VIRGINIA RACING COMMISSION

OCTOBER 15, 2014

GENERAL ASSEMBLY BUILDING
HOUSE ROOM D
910 CAPITOL SQUARE
RICHMOND, VA 23219

Commencing at 10:00 a.m.

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

COMMISSION STAFF:
Bernard J. Hettel, Executive Secretary
Courtney C. Reid, Program Support Technician

OFFICE OF AGRICULTURE AND FORESTY:
Todd Haymore, Secretary of Agriculture and Forestry
Carrie Chenery, Assistant Secretary of Agriculture and Forestry

ATTORNEY GENERAL'S OFFICE
Joshua Laws, Assistant Attorney General

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

<table>
<thead>
<tr>
<th></th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Call to Order</td>
</tr>
<tr>
<td>2</td>
<td>Approval of 9-17-14 Meeting Minutes</td>
</tr>
</tbody>
</table>
| 3c | Comments from Jeffrey P. Jacobs  
Chairman and CEO of Jacobs Entertainment, Inc. | 4 |
| 3a | Gold Cup License Renewal | 12 |
| 3b | Gold Cup 2015 Racing Days Request | 12 |
| 4 | Commissioners' Comments | 17 |
| 3j | Virginia Horsemen's Alliance presentation | 31 |
| 6 | Public Comments | 47 |
| 7 | Set Next Meeting - NOT SET | 57 |
| 8 | Adjournment | 57 |
NOTE: The meeting of the Commission is convened at 10:06 a.m.

CHAIRMAN REYNOLDS: Good morning. I guess you can hear me. Anyway, I want to call the Virginia Racing Commission meeting for October 15, 2014, to order.

I want to note for the record that we are meeting in House Room D of the General Assembly Building. Our agenda said the West Reading Room, but we're moved over here.

The first order of business is the approval of minutes from the last meeting. Are there any additions or corrections?

NOTE: There was no response.

CHAIRMAN REYNOLDS: Have you-all looked at them?

COMMISSIONER TROUT: Mr. Chairman, I move for approval.

CHAIRMAN REYNOLDS: Do I hear a second?

COMMISSIONER DAWSON: I second.

CHAIRMAN REYNOLDS: All those in favor, say aye.

NOTE: All indicated by voting aye.

CHAIRMAN REYNOLDS: The motion carries.

I'd like to skip down to 3c of the Agenda, and Mr. Jacobs is here with us today and would like to address the group.

MR. JACOBS: Good morning. I'm going to read a
Seventeen years ago, Colonial Downs initiated live Thoroughbred racing in Virginia. I can see many faces here today are from those many years ago. Since that time, we've built a national reputation for a turf race course. The track in New Kent, with its double-wide course, is a show piece -- place into which we have reinvested millions of dollars. We put the Virginia Derby on national television.

The Derby and the Turf Cup have attracted over the years the best horses, jockeys and trainers -- horses such as Kitten's Joy, English Channel, Gio Ponti have raced on our track. Kitten's Joy won the 2004 Secretariat Stakes and had two Grade 1 wins on its way to the Eclipse Award for Outstanding Male Turf Horse.

English Channel, trained by Todd Pletcher, won the inaugural Turf Cup at Colonial Downs, and later, the Virginia Derby, the first and second legs of the Grand Slam of Grass. He went on to a number of remarkable victories.

Gio Ponti became one of the finest American turf horses of all time. As a three year-old, he won the Grade 3 Hill Prince stakes at Belmont, the Grade 2 Virginia Derby at Colonial Downs, and the Grade 3 Sir Beaufort Stakes at Santa Anita. By the time he was a three year-old, he had over 800,000 in career earnings.

Unfortunately, this caliber of racing, national-
ly recognized horseracing, is no longer occurring at Colonial Downs. Our Thoroughbred meet employed over 350 seasonal associates. We have built a satellite wagering facility network that spans southern Virginia from Chesapeake to Scott County. We have experimented with satellite wagering facilities that have been successful. Our EZ Horse kiosk has brought pari-mutuel wagering to over 100 restaurants, private clubs, bowling alleys and other locations resulting in EZ Horseplay being the dominant account wagering company in Virginia. And I might add that other states are now looking at EZ Horseplay as a model. In January of this year, we employed 177 full and part-time associates and have been paying over 2 million per year in state and local pari-mutuel taxes.

But the glory days have faded into memory. In recent years, as our purses have become less competitive in both the Mid-Atlantic and national markets, we have not attracted the same quality of horses. The betting public has voted, and the amount wagered on our races has steadily declined. We are well on the path to demise, in part because of the evolution of alternative forms of gambling at racetracks. It has nothing to do with any disputes or perceived disputes in this room. We're operating with one hand tied behind our back compared to the competition around the country.
America's racetracks are quickly becoming the case of the haves and the have-nots. We cannot stand by and watch Virginia racing drift to the bottom of the barrel. We aspire to create one of the top Thoroughbred racing programs in America. Virginians deserve nothing less.

We will work with those who share our vision. The HBPA does not. A dramatic change is necessary to begin to move Virginia racing forward. For 2015, we and the Old Dominion Thoroughbred Horses Association have offered the following to reverse this steady decline: Twenty days of racing at Colonial Downs starting with the Dogwood Classic on April 4th, continuing on Saturdays and Sundays from June 6th to July 26th, and including Labor Day weekend, September 5th through 7th. These dates offer multiple racing opportunities for the rank and file Virginia horsemen. Multiple opportunities to race spread out over the summer are what in recent years these horsemen have requested and what Colonial Downs has proposed in our contract and in our schedule.

Included in the 20 days are three major stakes days which return Colonial Downs and Virginia racing to national prominence. These three days offer purses that will attract the equivalent of today's English Channel and Gio Ponti. It is my intent that over time, these three days evolve into three weeks of high-end nationally recognized.
race meets. These three days will be highlighted with three
premium races, the first three legs of the Greatest Thing on
Grass.

What we have proposed this year was if any horse
owner brought his horse to Virginia and won all three races
during the summer, I would pay them a $1 million bonus. If
they won those three as well as the Breeders' Cup in early
November, I will instead pay them $5 million. It's my in-
tent to bring the spotlight from national media to high
quality Virginia racing every summer.

We have also proposed support for six days of
steeplechase racing at sites other than Colonial Downs as a
way to support Virginia's indigenous steeplechase horsemen.

Allocation of purse money of approximately $6
million dollars. We have proposed 50 percent to major
stakes days, 40 percent to traditional summer racing, five
percent to steeplechase, and five percent to purse votes,
which I would contribute -- or excuse me, five percent to
marketing the purse votes, which I would contribute if the
Commonwealth would join me in putting the Virginia Derby
back in the national spotlight.

Stabling will be available on non-race days for
ten weeks for a fee to cover the cost of opening and oper-
ating the back side, and I would just point out the last two
race tracks that opened up in Ohio are both ship-in. I'm
not proposing ship-in; I am proposing a $100 million investment and just breaking even.

Jacobs Entertainment will contribute $500,000 to the Virginia Breeder's Fund to help grow the native industry if the Commonwealth would join me with an additional investment in the native industry.

We have proposed a contract that creates a stable ten-year environment within which to invest in a permanent agreement on purse allocations between high-end and traditional summer racing so everyone can plan ahead and understand what the picture is going forward. For some reason, a long-term stable business environment rubs people the wrong way.

A mechanism in place to shore up satellite wagering facilities so they cannot be closed at the end of the ten year contract is also important to us so that Virginia Thoroughbred racing never again experiences the shutdown that crippled Colonial Downs this year triggering millions of dollars of losses.

I would like to see quality Thoroughbred races thrive and Colonial Downs move towards it's full potential. This is why I put forward that horsemen's contract. After 17 years, we cannot continue on any other basis. Virginians deserve nothing less than an effort to elevate racing in the State.
Our former horsemen's group does not share our vision, which is fine, they have their own perspective; but we had to move on, so we signed a contract with Old Dominion with a path to continue both traditional summer racing and high quality Thoroughbred racing, and it surprised me that it was not supported.

This horsemen's organization, Old Dominion, is legitimate; it's building membership every day. Over 2000 Virginians have electronically signed a petition supporting it, and I suppose at some point in time there will be enough appropriate horsemen members that it will garner a little more support.

Nonetheless, I understand from private conversations that the Commission's support is not there for Old Dominion, and I recognize that; nor is it there for our contract. Rather than putting our industry through a painful public meeting which really benefits no one and would just serve to polarize all the stakeholders, I'm now withdrawing Colonial Downs' Thoroughbred and standardbred race day requests and request for approval of Old Dominion. I'm also at this time turning in Colonial Downs' unlimited pari-mutuel owner's and operator's licenses to be effective November 1st, which allows us to complete the harness meet without disruption.

I'm very proud of all of Colonial Downs' assoc-
iates. I'm proud of what they have accomplished. We've been a big family. I'm sorry we've come to this day.

Virginia horseracing must change and the change must be dramatic with all the disruption that dramatic change can bring. Colonial Downs, however, cannot effect this change alone, and it cannot afford to continue to operate in an environment that offers no possibility for improvement.

Let me candidly speak out on behalf of the horsemen. There's not enough purse money for them to pay their bills, have a healthy summer meet, and grow high-end nationally recognized racing. The pari-mutuel wagering system in Virginia -- let's call it what it is -- it does not generate enough purse money to the horsemen to satisfy all of those objectives.

It's a shame we are where we are. If Virginia's statewide elected officials who created the pari-mutuel system in the first place could come up with a way for the horsemen to increase their annual purse money from the current 6 million to 15 or 20 million, this industry could meet all of its objectives it originally set out for.

More importantly, Virginia Thoroughbred racing would then reach its potential serving as an important agri-business outlet while driving hundreds of millions of dollars of growth into Virginia's agribusiness economy.
VRC 10-15-14

I want you to know that in spite of all that has transpired, I wish nothing but the best for everyone in the industry going forward.

I thank you for your attention. I'll now leave so that you can continue on with your business.

NOTE: Ian Stewart approaches Mr. Hettel and hands Mr. Hettel an envelope.

CHAIRMAN REYNOLDS: Thank you, Mr. Jacobs.

In light of what we all just heard, I think it's appropriate that the Commission go into closed session and consult with legal counsel on any actions we may or may not need to take at this time.

So therefore, in accordance with the provisions of Section 2.2-3711(A)(7) of the Code of Virginia, I move that the Commission go into closed meeting for the purpose of consultation with legal counsel employed or retained by the Commission for the provision of legal advice by such counsel concerning Agenda Item 3c.

The Commissioners will only ask counsel questions and will not engage in deliberations or any other activity.

Do I hear a second?

COMMISSIONER Van CLIEF: Second.

CHAIRMAN REYNOLDS: Hearing a second from Commissioner Van Clief, we will have a roll call vote.

Commissioner Dawson?
COMMISSIONER DAWSON: Aye.

CHAIRMAN REYNOLDS: Commissioner Van Clief?

COMMISSIONER Van CLIEF: Aye.

CHAIRMAN REYNOLDS: Commissioner Trout?

COMMISSIONER TROUT: Aye.

CHAIRMAN REYNOLDS: Commissioner Miller?

COMMISSIONER MILLER: Aye.

CHAIRMAN REYNOLDS: And I vote aye.

With the vote of five, the motion carries and we're in closed session. We'll be back shortly.

NOTE: The Commission retires into closed session at 10:21 a.m. and returns to open session at 10:56 a.m. as follows:

CHAIRMAN REYNOLDS: Everybody take their seats please, so we can come out of closed session.

MR. LAWS: And I want to note for the record that during the closed session, there was staff from the Secretary of Agriculture and Forestry's office as well as the Executive Secretary of the Racing Commission in the closed session.

CHAIRMAN REYNOLDS: All right. I move the adoption of the following resolution: Whereas the Virginia Racing Commission has convened a closed meeting on this date pursuant to an affirmative recorded vote in accordance with the provisions of the Virginia Freedom of Information Act,
and whereas Section 2.2-3712 of the Code of Virginia re-
quires a certification by this Commission that such closed
meeting was conducted in conformity with Virginia law, now,
therefore be it resolved, that the Virginia Racing Commis-
sion certifies that to the best of each member's knowledge,
only public business matters lawfully exempted from open
meeting requirements under the Virginia Freedom of Infor-
mation Act and only such public business matters as were
identified in the motion convening the closed meeting were
heard, discussed, or considered by the Commission in the
closed meeting.

Do I hear a second?

COMMISSIONER Van CLIEF: Second.

CHAIRMAN REYNOLDS: Hearing a second from
Commissioner Van Clief, we will have a roll call vote.

The Chairman votes yes. Commissioner Dawson?

COMMISSIONER DAWSON: Yes.

CHAIRMAN REYNOLDS: Commissioner Van Clief?

COMMISSIONER Van CLIEF: Yes.

CHAIRMAN REYNOLDS: Commission Trout?

COMMISSIONER TROUT: Yes.

CHAIRMAN REYNOLDS: Commissioner Miller?

COMMISSIONER MILLER: Yes.

CHAIRMAN REYNOLDS: With a vote of five, the
resolution passes and we are back in session.
MR. LAWS: And also, I note for the record that the letter given to the Executive Secretary of the Virginia Racing Commission by Ian Stewart, President of Colonial Downs, is made part of the record of this meeting.

CHAIRMAN REYNOLDS: Vice Chairman Van Clief, do you have a motion?

COMMISSIONER Van CLIEF: Mr. Chairman, I would like to move that the Virginia Racing Commission accept the surrender of Colonial Downs' licenses effective at 12:01 a.m., November 1, 2014.

COMMISSIONER MILLER: Second.

CHAIRMAN REYNOLDS: Any discussion? Having a motion and a second, all those in favor, say aye.

NOTE: All indicated by voting aye.

CHAIRMAN REYNOLDS: That's unanimous by voice vote. Did it a little differently. The motion carries. All right. Well, let's go back to our agenda, and let's start with new business, 3a, the the Gold Cup License renewal. Mr. Hettel, will you take us through those two items?

MR. HETTEL: Yes, sir, I will, and I'd like to introduce Dr. William H. Allison, president and race chair of Gold Cup who seeks renewal of their limited license. Dr. Allison's with us today.
Doctor, would you care to speak for a moment on the renewal of your license? Just that you've had wonderful business last year and pari-mutuel is a good idea?

DR. ALLISON: We look forward to your support for the 2015 season, and everything looks very positive in our race. Thank you.

MR. HETTEL: Doctor, if you would stay there.

Secondarily, they seek approval of a race days request to be namely run on May 2, 2015, and October 24th of '15, in accordance with the Racing Commission, Federal and State regulation.

DR. ALLISON: We would like to have those approved, sir.

CHAIRMAN REYNOLDS: Do I hear a motion?

COMMISSIONER DAWSON: I so move.

COMMISSIONER MILLER: Second.

CHAIRMAN REYNOLDS: All those in favor, say aye.

NOTE: All indicated by voting aye.

CHAIRMAN REYNOLDS: The motion carries. Thank you.

MR. HETTEL: Pertinent to that, Frank Petramalo sent a letter of approval. Frank, would you speak for a moment on your HBPA approval of what was just approved?

MR. PETRAMALO: Well, it may take more than a moment. I've got a large book here that I'd like to read.
I'm kidding, I'm kidding.

No, we fully support -- the Virginia HBPA fully supports the Gold Cup's request for race days in 2015.

As you know, because you've approved these contracts, we've had contracts with the Gold Cup covering 2013, and we have a current one for 2014, and we have every expectation of negotiating one for 2015 and presenting it to you for your approval.

MR. HETTEL: Thank you, Mr. Petramalo.

MR. PETRAMALO: I'm not sure how best to approach this, but at some point I would like to respond, if that's the proper word, to Mr. Jacobs' comments.

CHAIRMAN REYNOLDS: I'm going to let you come back for that. I'm going to allow the stakeholders to comment and also the public will have a chance to comment, but certainly we'll want to hear from the stakeholders, VTA and your group, and we will get to that.

MR. PETRAMALO: Thank you.

MR. HETTEL: Mr. Chairman, with the exception of the Virginia Thoroughbred Alliance, we have dates requests from both the HBPA and the Virginia Harness Horsemen's Association that with the surrender of the license now become unnecessary to discuss. However, I think this is the opportunity to probably go ahead and call on some stakeholders to express their continued interest in horseracing.
in Virginia.

CHAIRMAN REYNOLDS: All right. So we've acted on 3b as well?

MR. HETTEL: Yes, sir, we have.

CHAIRMAN REYNOLDS: Before we call on the stakeholders, I'm going to go down the line and have Commissioner's comments, if there are any, at this time.

Commissioner Trout?

COMMISSIONER TROUT: Thank you, very much, Mr. Chairman.

Obviously, to everybody here -- just about everybody here, this was not the result that any of us wanted, certainly not the result that I wanted to see both for racing in Virginia, for Colonial Downs, or for New Kent County.

Some years ago when Colonial Downs first came to New Kent County, it started a trend. It came and cut down some trees which were primarily timber for the paper mill at West Point. That was most for the County, and Colonial Downs was the first operation that came in there that offered something entirely different, and from that base has grown a tourism, recreation, sports industry in New Kent County that now includes three wineries -- if you get thirsty on the way home and you're headed east -- four very good golf courses, top notch golf courses, a lot of river...
recreation along the Chickahominy River and a lot of historic study of the county that we've done since that period. So the county has really become a destination for recreation, sports, and tourism, and it all started with Colonial Downs.

Hopefully, at some point that facility will be used; hopefully we can bring some racing back to the county, but that was the key event that helped New Kent County to become what it is today, and for all of you who have been involved in the process whether you're with the track or whether you're a horseman or anybody else, I want to thank you for your support and thank you for what you've done for us in our small county.

Thank you. That's all I have.

CHAIRMAN REYNOLDS: Thank you, Commissioner.

Commissioner Miller?

MR. MILLER: I don't have any comment other than to thank everyone for coming out today. I think it shows the publicity relating to this meeting and bringing out the folks that came out today shows that there is an interest in Virginia in Thoroughbred and standardbred horseracing and in the horse industry. And I'm somewhat disappointed in how things are going, but then I'm also looking forward to the challenge of Virginia.

UNIDENTIFIED SPEAKER: Can't hear you.
COMMISSIONER MILLER: You know, I used to be a member of the legislature. This shows you how long ago it was.

I'm sorry. I just want to thank everyone for turning out today, and so I was saying it shows the degree of interest in Virginia in the horseracing industry and in agribusiness and so on and so forth. I don't need to go into all of that.

And that I'm disappointed with how things have worked out since I've been back on the Commission. The Governor put me back on the Commission this spring. I was looking forward to it; I'm still looking forward to it, but I'm disappointed in the way things have gone, but I'm also encouraged by the challenge ahead because I think Virginia has the kind of people in the horse industry and in the agribusiness industry that will meet this challenge and we'll be better for it in the long run.

Thank you.

CHAIRMAN REYNOLDS: Thank you.

Commissioner Dawson?

COMMISSIONER DAWSON: Yes, thank you, Mr. Chairman.

I just want to echo what Commissioner Miller has said about the good people of this state who are interested in continuing our sport.
I also want to thank the members of this Commission who have worked many hours and also the Commission staff who have worked many hours to try to come to some resolution in this long-standing dispute. We've never known how many hours go into this effort, and although I have not been directly part of these negotiations, I know that others like Sarge and D. G. and others who have tried their best to get some kind of resolution deserve a lot of credit.

Yes, I'm disappointed. I'm a life-long racing fan, love Thoroughbred racing, love standardbred racing, so I'm especially sorry for the standardbred horsemen because they just signed a contract which now I guess is no good to them, and I'm very sorry about that.

But I do believe that we do have an opportunity to go ahead and create an even better environment for horseracing in Virginia if we all work together.

Thank you, Mr. Chairman.

CHAIRMAN REYNOLDS: Thank you, Commissioner Dawson.

Vice-Chairman Van Clief?

COMMISSIONER Van CLIEF: Thank you, Mr. Chairman.

I'd just like to make an observation. First of all, I share my colleagues' disappointment where we are this morning. It's been a long and busy road, some ten months, almost constant negotiations, and as Commissioner Dawson
said, everybody has gone above and beyond, and I want to thank my fellow Commissioners for their efforts to seek a positive resolution.

My career was in Thoroughbred horseracing. I've worked with and for racetracks over the years, and it's been my observation that Thoroughbred horseracing or any pari-mutuel enabled horseracing works best as a partnership, a partnership amongst the track operator, the horsemen's group and state government.

I am extremely disappointed and frustrated this morning that we have not succeeded at least at this juncture in holding that partnership together. But I share my colleagues' optimism as well. I think if we weren't all optimists, we probably wouldn't be in this business, and I'm convinced as I sit here that although we're looking at pieces of a partnership this morning, that we'll find a means to reconstitute that partnership, and we will see the emergence of track operators or an operator in this state, and I think that we are looking forward to a very positive future. Perhaps this is one of those instances where we needed to break it in order to put it back together in a much more positive way.

I'd like to also make the point that this Commission I think has been extremely open-minded. I think there was a lot in Mr. Jacobs' comments this morning and in
his conversations and deliberations with us over the past
10 months that are commendable. We support the idea of a
new paradigm, and we support the idea of high quality rac-
ing, we support the idea of a stronger brand and a higher
profile for Virginia's Thoroughbred and standardbred in-
dustries, and we look forward to working with the constitu-
ents and the components of our industry to see that that
vision is realized.

As I end this, I do want to thank the ownership,
the management, and the employees of Colonial Downs. Race-
track ownership or undertaking racetrack ownership really
takes a bit of a leap of faith, and so over 17 years, I
think we've seen a lot of positive come out of that track.
The employees have worked hard to deliver a good product;
management and ownership I think have done their best, and
I just want to thank them for what they have brought to the
17 table over a long period of time.

Again, I think we do have a much brighter future
than might be envisioned this morning, and as a member of
this Commission, I look forward to fostering that future.

Thank you, Mr. Chairman.

CHAIRMAN REYNOLDS: Thank you, Mr. Vice-chairman.

MR. HETTEL: Mr. Chairman, I think Secretary Todd

Haymore would like to make a statement.

CHAIRMAN REYNOLDS: Are you trying to pre-empt me?
MR. HETTEL: No.

CHAIRMAN REYNOLDS: Yes, please, Mr. Secretary.

SECRETARY HEYMORE: Mr. Chairman, Members of the Commission -- I feel like I'm standing before the Legislature today -- Todd Haymore, Secretary of Agriculture and Forestry. I want to thank you for having me today.

I rise to address the Commission, but also the general public here today as well. As I said about a month or so ago, I thought there was a window of opportunity for salvaging the 2015 Thoroughbred horseracing season at Colonial Downs. That window obviously was raised and lowered several times over the course of the last month. There were a lot of ideas -- creative ideas put forth by you-all, people here in the audience. Unfortunately, the offer for full negotiation ultimately leading to mediation was not accepted wholeheartedly; one side chose to go that route, the other chose not to.

I am disappointed. I share your disappointment and had hoped -- I am an eternal optimist, my mother and father raised me to be that way, I have tried to be that way my entire professional career, and unfortunately, it didn't work out this time. But again, sharing your optimism for a way forward is key, and I hope that you-all will continue having that optimism that you have right now along with a number of folks here, interested parties in the racing com-
I also want to commend the Commission for your efforts over the last ten months. Obviously, I've only had the great enjoyment of working with you since July 1st since the Racing Commission was moved from the Secretary of Commerce & Trade to Agriculture & Forestry, but I know the work that took place over the last three months and change was matched, probably and then some, by the work that went on earlier in the year under the leadership of Secretary Jones, the Commerce & Trade Secretary. I do appreciate that. We appreciate that in the Governor's Office.

We are committed going forward to work with you as we've discussed the possibility for legislative agenda items, budgetary agenda items even in a time of belt tightening here in Virginia, potential uses of the good old fashion bully pulpit of the Governor's Office working in partnership with other State agencies to raise the profile of the Virginia horseracing industry and a number of other ways. We are prepared to do that.

Someone mentioned in the crowd earlier that the General Assembly session was just around the corner. That is correct. We are about three months away from that starting up, and I know a number of the members of the legislature who are looking forward to potentially being partners in that effort, partners with you, partners with folks here.
in the audience, but also partners with the Governor's Office.

So, I'm disappointed, but I'm optimistic for the future. I think we all have a great deal of reflecting to go through here as we wrap up this day, but that reflecting on some of the ideas that have come out of the last ten months or so I think will help guide us in the future.

So, we stand ready to work with you, we stand ready to work with the general public here engaged in the horseracing industry, and hopefully, there will be brighter days in 2015.

Mr. Van Clief, to your point, sometimes I believe that you do have to see things come undone before you can start to rebuild fully and move to the future, and we may be faced with that today. We may be faced with an uncertain 2015, but I do think there is a way forward, and with all the great minds in this room and other places around the state that is interested in horseracing, I believe we can find a way forward.

So again, I thank you all for your time; I thank you for your efforts, and again, I also thank the general public here behind me that have been engaged in the process as well for their time; and lastly, I thank Colonial Downs. Obviously, they have worked hard over the last 17 years to have a product there. Unfortunately, we don't have a way
forward right now, but they have been a key player in the
last almost two decades and putting horseracing in Virginia
on the map. So I thank them for their efforts and every-
thing that they have done and look forward to again working
with everybody here for a way forward.

Mr. Chairman, thank you again for the time and for
allowing me to interrupt your flow there.

MR. REYNOLDS: Thank you, Mr. Secretary. And I
want to thank you and your staff for all of your help, and
that goes to Secretary Jones as well. I think the support
we've gotten out of this administration and the Attorney
General's Office has been a tremendous help to us, all of us
that work very hard.

I'm very disappointed that the track has
surrendered their license. I continue to assert that I
don't think they were that far apart. I wish they had gone
to mediation, but it was a decision that the track made.
It's their business, it's their license, and you know, it's
Mr. Jacobs' decision. I respect that decision, but I too
want to thank them for working hard for 17 years. I had a
lot of great times down there, and maybe one way or another
they come back, maybe they don't, but I am committed to
working tirelessly in moving us forward.

With that, I think everything else has been said,
but thank you and I thank the public for coming out today.

CAPITOL REPORTING, INC.
It shows people do care about racing, and we want to move racing forward. So that's where we're going from here on out.

With that, I would like to call on Mr. Petramalo. Do you want to come up?

MR. PETRAMALO: Yes.

CHAIRMAN REYNOLDS: Or would you like me to call on Debbie first? It's all up to you.

MS. EASTER: It's up to y'all.

MR. HETTEL: Mr. Chairman, we've got the agenda.

CHAIRMAN REYNOLDS: Is she on the agenda?

MR. HETTEL: We can do one more agenda item. We've got the Virginia Thoroughbred Alliance, which Frank is a part of along with Debbie Easter and Dr. Griffin.

CHAIRMAN REYNOLDS: But Frank, you wanted to make some comments though.

MR. PETRAMALO: Yes, just Mr. Chairman, to follow-up on your comments about not being far apart. That was the way we saw it too, and I think you have in your record the September 25th counteroffer from the VHBPA, and I think if any objective and experienced negotiator were to look at the differences, he or she would say, well, gee, there's a deal to be made. That's the way we always felt.

But let me also say something about Mr. Jacobs' comments about vision. He said that the HBPA does not share
his vision. That's not correct. We have always been lock-step with the track in terms of drawing the highest quality horses here to Colonial Downs, and we have supported our thoughts with our purse money. The Virginia Derby first went to $500,000 in 2002. Before that, the purse was something like 300,000. It went to $500,000 at the impetus of the VHBPA.

Some of you probably recall former Chairman Peter Burnett. Well, Peter Burnett used to be our President. It was Peter's idea to bump up the Derby to $500,000 and put it on the map.

To make a long story short, over the years we have fully supported big races like that such to the extent that in 2006, we had bumped the purse for the Derby to $1 million and we had agreed to pay 1 million in purse money for the Turf Cup. This was all our doing, all our agreement with Colonial Downs. We weren't in any way opposed to big racing. But big racing, as you probably know, constitutes about one percent of the 40,000 races that are run each year in the US. The other vast 99 percent are what keep the industry going. These are the overnights, the regular horses as we call them. And what we sought to do was strike a balance, and I thought we had struck a balance.

Again, without getting into too many details, Mr. Jacobs said they wanted to use 50 percent of the purse money
for the big days. Even though our contract for the last ten years said 20 percent, in our final counteroffer, we were willing to go to 40 percent. The difference between 40 and 50 is not great.

But I think Mr. Jacobs also misstated or misread the horseracing industry in Virginia. What he talked about is it's in its demise. Well, it's not because the quality of racing has changed in any respect. The horses that come to the Colonial Cup and the Virginia Derby are the same quality of horses that have been coming for the last ten years. Todd Pletcher sends horses, Dale Roman sends horses, Bill Mott sends horses -- all of these big shots come and race. So there's been no diminution of the value of the Derby.

But interestingly enough, this morning with nothing better to do at 4:00 a.m., I took a look at the derbies going back to 2005. The wagering handle was pretty much the same regardless of whether it was a seven-horse field or ten-horse fields -- pretty standard until 2012, and then it dropped about 50 percent in 2012, 50 percent in 2013, and you know why? For ten years, the Derby was run in the classic time: Saturday afternoon between 5:30 and 6:00 o'clock. In 2012, Colonial decided, well, let's run it at 8:45 on a Saturday night. Bingo, nobody was there to bet. The same thing happened last year.
So the point is there is a way to put on a quality race program here in Virginia and serve the interests of the racetrack and the interests of the horsemen. I'm just sad that it came to this situation.

But I want to close by emphasizing that our Board of Directors, which is made up of 14 individuals, seven owners and seven trainers, are Virginians who have been in the racing business or the horse industry in Virginia all of their professional life and most of them are here.

I start with -- this is going to get me in big trouble -- I'm going to start with I believe the youngest, Stephanie Nixon, our vice-president, and Emily Day, our Board Member, are the two youngest board members. They have been in the business for 20 years.

We also have present our president, David Ross, who has been the leading owner at Colonial Downs for probably six years.

Our secretary, Diana McClure, is here. She's been racing for over 30 years. She's a bit older. Jill, Gordon-Moore has been an owner, a trainer and a breeder. She's been in the business all her life here in Virginia; and then of course we have Robin Richards who you probably know because for at least ten years, she was president of the Virginia HBPA, she's now the President of the National HBPA.
And we also have board members Nellie Cox, owner/breeder; Donna Dennehy, who's Eagle Point Farm has been here in Virginia since 1945. I'm probably missing someone -- oh, we've got Susie Chatfield-Taylor from Front Royal, an owner and breeder.

All of these folks are the ones who have been making the decisions at our board level in terms of what we should be doing all with one goal in mind: Making Virginia racing the best it can be. And that's our goal, and I'm somewhat disappointed that Mr. Jacobs concluded that we didn't share his vision. That's not true.

Thank you.

MR. REYNOLDS: Thank you, Mr. Petramalo.

Shall we move on to item 3j, Virginia Thoroughbred Alliance: VTA, HBPA, and Virginia Gold Cup?

DR. GRIFFIN: Secretary Haymore and Chairman Reynolds and Commissioners, and Virginia Horsemen, I thank you for this opportunity. My name is Alfred Griffin, from Warrenton, Virginia. I'm here today to speak on behalf of Virginia Horsemen's Alliance.

I'm sure y'all know that the Code and the statute upon which pari-mutuel horseracing is conducted in Virginia, probably the most important piece of that to me is the part that says that we're here for promoting, growing, and sustaining the native Virginia horse industry.
Because this problem that we're hearing about and bringing to a head today isn't a new one, it's been around for years, Commissioner Reynolds and Vice-Chairman Van Clief decided to put together a blue ribbon committee trying to study this, and basically, they took interested parties from all different aspects of this and brought them together to try and find some solutions.

Dr. Will Allison, a number of years ago, had the foresight to introduce pari-mutuel wagering to the Virginia Gold Cup with great positive benefits all the way around, and because of that, we had an opportunity to participate in this blue ribbon committee.

The first thing that we did was we looked at the different studies and this sort of thing about not only the national but the Virginia scene and found both to be in a declining mode with Virginia declining at a faster pace.

Now, I'm sure Secretary Haymore is less enthusiastic about having us in his fold now, but this is a big agribusiness with significant economic impact, and I won't go through all the numbers, they're there. The bottom line is this is a big business, and the Virginia Thoroughbred industry is a major part of that big business.

So the Blue Ribbon Committee, at our first meeting, we sat down and we went around the table and everybody basically said, well, what are your goals for the
future? And the two that struck me most -- the first one was when Colonial Downs' Ian Stewart said, well, we'd like to decrease the number of days of racing and we'd like to do it over fewer weeks in the season, and then Frank Petramalo said, well, we'd like to increase the number of days of racing, we'd like to do it over more weeks in the season, and immediately, I felt like I was standing on top of a mountain looking down at a single train track with trains approaching in opposite directions, and sure enough, that's what's come to pass.

The business of racing. Last week, we held a little bit of a meeting in Great Meadow and we had over 80 horsemen there from all over the East Coast, and we went through a tutorial about statutory retainage and the purse account. Obviously, you can be telling me things about that aspect of racing, but that's part and parcel of this whole thing and kind of gets lost in the dialogue, if you will, about what drives the business, and the bottom line is that included in Colonial Downs' business plan was to decrease overhead by diminishing the number of days racing and the weeks over which that is held and eliminating the backside for training, ship-in only. Basically, that's a significant decrease in their overhead, and then provide -- you know, understand that in order for them to have access to source market fees and the SWD pickup, they have to provide live
racing, so that amount of live racing in their ideal business model is the minimal amount that will meet those needs to be qualified.

Well, they called it a Boutique Meet, but the downside to having just high end racing are just these aspects to Virginia horsemen. We talked jobs. Going to downsize the activity at Colonial Downs significantly would decrease the jobs associated with New Kent County.

So there must be a better way. The Virginia Horsemen's Alliance -- interestingly enough, it started with the people that were sitting in the blue ribbon committee meeting where we were sitting there and wanting to move on, and after a short pause, it would be Frank and Ian going head to head on things, and we never got anything accomplished, but we kept talking, and so while that was going on, the other members of the blue ribbon committee and then with a growing number of other interested horsemen started looking and saying what if? This doesn't look like it's going anywhere, what else can we do? And we started looking and trying to develop a plan.

We developed an alternative model, if you will, and these are the goals: Basically, we needed to change the whole business model of how we do things, and in doing so, we need to expose racing to more Virginians. Virginia is so steeped in horseracing and yet the focus has come down to
just one site and one type venue for the most part. So we want to grow the industry not just in New Kent County, but across Virginia and then that in turn helps to produce more full-time jobs in Virginia. In doing so, it would be necessary to remove the monopoly that is Colonial Downs. Truly, in the recent past, one man has decided the fate of this whole industry, and we felt like it needed to be a broader spectrum, because from a horseman's perspective, you know, our livelhoods hang in the balance with one man's decision and we need to move forward from that.

So the business plan again was to develop some multiple venues for racing, and then most important to our model is to use a nonprofit organization model for doing business, financial incentives to Virginia horsemen across the board, and then looking at crossover events like steeplechasing and flat racing, bringing them together and generating enthusiasm for both.

From a multiple venue standpoint, we've had discussions with several sites, and it seems like every day someone else has a good idea about another site, but I'll go into it a little bit.

Remember that the limited racing license allows for 14 days of pari-mutuel racing without a referendum. There are certain tweaks that need to occur to the statutes at the legislative level, but currently, the Virginia Gold
Cup race is under a limited license of 14 days of racing.

The Middleburg Training Center in Middleburg, a 78ths-mile track, 220 stalls and 11 barns. The average amount of -- we tried to put some figures together -- $2800 dollars a month is basically what a horseman's going to spend in a barn. 220 stalls -- that's over $600,000 a month just in opportunity right there, and that doesn't include all the other ancillary aspects of being there at this place.

Also, one of the ancillary aspects is three miles away from the Middleburg Training Center is Salamander Resort & Spa, and the opportunity to be synergistic with that area is tremendous.

Oak Ridge. Oak Ridge is outside Lynchburg, and basically, currently at Oak Ridge there is a mile outer dirt track, an inner turf track that's not being utilized at least for those types of things. There's opportunity there; the owner is interested in talking with us again about this.

But look at Kentucky Downs. I know y'all know about Kentucky Downs, but the difference between the facilities at Kentucky Downs and Oak Ridge isn't a lot. Please note that that building over on the upper right corner has nothing to do with horseracing. That's all instant racing parlor so that basically you have a track and you have a gate and a start and a finish and someone to simulcast this
signal out, and that I think is one of the newer models and a successful model for racing. Nowadays, people don't have to go the track to bet like they did even 20 years ago when Colonial Downs first started. So the opportunity to get in the game doesn't require the grand infrastructure that it did even 20 years ago.

Montpelier. Charlie Seilheimer is here today as Chairman of their races. Montpelier has been conducting racing there for over eighty years, and there is a -- they have expressed an interest in helping this effort in any way possible, and I'm just mentioning Montpelier as just one of the several other venues that would be interested in a look to see if they might by participatory in this effort.

We talked about helping Virginia horsemen. Well, we've already paid the breeders' bonuses and the owner's bonuses. We'd like to think about including trainer bonuses. There are a number of trainers, especially in my area, that contribute to the Virginia economy, but because of the situation not just at Colonial Downs, but they race their horses elsewhere, and the opportunity to bring them back into the Virginia fold, so to speak, would be I think and a lot of people think helped by significant trainer bonuses.

So we're also looking at the nonprofit business model whereby all profit goes back into racing less our ex-
penses. Significant difference.

And when we talk about this nonprofit scenario, it's not just that aspect, it's also the ancillary local community benefits. I'll talk about the Virginia Gold Cup in just a second, but when you're running in a nonprofit, there's an opportunity for a very positive image for what you're doing which would go a long way in Thoroughbred racing these days.

Virginia Gold Cup. We run under a nonprofit. Actually, Virginia Gold Cup is a C4, and our partner in this, Great Meadow Foundation who owns the racecourse, is a C3. We have a lease agreement with them at a fixed dollar value that we negotiate every three to five years, and it's been a pleasant surprise how synergistic we've become. Basically both organizations have flourished.

The Great Meadow Foundation was just able to purchase another 130 acres, developed a three-day event facility which they just held the national team -- nation's team selections, three-day event selections and they have just been chosen to hold the Olympics venue there should our area be chosen for the Olympics.

Virginia Gold Cup. Basically we have had more attendees in two days of racing than in the last two full years of racing at Colonial Downs. There's an opportunity here. Know this: The Virginia/Virginia Tech football game
doesn't hold a candle to us in terms of attendance. We have even beaten NASCAR now in terms of total attendance, so we are the largest sporting event of any event in Virginia.

We have a very enthusiastic betting audience. Anybody who looked around at the betting lines at our races and saw them standing there gleefully for half an hour or more can attest to this, and we've bumped up our opportunities for betting so that those lines are no longer than necessary, and hopefully that translates into an even better handle.

But the opportunity to expose these people to flat racing through the fact that they do come to our races I think holds great potential for all of us. From a pari-mutuel wagering standpoint, our live handle on the third day of racing was $137,000 compared to the live handle average at Colonial Downs of $91,000, and an average at Charles Town live handle of $150,000. So on-site enthusiasm has grown from our standpoint. It's already surpassed what it is at other traditional flat tracks.

In addition to that, we've been around a lot. We've had racing going for more than 80 years, and we have a successful business model, but that successful business model has evolved with the times. Just like when Dr. Allison brought us forward with pari-mutuel wagering, we've been able to change with the times and meet those needs. But one
thing that we need to know -- for over 80 years, not one person that's worked in Dr. Allison's position or any other positions along those lines has taken one dime out. Rather, all the money that's come through our gates has gone right back into the racing opportunity, and I think that's important for what we're trying to accomplish here.

Last but not least, from a goodwill standpoint, last year we had to come to Richmond here to gain an opportunity of introducing bills in the House and the Senate to import the Kentucky Derby because we run on the same day for betting purposes at Virginia Gold Cup. And just across the hall, we spoke at the -- I guess it was the General Laws Subcommittee, and I stood and did a little presentation on Gold Cup and I talked about the positive aspects of things and the fact that we've given back over $2 million dollars to our community in the last ten years through the rescue squad, Lions Club, Boys and Girls Club, Fauquier Free Clinic -- not money that we paid them, but rather their opportunities to participate in our races, and then the gentleman behind me, Reverend Eddie Aliff, he's the Executive Director of the Virginia Association of Independent Baptists -- he was in line behind me, and upon knowing who he was, I said, well, here it comes, and he stood and he said, "Well, after hearing what you've had to say about your way of going, I was all intentioned to speak against increased gambling in
the state, but after hearing this, I'm now in favor of this bill." To which the Subcommittee Chairman asked him to repeat that for the record, because he believed that was the first time that a Baptist minister ever spoke in favor of gambling in the Commonwealth.

So there is a positive aspect to the nonprofit model that might allow us to move forward with some other plans that would be beneficial to our racing as well.

Because the Virginia Gold Cup and other steeplechase meets -- they're not a substitute for flat racing. Basically, flat racing and Gold Cup is meant to increase exposure and interest. A flat race certainly does allow a transition for flat horses into steeplechase racing and will also give us a temporary opportunity for flat racing during the development of other venues. But we see this more as a partnership, if you will, with overlap in terms of this. There are many different horses in Virginia, and some of them will be suitable and some of them won't be, but they're an opportunity while we're trying to get everything up and running to the goal, if you will, to utilize other venues.

The nice thing about our model though is for horsemen. When you compare steeplechase racing and pari-mutuel wagering and purse distribution from a flat standpoint, for every dollar of purse money contributed by the
VRC 10-15-14

purse account at the Virginia Gold Cup, we match with funds that we generate from our racing, so we're not taking away from the horsemen's opportunity. We're actually making it -- for say a $2 horse to the Virginia horsemen for every one dollar that comes from the purse account currently. I think that just speaks to the opportunity to move forward in a positive way in a different model.

Colonial Downs. They need to be participatory in this, whatever management there is. It doesn't matter who it is. That's a crown jewel from a facility standpoint and we'd love to see them be integral to this whole plan, but the way of dealing with them needs to be market driven and not a capture on their part. Their level of participation really should be determined by their piece of the pie. If they want to run six days, they get six pieces of pie, if you will. They can't usurp most of the resources and then provide too minimal an opportunity for the Thoroughbred industry to flourish.

You know, the enthusiasm has grown. Every day, someone new -- just a couple days ago, Tom Clarke came to us and I think he'll be speaking in the general session in a little bit, general comments about his nonprofit experiences and the opportunity to overlay that with what we're trying to accomplish here.

So, you know, the Virginia Horsemen's Alliance --
it's a large group of varied perspectives that all have the same goal in mind, and it is the same goal as the Commission's goal, and that is to continue promoting, growing and sustaining the native Virginia horse industry. Let's keep it going and get it done. Thank you.

CHAIRMAN REYNOLDS: Thank you, Mr. Griffin.

Are there any questions from the Commission to Mr. Griffin at this point?

If not, the Commission looks forward to working with you all diligently as you-all move this plan forward. It's very exciting, and it's great to get something positive out of a day like today, so thank you for sharing that with us.

Debbie, did you have anything to say or just --

MS. EASTER: Very briefly. I'm probably not as eloquent as our Alliance partners, but I just wanted to follow up with Commissioner Van Clief's comments that this all has to work as a partnership to make it work, and unfortunately here in the last year, this hasn't been working like a very good partnership.

So we don't -- this alliance doesn't have all the answers, and we need to count on you-all. We hope we're going to bring the Commission, the Agriculture Department, and the legislature in this part, and New Kent County. Don't forget, today there are a lot of people that don't
have jobs as of November 1st.

Our intentions would be -- we can't make promises, but we want to get things up and running again and we'd love to give those people back their jobs, and the whole part of this Alliance is let's do something good for Virginia and make it work for Virginians and see how we can wrap it around. But you-all are -- we need everybody's ideas, everybody's effort, and we hope we can bring it around because this is going to be -- we don't have Colonial Downs; it's going to take us a little time, so everybody's going to have to be patient and work hard and know that everybody's working for the good of Virginia.

Thank you-all for all your efforts, and Mr. Secretary, we're excited to be under your secretariat; we're going to come bug you.

MR. REYNOLDS: Thank you, Debbie.

Now, we'll move onto the public comment period. You-all are welcome to come up front, please. Your limit is five minutes; please keep it five minutes or less.

I want to hear from the standardbred folks first; I'm so sorry, Iaian. I apologize.

MR. WOOLNOUGH: Mr. Secretary, Commissioners, we're used to being on the back end of the dog.

I'm very disappointed with what happened. In 1997 when I came here, it was an empty field out there.

CAPITOL REPORTING, INC.
When they hired me and I put in the turf course and I put in the -- what is now the standardbred course or the dirt course, in 2005 when I took over as General Manager, a lot of the horsemen right here, I hope I served you well. I did the best I could for it. I'm -- everyone put their heart into it; I'm sorry to see it go.

But now I represent the harness people, as I have done for a number of years now, and the things they want to bring up here maybe some of these people do not know. They came up and talked about the good horses they have had in Thoroughbreds, and I know because I brought some of them here. Vivid Photo -- best trotter in the United States, two years ago, brought him here twice for our Patriot Trot. A horse called Enough Talk broke the world record, first horse trotter ever to break the sub 1:50, and that's not a North American record, that's a world record. Unfortunately, early this summer, it got beat by a fifth of a second.

Driver's. John Campbell, greatest harness driver ever. He's been here. Tim Tetrick. Of all the jockeys -- I was one myself many years ago, but there isn't a jockey around that's ridden 1,300 winners in one year. Tim Tetrick drove that many in one year. Brian Sears, another one. So we had the top tier here, and that's for the harness thing.

Our current meet right now, we've only been...
there for four weeks, we've got 117 Virginia-breds racing. Of that, 84 have been in the money, fourteen are winners, and this in open company. We haven't run any restricted races yet, they don't come until this weekend and the following weekend. So I'm proud of what we've accomplished in our harness racing.

I'm pleased to hear the Commission say that they are going to work to get horseracing going again in Virginia. I hope that effort includes standardbred. Our people don't have a lot, they work very, very hard. We don't race them that much, and in our races, the bonuses that are out there, we have a 40 percent owner's bonus for the Virginia-bred, and there is also a 40 percent breeder's bonus, so if you are the breeder and you race and you win, that's an 80 percent. That's a lot of money you can make on things like that.

It was mentioned earlier by some of the Commissioners, and I just want to point that yes, we did sign a five-year contract with Colonial Downs about a month ago. We've been trying to get a copy of that contract. We know it was signed by Dr. Dunavant, our President; we know it was signed by Ian Stewart, their President, and now only on Monday when we insisted we get it that Mr. Jacobs had refused to give it to us and that he had given strict instructions not to give it to us. I don't know where that
VRC 10-15-14

goes from there.

Money. He has a lot. He has an awful lot of money. And with money you can buy almost everything. I told him, and I told him right to his face: Money cannot buy honesty, integrity, or class. And I'm sorry, but I felt he needed to know that.

CHAIRMAN REYNOLDS: Thank you, Iaian, and with that said, I don't want you to feel like you're the back part of the dog. Moving forward, I hope that you and Doc will come see me, see us, and see what we can do to help you-all move forward as well because the standardbred is a part of Virginia racing, and I'm sorry you-all sometimes feel like you're in the back seat, but we want you-all in the front seat. But please come call on us to see what we can do to help you-all as well.

Thank you for your many years of leadership in the standardbred world. Thank you.

with that, we'll move to public comments. If you would like to speak, please come up one at a time, state your name for the record, and please keep it to five minutes or less.

And with that, you-all can come on up. Yes, sir.

MR. CLARKE: Thank you. Good morning, Mr. Chairman, Members of the Racing Commission, and Secretary Haymore.

CAPITOL REPORTING, INC.
You know, a question might be why is somebody from a healthcare and conservation company here at the Racing Commission? I think my last meeting here in this building was the State Water Control Board about watershed conservation; but when we look back at conversation in Virginia in the 1920's, the department was the Department of Conservation and Economic Development, and economic development always tied into conservation, and you know, one of our biggest opportunities for conservation in Virginia is the ability to promote the farms, to promote open spaces, promoting equestrian activities.

I'm on the Board of Directors of the Virginia Horse Center Foundation. That's an organization, we sponsor about 86 events a year; we have 37 events with over a hundred horses.

When I go out -- and I don't even know if I introduced myself, it was early in the morning when it was quite stormy in Botetourt County when I came, but Tom Clarke is my name -- and when I joined the Board, I counted license plates in the parking lot, and we would have events with up to 750 horses present on site, and I think one of the things that impressed me the most is about half of those license plates were from out of state, and so when I read the UVA study of how many jobs were created by Virginia Horse Center and the economic multiplier with that, it was easy to
see how 1300 jobs were created through the creation of that.  
I also looked to a transaction we did today.  We started another one that was similar to this morning that was at a crossroads, and that's the Natural Bridge of Virginia.  There was great fear it was going to be sold in 35 different parcels and never again would we have the kind of public access that we enjoyed at Natural Bridge.  That was a transaction that we undertook; we undertook it in a complete public-private partnership with the Commonwealth.  We undertook it for the purposes of creating a state park, and you know, I can report to you that we've had great success, 25 percent increase in visitorship.  

So what does all that have to do with Thoroughbred horses?  Well, when I first learned about the plight of the Thoroughbred horses, I thought well, maybe one of the models is that we could have similar to Virginia Horse Center and similar to Natural Bridge -- a non-profit public-private partnership.  So it was really the intent in both of those that we didn't have to serve, you know, a return on equity investment.  So we started looking at Colonial Downs, and in fact I'm an accountant, and I spent quite a bit of time going through 14 years of publicly available financial statements, and I think one of the good things about Colonial Downs, even in the 2008 to 2011 recession, there was about four and a half million dollars of profit from operat-
ions. Now, they had varying expenses and capital investment so they had about $2 million a year in depreciation, so that resulted in a loss, but the business fundamentals were there for moving forward.

You know, that's -- the President of the Virginia Horse Center is a long-time horseman, Mr. Ernie Oare, and that led us to having discussions about conservation, about promoting the horse industry, and how do we get economic growth and development in Virginia? We have about $1.2 billion dollars in horse industry-related growth here or economic activity in Virginia, and I think we're all quite confident that that number can be dramatically increased if we all work together.

Our organization has pledged to the Virginia Thoroughbred Alliance that, you know, we will support them in any way. I will share that we've already made an overture to acquire the property in New Kent. We would be very excited about supporting them at the Middleburg Training Center, anything that could be done that would actually preserve and conserve land in the Commonwealth throughout the Commonwealth. We're very excited about the model that was shared today.

You know, over and over again, people told me things need to change, you need to look at Del Mar. I would argue that Del Mar, which is a very exciting but very large
market share, I would argue that Del Mar East is right here at Great Meadow. I believe last year we had about 70,000 people attending that event, a very successful event.

So again, as a transitional kind of plan, our organization would be very supportive, and others that we're working with, other transitions that involve the use -- the limited use of facilities around the Commonwealth as we work toward a greater goal. I do think the Colonial Downs facility, you know, plays a critical role, and I hope with time that all of us can come together and, you know, be able to reunite the people in New Kent County with an expanded opportunity for racing in Virginia.

Thank you very much for the opportunity to speak.

CHAIRMAN REYNOLDS: Thank you.

Yes, ma'am? Yes, please.

MS. GORDON-MOORE: My name is Jill Gordon-Moore. I've been a member of the HBPA in Virginia since it began and probably the longest member. I've only been in the state 25 years or so, so I'm kind of new, but it's quite a good place to raise horses, and when Jeff Jacobs came, he had great intentions. He was also looking for alternative gaming. It didn't happen. That's been a big bug in the whole system. I'm not for or against it, but that's where we are.

The other issue is horseracing generally world-
wide has changed. The numbers aren't there; it will continue to contract. We've already hit close to bottom, but I think it's still going further because we haven't been doing it right. There isn't an end for these horses. Until we take care of the horses from beginning to end and utilize them to the best of what we can do to help the horses, we're not doing it right.

Technology is a big thing. It's really favorable for our industry where you put the color of people -- everything's right there. Everybody bets now on their hand-held; being on-track isn't the only answer. But putting forth a good business is what we have and we have to continue to use the technology in our favor; we have to look for better ideas.

There have been a lot of good ideas spoken today and we all need to get on the same page and try to make them happen. We have a wonderful turf course sitting there because we all moaned and groaned about a one mile oval wasn't going to do us any good, and we insisted on a good turf course. Jeff Jacobs put the good turf course in for us and we're thankful to him for having done that. Unfortunately, it's probably in the wrong place, but we can still utilize what we've got, and there are ways to do this so we can all start coming together, dropping our hard stance and going with what will work in the future to make the business move.
forward, and there are opportunities. Horseracing has been
knocked down and clobbered many times. It has never yet
gone away. Wars and horrible disasters -- it still comes
back. All these people work seven days a week, all day
every day, and we do it for the horses, and if we all get
smart and we all back down on our -- where we are standing
and compromise, I think we can come out of this looking
quite well in the future. Thank you.

CHAIRMAN REYNOLDS: Thank you.

Yes, sir?

MR. MANDELL: My name is Lenny Mandell, and you
can tell from my accent I'm not from Virginia, but I live
here ten years in Richmond, and it's a very sad day for
racing. I've been involved in racing -- I'm 71 years-old,
I've been involved in racing since I'm 16 years old. I own
horses and I'm also a gambler, and I think the State should
realize a couple of things.

I'm sure both parties have value, good ideas,
but as a gambler, why would they want to see somebody like
myself and other people go to Colonial Beach and gamble?
Why do they want to lose that customer?

As an owner, I have -- I own five horses, they're
all New York-breds, and the purses make it very difficult to
bring horses here in Virginia. It's really sad because last
night I was at the museum, the art museum, and I see what
happens in Virginia. It's fabulous. I mean the city has done so much. I moved here, like I said, ten years ago; my wife is the general counsel at Altria which does a lot for the community, and I do not want to see racing die. The people that meet there are the most wonderful people; these people care, and I also feel that this is going to take a while to build a track. Somehow, we have to keep OTB open to keep the customer aware of horseracing. If you close everything, you're going to lose that consumer.

    Thank you.

    CHAIRMAN REYNOLDS: Yes, thank you.

    Would anybody else like to speak? Yes, ma'am?

    MS. SOUTHERS: My name is Beverly Southers, I've worked at Colonial Downs OTB for 17 years and ten months. I just want to thank Lenny for his comments. We do care about our customers. We've developed all these relationships over the years, and as an employee at the OTB going to the track, I've met hundreds of people from out of state.

    CBS loved Virginia when they broadcast here. The motorcycle raises that are held in August -- you would be amazed at the number of people from out of state support that attended that. I heard comments, "We've extended our stay in Virginia because we want to see more than Colonial Downs."

    To Mr. Trouts' comments, Virginia needs
horseracing for recreation and tourism.

    Thank you, very much.

CHAIRMAN REYNOLDS: Thank you.

Anybody else?

MR. McBRIDE: Good afternoon.

With all of this being said, I personally can see and understand that something has to happen or whatever it is, but do you have a time period which you think that these matters can be resolved? And if so, you know, I think that will make people feel much better to know that, okay, this is feasible, this is not feasible, rather than to get up and make a lot of statements, which basically we all know, but the things that we want to know is: Are you going to be able to open the track again, or this is it? Or you just let us talk to make us feel better or whatever it is? But the main thing is that what can be done? What's going to be done? And I thought about it this morning when I was coming here that a lot of times when we have meetings or we're faced with a crisis that a lot of times people fail to understand that nobody is untouchable. It could be us today, but it could be you tomorrow.

So I think that when you're having problems, get to the root of it and try to deal with that. Don't sweep stuff up underneath the rug. Lay it out and people can understand it whether they like it or not.
Thank you.

MR. HETTEL: Sir, would you identify yourself?

MR. McBRIDE: My name is Robert McBride.

MR. HETTEL: Thank you, sir.

CHAIRMAN REYNOLDS: Yes, sir.

MR. CHATFIELD-TAYLOR: My name is Wayne Chatfield-Taylor. I'm part of the Virginia Thoroughbred Association.

One of the things that I think has been learned by being able to bet at Colonial Downs sort of touches on something that years before we had racing here in Virginia, and I'm speaking about 25 years ago, we invited people to our dinners at the VTA to tell us how to go about this, and one of the people that spoke at one of those, a very important thing that I've never forgotten was Bob Levy, who owned and still does I think own Atlantic City Racecourse, and he said be careful in what you're doing here in Virginia, that you're not building Belmont Park, you're building a television studio, and that's the way of the future; that's the kind of racing that people will want to interact with. They can stay at their job, they can do whatever they're doing, but they can bet from places far away.

One of things that's been learned I think by the new racing or the new betting that's allowed at the Gold Cup Course is that that beautiful course has attracted an international interest in betting from far parts of the
world, I think, and it's a very exciting thing to see that there is a far greater audience in a far smaller world almost in a way that has participated in what they're seeing in Virginia in just a very small piece.

I think we could take that further, and yes, there's going to be some growing pain to where we go from here, but I think what we do to return the money to Virginia here I think is very important, and I think we're in full support of what has happened here, and we wish everybody to get committed to that.

And I thank you all.

CHAIRMAN REYNOLDS: Anybody else?

NOTE: There was no response.

CHAIRMAN REYNOLDS: I think that's it. No other public comments, so those being completed, we'll not set a next meeting date at this time, but we'll certainly give the due and proper notice when we do meet again.

Is there any more business?

MR. HETTEL: So we're completed.

CHAIRMAN REYNOLDS: I'll entertain a motion for adjournment.

COMMISSIONER DAWSON: So moved.

COMMISSIONER Van CLIEF: Second.

CHAIRMAN REYNOLDS: All those in favor say aye.

NOTE: All indicated by voting aye.
CHAIRMAN REYNOLDS: We're adjourned. Thank you all for coming today.

MEETING CONCLUDED
CERTIFICATE OF COURT REPORTER

I, Roy Garrison Wood, hereby certify that 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 23rd day of November, 2014.

ROY GARRISON WOOD
REGISTERED PROFESSIONAL REPORTER

CAPITOL REPORTING, INC.
<table>
<thead>
<tr>
<th>Numbers</th>
<th>Page 20/6</th>
</tr>
</thead>
<tbody>
<tr>
<td>negotiator [1]</td>
<td>27/21</td>
</tr>
<tr>
<td>Nellie [1]</td>
<td>31/1</td>
</tr>
<tr>
<td>nership [1]</td>
<td>24/17</td>
</tr>
<tr>
<td>ness [1]</td>
<td>34/31</td>
</tr>
<tr>
<td>network [1]</td>
<td>5/4</td>
</tr>
<tr>
<td>never [6]</td>
<td>18/7 20/4</td>
</tr>
<tr>
<td>new [18]</td>
<td>4/16 19/4 17/17 17/22 18/8 22/3 23/4 38/35 2/2</td>
</tr>
<tr>
<td>new[18]</td>
<td>21/23 42/20 43/24 50/17</td>
</tr>
<tr>
<td>nobody [1]</td>
<td>30/12</td>
</tr>
<tr>
<td>non [2]</td>
<td>7/22 12/57/16</td>
</tr>
<tr>
<td>Nixon [1]</td>
<td>30/12</td>
</tr>
<tr>
<td>nobody [1]</td>
<td>29/24 55/20</td>
</tr>
<tr>
<td>non-profit [1]</td>
<td>49/17</td>
</tr>
<tr>
<td>non-race [1]</td>
<td>7/22</td>
</tr>
<tr>
<td>networkless [1]</td>
<td>9/13</td>
</tr>
<tr>
<td>nonprofit [7]</td>
<td>35/38 37/24 38/2 35/8 39/14 46/6 22/2</td>
</tr>
<tr>
<td>North [1]</td>
<td>45/16</td>
</tr>
<tr>
<td>not [48]</td>
<td>2/12 5/17 6/7 8/1 9/1 6/9 14/10 10/</td>
</tr>
<tr>
<td>November [4]</td>
<td>7/8 14/10</td>
</tr>
<tr>
<td>16/10 17/12 17/13 20/5 21/11 23/15 23/17</td>
<td></td>
</tr>
<tr>
<td>27/16 27/25 28/1 29/4 29/4 32/3 35/2</td>
<td></td>
</tr>
<tr>
<td>36/17 39/13 38/5 40/7 40/18 41/10 42/2</td>
<td></td>
</tr>
<tr>
<td>43/12 43/9 43/15 40/9</td>
<td></td>
</tr>
<tr>
<td>45/16 46/25 51/23 52/7</td>
<td></td>
</tr>
<tr>
<td>53/12 54/4 55/11 55/25 56/17 57/5 57/15</td>
<td></td>
</tr>
<tr>
<td>notch [1]</td>
<td>17/25</td>
</tr>
<tr>
<td>37/13 57/25</td>
<td></td>
</tr>
<tr>
<td>8/24 11/2 29/16 36/23</td>
<td></td>
</tr>
<tr>
<td>notice [51]</td>
<td>57/17</td>
</tr>
<tr>
<td>Nov [1]</td>
<td>6/2</td>
</tr>
<tr>
<td>November [4]</td>
<td>7/8 14/10</td>
</tr>
<tr>
<td>44/1 59/9</td>
<td></td>
</tr>
<tr>
<td>November [1]</td>
<td>14/10</td>
</tr>
<tr>
<td>now [22]</td>
<td>5/10 9/18 11/4 13/3 16/22 17/23 20/12 23/24 26/1 30/24 32/17</td>
</tr>
<tr>
<td>32/18 39/2 41/1 44/17 45/2 47/5 48/5 45/5 46/22 50/1</td>
<td></td>
</tr>
<tr>
<td>52/10</td>
<td></td>
</tr>
<tr>
<td>Nowadays [1]</td>
<td>37/2</td>
</tr>
<tr>
<td>33/5 35/3 34/17 37/17 45/8 50/12 54/21</td>
<td></td>
</tr>
<tr>
<td>numbers [2]</td>
<td>32/20 52/1</td>
</tr>
<tr>
<td>o’clock [1]</td>
<td>29/23</td>
</tr>
<tr>
<td>word</td>
<td>start</td>
</tr>
<tr>
<td>------------</td>
<td>-------</td>
</tr>
<tr>
<td>W</td>
<td>19/10</td>
</tr>
<tr>
<td>worked</td>
<td>20/3</td>
</tr>
<tr>
<td>working</td>
<td>22/6</td>
</tr>
<tr>
<td>works</td>
<td>21/7</td>
</tr>
<tr>
<td>world</td>
<td>45/14</td>
</tr>
<tr>
<td>would</td>
<td>3/23</td>
</tr>
<tr>
<td>wouldn't</td>
<td>21/14</td>
</tr>
<tr>
<td>wrap</td>
<td>25/5</td>
</tr>
<tr>
<td>wrong</td>
<td>8/12</td>
</tr>
<tr>
<td>Y</td>
<td>27/9</td>
</tr>
<tr>
<td>y'all</td>
<td>36/19</td>
</tr>
<tr>
<td>year</td>
<td>4/20</td>
</tr>
<tr>
<td>years</td>
<td>4/2</td>
</tr>
<tr>
<td>year-old</td>
<td>4/20</td>
</tr>
<tr>
<td>years-old</td>
<td>43/</td>
</tr>
<tr>
<td>yes</td>
<td>13/16</td>
</tr>
<tr>
<td>you</td>
<td>14/22</td>
</tr>
<tr>
<td>you're</td>
<td>17/24</td>
</tr>
<tr>
<td>you've</td>
<td>15/2</td>
</tr>
<tr>
<td>you-all</td>
<td>3/14</td>
</tr>
<tr>
<td>you've-all</td>
<td>4/13</td>
</tr>
<tr>
<td>youngest</td>
<td>30/11</td>
</tr>
<tr>
<td>your</td>
<td>11/4</td>
</tr>
</tbody>
</table>

Note: The table above lists some of the words and their corresponding page numbers. The page numbers are in the format of column/row.