sarge, what number are you at?
I'll give you a call right back.

MR. HETTEL: Call my cell.

MR. REYNOLDS: Bernie's gonna give you his cell number.

MR. LAWS: If everyone else on the call just wants to call back five minutes to ten, we can do that.

NOTE: There is a recess until 10:08 a.m.; thereafter, the hearing continues as follows:

MR. REYNOLDS: Good morning. DG and Carol Dawson on phone.

MR. WEINBERG: Morning.

MR. REYNOLDS: Calling the meeting to order.

First of all, thank you all for being here today. It's always a tough call when we show and wonder should you cancel something or not cancel it, but this would have been the third time we canceled this meeting, so we thought we needed to try to have this meeting, but unfortunately, some of the folks did fall victim to the weather; therefore, this Commission today does not have a physical quorum here. We do have two commissioners on the phone; Commissioner Van Clief and Commissioner Dawson, and we have Commissioner Trout and myself here. Commissioner O'Hara has recused himself from the
meeting today, so we have two physical commissioners here.

So while we cannot take action on anything today, still, it provides us a good forum to obviously listen to all the concerns and what's going on between the horsemen and the track and the dispute over racing days. So certainly, a lot of you all are here because of that, and we look forward to everybody's comments later in the meeting when we discuss the 2014 Thoroughbred racing.

Going through this, we'll have to skip the approval of the minutes for the December 11th and January 21st meetings. We'll take action on that at the next meeting.

Let's see. The next part is Commissioners' comments. I might wait until Mr. Ross gets here before we do that, and then Bernie, what about the VHHA contract?

MR. HETTEL: That's an actionable item. That's approval of the breeders award money, so we have to wait on that. The administrative regulations is going to have to take a vote on that, so we're down to Colonial Downs's request and Gold Cup's request.

I think we can do Gold Cup, because that's not gonna take any action. That's just a matter of
statement of what they intend to do.

MR. REYNOLDS: Okay.

MR. HETTEL: And I think, Josh, that's that situation we talked about where they want to open up pari-mutuel windows the night before. That won't take a vote.

MR. LAWS: From the Commission?

MR. HETTEL: Yeah.

MR. REYNOLDS: Are they just giving us information?

MR. HETTEL: Mike, why don't you tell us what is going on at Gold Cup, and then we will figure out what is going on at Gold Cup.

MR. PEARSON: Gold Cup, in conjunction with Virginia Thoroughbred Association, is gonna host an event at the race course Friday evening. At that time, Gold Cup would like to open some machines for a test run, and just a general preparation for the following day's races, and those folks that are at the event would be able to place wagers on the Gold Cup card only for the next day.

Gold Cup has taken every step that it can to avoid problems with the system, and a test run would be really helpful.

MR. LAWS: Will the test run be taking money
from the public?

    MR. PEARSON: From the people at the event.

    MR. LAWS: I think the Commission should vote on it, but we're gonna have a meeting shortly, hopefully within two weeks. Will that approval still be -- if we give you approval within two weeks, will that give you enough time to set everything up?

    MR. PEARSON: Yes.

    MR. LAWS: Then we should wait.

    MR. PEARSON: Really, the thrust of it is to provide the best service to the public possible.

    MR. LAWS: Okay. Sorry about that. We'll get to it as fast as we can.

    MR. REYNOLDS: It's advanced wagering for the next day?

    MR. PEARSON: Yeah. Just for the next day.

    MR. HETTEL: That's the first Saturday in May?

    MR. PEARSON: The first Saturday in May.

    MR. HETTEL: Traditionally, that'll be what? The 89th?

    MR. PEARSON: I'm unsure of the number.

    MR. HETTEL: You were there for the first one. You were just a little boy, but you were there.

    MR. PEARSON: I'm not a historian.

    MR. HETTEL: Really?
MR. PEARSON: Yes.

MR. HETTEL: The other one is an actionable item. Colonial Downs's request to offer pari-mutuel wagering for the Dogwood. We need a quorum to vote for that one. Other than that one -- we have a car pulling up in the parking lot.

MR. PETRAMALO: Can we go back to the Gold Cup? Will there be pari-mutuel wagering on simulcast from the Kentucky Derby that day?

MR. PEARSON: That won't start until 2015.

MR. PETRAMALO: So the effective date of it is July?

MR. PEARSON: July.

MR. PETRAMALO: Okay.

MR. PEARSON: Again, Gold Cup focuses on good service, and we've got to have the drill down before they add that.

MR. PETRAMALO: What are the, just as a matter of information, realizing we can't vote, what are the administrative regulations that you're -- this is the stuff that --

MR. HETTEL: Just general discussion. Dave, tell them about the administration regs pertinent to the Virginia Breeders fund.

MR. LERMOND: Basically, one of the first
conversations Debbie Easter and I had when she took
over the VTA was I asked her if she wouldn't mind
going through the chapter on the Breeders Fund and
basically just giving her expertise, you know.

A prior employee, I just figured it would be a
good idea to go through that chapter and make sure
that what the VTA is doing is actually what it says
they should be doing.

I don't think there's any substantive changes,
other than just housekeeping, basically, and Debbie
was gonna go ahead and go through and explain each
one for the Commission, had we had a quorum.

MR. PETRAMALO: I see. So it's just a matter
of making housekeeping changes to Chapter 130?

MR. LERMOND: The way I would characterize it.
Debbie can correct me, if I'm wrong.

MR. HETTEL: Debbie, why don't we just have a
warm-up in preparation for the next meeting, and that
way, there'll be no surprises.

MS. EASTER: And my question to you all -- It's
Debbie Easter, for those of you on the phone, VTA.
My question would be, while we're sitting around here
waiting, do we go through them and you all vote the
next time? Because most of it is just, went through
and looked at what we were doing, and some of the old
regs should have been changed before, and I'm glad to go through it. It's whatever you all would like to do.

MR. HETTEL: Why don't we, while we're waiting, it'll fill the time while we're waiting on Mr. Ross, and then at the next meeting, you can speak to the approval process.

MS. EASTER: All right. As Dave said, I just went through regs and just looked at them. For those of you that didn't know, I used to work at the Jockey Club in the registration department, so I'm familiar with what the Jockey Club does, and I just thought the regs should actually mirror how we work in the VTA, or else we needed to change our procedures.

So one of the first changes we've made on Page Two of your -- for those of you that have the handout, we changed the Virginia Thoroughbred horse breeder, which is the person that owns the mare at the time that she foals. The breeder listed on the Virginia-bred certificate needs to agree with the breeder that's listed on the Jockey Club certificate.

To me, the Jockey Club is the industry standard. They are the registry. They have a lot of procedures in place that, you know, if there's any disputes on breeder, they go through that all with the Jockey
Club, so why do we have to reinvent the wheel? Let's just make sure they agree. And most of the time when we get a Virginia-bred certificate that doesn't agree with the Jockey Club, it's more people list Mr. and Mrs. with the Jockey Club and then forget and just list Mr.

So it's very easy to clear up, but to me, there shouldn't be two breeders, any difference between the two breeders, so that's the one thing we added to the regs there.

If you go to Part Two under Number -- what was Number Five? We struck Number Five: Stallion owner or breeder will have 25 days after closing of race meet to register his horse to be eligible for an award.

That was currently not how the VTA was running things. If you had not registered your horse and you won an award, you were not eligible for that award. Subsequently, if you registered him afterwards, you would be eligible for those awards down the road.

I don't think we, number one, we weren't working this way. Number two, I'm not sure it's a great reg to have in there, because we take away the incentive for anybody to register horses, and that's what we want them to do. I don't think that the fees that we
charge is any hardship on anybody to register their horse ahead of time. It's $25 if you start straight from the get-go.

All the other strikes, just so you know, with the numbers, are just renumbering, so that's what's going on there.

Next, if you go to the next page under Stallion Registration, we were requiring under Number Three and Four for people to send in notarized copies of the stallion foal certificates, and under leases and reports of mares breed, the Jockey Club requires all that.

In order for a foal to be registered, you have to -- the folks that own stallions have to have reports of mares bred. The papers never get issued if the service certificate is never issued by the stallion folks, so I didn't see any reason for us to have to duplicate that.

I think the intent should be let's encourage people to register horses as Virginia-breds. So it just seemed like if the papers are issued, then we ought to be able to issue a Virginia-bred certificate, so that's why we scratched all that. No use making people repeat the same process.

Under foal registration, same thing with Number
Three, which was the lease; making people send in a lease of a mare. I don't think we had been requiring that or we weren't very efficient about collecting that, but once again, the Jockey Club requires all that information.

A foal's not gonna get registered without all that information. Once a foal is registered, then it ought to be eligible for Virginia-bred.

Number Four was something that should have been taken out when we changed the regulations that required just a Virginia-bred foal to be just dropped in the state of Virginia, and we didn't -- there were no residency rules, so that should have been taken out prior to me going over this.

Other than that, unless there are any questions, it was just a clean-up of the regs, and I'd be glad to entertain any questions.

MR. HETTEL: Frank, you got any --

MR. PETRAMALO: No. I understand.

MR. HETTEL: -- problem with that at all?

MR. PETRAMALO: No. I don't have any problems at all.

MR. HETTEL: Just housekeeping.

MS. EASTER: All right. Thank you all.

MR. HETTEL: Thank you.
MR. REYNOLDS: Any questions from the commissioners? Carol? DG? Are you all still here?

MS. DAWSON: We're here.

MR. REYNOLDS: DG?

MR. VAN CLIEF: Yes. Thank you. No questions here. All that strikes me as pretty much common sense.

MS. DAWSON: Thank you, too. That's --

MS. EASTER: I forgot to tell you about one other thing. We had -- procedure-wise, we're not gonna issue a Virginia-bred certificate until the Jockey Club certificate has been issued.

To me, a Thoroughbred foal is not a foal until the Jockey Club issues a certificate, so why do we want a Virginia-bred certificate to be out there until it's a registered horse? So that's the only other procedural change you'll see that we might not have been sticking to before. Thank you.

MR. REYNOLDS: All right. Thank you.

MR. HETTEL: Well, the report would be the beginning of the 2014 Thoroughbred days. I think we probably ought to wait for the person from the HBPA to arrive.

MR. PETRAMALO: There are other committee reports besides that?
MR. HETTEL: No, sir.

MR. REYNOLDS: I don't think any committees have met.

MR. PETRAMALO: Oh, DG is on the phone. One of the things that we might be talking about is when we can reschedule or reactivate the Blue Ribbon committee to get moving on that.

MR. REYNOLDS: Absolutely.

MR. PETRAMALO: I can't remember how we left off in terms of future meetings, but it seems that we ought to try.

MR. VAN CLIEF: Frank, if I heard that correctly -- this is DG.

MR. PETRAMALO: Yes.

MR. VAN CLIEF: To respond to that, it has been a while. I would very much like to reactivate that committee. I think we had gotten to a point where we had an agreement on our situation analysis.

We had suggested some possible courses of action to enhance our position as an industry going forward, and we had just gotten to the point where we were beginning to talk about additional assets in the way of either information or people whose skill sets and experience we might want to add to the committee as we move forward, and that's as far as we had taken
it.

Obviously, I think we've got a bit of a hiatus while we work, hopefully, to a positive resolution on the 2014 dates issue, and it would be my personal hope that we'll get there and that that will allow us to get the parties or the stakeholders back to the planning committee, where I think we can, hopefully, if we can get a deal for this year, that will give us time to move ahead. What I'm wanting to do is in terms of getting our stakeholders back in the committee session and look for a multi-year plan we could adopt.

That's where I see us going. We're obviously losing time, and I'm frankly not sure that we're gonna be able to have a product to offer the Commission and industry as I'd hoped, but in a nutshell, that's where I think we are.

MR. PETRAMALO: Well, let me suggest this. It might make sense for those of us who have been participating to maybe send you a list of individuals who we think might add to the discussion. We don't necessarily have to be made formally members of the committee, but it might be useful, for example, for me to say I think it would be helpful to hear from the following three owners and the following three
trainers. Something of that sort, so we can at least
get going in terms of identifying people. We could
do that by e-mail or conference call, if you'd like.

MR. VAN CLIEF: I think that's a great
suggestion, and I'd certainly welcome those kinds of
suggestions from any members of our committee.

In fact, Bernie, if you would, would you get the
word out to committee members that we would like them
to think about who we might add, and as Frank
suggests, I don't think we have to do it on a
permanent basis. You want to keep the committee
manageable --

MR. PETRAMALO: Right.

MR. VAN CLIEF: -- but I think on an ad hoc
basis, we're gonna want to reach out to a number of
different skill sets and experience bases.

So I'd love to hear, Frank, any suggestions
you've got, and furthermore, I'd like to hear from
our other stakeholders on the committee as well who
they think might help us as we move ahead. Thanks.

MR. PETRAMALO: Fine. I'll do that.

MR. HETTEL: Might want to start figuring out a
date for that, too. I know you've got some travel
plans coming up.

MR. PETRAMALO: Yes.
MR. HETTEL: But I think the quicker we have that Blue Ribbon meeting, the better.

MR. PETRAMALO: Yes.

MR. HETTEL: With the difficulty we have for 2014, that may help satisfy some of the issues and road blocks we've experienced.

MR. VAN CLIEF: That'd be great. Bernie, too, if you want to start looking for a date, let's do that.

MR. HETTEL: Okay. I'll notice everybody to give me a list of available dates or non-availables, and we'll go from there. I'll put that together starting this afternoon.

MR. VAN CLIEF: Thank you.

MR. HETTEL: Yes, sir. Okay. Got any idea? Anybody pulled in the parking lot?

MR. TROUT: Mr. Chairman, a little bit of a break here. I'd like to introduce somebody who is in the audience back here.

MR. REYNOLDS: Absolutely.

MR. TROUT: Rodney Hathaway is the county administrator for New Kent County, and the county obviously has a great interest in having a good, operational track with a lot of horse racing and everything else going on.
In the county, this is a major facility in the county, maybe the major facility, and I'm glad that Mr. Hathaway was able to come with us today.

I'm not gonna make him make a speech, but if anybody wants to talk to him afterwards or look for somebody for a good committee, either Rodney or somebody else on his staff might be the ones to be involved in that to represent some of the county's positions.

There are a lot of other facets here, tourism facets here in the county, including free wineries now and four golf courses and other places that would attract visitors, and if they could be tied in to somebody going to the track and going to a wine tasting or whatever it might be, that would help to boost the attendance at all places, including New Kent County.

Rodney, I'm really glad you had the opportunity to come here today. Beautiful day. He couldn't leave the county because the weather is bad. Thank you, Rodney.

MR. HETTEL: Maybe we could include wine tasting in the Commission meetings.

MR. TROUT: I think we need that. Yes.

MR. PETRAMALO: You know, one year, if I'm not
mistaken, we had some kind of wine tasting or wine
festival. Maybe it was on Virginia Day at the
racetrack, but that was before we had the three local
vineyards. It might be interesting to see whether we
could gin up some interest from the vineyards to get
them to sponsor a race or something like that.

MR. TROUT: What you might want to look into as
well is having -- to do a lot pairings, food pairings
with various types of wines that the various
vineyards like to put on.

MR. PETRAMALO: Yes.

MR. TROUT: To have that combined at one of the
race meets or several of them during the year, I
think would be a real plus to bring in more people.
One thing it's all about. Thank you.

MR. REYNOLDS: Mr. Hathaway, thank you for
coming today.

MR. PETRAMALO: Maybe we ought to take the
opportunity to have everyone introduce themselves.

(Laughter)

Well, wait a second. We were here on
December 15th. No, it wasn't the 15th, it was in
December to talk about race days. One of the issues
that we raised was the need to have an extended meet;
more weeks to have opportunities for owners and
trainers to race.

We did not bring a lot of people at that point to substantiate or to expand upon the presentation that Stephanie and I made.

So today, because I knew we were gonna talk about it, Stephanie and a number of our board members like Donna Dennehy invited a number of owners and trainers; that's who all these people are today. We don't normally get this many people. So it might be useful for everybody just to say who they are and what they do.

MR. REYNOLDS: That'd be fine. Let's do it.

MR. PETRAMALO: Start in back.

MR. REYNOLDS: I'm sure we'll hear from them a little bit later.

MR. HETTEL: Nobody wants to be first.

MR. WHITE: I'll be first. I'm John White. I'm an owner-breeder and I'm from Roanoke, Virginia.

MR. REYNOLDS: Okay. Thank you, John.

MR. HETTEL: Anybody else want to acknowledge their presence? Yes, ma'am.

MS. MCKENNEY: My name is Jessica McKenney. I'm a trainer, pony person. Little bit of everything.

MR. REYNOLDS: Welcome.
MR. STEVE CROCKER: I'm Steve Crocker. I'm a horse owner.

MS. CROCKER: Liz Crocker, interested wife.

MR. CHRIS CROCKER: Chris Crocker, local horse trainer, and I worked on the front side, as well as train horses back here since the day the track opened.

DR. NEICE: Lyndsey Neice. I'm a veterinarian.

DR. DANIELS: Doug Daniels. I'm an owner and breeder and veterinarian for Richmond.

MS. COREY: Mary Sue Corey from Mechanicsville right here. Trainer.

MR. KUHN: I'm Chris Kuhn. I'm an owner and also a New Kent resident.

MR. G. GREGORY: George Gregory. I'm a trainer and an owner and a New Kent resident.

MR. E. GREGORY: I'm Ed Gregory, also an owner and also a resident of New Kent County.

MS. BURBRAGE: Wendy Burbrage. I'm a new owner and new to the game.

MS. TUCKER: I'm Anne Tucker. I'm a breeder and owner, a seasoned box holder, and an advocate for Thoroughbred aftercare, and I'm from Rockville.

MR. TUCKER: John Tucker. I do everything she says we do.
MS. CLEMENT: I'm Brooke Clement. I'm an owner, trainer, rider and from Goochland County.

MR. CLEMENT: Roland Clement. Owner and trainer, Goochland.

MR. GUNN: Kevin Gunn. I was here for an appeal hearing.

MR. REMY: Jack Remy. I was here for an appeal hearing for Standardbred.

MS. ALVAREZ: I am Georgia Alvarez. I am the owner of Antonio's Pizza, the local go-to for all the jockeys and trainers, and I'm just here to voice my opinion on all of this.

MR. ALLEN: I'm Ed Allen. Just here to listen.

MR. CORUTHERS: I'm Jerry Coruthers. I'm a blacksmith here in New Kent County.

MS. CORUTHERS: Owner, trainer, Theresa Coruthers, and I also did your out-riding in the harness meet for eight years in New Kent.

MS. BOWLING: I'm Darlene Bowling. I'm an owner-breeder from Powhatan County.

MS. DENNEHY: Donna Dennehy. Owner, trainer, Eagle Point Farm, Ashland, Virginia.

MS. GODSEY: Karen Godsey, her daughter. Also manage Eagle Point Farm in Ashland, Virginia, and I've been training down here for the past nine years.
MS. BELCHER: Lyla Belcher, owner, trainer, wife of a jockey. Wanted to be a breeder in Virginia, but didn't do it this year because of the way things have been going. South Carolina. Came from South Carolina up 95.

MR. EASTER: Doug Easter with Easter Associates. I've worked with the HBPA on their government relations for a number of years now.

MS. EASTER: Debbie Easter, VTA executive director, but also a owner and want to see everything go well.

MR. ALLEN: I'm Ferris Allen, trainer.

MS. COSLEY: I'm Catherine Cosley. I showed up on the race track five years ago as a spectator. I'm a local school teacher, now own two horses and have an interest, and I call Georgia.

MR. HATHAWAY: Hello. I'm Rodney Hathaway. I'm the administrator for New Kent County.

MR. WOOD: Darryl Wood. Director of marketing at Colonial Downs.

MR. KAY: Tom Kay. Director of OT operations for Colonial Downs.

MR. PICKLESIMER: Tyler Picklesimer. Just followed the traffic in this morning.

MR. GROOM: Evan Groom, director of food and
beverage for Colonial Downs.

MR. KELLEHER: Pat Kelleher. I'm director of security of live race operations.

MS. BOUZEK: Jeanna Bouzek. I'm vice president of operations for Colonial Downs.

MR. WINGROVE: Jeffrey Wingrove, director of simulcasting and mutuels.

MR. GERZAK: I'm Bob Gerzak, owner-breeder of -- been doing it about 13 years from Whitestone, Virginia. I'm here because Stephanie told me to come.

MR. REYNOLDS: Action Annie.

MS. NIXON: That's right.

MR. PETRAMALO: Thank you all very much for coming. We appreciate it, and you'll get an opportunity later on to talk a little more.

MR. REYNOLDS: Absolutely. I thought I saw a car just drive in.

MR. TROUT: Mr. Chairman, I might want to point out this is St. Patrick's Day, and I want to congratulate Frank Petramalo and the other people who have some green on today, too, but Frank has really done the job of taking the "O" off the back of his name and putting in on the front and came decorated for the occasion.
MR. PETRAMALO: I like to think that I'm Mediterranean Irish.

MR. GERZAK: Mr. Commissioner, I'm Bob Gerzak. I would like to comment. I'm sort of doing this, I guess other folks, too. What was the Blue Ribbon committee you were just referring to?

MR. PETRAMALO: Mr. Chairman.

MR. REYNOLDS: Well, in a nutshell, the Blue Ribbon committee was a group of the track, the horsemen, the VTA, and maybe a couple other interested parties to try to get together and come up with a good, long-term, strategic vision for Virginia horse racing, trying to figure out what the problems are now -- that's not too hard to figure out -- and how do we resolve those problems, and then how do we move Virginia racing forward.

We know nationally, the racing industry has been in severe decline, especially since the last recession. Overall, it has just been in decline, and we just need to get some smart folks together to figure what we're gonna do to try to survive this national decline in Virginia in particular, and see what we need to do to try to get together and put together a strategic vision.

We've had a couple of meetings. I think we made
pretty good progress, but obviously, we'll talk more about it later, but the big rub right now is racing days.

The track, on the one hand, is trying to make a profit, and they can be open to a certain amount of days, or want to be open a certain amount of days. The horsemen, obviously, need a matter of weeks, so if they're gonna come all the way down here and race their horses, obviously, they want enough opportunity to make it worth their while to come here.

So we're trying to get that issue resolved. That's the biggest one. Hopefully, we can get through that and get back with this Blue Ribbon committee and really put together a good game plan so that we can sustain and grow the industry.

MR. PETRAMALO: This is the second Blue Ribbon committee. The first one goes back to somewhere around 2000, 2001. You probably know better than I do.

When Colonial started running, first, we were running in the fall, and it was very tough because there was a lot of competition, so the Blue Ribbon committee was formed. It was broader than just the people from Colonial and the horsemen's organization. We had folks from other states, et cetera, and they
met several times and explored various options, and they came up with two recommendations that the horsemen and the racetrack agreed to implement, and quite successfully.

The first one was to move the meet from the fall to the summer, and in conjunction with that, the racetrack was able to work out a window during which Maryland horsemen would not run and we would here in Colonial have the exclusive right to run. So that turned out to be quite good.

The other thing was that we wanted to have a certain quality of racing. We didn't want to just race for the sake of racing. The Blue Ribbon committee recommended that we use $200,000 a day as the goal.

So we started out probably in 2003 following the Blue Ribbon committee, and at that time, we had about 25 days of racing, and then over the years with the growth of the offtrack wagering, by 2008, we had expanded so that we had 35 days of racing, but again at $200,000 a day.

The problem occurred in 2008, 2009 when the bottom fell out of the national economy, and of course that was reflected in the income in racing and from then, ever since then, we've been trying to, in
effect, reinvigorate racing and trying to figure out how to do it. That's the purpose of the second Blue Ribbon committee.

MR. GERZAK: Thank you, sir.

MR. REYNOLDS: Frank, I'm not so sure we shouldn't just start moving forward. I don't know where he is.

MR. PETRAMALO: Okay. Let's do it then.

MR. REYNOLDS: Unless you object. I mean it's twenty of eleven. He's an important part of it, I know.

MR. PETRAMALO: Normally -- don't repeat any of this. Normally, I would say who needs the president, but in this case, Sarge, the only reason I'm waiting for David is David was an integral part, along with Stephanie and myself, in all of the discussions that we had with the racetrack since the December meeting, both with the Secretary of Commerce and with the racetrack folks, as well as the mediator.

MR. REYNOLDS: I know he's been very involved.

MR. PETRAMALO: I hesitate to go forward without him.

MR. HETTEL: If we could do a follow-up call to see if he's in the general vicinity. If he's still half an hour away --
MR. PETRAMALO: Okay.

Note: There is a brief recess; thereafter, the meeting continues as follows:

MR. REYNOLDS: DG, you there?

MR. VAN CLIEF: Mr. Chairman, I'm here.

MR. REYNOLDS: Yes, sir. How about Carol? She'll be back. We have a quorum anyway. All right. Welcome, Mr. Ross. We've gone through a lot of the agenda where it really didn't affect what most of us are here for today, so I don't think you missed anything in that regard. We wanted to wait for you, because this, obviously, is a very important meeting.

Before we get into comments from the horsemen and the track, I would open it up to Commissioners' comments at this point. I'll open with mine. I had about four pages of comments, but I think a lot of it is rehashing, obviously, what has already happened, so I'll just emphasize a couple of points.

Back in December, the Commission approved five weeks and 25 days, largely in the thinking that it's what the horsemen and the track agreed to without our help the year before.

We felt like that was a good compromise, and especially in the light that we had set up a Blue Ribbon committee to discuss dates and things going
forward in an effort to put together a strategic plan.

It is obvious that that didn't work for the horsemen. They obviously feel strongly to this day that five weeks just doesn't cut it. It doesn't give their horsemen and people who are coming all the way down here enough of an opportunity to run their horses. That's their position, and obviously, they feel very adamantly about it.

So what has happened now is that the Virginia Racing Commission has little authority or no authority to compel the track and the horsemen to enter into a new contract.

The contract expired at the end of the year, and therefore, with no contract, obviously, the OTBs, at least the Thoroughbred portions, have been shut down, for the most part, and that's very unfortunate.

I know the Commission, especially our executive secretary, has met with the horsemen and the track no less than 14 times. I know I've attended several meetings, so the Virginia Racing Commission is working hard and really, really wants to see these two groups come together.

I thought that maybe a couple of weeks ago that I heard that maybe the horsemen could consider seven
weeks, maybe the track could get up to six weeks, and I felt like there's a one-week gap there. Maybe we have something to work with.

So we asked the horsemen's group and the track to go to arbitration last week, thinking maybe one last push could get some sort of a compromise and get something done. That didn't seem to go very well, and it seems like now, we may be farther apart than we ever were, and I think that's a real shame.

The real shame is really for the Virginia racing fans. They are the ones that are not able to go to the OTBs and bet, place a dollar. I know we've lost several hundred dollars because the OTBs have shut down.

I understand why, and I'm not gonna sit here and blame anybody, but the fact is they're shut down. It's costing various groups hundreds of thousands of dollars at this point, and it's really hurting our racing fans, and quite honestly, we'll be lucky to get them back, and I hope we get them back once we resolve this issue, which I'm confident that we will.

Again, without the guy going and making the bet, we don't have a business, so we need to be thinking about that while we sit here and try to figure out what the outcome of this is gonna be.
So basically, those are my comments, and I'll turn it over to the rest of the commissioners for their comments.

DG, I know you might have a comment. I'm not sure.

MR. VAN CLIEF: I do. Mr. Chairman, if I could have a few minutes, I'd like to take this opportunity to, for lack of a better description, send up a trial balloon. Would that be okay? Could you give me maybe ten minutes?

MR. REYNOLDS: Yes.

MR. VAN CLIEF: Okay, and I would direct this through you as Chairman and my fellow commissioners. Obviously, as this is sort of a town hall meeting kind of format, I want to put it out there for our industry to think about.

As you've said, as a Commission, we have precious little authority to compel the operating partners in this business to enter a contract, but I think we have a very serious obligation as a Commission to our constituents, and I've been thinking about who that is.

I should point out that I think all of us probably on the Commission have received quite a lot of input from owners, breeders, trainers, the
racetrack operators and others associated with the industry over the last several weeks. I personally have had a ton of contact; almost all of it has been polite, constructive and thoughtful, and I really appreciate it.

I think as a Commission looking at our mission, not only to regulate but to sustain and grow our industry, we have a couple of essential constituents, and the ones in question today are obviously the track owner and operator, and also our owners and our racing stables and our breeders.

It's a bit difficult to try to come up with a solution, since the two seem to be logger heads at either end of the spectrum. But taking those two groups into consideration, I want to make a proposal.

The horsemen have made it clear, and I thought it was a rather compelling argument, that they need enough weeks, and they seem to have been clear throughout that it's weeks, not days, that are of concern to them.

A race being long enough to make it worth their while to move their operations to Colonial Downs, to establish stables there, and to have an opportunity to run their horses on enough occasions to see a return on the investment and expenses and capital
they are outlaying.

The track, on the other hand, has a legitimate position as well. They want to develop a better product and better racing. They'd like to move away from the status quo, and I'm very sympathetic there as well, and we've discussed it in our Blue Ribbon panel.

The one thing that I think we've all agreed on is that Virginia racing lacks brand strength, it lacks visibility, so we've got to do something about that if we're going to not only grow, but in my opinion, survive.

The racetrack wants to reduce costs, while giving itself a chance to build a better product and develop more revenue, and I think that's reasonable. So how do we split the difference here?

I think we all want to build growth into our industry, so I'm looking for a way to reestablish the partnership, which includes the track, the horsemen, the breeders and the state, and as we've heard a little earlier, our host county here at the race track, as well in New Kent.

So here is my trial balloon. I would like to propose for the consideration of my fellow Commissioners to see if they would approve this, if
the parties, in this case, the HBPA and Colonial Downs, might think it's something they can work with.

I'd like to propose a seven-week meeting, during the course of which, the track would run three days a week; Fridays, Saturdays and Sundays.

That obviously represents a departure from the previous status quo. It represents a pretty strong departure from the dates that we proposed and approved in December, but I believe it gives a long enough time to facilitate the horsemen, who want an opportunity to run their horses if they're in condition to run twice during the meet.

On the other hand, I'm hopeful that running three days out of seven does a couple things for our racetrack operator. Number one, running three out of seven days should provide some opportunity for them to go back and look at their operation and carve out some additional operating costs in the form of per diems or whatever it might be that they are bearing right now on a weekly basis.

I understand from talking with the track and from seeing the numbers that we've been given, that they are -- it's an expensive proposition, around $20,000 a day to run, and hopefully, this will provide a way they can reduce that, or provide a format in which
they can reduce that.

I'd like also for the track to have the opportunity and the flexibility to develop some higher-quality product, so I'm suggesting that within this seven-week format, that we look for a way to move away from the $200,000 per day purse distribution formula that we've developed about a decade ago.

I'd like to see some flexibility there to provide an opportunity for some higher-quality racing, to develop some greater fan interest, and a more robust simulcast product for developing a fan base electronically.

So I'm suggesting that we look for a departure from our current purse formula in a way that provides an every-day product to give our local horsemen a chance to run as they're hoping for, but at the same time, some flexibility for our racetrack to develop some high-quality event days and stakes racing that will provide the opportunity to grow our fan base.

I think without it, if all we have is every-day racing, we're gonna be competing with racetracks around the country for simulcast customers and remote, electronically-developed customers, and if we don't have better product, we're gonna be in a tough
The devil in these kinds of proposals, of course, is always in the details, so I would suggest that we seek out a racing official with a significant amount of experience; perhaps the former Director of Racing or racing secretary that we could bring in as a neutral party, suggesting that the HBPA, the Virginia Racing Commission and Colonial Downs share the cost of that kind of consultant, and ask that individual to come in and help us develop a racing program which serves the needs of both of our key constituencies.

I'm looking at that as a one-year transition. I think we need a deal now to allow us to move forward for one year, at which point, we would bring the constituents and our Blue Ribbon panel, as Stran discussed earlier today, back to the table, and hopefully, my dream would be that we would work out a three- to five-year program that might even facilitate a three- to five-year contract and would provide some stability for the business, provide some assurance that those who want to make an investment, whether it's in farms, training centers, horses or the racetrack could do so, and I think that that would provide us the beginnings of a strategic plan, certainly some time to put one together that we could
all have confidence in an buy into.

As Chairman Reynolds pointed out, the other option which is doing nothing and remaining in an impasse situation with our heels dug in is gonna cost us. If the numbers I've been given are correct, we've already left approximately $500,000 in revenue on the table.

As I pointed out earlier, the visibility of Virginia racing on the national scene is virtually nonexistent. Our loss of customers during this period is very real, and I don't think we should under estimate the degree of difficulty if we go dark this year and getting ourselves restarted.

I don't think anybody really supports the status quo, so I would urge some consideration of this as at least a starting point for discussion of a real compromise. Hopefully, we can move forward quickly with this, and I put it to my fellow commissioners it's something they might consider approving, and I put it to the HBPA and Colonial Downs as something that they would look at as a format for compromise.

Thank you, Mr. Chairman.

MR. REYNOLDS: Thank you, Mr. Vice Chairman. Stran, do you have any comments?

MR. TROUT: Yes, I do. This is similar to
discussions I've had with a number of people, some horse owners and some of the others. It appears to me it's the same thing that Mr. Van Clief mentioned, was that the track is looking at primarily the number of days and the cost of opening the track, and the horsemen are looking for the number of weeks, because you have to let the horse rest a certain time between races, and if you have a very short period, the horse may only get to run only once; a longer period, they get to run more times during the particular season.

The seven-week -- which is actually a little shorter than what I was looking at -- but the seven-week, three days a week comes out to 21 days, as compared to 25 last year, but it does give the number of weeks I think that would help the horsemen.

I hope we hear some comment on this, but it would also reduce the actual opening of the track, and the track in this case, if it's Friday, Saturday, Sunday racing, would be closed four days a week. So it would be a substantial consecutive days that it would be closed, rather than being closed every other day or doing something where you have problems with personnel.

So I think that this is a good compromise to get through this year, and also concur that we do need to
get together -- I think this Blue Ribbon commission
is a good source of that -- to look into the future
years and to look into something we can do to make
sure we have an operation that's gonna continue going
for a long time into the future.

There are some other things that can be done with
this, too. I know the track talked about the idea of
having a short season so they could have higher
purses on particular -- on less days and make it work
that way, and actually, that can still be done within
this kind of framework.

There can be a number of days, however many,
where there would be higher purses, more saleable
signals and more interest by those who are really
interested in high-end horses; we do that anyway.
Virginia Derby, for instance, has higher purses and
probably brings more interest from the outside of the
track area as far as signal sales.

This could be a boutique race or a short-term
race. The season could be set up within this same
parameter, and it seems to me that you could do it at
the same time. Those benefit the track, because it's
less days that it would be open. It benefits the
horsemen, because it would be more weeks, which would
enable them to run the horses, and I'm sure we'll
hear plenty of comment on that, but it seems to me that that would work, and I congratulate Mr. Van Clief on his proposal.

MR. REYNOLDS: Thank you. Commissioner Dawson, do you have any comments or thoughts?

MS. DAWSON: Yes. I'd like to say that I appreciate Commissioner Van Clief's work in putting together this proposal; it sounds very attractive. I think there are a lot of good things about it. I'm particularly interested in making sure that our local horsemen have adequate number of racing days.

My preference would be to see the same sort of proposal extended to eight weeks, if possible. I realize that that's dependent upon the parties agreeing to that, but the other thing that I think is good about this proposal, it would permit some top-level racing to be integrated within the plan, at the same time allowing, as he calls it, the every-day racing to continue to support the native industry.

I have no idea whether something like this would be -- would meet the objectives of the two parties, but I do think that the Commission, as we've all expressed, has a responsibility to the Commonwealth of Virginia and its citizens to try to come up with long-range plans, and I think if we could get the
parties to agree to something along these lines and continue with the long-range planning, which I think is critical, because unless we have that, we might succeed for one year, but then after that, we'd be back to square one.

Anyway, in general, I would say that I would be supportive of this, you know, hopefully with some input, which might even see an individual extension of the seven weeks to eight weeks, and that's the extent of my comment at this time.

MR. REYNOLDS: Okay. Thank you, Commissioner. With that, I will turn it over to the horsemen to make all your comments.

MR. PETRAMALO: Can I have about three minutes to talk to my colleagues at the other end of the table?

MR. REYNOLDS: Yes.

MR. PETRAMALO: Jim, Ian, Dave, do you want to come with me?

NOTE: There is a private discussion held off the record; thereafter, the hearing continues as follows:

MR. HETTEL: Are you prepared to go forward?

MR. PETRAMALO: Yes, I am. I am indeed.

MR. HETTEL: We're back.
MR. PETRAMALO: Because we have a large group of people here that haven't been actively involved as some of you have, I'd like to take about five or ten minutes and just go through this.

When we last met on race day, it was December. The Commission said, basically, curse on both your houses. We were proposing eight weeks, 32 days; Colonial was four weeks, 12 days, and you said, you the Commission, said five weeks, 25, inviting us specifically to go sit down and see whether we could come up with an agreed-upon plan that we could take back to you.

Well, for that purpose of going back and talking, we extended our contract three times through December 29th. Where we were at December 29th -- excuse me. I didn't mean December. January 29th.

Where we were on January 29th when we were at a stalemate, was we were discussing seven weeks, 28 days. Colonial wanted $300,000 from the horsemen to help with various overhead expenses; we offered a package of 150,000. So that was the difference. At that time, we couldn't resolve it, the contract expired, and by law, not our doing, by law, the OTBs had to shut down.

Now, that caused customer dissatisfaction, which
obviously, we certainly wanted to avoid, as so did the racetrack.

The Secretary of Commerce got involved. Secretary Maurice Jones, been on the job for less than two weeks, and here he is. He convened a meeting on Valentine's Day, February 14th. Trying to think. Everybody -- not sure whether Jim was on the conference or not. Were you?

MR. WEINBERG: I was.

MR. PETRAMALO: But David, Stephanie and myself and Jim and Ian and Bernie and Sarge. The upshot of that meeting -- we went through the whole history, and the upshot was we were talking about seven weeks, 28 days, and Ian Stewart said he could only do seven weeks, 28 days if it was revenue-neutral and offered to make available financial records.

That's the way we left it with the secretary. He said fine, within the next 30 days, I will see what I can do to have you folks consider the feasibility of seven weeks, 28 days.

Subsequent to that February 14th meeting, the secretary followed up with separate meetings; first with Colonial and then with David, Stephanie and myself. I don't know what happened at the Colonial meeting, but I can tell you that when we left the
meeting on February 24th, I described for the
secretary where we stood -- I think you were present,
Bernie, at that meeting.

MR. HETTEL: I was.

MR. PETRAMALO: And the secretary said, well,
it was seven weeks, 28 days, and I said we were apart
150 versus 300,000. He says, fine, I understand.
Let me make some phone calls. I'll get back to you.

Well, what I assumed the secretary then did was
to arrange the formal mediation that we had two weeks
later with Judge Donnell.

We wrote a separate memorandum on our view of
mediation and settlement prospects to Judge Donnell
and Colonial did the same thing. Those were private.

For those of you who don't know what mediation
is, it's not arbitration. Arbitration is kind of
like a judicial proceeding where you have somebody
who hears from both sides, makes a decision that's
final and binding.

That's not what we did. We were in mediation.
Mediation is where you have a professional come in,
and the professional tries to broker an agreement.
He'll listen to one side, then he'll listen to the
other, and he or she will come up with suggestions.

That's what we did with Judge Donnell. We met
first all of us, and then we broke out separately.

In our separate meeting, we told the judge where we stood and that we were prepared to go further, that we had put together a package that we calculated would be $280,000; about 20,000 of what Colonial was saying. In my way of thinking, that seemed to be a deal.

The mediator, as far as I know, never got around to being able to quote the $280,000 figure, because we then met jointly together, and Colonial's response at that point was seven weeks is a non-starter. That came off the table, and their proposal at that time was six days; not six weeks, six days, 500,000, and the mediator figuratively threw up his hands and said you're too far apart. There's no sense in going any further with this. Let's end it. If you want to come back, you know my phone number.

Now, it was surprising to me, because in 35 years as a labor lawyer, I've been through a lot of mediations; this was the shortest one. Couldn't have lasted substantively more than 45 minutes.

But in any event, the conclusion that I came to, based on my experience over the last 12 or 13 years with Colonial Downs, is Colonial Downs didn't want to do a deal. This is not the first time that we've had
a dust-up or a disagreement. We've had many of them since I got involved in 2000, but in the end, we always sat down, everybody gave a little, and we came up with a deal.

This year, completely different story. Now, I have no idea what may or may not be motivating Colonial, because it makes no economic sense. We're both suffering. Now, it makes no sense to me whatsoever.

We're perfectly willing to work with them. We're willing to work within the proposal that Commissioner Van Clief made; seven weeks, 21 days. That's really not much different than seven weeks, 28 days. That's where we're prepared to go.

Now, I know that Colonial's response, in part, to our position has been to try and organize or prompt the organization of a rival horsemen's group. Again, this is no surprise to me.

Thirty-five years as a labor lawyer. Every time Management gets upset over Union demands, they try and set up their own in-house Union. Colonial's trying to do the same thing. I say fine. If they want to hold an election, let the horsemen vote, see if they want the HBPA, who has been here 17 years standing up for them, or the Colonial Caballeros, or
whatever you wanna call them. But you know, it's too bad that that's where we are, but I think that's it.

MR. REYNOLDS: Okay.

MR. PETRAMALO: I don't know what else to say.

MR. REYNOLDS: Okay. Let's call on Colonial Downs's group. Would you care to speak?

MR. STEWART: I have a couple thoughts for you. There's certainly a lot of misinformation about the negotiation between the HBPA and Colonial Downs. First piece of misinformation is that Colonial and HBPA were close to a deal of seven weeks of racing. This is simply not true.

Colonial Downs first proposed seven weeks as a compromise. As part of that proposal, Colonial Downs asked the HBPA to share $300,000 in additional costs. The HBPA claims they offered $150,000. Those dollars were illusionary.

Let's look at that offer. They offered to agree that Colonial Downs did not have to spend $50,000 for cap ex on the back stretch in 2014. The reality is, Colonial Downs spends that money every year, just part of normal operations.

Virtually year in and year out since the construction of the track, Colonial Downs has spent at least $50,000 for capital improvements on the back
stretch; therefore, the elimination of that
requirement has to have value to us.

The other $100,000 related to a potential new
mini OTB. As with any new venture, it is speculative
as to how it will turn out. You can just look at the
history of the many OTBs we've opened. Many of them,
several of them, have failed, really.

So at any rate, we were required to sign a
three-year lease for the new OTB; the HBPA offered to
help for one year. Our ability to collect $100,000
in cash to help pay for the meet required the OTB to
be a success; otherwise, the cash would not be there.

When we asked the HBPA to guarantee the $100,000
in the event the new OTB did not generate it, the
HBPA's response was of course not, and that is where
the conversation ended.

So that $150,000 offer was $50,000 we have yet to
spend anyway, which has no value, and the speculative
$100,000 to pay for the real cash cost of $300,000 to
pay for the meet.

Mr. Hettel attended all the meetings and
participated in all the phone calls. So rather than
put him on the spot, I suggest you ask him privately
what transpired. Who was flexible and who wasn't.
Who brought ideas to the table and who didn't.
While we're speaking of misinformation, there's one other item I feel compelled to address. One of the advantages of longevity at something is you're very familiar with the history. One of the disadvantages is that you sometimes forget that everyone else is not as familiar as you are.

The HBPA has made much in its discussions in what they call discounts in the OTBs. The reality is this. We recognize that there is an opportunity in the smaller markets to grow handle for the horsemen that are racing for the track, but we could not do it if we had to pay the statutory purse race.

So we went to the horsemen and said that we would put up the money to build the OTBs if they took less than the statutory minimum purse contribution.

They agreed, we invested approximately $15 million and built OTBs in Vinton, Martinsville, Scott County and Hull Street. The horsemen collected purse funds they would not otherwise have.

The statute required that the form of the deal be that we set aside the full five percent, and they write us a check back for our share, is what the HBPA refers to as a rebate, which by the way, they're a little delinquent on, but that's a matter for another day and another forum.
Let's be clear on one thing. This was a revenue-sharing agreement, a business deal. While it may be an example of flexibility, it is not an example of generosity or charity on the part of the horsemen.

So where do we find ourselves now? I believe the HBPA's boycott has cost the state, the localities, the track and the purse account well over a million dollars, as well as people's jobs in the OTBs. Now they're working to expand their boycott to EZ Horseplay, which is a breech of our existing revenue-sharing agreement with them, which will cost everyone even more money.

Colonial Downs's vision has always been to aspire to greatness. We want to make Virginia a national player in the racing industry. We talked about this numerous times. We want to focus on the big event days and bringing the best quality racing. We want to grow handle through account wagering at as many OTBs as possible.

I don't think any of this is news to anyone. I think a more pertinent question is what is the HBPA's vision for racing in Virginia. They've been given several opportunities to present this, and frankly, have always evaded the question. I hope that at some
point this morning, we get an answer to that question, because I think the Commission deserves that.

I think it's also important to understand who the HBPA is, and something about the horses they bring to the meet. The first thing to know is that the vast majority of the members are not from Virginia. Based upon the membership list we were given, 78 percent of the membership is from 37 other states. In fact, the state with the largest number of members is Maryland.

We understand it's important that people from other states come over and race at Colonial Downs, but think about this for one minute. What are the priorities for horsemen from other states vis-a-vis Virginia? Is their goal to build Virginia racing or to simply make it fit their needs? If their need is a place to race horses in $5,000 claiming races, then the desire to improve racing in Virginia or aspire to greatness is probably lost on them.

What do the Maryland horsemen want for Virginia? Given that the casino at the National Harbor is about to generate a lot more cash from Maryland horses, it might be worth knowing whether they intend to expand Maryland race days into the summer, considering they comprise the largest group of Virginia HBPA members.
We talked a lot about the quality of racing at Colonial Downs. By combining the HBPA membership list with the encompassed database, we've come up with some interesting information.

If you look at the HBPA member trainers with Virginia addresses, you'll find they made 353 starts in 2013. Of those, 146 or 41 percent were in $5,000 claiming races, and another 17 percent were in $7,500 claiming races.

These are the lowest-end races we offer. In these races on average, they finished 5.6. Given our average field size is 8.8, they generally finish the bottom third of the field. If you look at the stakes races, they made 20 starts. The highlight, of course, was Stephanie Nixon's horse winning, Punch Line. However, including that win, the average finish was 6.4.

Some other interesting things to note were the Virginia trainers raced on five free rolls and the oldest horse to race was 12. One horse ran five times in five weeks. A number of others ran four times, including a ten-year-old and two nine-year-olds.

While the HBPA has not articulated their vision, one can deduce they want to expand the opportunity of
these horses to run. This seems to be their sole goal, at least the only one articulated; a couple more starts for these horses that run these low races.

This is where our visions diverge. We cannot build a meet around horses that are having trouble competing in $5,000 claiming races and expect to be successful.

Why is our out-of-state handle down? It is because our product is not very good. So where do we go from here?

It is clear that Colonial Downs and the HBPA have significantly different visions for racing in Virginia, and I do not believe the two can be reconciled.

Our vision is greatness. We want to elevate Virginia racing to national prominence. That can only be done by raising the purses so that the track can be a major industry player. That does not mean that there will not be opportunities for Virginia horses and horsemen; however, it does mean that the focus will be on high-end racing with some low-end racing, rather than the current focus on low-end racing with a little bit of high-end racing.

I think it would only be natural to ask at this
point why not just patch it up for a year and take
the time to reconcile the competing visions.

As much, as much as I would like to say yes to
that, I cannot in good conscience do so. The HBPA
has made it clear what will happen if they do not get
what they want, and horse racing in Virginia is $1
million worse off in the county as a result.

The HBPA has ignored the VRC and tried to muscle
the track to get their way, without success. Now
they feel like they've been unfairly treated. I
cannot help but find it extremely ironic that the
HBPA and its members are here today, presumably to
ask the VRC to take some type of action against
Colonial Downs, when the HBPA has boycotted the VRC's
race day order and clearly believes the VRC has no
jurisdiction over it.

One other question I hope someone will ask the
HBPA today, is exactly what authority they believe
the VRC has over them. Clearly, they believe the VRC
has no authority to determine race dates, so what was
the awarding of race dates by the VRC; merely a
meaningless bureaucratic exercise?

We all heard many times that the goal is to
promote, sustain and grow Virginia racing. What does
it mean to promote Virginia racing? Is that just
another freak t-shirt day, or is it building a recognizable national brand with sustainability?

Which brings us to sustain. Given that it takes money to be in this industry, that almost forces it to be a financial constant. There are only two financially sustainable models for racing. One is the high-end boutique meet, and the other is alternative gaming. We know alternative gaming is not available, so that leaves the boutique meet.

Finally, there is growth. Nothing can grow on a long-term basis without a stable base. I think several years ago, the concept of artificially growing days for its own sake was recognized as a mistake. Without a solid base, no permanent growth is possible.

Finally, while we are all familiar with the promote, sustain and grow, I refer you to the second clause of the VRC mission statement, that states that this is to be done by prescribing regulations and conditions that command and promote excellence in racing.

This is quite a bit different from having the goal being getting one more start for a horse that's having trouble finding a place to run.

Our vision is excellence in racing, and it
dovetails exactly with the intent of the statute and
the mission of the VRC. We are looking for a partner
to raise the quality of racing in Virginia and to
aspire to greatness. We believe those horsemen are
out there, and we invite them to join with us to move
Virginia racing to where it deserves to be on a
national stage.

MR. PETRAMALO: One point. You didn't answer
the question that DG Van Clief put to us; that is,
are you willing to consider or discuss this issue of
seven weeks, 21 days? I said we were. You didn't
answer the question. What's your answer?

MR. STUART: We're always willing to talk.

MR. PETRAMALO: Take that as a no.

MR. REYNOLDS: We're gonna talk. We will talk,
but right now, I want to give guests, the public, an
opportunity to come and speak. If you would, please,
Mr. Ross, would you like to go?

MR. ROSS: Let me start, if I could, and then I
guess people can line up behind me.

MR. PETRAMALO: Sure.

MR. ROSS: Thank you guys very much, and I
apologize for being late. I will keep my remarks
brief.

I think Mr. Van Clief's comments were very
heartfelt and well-taken. I appreciate the input from the Commission. I think it has been very good, but I do think it's extremely important that you understand a couple of things from a horseman's perspective.

First and foremost, having an opportunity to run horses more than once is important, not just to do it. There is a cost involved in operating a horse business, and there's a cost involved in running horses. For the cost, it generally runs between $2,500 and $3,000-plus a month. So as an owner, it's important that you have a venue that provides an opportunity to run the horse at least more than once.

What DG has discussed would do that; that's very important. It will help defray the cost and justify the opportunity to bring the horses here.

One of the things that we've really strived for is to bring the horsemen from Florida up here and catch them on their way up so that we could populate the barns back here in the back stretch and give yourselves a lot of horses to run races in.

Those betting interests really are the issue about whether or not an operation can be successful, because the more horses that are in the field, the more the public is generally willing to bet, because
the odds will be a little better.

One of the things that, looking at the big picture, the Commission, I know, is very focused on trying to understand the big picture going forward. It's important to understand how we can grow revenue within our industry. The revenue that grows here, it comes from the track handle, it comes from the satellite wagering facilities, and it comes from internet wagering.

Our group as the Virginia horsemen has really been very creative in finding ways to -- contrary to Mr. Stewart's belief -- contribute back to the track and prop up those shortfalls that occur year after year, and the reason why they occur is because there aren't casinos or other alternative betting that goes on in the Commonwealth that generates revenue for this purpose, so it's incumbent on us to do that.

That being said, our goal is to try to provide a foundation, a base. That base allows Colonial to sustain its operations. But our real goal is to try to generate additional revenue. The way that can be done is by growing our satellite wagering facilities, but more importantly, perhaps, the internet wagering business.

By doing that, we believe that Northern Virginia
is a very good market to do that in. We have been consulting and working very hard to try to find an outside consultant to do that, to assist us.

The important thing with this is that we believe that's a good investment to make. We believe that over a number of years, to the extent we can generate additional revenue, the track's gonna benefit, the ownership of the track, and we even think as we grow revenue, there will be opportunities, provided we can get a partner that wants to invest in this opportunity to disproportionately reward the track as we go forward and grow additional revenue.

It gives us the opportunity to run a race meet, hopefully with high quality and all of the like. It gives us the opportunity to do that over a period of time that makes sense, and more importantly, it encourages the track, hopefully, to invest along with us, so that it can reap benefits as we all grow to be successful.

Now, one of the things that's been very, very concerning here has been over the past three years. The definition of revenue growth that has come from this facility, this track, this operator, has been how do we cut costs. Well, guess what, folks? We're out of cost-cutting measures. The only way to cut
costs now is let's not run. Save money. That's what's going on. We need the Commission to stand behind a program. We will be flexible; we've demonstrated that. There is expertise within the Commission and across the country that can show the Commission in great detail what goes on in other venues, and you will see the creativity that has been generated by this group. We're flexible. We're willing to cooperate. We want this to work. It has to work for horsemen though, so that they can run the horses appropriately. Thank you very much.

MR. REYNOLDS: Thank you.

MR. PETRAMALO: Let me ask -- Ferris, do you want to say something about your views on the length of the meet and what's appropriate?

MR. HETTEL: Come forward for us, if you would.

MR. ALLEN: I'm Ferris Allen, trainer. I suppose that the biggest point that I would make, that I'm quite a bit in agreement with Mr. Stewart about the boutique meet that we've been talking about.

My opinion is that eight weeks, three days a week, 24 days is in fact that meet. There are a lot of examples around the country of places that have tried to downsize and do things that work, making
less into more, and we would all like to be
Keeneland, we would all like to be Saratoga, but we
don't have the revenue or the position in the market
to do that sort of thing. So that leaves us with a
number of examples to go on that may be more similar
to us. I'll cite four of them.

There's the Timonium state fair, which runs eight
days around the race meet. There's Kentucky Downs,
that runs a few days with a lot of purses that nobody
visits, and there's Atlantic City that runs a few
days every year, an entirely grass meet so that they
can have simulcast revenue.

If you look at those three situations, I believe
that you would see that they all exist for very
different reasons, other than the excellence of
racing, or other than to do good things for racing.
I won't go in to those. I won't disparage those
places; they are what they are.

There's a fourth situation that I think bears
looking at by this Commission, and that's the
Monmouth Park situation. Monmouth Park has a very
unique situation in that they lost their state
funding a number of years ago, and the horsemen run
that meet.

What they decided to do was to run weekends so
they could have a resident horse population for
basically people who are used to being stabled at
Monmouth Park. They could keep that going. They
reduced their number of racing days. They basically
kept their stakes program, which includes the
Haskell, which is one of the best three-year-old
races in the country.

A number of other states have got quite an
expansive stakes program, and they cut out weekday
racing, and the horsemen that are the resident
population get to run their horses. The guys that
have better horses still ship north to Monmouth Park,
ship over from Belmont Park to run their horses, and
it's a situation that fits that niche in the market.

Our niche down here means that we have to
cooperate with the tracks that are in this area.
We've got Delaware, Maryland, two tracks in
Pennsylvania, two tracks in West Virginia, and
Monmouth Park in New Jersey. We also have the
situation in Florida to contend with, which is right
now Gulf Stream and Calder running against each other
all year long. Okay.

Now, there are a couple of things that have
changed just in the last year about that. One is
it's very difficult for us now to get horses out of
Florida, because they have year-round racing at two tracks, plus they have Tampa Bay, so a little more difficult there.

Our best races, the Virginia Derby being a hallmark one, have been cannibalized in the last month, because Belmont Park has put up a race against it. So we won't get the first tier of horses this year, no matter how much money we give up.

So what we have to do is find a window to fit inside of what's going on around the rest of the country, and to me, the best window for that is eight weeks, three days a week, 24 days. That's all I got to say.

MR. PETRAMALO: Bob Gerzak is an owner that some of you may know. Bob, would you like to say something from an owner's perspective?

MR. GERZAK: I'd like to say the same thing Mr. Allen just said. It's very appropriate that we find a profitable ownership of the track and the horsemen, to find an area that can fit both of them, and both may come up -- has to give up a little bit, you know. We're not in Congress with the Democrats and Republicans here. We just have to fit that opportunity that fits all of us in a profitable situation. Thank you.
MR. REYNOLDS: Can you come up front, please, and identify yourself, please? Thank you. Sorry.

MS. BELCHER: That's all right. Lyla Belcher. I'd just like to address the Commission, two small -- well, they're not small issues, that the president of Colonial brought forth.


That's my first comment, is being a resident of Virginia doesn't necessarily affect how you support the economy. I bring 28 horses here, usually during the Colonial meet, that buy straw, hay, employs the vets, those kind of things.

I'd also like to address the perception that just because you have a $5,000 or $7,500 horse that's not good racing. I have trained stakes winners of the Virginia stake races. I'm also the proud owner of the horse that ran five times, won three times, a second, and also ran. She ran for $5,000, made her owner very happy, which was me.

So the perception -- basically, we all want a high-end horse, mostly because it's more money, but you know, a low-end horse isn't necessarily not as
good a quality animal if it can only go 5/8 in 104
and not 101.

So I want to make sure the Commission understands
that. When you run a horse five times, if it's not
making you money, you usually quit doing it. So I
don't like the perception that low-end racing isn't
high-quality racing, and those are still actually
helping support the economy in Virginia.

High profile racing, you know, they never make
any, you know, when that Honey's Meadow, I mean she's
a tiny little 15-hand filly. She won three races and
a second and a fourth, and there was never any --
like Good On You Girl, there was never any publicity.
What makes high profile racing is publicity. That's
all I have to say.

MR. REYNOLDS: Thank you.

MR. PETRAMALO: Do we have any breeders here
that want to say anything?

MR. REYNOLDS: I'm gonna let Frank call on you
all. You all come on up.

MS. GORDON MOORE: I'm Jill Gordon Moore. We
have a small farm in Northern Virginia. We breed
Thoroughbreds, and the big question is what's the
point? When you breed Thoroughbreds, you can't
change from 2013 to '14 suddenly.
Why foal in the state if there's no racing? You can't do it over night. It's a two- to three- to five-year program we're trying to do. Why foal horses in Virginia? There's absolutely no reason, unless you happen to like to live here.

But the big reason is there's good land, there's space, and there's a built-in horse community of people who know what they're doing, and we can do anything in Virginia as well as they can do in Kentucky, but we need the opportunities to be laid out in front of us so we know where we're going.

At this point, I've got all these little Virginia-breds running around hoping for breeder awards. Well, hey. Next year, there might not be any because we're already losing money. But do I suddenly take these 11-and-a-half month pregnant mares and move them across some state line quickly so we're not looking like such idiots breeding horses in a state with no racing? You can't do that. You gotta look for the horses, you gotta you look for the people. We've been doing it for a long time now.

I used to manage a big farm in Virginia. It was all very successful, but as we go further and farther, it's looking less and less -- there are no reasons to do it.
We need -- I came up at Belmont Park and I've always looked for quality in racing, and I think that's the way you go, but they're not all stakes winners. The majority of the horses are under groups that are making it happen.

Like Lyla said, that nice little 15-hand mare did a lot for everybody. She built a bigger field that people want to bet on.

Everybody has their own program here, and there is a middle ground we can all get together on, and it's not one person giving everything up. I don't wanna give up the whole breeding industry and go somewhere else where I don't live and change my whole life.

I see what Colonial is. I love quality racing, but with those top races, you still need the under cards to fill them up, and these horses are all gonna come from somewhere, and we just need to all try and get on the same page.

If we blow it this year, chances are going forward really why does anybody want to come to Virginia, and we just need to try and come up with a compromise. There are a lot of smart people in this state. There are a lot of opportunities, but we need to come up with an answer today and figure out where
we're going so we have a plan.

As a breeder, it's getting harder and harder, and the numbers are reducing, and I thought, well, we have no longer Ned Evans in the business. Suddenly, it's like the pie is gonna get bigger. Guess what?

There is no pie.

So here we are with fields full of Virginia-breds. What do we do with them? Well, hopefully, they're good enough quality, they're gonna go elsewhere.

The Breeders Fund money that we're gonna give up, we could have been making a lot of money in other states. I got a check for $5,000 this year. I could have gotten 85,000 in Pennsylvania, but we keep trying because we're here and everybody wants to make a go of it, and I'm hoping that we can all come to some kind of compromise today.

MR. REYNOLDS: Thank you.

MR. PETRAMALO: Anne Tucker.

MR. REYNOLDS: That's exactly why we need a three- to five-year plan and have something in place that you all can count on.

MS. GORDON MOORE: You're gonna find heavily pregnant mares leaving.

MR. REYNOLDS: Well, there's enough pressure on
them leaving anyway, because I know other states are
offering a lot more money, giving you all incentives
to take your horses elsewhere.

MS. GORDON MOORE: Right, but this is a better
place to raise a horse. You can't change that.
That's here. Historically, it's always been like
that.

MR. REYNOLDS: Thank you very much.
Yes, ma'am.

MS. TUCKER: I'm Anne Tucker, and I introduced
myself earlier as a breeder, an owner, seasoned box
holder. I'm also a fourth generation breeder and a
racing fan, and I've been coming here since the day
the gates opened.

What I am seeing, starting to see, is not a
vision of the revitalization of racing and the
Thoroughbred industry in Virginia, but a failed
experiment. We have, my husband and I have a farm in
Hanover county. We have invested considerable money
in barns, fencing, developing pasture, breeding
mares, and they have raced here and we've had some
fun here, had some success. But right now our
Virginia-breds, it appears, are going to stay in
Pennsylvania and race. The one in Florida will
probably come back up to Maryland.
You know, what is the vision? What happened to it? I also would point out that two of the veterinarians who have worked for us are here, Drs. Neice and Daniels; I hope you'll stand up. Two trainers that we have used, Donna Dennehy and Stephanie Nixon are here, and the man who delivers my feed is here. Brad, would you stand up? I don't need feed tomorrow because we're reducing our herd. That's the sad truth.

MR. KUHN: My name is a Chris Kuhn. I live in New Kent. I have bred a couple horses. In fact, he was born on St. Patrick's Day. This isn't a, you know, we're having fun breeding horses. We're having fun races horses. This is a business for Mr. Stewart. This is a business for HBPA. It's a business. I understand.

I think if there's a point with Mr. Stewart that he says 300,000, and there's a point with HBPA saying 150,000, it's not the racing dates. We're not at the racing dates. We're at money here.

I'm a businessman. A lot of people out here own businesses. I gotta get back to my business. This is fun. The race horse business has always been fun. It's a hobby, and you know, some people make businesses out of it; don't get me wrong. My point
is it's supported by the business.

We have got to get you guys together on a number
that you can live with, that 300 to 150. That sounds
like the bottom line. That's where we are. Even the
dates don't mean that much.

Mr. Stewart or someone said $20,000 a day to run
a race day here at Colonial Downs. If that's the
case, then it's $400,000 -- $420,000 for 21 days.
That's the number. That's the number. We gotta get
this worked out.

It's not about -- you know, I love horse races.
My dad had a horse in the Derby and the Preakness.
It's in my blood. We got to get down to business
here. This is business. This isn't -- we're not
playing around here with, you know, I love the thing,
but you guys have got to get together on those
numbers.

That's all there is to it, and it's not about
anybody else. It's not about what we want, because
we all want it. We all want the same things, but
it's the numbers. Please, you guys. Get together,
figure it out and get going. We're gonna lose this
whole thing if we don't. It doesn't matter about
anything else.

Thank you very much.
MR. REYNOLDS: Thank you. Anybody else?

MR. PETRAMALO: Dr. Daniels.

DR. DANIELS: I'm Doug Daniels. I own Virginia Equine Clinic in Goochland County. I've been a licensed owner, a breeder, member of the Virginia Thoroughbred Association. My practice probably takes care of the lion's share of the local race horse population. I know nearly everyone in the room.

I really have two points. One, I think one point that I want to make sure gets said in this meeting is that maybe I'm speaking entirely for myself, but I don't think so.

I think we all agree that the group, the horsemen's group that speaks for us, is the Virginia Horsemens Benevolent Protection Association. The VHBPA, they represent us. If there's anyone in this room that chose to come today and cares enough about it to be heard that feels otherwise, I think they should make that known as well. I would not support an alternate group speaking on our behalf, and I would not want to see that happen.

My second real concern is as a Thoroughbred breeder in Virginia, anything, any proposal that minimizes or diminishes in any way the ability for opportunity we have to run our Virginia-breds against
each other or for Virginia-bred money, I think it
doesn't work in the horsemen's behalf; doesn't work
well for us.

I think minimizing, especially a very small
boutique sort of scenario, would leave very little
opportunity for the average Thoroughbred breeder in
Virginia that does invest in the economy, in the
agricultural community, leaves them very little
opportunity to do just that; run Virginia-breds
against each other for Virginia-bred money.

That's all I have to say. Thank you.

MR. REYNOLDS: Thank you.

MR. PETRAMALO: John White.

MR. WHITE: My name is a John White. I'm an
owner and breeder in Roanoke, Virginia. I think I
have a lot of thoughts on this, but as far as the
role that I see that the Commission needs to take as
far as a bigger viewpoint of it, is all of it
involved here from the beginning of how Colonial
first got this license and the responsibility that
Colonial has for this license, you know. They sought
the license.

A commission has a responsibility to the tax
payers and the residents of the state. From the
revenue standpoint, everybody said before, the hay
that we buy, the feed that we buy, the fencing that we buy, the buildings that we build, all of that generates income or dollars tax-wise for employment in the state of Virginia.

If Colonial doesn't continue in a level beyond what they're doing, all of that revenue is gonna be nickel and dime compared to the kind of money you're talking about here losing already. There's a bigger picture here, and I think they have a responsibility.

I think that, you know, for -- I agree with what Ferris said. I think that sounds more than reasonable to me.

But if Colonial over its history is not able to be financially successful, they have a responsibility to Jacobs Entertainment, who owns them, to get out of the business.

I would be in favor, either we need to come to an agreement of at least three years, or I would be as an owner willing to accept a smaller period of time where Colonial would at least pay a third party to appraise the value of this property, and then let the horsemen at least have first rights of refusal on the purchase of that property, you know. Because if they can't be successful, then they have a responsibility to themselves and their own
stockholders to move on.

The government has a responsibility if they cannot be successful to help them move on. That's kind of where I see where we are, you know, now. I want -- I got into this business, or you know, business to breed. I would have been better off having my foals or my mares sent to Maryland, because the bonus money there would have been significantly greater than here.

I'm a resident born and bred here in the state of Virginia. I have great pride in this. I fell in love with horse racing on the back side of this track, and I think it's a shame that, you know, that Colonial, you know, my interpretation is that Colonial would just as soon drop all the money out of a helicopter and have it all done in one day, you know.

I think their interest is to cut the cost. If they can get rid of racing in Virginia, then they have cut a significant portion of their cost. They can focus on the advanced wagering deposit. That's where the money is, you know, but you have a responsibility to us and the citizens and tax papers to help them move along. At least that's my opinion. Thank you.
MR. REYNOLDS: Thank you.

MR. PETRAMALO: Anyone else want to volunteer their opinions? Debbie?

MS. EASTER: Debbie Easter with the VTA. I think it's unfortunate, just because I've only been here six months as far as a professional capacity. It's unfortunate. We've had a long history of folks that worked I think HBPA and track a little better than other states in the past, and while there were differences and strengths, people compromised.

There's an unfortunate distrust, it appears, from looking from the outside with all the groups, and I'm not sure that we don't have to have a little bit more transparency to answer this level of distrust.

I know that every time -- of the meetings I've been in since I started in June, I think that every time Colonial was asked or put forth a proposal, the Commission asked for -- was open minded and said if you want 12 days, you want six days, give us some revenue projections about why that is going to work long-term.

I haven't ever seen those revenue projections come. I think that until maybe we see some of those things, why you think this is gonna help grow breeding and racing in Virginia, I don't know how
you're gonna answer some of the questions from people that are up here.

One of the things that happened in Maryland was they had to open the books totally to get the horsemen's group and the track together. So I think that those are things that the Commission ought to think about.

Like I said, I haven't had that history as Ian talked about, so maybe somewhere down the road they did that, but it hasn't happened the short-term. I just think that's what's important is 2014, and going forward, and a little bit of compromise on both sides. This may not work for you in 2014, exactly, the track, but let's look at people are willing to be very open minded going forward, and you ought to think about those things. Thank you.

MR. REYNOLDS: Thank you.

MR. PETRAMALO: Teresa.

MS. CARUTHERS: I'm Teresa Coruthers, owner, trainer, and I would like to express my opinion. I realize that finances has been said here, but as a trainer, I want to express my opinion that your days are not enough.

Trying to enter your horse in the beginning of the meet is fine; you get to run, like you said, and
then when you come to the middle of the meet, many,
many times, there's been canceled days and then
something else happens.

The trainers are losing money. The owners get
dissatisfied. I have cut my numbers down, because I
think in the long run -- I moved here from Kentucky.
I -- for ten years. I've carried a license for 35
years.

There is no possible way that you can train a
horse properly and feel satisfied by having 21 days.
If I lived in Florida, there'd be no way I would
bring good horses here to run at a beautiful track
that's the second largest racetrack in the United
States, and you guys are dwindling the days, hurting
the trainers and the owners more than what you think,
even the breeders.

The best way you can do it is to add days. I
mean I know you can't right now, but in the future,
if you don't, you're gonna get the bottom of the
barrel, and I've seen that happen. I've been here
since this track opened, thinking that I was coming
to a state that really loved racing, and I'm totally
disappointed.

MR. REYNOLDS: Thank you.

MR. PETRAMALO: Anyone else? Yeah.
MR. TWISDALE: Pete Twisdale, trainer.

Virginia is my home. I've trained all over the country, moved back here because of Colonial. I am now currently employed by (inaudible), who keeps from roughly 60 to 80 horses all the time. Run in Maryland, West Virginia. Really love to run here in Virginia, because his office is 15 minutes from here. He gets to see them run.

Problem is, I think most of the people that are in this room here, aside from trying to make a buck, do horse racing because they love it. The difference I see in the horsemen and the racetrack is they have a love, too, but it's for money. Money is not the answer to everything. But if they're gonna make this place work, they better try to get these two groups together and come to a reasonable compromise.

When they started to build this track, I moved back to Virginia. I thought it was the worst place in the world. You can't get here from anywhere. You gotta go somewhere else and start. They should have built it, in my opinion, on the North Carolina state line and formed a tri-state breeding program that would involve South Carolina, North Carolina and Virginia.

Breed the horse in North Carolina and foal him in
Virginia and he's still a Virginia-bred. Breed him in Virginia and foal him in South Carolina. He can run in Virginia-breds. Anything to enhance more people, more horses.

Most of the horses that run for 5,000 here are running here because they get an opportunity at this track to run for 5,000 on a grass track. Most of the larger tracks is eighteen five allowance or above. You don't get on the green unless you got an allowance or stakes horse. It's an opportunity here. I seen $5,000 horses on the dirt turn into stake horses on the grass and vice versa.

But the belief that this is low class racing because we run a lot of $5,000 claimers, a lot of the horses are $5,000 horses, but would you rather own a horse you thought was a stake horse, and you run him, and he also ran nine out of ten or run a $5,000 claim that you get your check every time he goes?

We ran one horse here before last year five times in a five-week meet, which is something I have never done in my entire life. This horse was running from 7500 to 16,000, he had a win, second, third and a fourth out of five starts.

Dr. Daniels was very pleased with that, but then when we went back and looked back at the figures of
what it cost us to bring everything we brought here
and it was five weeks and we were gone. That was the
only horse that got to run more than once here during
that whole meet. Most horses cycle on a 14 to 20 day
meet. I just hope you all get it together, because
you're losing a golden opportunity, unless we can
jack this place up and move it somewhere.

MR. REYNOLDS: Thank you.

MR. PETRAMALO: Anybody else?

NOTE: There was no response.

MR. REYNOLDS: All right. I'm gonna go back to
the track for rebuttal, so to speak.

MR. WEINBERG: I'm not looking to rebut, I just
want to make sure that as we continue this
discussion, that we're all operating on the same
facts, and there were a few things that were either
glossed over or I think stated incorrectly.

Operational costs are not per day. They are per
week, and particularly so in New Kent. We are not in
a greater metropolitan Washington area where you can
hire people on a per diem basis to come and operate
the gate or do other functions around the track; they
need to come here for the duration of the meet.

So I appreciate reducing it to three days a week
does not reduce costs in the sense that costs are
incurred on a per week basis. Just to give you an idea, a five-week meet costs $1 million in 2013, so 20,000 a day doesn't quite work out, either. That was a number that was being kicked around. We shouldn't focus on that number, because I don't think it's an accurate number.

MR. REYNOLDS: Okay.

MR. WEINBERG: I agree with Mr. Ross and Frank's description. I think the track and the horsemen have been flexible over the years. There have been a number of dust-ups, and I think we have always found a way to preserve the status quo and work through those dust-ups.

I do think it's important as we continue this conversation to realize that for the first time in 18 years, the system shut down. People have been unhappy in the past, but the system has never shut down, and it did shut down because the contract wasn't extended, and it wasn't because Colonial Downs wasn't willing to extend the contract to preserve the status quo as we continued the discussion. It became part of a leverage.

Well, we are $1 million different from where we were in January when we were trying to work through this. We need to account for that. It can't be
glossed over that we can go back to where we were having discussions in January and pretend that $1 million is gone from the system and it doesn't matter anymore. If we're gonna be realistic about 2014, that needs to be part of the discussion.

As I understand, it's gonna get worse. The HBPA, to increase their leverage, is encouraging other horsemen's groups to discontinue their signal to EZ Horseplay, which will continue to diminish the dollars for the purse funds, for the state, and for the track. That's not gonna move us any closer to reconciling our differences for 2014 and beyond.

I think there have been a lot of positive comments about how we measure quality and different components of what that racing program looks like, and I think those are critical components for forging a long-term vision, and I appreciate the comments that were made in the observations.

MR. REYNOLDS: Okay.

MR. PETRAMALO: One point. Let me just say that to quote a line from the Godfather, this is just business; it's not personal. We get along fine.

We always hear numbers from Colonial about it costs this, it costs that. Now Jim says for the first time this morning that I heard, that it cost a
$1 million for this shutdown.

Well, on February 14th, Ian Stewart volunteered to make the financial books available. We signed a confidentiality agreement. Have we seen those? No. Six weeks later.

So if they want to complain about this costs so much and that costs so much, and we can only hire Joe to work a week because he won't work three days, let's see the data. Let's start there if they wanna have conversations.

MR. STEWART: Let me reply to that. On February 21st, I sent an e-mail to David Ross, and at the bottom, it says: Secretary Jones asked the parties about their vision for racing in Virginia. Colonial Downs responded, the HBPA did not. Colonial Downs would appreciate a response from the VHBPA as to its vision of Thoroughbred racing in Virginia. Colonial Downs believes a fundamental difference in the vision is the heart of this dispute. Provide a vision statement --

MR. PETRAMALO: Our vision is eight weeks of racing in June and July every summer in a window between racing at Maryland, and we'd like to race for at least 200,000, perhaps 250,000. That's our vision.
MR. STEWART: Where's the growth? Why don't you spend more than 30 seconds articulating it and --

MR. PETRAMALO: Well, your vision is a boutique meet. Somehow or other by going to six days, it's going to increase revenue.

Well, last year, last year, you convinced us to try that experiment and it was an absolute disaster. You cut back from 31 days to 24, attendance went down 25 percent, handle went down 23 percent, the opportunities for horses to run went down 30 percent, and the average starts per horse went down, I think it was 20 percent.

Now, if you want to convince me that those numbers are wrong and that you've got some plan for increasing them for six days or 12 days, go forward. Show me the numbers. I've never seen them.

MR. STEWART: Once again, we've asked you for a vision statement.

A MEMBER OF THE PUBLIC: It's on the record.

MR. ROSS: Mr. Chairman, I think -- again, not losing track of where we've wanted to go, and I know where the Commission wants to go on behalf of the Commonwealth, and that is to get a race meet under way.

DG has put a proposal on the table. He has
suggested that proposal be considered. We have said, fine, we're prepared to do it. If that implies that you need a vision for 2014 to have that proposal considered before Colonial can make a response, please speak up and let me understand that, because I clearly don't understand it.

I think what we need to do is we need to get the show on the road before it's too late. You know, again, you talked about millions of dollars here and there and wherever. Show us. I mean we have done what you've asked us to do.

MR. STUART: No, you have not.

MR. ROSS: If you want to put additional conditions on the table, please make it clear so everyone understands and we don't hide behind these meetings, and go back and then discuss things at a later date. C'mon. Let's get it on the table.

MR. STEWART: We're not hiding the ball. I told you what you need to do.

MR. REYNOLDS: What I'm gonna suggest that we do going forward is take DG's proposal, and let's go sit down and see if we can't hammer out an agreement on it, and in that meeting, we can talk about you alls' vision. I would like to hear more about how you would project the revenue to grow down the years.
I'd like to hear the same thing from the track. I'd like to see the track's financials as well, but let's all take DG's proposal, sit down and talk about that stuff, and get everything out on the table and get this wrapped up.

I agree with Mr. Ross that right now, let's get this 2014 hammered out so we can have live racing this year. Let's get back to this Blue Ribbon committee and talk about our vision and each person's vision and come up with a uniform vision that we can all agree to, so that we can get back to hopefully a five-year contract so the breeders can know what they can expect down the road, because I think some very good points were made earlier.

So that would be my suggestion as the next step forward.

MR. PETRAMALO: Fine with us.

MR. REYNOLDS: And I think we should do it sooner, rather than later. I will make myself available almost 24/7, but between three and five in the morning, I'm not, you know.

MR. PETRAMALO: We're at your disposal, including three to five in the morning. At least for me anyway. Stephanie says no.

MS. NIXON: I e-mail you in the morning.
MR. REYNOLDS: Yes, ma'am.

MS. BOUZEK: I'm Jeanna Bouzek. I'm vice president of operations for Colonial Downs. I don't own a racehorse and I don't own a racetrack. I want to speak for what's happening in the OTBs because of this lack of extension of contracts. I don't know what was asked of us, I don't know what was asked of them; I just know what happens when I go into an OTB.

Not only have we had to lay off the people for the four sites that are closed, I've been with Colonial Downs since day one. Some of these people, especially at the Alberta site, I've known since day one.

I started as a teller and I've come up throughout, and I always do what I'm paid to do, and that doesn't mean I agree with it, doesn't mean I don't agree with it, but when I go into an OTB and see some of the abuse that these employees have to take, much less the employees sitting here because of what's going on, it's absurd. Things that are written on Facebook.

When we all leave here, she's gonna have a different opinion of how things went; he's gonna have a different opinion how it went. They're gonna tell their friends. When they are going to go into the
OTBs, those people don't have a clue what's gone on or what's been going on, and you've ruined it. I'm telling you go out there.

MR. REYNOLDS: Yeah. I believe you.

MS. BOUZEK: I spent weeks out there, because I refused to let the employees take it on their own, and you're never gonna have it back.

MR. REYNOLDS: I agree with you.

MS. BOUZEK: The contract you need back.

MR. REYNOLDS: Yes, we do. Are there any other comments? Do we need to pick a date for the next meeting? Does any of the commissioners have any further comments, DG or Carol?

MS. DAWSON: I appreciated all the openness today and it really is helpful.

MR. REYNOLDS: DG?

MR. VAN CLIEF: No, other than to repeat again, I urge the parties to consider this as a new starting point, and do not under estimate the difficulty if we do go dark any longer.

MR. REYNOLDS: Agreed. Stran.

MR. TROUT: No comments at this time. I appreciate all this today, because I think a lot of things have been expressed, and I agree very much with the chairman, that based on what we have now, we
need to sit down, get everybody together, and at least get this year going, and the idea of having some planning for multiple years in the future makes a lot of sense.

MR. REYNOLDS: Members?

MR. HETTEL: Do you want to go ahead and set a meeting? The agenda items have not been voted on today because we don't have a seated quorum.

MR. REYNOLDS: Let's try to set a meeting date.

MR. HETTEL: Okay. Let's do it. Stran, have you got any out days?

MR. TROUT: I don't think so. Looks like my trip to Southeast Asia has been canceled, which is very disappointing, because it's snowing out there and it has been. I'd much rather travel, but I guess I'm going to be here, like it or not.

MR. PETRAMALO: Is this the special meeting?

MR. HETTEL: We can go ahead and call a meeting and include the urgency of the 2014 days.

MR. PETRAMALO: No, no. I thought the special meeting for Dogwood.

MR. HETTEL: I didn't know we were going to do that. Why don't we just not have a special one and have a regular one?

MR. PETRAMALO: Fine.
MR. HETTEL: Okay. Go ahead. We can set that for a separate day. We've got business to do. We'll worry about that when we can get to it. Sarge.

MR. REYNOLDS: The week of April 8th.

MR. HETTEL: DG, Carol?

MR. VAN CLIEF: Bernie?

MR. HETTEL: We're working on the dates. I need a good date for you past -- Stran's got an open availability. Sarge has an open availability. When can you be here in person for the next official regular meet?

MR. VAN CLIEF: Well, let me suggest that given my scheduling issues, that you poll it with the whole Commission first.

MR. HETTEL: Okay.

MR. VAN CLIEF: If I wasn't going to be back in town or if I was going to be out of town, I might be able to change my calendar or I'd fly in for the night for a meeting. Let's see what everybody else can do. I don't want to slow this down, nor do I underestimate the sense of urgency if we have a little momentum going more.

MR. HETTEL: All right.

MR. VAN CLIEF: So don't hold up for me. I will get on the phone under any circumstances.
MR. HETTEL: Carol, what's your availability?

MS. DAWSON: You're talking the rest of March?

MR. HETTEL: We need a ten-day notice of a meet, so ten days from today on.

MS. DAWSON: I don't know that I have any weekday conflicts coming up until April 7th. I'm not available that day.

MR. HETTEL: Okay.

MS. DAWSON: Then later on in the month of April, I will be out of town from the 23rd, I think it was, until the 27th.

MR. HETTEL: How about Thursday, March 27th? Is that good for everybody?

MR. PETRAMALO: Yes.

MS. DAWSON: It looks okay here.

MR. REYNOLDS: Yes. I've got something, but I'll move it.

MR. TROUT: That's fine with me.

MR. VAN CLIEF: This is DG. I'll make that work one way or the other.

MR. HETTEL: All right. Let's consider that the deal. We'll send a notice today.

MR. REYNOLDS: March 27th, Ian?

MR. STEWART: Yeah.

MR. REYNOLDS: I think the sooner, the better.
MR. HETTEL: Back in this building.
MR. REYNOLDS: That's the soonest we can.
MR. HETTEL: March 27th, well start at?
MR. REYNOLDS: Nine, ten o'clock. We usually do ten, but I don't care.
MR. PETRAMALO: Ten.
MR. REYNOLDS: Ten o'clock. Let's do that.
MR. TROUT: Gives you all time to get down here.
MR. PETRAMALO: You're right, Stran. It'll probably snow.
MR. HETTEL: All right. Very good. Any other business?
MR. REYNOLDS: Okay. We're all set. Any other business to come before the Commission?
NOTE: There is no response.
MR. REYNOLDS: Well, thank you all so much for braving the wintery mix out there and getting down here. We heard a lot of very important things today. Hopefully, we can get these groups together and get something done, and we'll see you March 27th.
Thank you all very much.

NOTE: This hearing is adjourned at 12:25 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 22nd day of June, 2014.

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SANDRA G. SPINNER
COURT REPORTER