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VIRGINIA RACING COMMISSION

December 11, 2013

10700 Horsemen's Road

New Kent, VA 23124

Commencing at 10:00 a.m.

COMMISSION MEMBERS:

- Stuart Siegel, Chairman
- J. Sargeant Reynolds, Jr., Vice Chairman
- Carol G. Dawson
- D.G. Van Clief, Jr.
- Stran L. Trout

COMMISSION STAFF:

- Bernard J. Hettel, Executive Secretary
- David S. Lermond, Jr., Deputy Executive Secretary
- C. Richard Harden, DVM, Equine Medical Director
- Courtney Reid, Office Administrator

ATTORNEY GENERAL'S OFFICE

Joshua E. Laws, Esquire

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1 CHAIRMAN SIEGEL: Good morning, everyone. I'd
2 like to welcome everyone to the December meeting of
3 the Virginia Racing Commission. Thank you,
4 everyone, for being here.

5 It's great to have such a nice crowd. I hope
6 you guys will continue to come on occasions when we
7 don't have issues, serious issues to discuss,
8 because it's nice to have the public here and the
9 great interest that you have in racing in Virginia.
10 It's a healthy thing, so please feel free to come to
11 any of our meetings, and you will be welcome.

12 The first item on the agenda is approval of the
13 September 25th minutes from that meeting. Any
14 discussion, questions? They're in your book; they
15 have been distributed. Any motion?

16 MR. S. REYNOLDS: So moved.

17 CHAIRMAN SIEGEL: Second?

18 MR. TROUT: Second.

19 CHAIRMAN SIEGEL: All in favor?

20 MR. S. REYNOLDS: Aye.

21 MR. TROUT: Aye.

22 CHAIRMAN SIEGEL: So moved.

23 Before we continue, I have two quick
24 announcements. First, we'd like to welcome back DG
25 Van Clief. Mr. Van Clief has had some health

1 issues, but he looks healthy to me and he is doing
2 great, and we wish you continued recovery.

3 Carol Dawson, one of our commissioners, was
4 involved in a minor accident just off of the
5 interstate ramp, and she's fine and they're doing an
6 investigation. Her car is drivable, and she'll be
7 here, but will be a little late today. She's
8 expected to be here probably in the next 20 minutes,
9 according to your last reports.

10 MR. PETRAMALO: Does she need a lawyer?

11 CHAIRMAN SIEGEL: There are too many lawyers
12 here.

13 MR. HETTEL: She got hit from behind, so it's
14 probably whiplash.

15 MR. LAWS: The operative word being a good
16 lawyer, right?

17 CHAIRMAN SIEGEL: Anyway, the next item on the
18 agenda is the commissioners' comments. Any
19 commissioner that would like to make a comment at
20 this time?

21 NOTE: There is no response.

22 CHAIRMAN SIEGEL: Committee reports. DG is
23 chair of the Blue Ribbon Committee, and we'll ask
24 for him to make a report at this time.

25 MR. VAN CLIEF: Thank you, Mr. Chairman. Since

1 the board asked me to chair this committee, we put
2 together -- perhaps the Blue Ribbon Committee is a
3 bit of an overstatement at this point, at least
4 speaking for myself, but what we do have is the
5 essence of a good, solid stakeholder planning group.

6 It includes Frank Petramalo, representing his
7 constituents in the HBPA; Dr. Allen Griffin, Gold
8 Cup; Ian Stewart, of course, for Colonial Downs; Dr.
9 Charlie Dunavant for the Standardbred; Stephanie
10 Easter representing VTA; and Sarge Reynolds and
11 myself and Bernie Hettel as representatives for the
12 Commission.

13 The charge was to look at the overall situation
14 and to try to make some cogent and hopefully
15 implementable recommendations for this industry.

16 We have met several times since the committee
17 was convened, and although we're far away from what
18 I would call any conclusive assumptions or any hard
19 conclusions or recommendations, I'm actually very
20 pleased the committee has made progress.

21 It's a good, hard-working group, a good level
22 of creative activity. I'll talk just for a minute.
23 I'll keep this short about what we've done.

24 We've set out, probably as the norm would be
25 for a group like this, and the first question was to

1 confirm our mission. In short, we think the job at
2 hand is to deliver a plan to the Virginia racing and
3 breeding industries, which will promote excellence,
4 key word growth, and sustainability of our industry.

5 We looked at a situational analysis with input
6 that the Commission staff gathered for us. We
7 tapped the Jockey Club for information, so we've
8 looked at the national trends, and we've looked at
9 the trends in the Commonwealth; neither of which are
10 particularly healthy, as pretty much everybody in
11 this room knows.

12 We don't like what we see in terms of where the
13 Virginia industry stands, and our goal, if anything,
14 is to do away with the status quo.

15 We do hope to come forth by mid year with an
16 implementable growth plan, and the situation
17 analysis in fact tells us that we have to. We
18 really don't have much of a choice.

19 If you look at the national trends, declining
20 foal crops and field size going forward, the
21 expectations are that things will get tougher for
22 racing, not easier, so we think our job is an
23 important one.

24 Strategically and tactically, we talked about
25 product design and what we're selling. The best

1 product -- we looked at trends, most of which are
2 down, with the exception of a few important ones.
3 We have seen an up-tick in ADW action, and I think
4 our field sizes here in Virginia are pretty healthy.

5 We think if we have a good plan by mid year,
6 things like race dates, good marketing, and other
7 hopefully comprehensive, not necessarily overhaul,
8 but comprehensive improvements in the way we're
9 doing business will flow from that plan, and we'll
10 see not only a sustainable industry going forward,
11 but one that we can grow. We think it is gonna take
12 some political action, and that's gonna be an
13 important facet going forward.

14 So thanks to my fellow committee members. Our
15 next step will probably be to reach out to the
16 industry as a whole. By the way, as far as
17 everybody in the room is concerned, please let us
18 know what you're thinking. We're in the market for
19 good ideas and input, so don't hesitate. If you
20 want to filter anything you have through Bernie,
21 he'll be glad to receive it, and so would we.

22 We will probably start to expand this
23 committee, and maybe we will get to the Blue Ribbon
24 Panel status before too long.

25 I think we need to reach out to some of you

1 with experience with this from the past, and we're
2 gonna be in the business of gathering input from our
3 industry.

4 We did have a preliminary meeting scheduled
5 earlier this month, but unfortunately, we weren't
6 able to go through with that.

7 So that's in a nutshell what we're doing. We
8 plan to keep working at it, and I hope that by mid
9 year, we'll have a cogent, understandable and
10 implementable document for the industry to consider.

11 We know full well that our audience is not just
12 ourselves, but we hope that this is something that
13 will resonate with the public when we get it done,
14 and also with our legislature in Richmond.

15 Any questions?

16 CHAIRMAN SIEGEL: Questions of the
17 commissioners?

18 MR. TROUT: Mr. Chairman, I think Blue Ribbon
19 is appropriate, because you see who is on the
20 committee now, and some of the other folks in here,
21 and it'll get better as it goes along.

22 It's absolutely essential when we look at some
23 of the decisions we have to make today. We need to
24 find some new ideas and some changes to make the
25 industry work better, to work better on behalf of

1 horse owners, and also to work better on behalf of
2 the track, and of course they need to both be there
3 to make the whole thing work. I commend you on what
4 you're doing, and I'll send you an e-mail with some
5 of my ideas.

6 MR. VAN CLIEF: Thank you.

7 CHAIRMAN SIEGEL: All right. Any other
8 questions?

9 NOTE: There was no response.

10 CHAIRMAN SIEGEL: Okay. The next item on the
11 agenda would be the executive secretary's report,
12 Mr. Hettel.

13 MR. HETTEL: Mr. Chairman, the Gold Cup
14 Association seeks the renewal of the limited license
15 that was granted --

16 CHAIRMAN SIEGEL: Excuse me. Tab Two in your
17 books.

18 MR. HETTEL: -- that was granted last year.
19 I've asked Dr. Will Allison to come speak to us
20 today. One of the complications have been with the
21 addition of pari-mutuel wagering.

22 Both in the last spring Gold Cup day, and in
23 the fall, the system hadn't worked particularly
24 well, and I asked him and his group to meet with a
25 mutuel company and see if they couldn't improve it.

1 He's prepared to give us a brief report on the
2 improvement of the pari-mutuel system up there.

3 Dr. Allison, if you would come forward and give
4 us your improvements.

5 DR. ALLISON: Thank you, Mr. Chairman, members
6 of the board. Gold Cup is delighted to see your
7 friend, Mr. Van Clief, back in the saddle.

8 MR. VAN CLIEF: Thank you, sir. Glad to be
9 back.

10 MR. ALLEN: That's a good thing.

11 First, we have a number of good things that we
12 can report on. We had over a 20 percent increase in
13 attendance for the spring, as well as the fall.
14 Most of our polls and inquiries, the increase was
15 due to interest in pari-mutuel betting. This
16 increase translates into over \$300,000 in ticket
17 sales, so a significant amount.

18 The other thing which we found encouraging was
19 the demand by our people for pari-mutuel betting,
20 and the long lines at both races, attesting to the
21 fact that many folks want to get in and play, place
22 a bet.

23 Now, there were a number of glitches, and we
24 want to report that we have met with United Tote,
25 the wi-fi people, and everyone who is involved in

1 putting on a good show, and we have identified every
2 glitch, and we have demanded from the people who are
3 supplying these things solutions, and we have
4 solutions.

5 But generally speaking, the solutions increase
6 more with more tellers to serve the folks, and then
7 to improve on the wi-fi and the Smart Phone, and to
8 make that supplementary to the machines, and we're
9 assured now that the phones will run more smoothly,
10 and we found out from the former health care that
11 even the smartest have problems.

12 I want to have for a moment my colleague, Dr.
13 Griffin, explain how we are changing our fall
14 meeting date, and I want him to talk on that.

15 DR. GRIFFIN: Since its inception in the fall,
16 the International Gold Cup has run on the third
17 Saturday in October. About five years ago, this
18 became a conflict with Far Hills, up in new Jersey,
19 for a race date.

20 We have tried through various channels to come
21 to an agreement whereby they move away from our
22 date; however, we have been unsuccessful and had to
23 basically bite the bullet and change our date to the
24 fourth Saturday, which this year would be
25 October 25th. Our application, I believe, says

1 October 18th.

2 We have finally come to an agreement with NSA
3 and with Far Hills to go on the fourth Saturday in
4 October, which again this year would be
5 October 25th.

6 The limiting factor for us when both days are
7 on there, the two largest meets in the fall for
8 steeplechasing. The greatest problem is in jockeys,
9 basically qualifying jockeys to ride in high caliber
10 steeplechase races.

11 While our fields were not small at all, they
12 could have been much enhanced, had we had these two
13 dates running separately, so therefore, Gold Cup has
14 acceded and we're gonna change our date, and we have
15 an agreement with them for that to be for the next
16 five years. So we will be riding on the fourth.
17 That is why we changed our date.

18 MR. HETTEL: Thank you, Doctor. Okay. Any
19 questions from either doctor?

20 CHAIRMAN SIEGEL: Any questions from the
21 Commission with regard to Gold Cup?

22 NOTE: There is no response.

23 CHAIRMAN SIEGEL: This requires action, and we
24 will take it. I think our reluctance in the last
25 meeting or two was the idea of moving slowly to get

1 it right. I think no one wants to go too fast and
2 be wrong again.

3 It sounds to me from what I hear, that you
4 folks feel comfortable that your signal will be
5 there, and that you will be able to get it right
6 this time, and that being the case, the Chair will
7 entertain a motion for granting of a license to Gold
8 Cup.

9 MR. VAN CLIEF: So moved.

10 CHAIRMAN SIEGEL: Second?

11 MR. TROUT: Second.

12 CHAIRMAN SIEGEL: Okay. Hearing no further
13 discussion, all in favor?

14 NOTE: The Commission votes aye.

15 CHAIRMAN SIEGEL: Any opposed?

16 NOTE: There is no response.

17 CHAIRMAN SIEGEL: You have your license.

18 Bernie.

19 MR. HETTEL: Okay. My next item, I'll call on
20 Mr. Weinberg, representing the Jacobs Trust
21 ownership. There's a slight amendment in that.
22 Jim, if you would, could you explain that to us as
23 briefly as possible? I know it's complicated.

24 CHAIRMAN SIEGEL: That's also Tab Three.

25 MR. WEINBERG: As reflected in the letter to

1 Mr. Hettel, there is a new trust for Mr. Jacobs'
2 estate planning purposes, which would invest in
3 Jacobs Investment, Inc., which is the ultimate
4 parent of Colonial Downs.

5 The trust documentation, the beneficiaries, the
6 trustee, the trust protector are all gentlemen that
7 have been previously approved by this Commission.

8 As you will see, it exercises an infinitesimal
9 amount of voting authority, but has a beneficial
10 ownership in excess of the five percent prescribed
11 in the statute, which requires Commission approval,
12 but it is nothing new, other than a technical
13 addition to the owner, and I'm happy to respond to
14 questions.

15 CHAIRMAN SIEGEL: It appears from my
16 discussions, and also from reading documents that
17 there's a requirement that we approve or not this
18 particular issue, but that doesn't change very much
19 of what is now the ownership.

20 With that, I'll ask if there are any questions
21 from commissioners?

22 NOTE: There is no response.

23 CHAIRMAN SIEGEL: If not, can I hear a motion?

24 MR. S. REYNOLDS: So moved.

25 CHAIRMAN SIEGEL: Second?

1 MR. TROUT: Second.

2 THE COURT: All in favor, say aye.

3 NOTE: The Commission votes aye.

4 MR. WEINBERG: Thank you very much.

5 CHAIRMAN SIEGEL: Approved. Mr. Secretary,
6 that concludes your report?

7 MR. HETTEL: Well, sir, what I'd like to do is
8 go ahead and go down to Item Number Six, the
9 application for renewal for ADWs for 2014, and I
10 seek your approval to approve the renewals of
11 EZHorseplay and TVG, XpressBet, and TwinSpires.
12 That will clear it up.

13 CHAIRMAN SIEGEL: Again, this is an annual
14 renewal. I don't believe anything has changed, but
15 it is a requirement that we renew this at this time
16 each year, so we will entertain a motion to do so.

17 MR. S. REYNOLDS: So moved.

18 CHAIRMAN SIEGEL: Second?

19 MR. TROUT: Second.

20 CHAIRMAN SIEGEL: All in favor?

21 NOTE: The Commission votes aye.

22 CHAIRMAN SIEGEL: All right. We approve that
23 item as well.

24 Bernie.

25 MR. HETTEL: That concludes my business with

1 you, Mr. Chairman. We can continue on.

2 CHAIRMAN SIEGEL: Behind Tab Four, the request
3 from Colonial Downs for the 2014 Thoroughbred race
4 days and presentation, I believe, behind Tab Four
5 from Colonial.

6 MR. STUART: We're gonna have a little video on
7 the feedback there, but we're gonna have it on a
8 small screen, but I think it'll still work.

9 Good morning. This morning, we're here to talk
10 about Thoroughbred race days for 2014, and more
11 importantly, the future of Virginia racing.

12 The first step in determining where you're
13 going, is to understand where you are. In 2001, the
14 Virginia Racing Commission convened a Blue Ribbon
15 Committee to make recommendations for Virginia horse
16 racing. The committee's report noted there was \$5
17 million available for purses.

18 The Blue Ribbon Committee recommend a
19 commitment to quality racing, which at the time was
20 considered a purse level of \$200,000 per day. Now,
21 almost exactly 12 years later, with once again
22 approximately \$5 million available for purses, it is
23 reasonable to look and see how Virginia measures up
24 in terms of achieving the goal of quality racing.

25 In 2001, the year the Blue Ribbon Committee

1 report was issued, Colonial Downs' average purse per
2 race, calculations excluding our major stakes races,
3 was \$18,526, or 96 percent of the national average.

4 Since that time, through a continuing series of
5 compromises, trying to balance Colonial Downs'
6 desire for quality racing and a sustainable
7 financial model against the horsemen's desire for
8 more opportunities to race, we have diluted the
9 purses to the point that in 2012, the last year for
10 which statistics are available, according to the
11 Jockey Club, after factoring out the four major
12 Colonial Downs stakes races, Colonial Downs' average
13 purse per race was 58 percent of the national
14 average, versus 96 percent in 2001.

15 In fact, the data from the Jockey Club,
16 covering 57 Thoroughbred racetracks for 2012 reveals
17 the following. From the standpoint of average daily
18 purses, Colonial Downs ranks 29th out of 57. From
19 the standpoint of maiden special weight purses,
20 Colonial Downs ranks 34th out of 57, and from the
21 standpoint of median purse per race, Colonial Downs
22 ranks 41st out of 57.

23 I don't think the goal for Virginia racing was
24 to rank in the lowest third of Thoroughbred race
25 tracks as calculated by the Jockey Club.

1 The quality of our racing product has
2 deteriorated. Our meet is catering to reduced
3 quality, out-of-state horses. Notice I said
4 out-of-state horses. The vast majority of the
5 horsemen that race at Colonial Downs are not from
6 Virginia; the racing model we are devising then is
7 primarily ultimately for them. There's no question
8 that the vast majority of the purse money will go
9 out of state, no matter how many race dates are
10 awarded.

11 We are only determining the quality of the
12 horses that are winning. The Virginians that win it
13 may be people that are in this room, or they may be
14 Virginians that historically have not raced here
15 because of our purse levels. Out-of-state horses,
16 jockeys and trainers may be the ones currently
17 racing, or there may be players on the national
18 stage. That's really the choice.

19 Colonial Downs continues to aspire to something
20 better than what we have. It is one thing to find
21 ourselves in this unenviable position by
22 happenstance; it is another to remain there by
23 choice.

24 Last year, we began a path that leads to
25 higher-quality racing. One can continue in that

1 direction with a very feasible, proven plan that is
2 an alternative to a philosophy of more weeks of
3 racing for the sake of providing more opportunities,
4 virtually any opportunity to race.

5 Our proposal for 2014 is a boutique
6 Thoroughbred meet, with 12 days of races spread over
7 four weeks. The boutique concept of high-quality
8 racing over a relatively small number of days is a
9 racing model that has been proven to increase handle
10 and be financially sustainable for a track that is
11 not supported by other forms of gaming.

12 Let me reiterate. What we are suggesting is
13 not something that hasn't been tried. This is a
14 strategy that very successful tracks use today. The
15 boutique meet model raises average purses to attract
16 higher-quality horses, increases handling, which in
17 turn results in more purse funds, provides an
18 opportunity for more days, and is a sustainable
19 financial model for the racetrack operator.

20 A sustainable financial model to the racetrack
21 operator is important, given that Colonial Downs has
22 lost over \$70 million since it opened. The strategy
23 of significantly increasing the daily purses by
24 reducing the number of race days is one with a
25 proven record of success.

1 The strategy was implemented most recently and
2 dramatically at Monmouth Park in New Jersey in 2010.
3 Monmouth Park was already one of the prestigious
4 tracks in the country. In 2009, Monmouth Park raced
5 82 days for average daily purses of \$331,000.

6 In 2010, Monmouth Park raced 49 days, 40
7 percent fewer days, raising its purses 141 percent,
8 to an average of \$797,079 per day, the highest in
9 the nation.

10 The results were spectacular. Attendance
11 increased 47 percent, on-track handle per day
12 increased 79 percent, and average daily export
13 handle more than tripled. Even with the dramatic
14 increase in attendance, per capita wagering
15 increased from \$59 to \$72. Field size went from 7.4
16 horses per race to 9.3 horses per race.

17 In another example, in 2007, Retama Park, near
18 San Antonio, Texas, went to a 32 day race schedule
19 from 51 days in 2006, 37 percent fewer days. Daily
20 purses were increased 25 percent from \$80,000 per
21 day to \$100,000 per day, an 11 percent increase in
22 attendance, a 38 percent increase in live wagering
23 handle, and a 24 percent increase in export handle.

24 Monmouth and Retama are very different race
25 tracks, but the same strategy worked for both,

1 resulting in significant improvements. Given that
2 the strategy to increase purses by reducing days
3 worked for both Monmouth and Retama, there's reason
4 to believe it will also work for Colonial Downs.

5 The other factor that impacts the overall
6 strategic outlook for racing is the number of
7 available race horses. The decline in the annual
8 foal crop has been well-documented. In the future,
9 the competition for horses will continue to
10 increase. Purses attract horses. Colonial Downs
11 will be forced to increase purses, just to maintain
12 the status quo.

13 Given the limited growth in purse funds, if
14 purses increase, the number of race days will
15 decrease. Rather than be reactive to this trend and
16 thus maintain the lackluster quality of racing,
17 Virginia racing should be proactive in reducing race
18 days now, with a proactive strategy of improving
19 quality.

20 The effect of implementing the boutique meet
21 strategy at Colonial Downs is difficult to estimate.
22 From a daily purse standpoint, Colonial Downs will
23 be doubling its daily purses to \$427,000 per day, so
24 it is possible that the positive impact will be
25 closer to Monmouth's experience, where purses

1 increased 141 percent, than Retama's experience,
2 where purses increased only 25 percent.

3 The average daily overnight purse will more
4 than double, increasing from \$15,000 in 2013 to
5 \$31,000 in 2014. This will result in Colonial Downs
6 finally exceeding the national average purse per
7 race.

8 I prepared a model based on elements of
9 Monmouth's and Retama's experiences. Using Retama's
10 attendance experience, the model projects total
11 attendance to be at 43,000. Colonial Downs' 2013
12 Thoroughbred meet was 47,000 for a 24 day meet.

13 The 43,000 figure is certainly reasonable,
14 given that many of the current fans are casual fans
15 that only come to the track once per season. The
16 assumption is that they will continue to do that in
17 2014, which results in reasonable growth.

18 The model uses per capita wager increases
19 commensurate with Monmouth. This is particularly
20 reasonable, as Monmouth's per capita wager was \$59
21 before they increased purses, compared to Colonial
22 Downs' \$61 for the 2013 Thoroughbred meet.

23 Monmouth increased their per capita wager to
24 \$72, so a proportional increase for Colonial Downs
25 would be to \$75. It is likely a conservative

1 estimate of the increase in daily export handle
2 would be to \$1 million per day, which is an amount
3 Colonial Downs reached in 2007.

4 In 2007, Colonial Downs' average daily purse
5 was \$220,000, its highest level in the last 10
6 years, and average daily export handle was
7 \$1,050,000. Purses per race were 81 percent of the
8 national average.

9 By 2009, Colonial Downs' average daily purse
10 was \$159,000, and export handle declined 40 percent
11 to \$600,000 per day. The purses were 55 percent of
12 the national average.

13 In this model, Colonial Downs would show a
14 \$200,000 loss for the meet, and the horsemen would
15 earn an additional \$240,000 for purses through
16 increases on track and export handle. These amounts
17 compared favorably with the 2013 meet, where
18 Colonial Downs' loss was \$938,000 and the horsemen
19 earned \$412,000 in purses.

20 With success, Colonial Downs would be in a
21 position to reinvest some of the financial benefit,
22 and it would be relatively easy to expand the number
23 of race days within the four-week time frame if the
24 appropriate purse funds are available.

25 It is important to let the appropriate purse

1 level drive the number of race days and weeks to
2 maintain quality. This approach will avoid the
3 problems experienced in the last few years where
4 efforts to maintain the number of race days have
5 resulted in a reduction in product quality due to
6 reduced purses.

7 For example, in 2015 under this model, an
8 additional \$240,000 would be available for purses.
9 This would fund approximately eight more races using
10 the 2014 overnight purse average of \$30,000, which
11 is an additional day of racing. Additional days
12 could be added as additional purse funds become
13 available.

14 While it's impossible to determine the actual
15 magnitude of the impact in advance, it's safe to
16 assume that implementing a boutique meet strategy
17 with higher purses as a result of fewer race days
18 will be positive.

19 Similarly, it is also safe to assume that
20 making no changes, reducing average daily purses or
21 increasing the duration of the meet with stagnant
22 purse funds will likely have a negative impact, a
23 known familiar course to keep doing what we're
24 doing, essentially hoping for a different outcome.

25 But where does that lead? How does that story

1 end? I've said this many times, and I'll say it
2 again. An unsustainable financial model cannot go
3 on indefinitely. Now, I'm confident this morning
4 we'll hear a lot about the need for racing
5 opportunities. We'll hear that it is very difficult
6 to ship your horses to other tracks, that it is a
7 financial burden on smaller operators. I accept
8 that all of that is true. It is certainly an
9 inconvenience and a sacrifice on the part of the
10 horsemen to have to choose a less appealing
11 alternative.

12 Let's talk about sacrifice and opportunity for
13 a minute. In 2013, Colonial Downs' payroll-related
14 costs will be approximately \$5.9 million. Five
15 years ago in 2008, Colonial Downs' payroll-related
16 costs were \$8.8 million. That's a decrease of 33
17 percent; one third.

18 Sacrifice has been made to keep racing going
19 in Virginia, and the people that have made many of
20 them are people that are almost never mentioned in
21 this forum; Colonial Downs' employees.

22 Today, we have almost 200 full-time employees;
23 far more than that work for us seasonally. This
24 morning, I think it's important that their voice be
25 heard. For the sustainable financial model that

1 Colonial Downs needs, this is the opportunity for a
2 stable employment environment for them. We've got a
3 video.

4 NOTE: The video is played.

5 MR. STUART: That concludes our presentation.

6 CHAIRMAN SIEGEL: Okay. Thank you,
7 Mr. Stewart. Before we entertain any questions, if
8 there are any from the Commission, we'll ask Mr.
9 Petramalo, representative for the HBPA to respond.

10 MR. PETRAMALO: Stephanie always reminds me
11 that there are lies, damn lies, and statistics. I'm
12 not gonna get into this statistical stuff and
13 whether Monmouth was a success, even though it still
14 lost \$4 million, or Retama was a success, even
15 though it was going into bankruptcy.

16 I want to focus on what's really the issue
17 here. It's not about days; it's about weeks. We
18 have before you, the VHBPA, a proposal for eight
19 weeks of racing with 32 days, four days a week.

20 Colonial has before you a proposal for four
21 weeks, 12 days, three days a week. The days, for
22 the most part, are secondary. The issue is really
23 weeks. We want eight weeks. We propose eight
24 weeks, which is the same say for this past summer
25 that the Commission has granted over the last eight

1 or so years.

2 The reason is pretty simple. Most of you
3 commissioners have some background with owning
4 horses and know what's necessary to try to recover
5 your investment or at least break even.

6 The issue is really creating enough opportunity
7 for your horse to run.

8 Now, in an eight-week meet, if you're lucky, if
9 you're lucky, you can probably get three starts,
10 maybe four, and here's what goes into determining
11 that.

12 First of all, at the beginning of a meet, the
13 racing secretary like Tyler puts out a condition
14 book. This happens to be a condition book for half
15 of the meet, so for the first half of the meet,
16 you'll know which races are being offered on which
17 days. In addition, there are supplements, et
18 cetera, so you take a look and see, well, my horse
19 should go to Colonial because there are races.

20 Well, here's where the problem started arising.
21 First of all, the horse, let's say the horse is
22 ready to go on day one and there's a race there.
23 Horse goes, and hopefully, does well. The horse
24 then, for the most part -- we're talking
25 Thoroughbreds now, not Standardbreds -- there's

1 usually two weeks of rest in between races. So
2 after two weeks, your horse theoretically is ready
3 to go again. Again, we're within an eight-week
4 period, but there are a number of factors.

5 One, when your horse is ready to go, is there a
6 race for your horse? That's a significant problem.
7 Let's assume my horse is a maiden, filly, and I'm
8 looking for a maiden filly race and my horse is a
9 sprinter, goes five furlongs or five-and-a-half
10 furlongs. So two weeks from the first race, I've
11 gotta find a race like that.

12 So let's say, well, there is one in the book or
13 the racing secretary adds an extra race not in the
14 book. So I put my horse in for that. Well, what
15 happens? Only six horses apply to enter that race.
16 The racing secretary then has the choice. Do I go
17 with that race with six horses, or I've got another
18 race here that I could use that's got ten horses.
19 Invariably, the racing secretary goes with the
20 ten-horse field. More horses, more wagering.

21 The bottom line is even if all the stars line
22 up correctly and the horse remains sound and
23 doesn't colic or doesn't get an infection in its
24 foot, which further sets back the two-week or
25 lengthens the two-week time, if all the stars line

1 up, maybe I can get three starts within an
2 eight-week period.

3 Now, if you compress that to five weeks, which
4 we did this year, the problem is exacerbated, and
5 let's talk statistics. You will see going from an
6 eight-week meet back to a five-week meet reduced the
7 number of starts per horse by 25 percent. That's
8 significant.

9 Now it costs about \$25,000 a year to keep a
10 horse in training to race. That does not include
11 what it costs to buy that horse. So if you're gonna
12 try and at least break even, you're probably gonna
13 have to run anywhere from ten to 12 times a year.
14 That's the economics.

15 Ian talked about the sustainability for the
16 track. Well, owners and trainers have their own
17 sustainability issue.

18 So we seek eight weeks.

19 Last year, Colonial came to you asking for four
20 weeks, 17 days. We were before you with the same
21 eight weeks, 32 days. I made a big mistake on
22 behalf of the VHBPA. I agreed to a compromise which
23 was five weeks, five race days, 25 days. We wound
24 up running 24 because of the weather.

25 That turned out to be very disadvantageous, not

1 only to horsemen because of the reduced
2 opportunities, but to Colonial Downs and -- well,
3 not Colonial Downs -- and Virginia racing, because
4 if you look at the statistics, by reducing to
5 increase quality, what you found this year was a
6 25 percent drop in attendance, a 23 percent drop in
7 handle, about a 22 percent drop in export, signal
8 export. All of the metrics were down.

9 The only metrics that were up were the purses.
10 The average purses were higher. Instead of roughly
11 200,000 a day, we were running for 218,000, an
12 increase, and there was a slight increase in the
13 field size. We went from 8.4 to 8.8. So this
14 notion that you can compress to actually increase
15 the quality and the popularity of racing really
16 doesn't hold true looking at our own experience
17 here.

18 But there was another positive metric, at least
19 from Colonial's standpoint. Because by reducing
20 from eight weeks to five weeks, they reduced their
21 payroll, their seasonal payroll, by a little over
22 \$200,000. That is the people working in the racing
23 secretary's office working five weeks instead of
24 eight, the gate crew, the jockey valets, et cetera,
25 so Colonial saved a little over 200,000.

1 And also, they saved a little over 200,000 by
2 chopping their promotional and marketing budget. So
3 we spend less money to promote because we're only
4 gonna run five weeks. They saved with that plus
5 little odds and ends. They saved close to half a
6 million dollars. That's the real motivation for
7 wanting to reduce weeks. They don't care about
8 days.

9 I'm sure Ian would say, well, Frank, if you
10 wanna run six days a week for four weeks for 24
11 days, that's fine with us. They're just concerned
12 about weeks to cut their overhead. That's what the
13 whole dispute is about.

14 Now, I think we recognize that the racetrack
15 can't operate without being on a firm economic
16 basis, and we are willing to work with them.

17 As a matter of fact, our proposal for eight
18 weeks or four days, 32 days, we met with Bernie the
19 other day, and Ian and Jim and said, okay, look.
20 We'll cut back to 24 days, the same as we did this
21 year. We'll run eight weeks and we'll run a weekend
22 meet, Friday, Saturday and Sunday, 24 days. That 24
23 days, the same as we did this year. It should allow
24 you to retain that savings of payroll. They are
25 working 24 days in 2013, working 24 in 2014, you

1 should still have the same savings, but that evoked
2 no interest whatsoever.

3 So here is where we are. It's eight weeks
4 versus four weeks, and you know, I think we're
5 pretty much at an impasse.

6 I can tell you one thing. I'll raise it with
7 our board next Tuesday when we have our regular
8 board meeting. I'm almost sure that our board is
9 not going to write checks to fund purses for a 12
10 day meet.

11 Remember here who controls the purse strings.
12 It's not Colonial Downs. It's not their money that
13 goes into the purse account. It's the horsemen's
14 money.

15 This past summer, the VHBPA wrote a series of
16 checks, \$2.5 million on one account, \$2.5 million on
17 another account, sent them to Colonial for purses --
18 and oh, by the way, because that money comes from
19 year-round simulcasting at OTBs and year-round
20 online wagering, \$5 million was not there in June
21 and July, so the HBPA had to go out and borrow, as
22 it always does, \$1.5 million, kind of a bridge loan.
23 In the past, we borrowed as much as \$1.9 million.

24 Well, I'm almost certain that my board is not
25 going to agree to go forward with that same type of

1 financial package; that is, we're writing \$5 million
2 worth of checks, some of which is borrowed money for
3 12 days of racing. I don't think they're gonna do
4 it. That's all I have to say.

5 CHAIRMAN SIEGEL: Okay. We appreciate comments
6 from both sides. Are there any members of the
7 Commission that would like to ask a question of
8 these parties before we move forward here?

9 MR. VAN CLIEF: Mr. Chairman, I would ask this
10 of Colonial Downs, and given your request for the
11 boutique meet and the shorter day duration, shorter
12 week duration, how does this fit, or does it? Do
13 you have thoughts on how this might fit into a
14 longer-term strategy that would ultimately lead to
15 growth in the industry?

16 I think we -- and the conversations in our
17 planning committee have revolved around this. I
18 think that we need to be thinking long-term, not
19 just one year at a time, if we can. Have you all
20 thought any about where this takes us, if the
21 Commission were to look favorably on such a request?

22 MR. STEWART: Well, I think it's very important
23 to, for lack of a better word, stop the bleeding.
24 We've got to achieve a certain stability. This will
25 get us stable, then we can grow from there.

1 I think that as Frank says, and I don't
2 necessarily agree with everything he says, but it's
3 true that the cost determines the weeks. It's
4 relatively easy to grow the number of days and the
5 number of weeks. We could within fairly short
6 order, I think, grow in a four-week timeframe from
7 12 to 16 days. The tricky part is you have to be
8 careful you don't somehow compromise quality.

9 Our preference, and it has always been our
10 preference, we think that a sustainable financial
11 model for the track, which is ultimately a
12 sustainable financial model for Virginia racing,
13 unless there's another track, and there may very
14 well be; I'm not here to say that there won't be, is
15 based on I think having a quality meet that has a
16 proven record of success. I mean or you can argue
17 about whether Monmouth still lost money or Retama
18 lost money; the truth is they lost less money.

19 Ultimately, our goal, and we've reiterated this
20 a couple times over the years more than a couple
21 times. We see a quality meet. We see building the
22 big days. All of that generates more money. You
23 have more money, then you can afford more racing.

24 So I think that within three years, you could
25 easily bring it from a 12 to 16, maybe a little

1 more. If at the end of the day though, if the goal
2 is to sort of remain where we are, then you know,
3 that's you know, that's where we're gonna be. If we
4 want to be better, here's the path to being better.
5 If we don't, we don't.

6 MR. PETRAMALO: Ian is pointing to the central
7 problem here. It's a revenue problem that we have.
8 One way to increase revenue is by attendance on
9 track wagering, et cetera, but if you look at the
10 experience of just about every racetrack in the
11 country, that's not a promising way to go, because
12 very few racetracks, if any, can support their purse
13 structure as well as their own financial viability
14 based on a live meet. It just does not happen.

15 Churchill Downs does it because they have one
16 huge day. Pimlico does it because they have one
17 huge day. But were it not for those huge days, they
18 wouldn't be able to cover their costs.

19 So I think that we should be focusing more on
20 how to increase revenue apart from the live meet,
21 because whether we run four weeks or eight weeks,
22 it's just too short a period of time to generate
23 sufficient money to make a go of it.

24 For example, this past five-week meet -- I'm
25 just trying to do the members in my head -- we

1 probably generated about \$200,000 for the purse
2 account. That's one day of racing. For the whole
3 25 days, 24 days, we generated about \$200,000.

4 All of the money for the other days, the other
5 23 days, comes from simulcasting year round. That's
6 where we should focus. We should be looking to
7 increase that revenue, and there are a number of
8 ways, and we've talked about them briefly in the
9 Blue Ribbon Committee, to do this.

10 Colonial Downs, to its credit, has kind of
11 refocused its business plan for the OTBs. When we
12 started the expansion plan in 2003 or 2004, it was
13 sticks and bricks, get separate facilities, et
14 cetera. Well, that's a dinosaur. That has gone
15 away. It's very expensive and it's not cost
16 efficient.

17 What Colonial has done now -- and what's the
18 bar called now? Hurley's. And it used to be Fin
19 McCool's, has gone in and set up an OTB in an
20 existing facility at virtually little or no cost,
21 and that's the wave of the future.

22 But we've got legislative hurdles to overcome.
23 We're capped at ten OTBs statewide, and we also have
24 a problem with a referendum requirement. You, the
25 Racing Commission, don't have the authority to issue

1 licenses for more OTBs. You have to conduct a
2 referenda. You don't need a referenda if you want
3 to open up more lottery operations; that's up to the
4 Lottery Commission to decide that. But if you want
5 another OTB, you gotta pass a referenda. That's one
6 problem.

7 The other promising aspect is Colonial Downs'
8 EZHorseplay. That has really taken off, based on
9 their business plan of making it very easy for
10 people with accounts to wager in a restaurant, a
11 sports bar, or in a Moose Club, Lions Club. They've
12 really done a good job with that, but it, too, can
13 be expanded.

14 These are true revenue sources where we ought
15 to be pouring time and resources into them, not here
16 arguing about four weeks or eight weeks, because in
17 the long, run that's not gonna make much difference
18 with regard to the revenue.

19 MR. STUART: I'd like to make one point. It's
20 certainly important to build our business in the
21 OTBs and the account wagering; no question about
22 that, but where is the future fan going to come
23 from? They don't walk into our OTB on West Broad
24 Street; they come over here. That's what turns
25 people into race fans.

1 So what's gonna get people interested in
2 racing? A quality product with people that they've
3 heard of. They're just not gonna show up for
4 run-of-the-mill stuff. I mean, if you wanna create
5 fans, you wanna have people, you have to give them
6 something they want to see. I mean I'm all for
7 building the OTBs and building account wagering; we
8 need to do that, but you also need new fans.

9 MR. PETRAMALO: I agree.

10 MR. STEWART: I think people will come to see a
11 product they're familiar with that's a high-quality
12 product.

13 MR. PETRAMALO: I'm sorry. I didn't mean to
14 interrupt you. I agree with that. We can't ignore
15 the fact that our industry is still in the 1950s.
16 We need to reinvent the product, make it easier to
17 wager, et cetera.

18 But more importantly, what's gonna draw fans
19 to Colonial Downs is a good customer experience, not
20 necessarily the next Secretariat running or anything
21 like that.

22 You give them good food at a reasonable price,
23 you give them good service, you give them clean
24 toilets, that will bring fans back.

25 MR. STEWART: With all due respect, I think we

1 do that.

2 MR. PETRAMALO: I think you'll find differences
3 of opinion on that.

4 CHAIRMAN SIEGEL: We're certainly not here to
5 discuss that, but it's an issue that we could
6 address at another time.

7 At the last meeting, we instructed the parties
8 to get together and report out at this meeting with
9 an agreement, and it's not customary for this
10 Commission to set dates. I don't know that we have
11 ever done it before, but I think we made it clear
12 that we would do so if you were unable to reach an
13 agreement.

14 As has been said, the parties all met on Monday
15 for a lengthy period of time. It appears that
16 you're way far apart, not close at all, and there
17 didn't seem to be much room for compromise, at least
18 on the Thoroughbred meet.

19 The horsemen's contract expires this month, and
20 this Commission is not interested in creating
21 extensions, and so we feel it's appropriate to act,
22 and with that, I believe Mr. Reynolds has a motion.

23 MR. S. REYNOLDS: Thank you, Mr. Chairman. I
24 do have a motion, but before I make that motion, I'd
25 like to make a few of my own comments.

1 Being part of this Commission, the Blue Ribbon
2 Committee, I've certainly heard both sides have
3 compelling arguments both ways, and I've certainly
4 listened to all of it, but I've written my comments
5 out, because I'm pretty passionate about this. I
6 could go on for 45 minutes, and none of us want to
7 do that, so here are my remarks.

8 I'm certainly disappointed that Colonial Downs
9 and the Virginia HBPA were unable to agree on racing
10 dates for 2014; therefore, they have left this
11 important decision to this Commission.

12 For three years, I've heard debate after debate
13 for more dates versus fewer dates. The beauty is in
14 the eye of the beholder and constituency that one
15 represents.

16 As a commissioner, I ask myself what is in the
17 best interest of the overall health of Virginia
18 racing and its path forward? Right now, that path
19 is treacherous and unclear. The overall health of
20 Thoroughbred racing nationally and in Virginia in
21 particular is facing extremely challenging times.

22 I have heard over and over that the mission for
23 Virginia horse racing is to promote, sustain and
24 grow the native industry. At this point in time, I
25 believe we are in a situation where we all need to

1 work together for the survival of the industry,
2 first and foremost. Only then can we promote,
3 sustain, and the ultimate goal, grow this industry
4 again.

5 How do we do this? I'm not sure at this point,
6 but what I'm sure of is that we have a room full of
7 people who have the best interest of Virginia racing
8 in their hearts. Yes, each stakeholder represents
9 different constituencies, but we all share the
10 passion and determination to make this work; we just
11 don't have an agreement on a path forward.

12 I'm encouraged by the recent formation of the
13 Blue Ribbon Panel chaired by Commissioner Van Clief.
14 Although our work is not finished, I do believe we
15 have identified major issues that need to be
16 addressed. We must find agreement on the path
17 forward.

18 Various stakeholders continue to disagree on
19 race days and how we define quality racing. I'm
20 confident that what will come out of the panel will
21 be an overall consensus and executable game plan;
22 however, none of that will matter if we don't work
23 together and execute that plan. To repeat, that can
24 only happen if we all work together.

25 As far as racing dates go for this year, I have

1 studied both proposals thoroughly, and clearly, and
2 the two proposals are worlds apart. My fervent hope
3 is that through our work early next year on the Blue
4 Ribbon Panel, we can bridge that gap. I'm not a fan
5 of the status quo, or as some say, splitting the
6 baby. I believe that last year's results are
7 inconclusive, and I don't think that enough data
8 exist to vote for one extreme or the other.

9 I will propose the following motion to repeat
10 the weeks and days that Colonial Downs and the
11 Virginia HBPA agreed to last year without reliance
12 on last years' Commission for final arbitration.

13 Again, this Commission stands ready and
14 committed to working with all of the stakeholders to
15 move Virginia racing forward.

16 With that, Mr. Chairman, I'd like to make the
17 following motion.

18 CHAIRMAN SIEGEL: Okay.

19 MR. S. REYNOLDS: I make the motion that the
20 Virginia Racing Commission grant approval
21 to Colonial Downs for 25 days of Thoroughbred racing
22 over five weeks for 2014. Colonial Downs and the
23 Virginia HBPA will work together and mutually agree
24 upon dates and times for the 2014 meet.

25 CHAIRMAN SIEGEL: So do I hear a second to that

1 motion?

2 MR. HETTEL: Before you get to that motion, Mr.
3 Chairman, can we see if there's a public response,
4 or would that be out of protocol?

5 CHAIRMAN SIEGEL: We could. Yeah. Any
6 response from the public on this issue?

7 MR. TROUT: Yes.

8 CHAIRMAN SIEGEL: Well, you're not public.

9 MR. TROUT: We need a second, of course. I was
10 looking at it procedurally.

11 CHAIRMAN SIEGEL: Either way.

12 MR. TROUT: I'll second it, if you need it.

13 CHAIRMAN SIEGEL: Well, I don't suggest we hold
14 off on the motion. We have a motion. Would you
15 like to second it, Stran?

16 MR. TROUT: I would.

17 CHAIRMAN SIEGEL: So we have a motion and a
18 second. We'll entertain any comments from the
19 public, as well as from the commissioners.

20 MR. TROUT: If I could ask just one thing.
21 That was five weeks and how many days?

22 CHAIRMAN SIEGEL: Twenty-five.

23 MR. TROUT: Okay. Which is the same as last
24 year.

25 CHAIRMAN SIEGEL: Twenty-five.

1 MR. TROUT: Twenty-five. Okay. Which is the
2 same as last year.

3 CHAIRMAN SIEGEL: Yes, ma'am, Debbie.

4 DEBBIE: Mr. Commissioner, our port hasn't
5 actually taken an official position because we
6 didn't know we were gonna be commenting on this, but
7 I can tell you what I hear when I talk to the people
8 around the state.

9 I think we need more days. We're talking a
10 difference of 12 days here. I understand Colonial's
11 desire and need to make money, but 12 days of racing
12 doesn't market itself. We're here to hopefully go
13 forward and try and grow the breeding and racing
14 industry in Virginia, and I don't know how the rest
15 of the country is even going to find Colonial Downs
16 with 12 days of racing.

17 I know you've proposed 25, but the statistics
18 just didn't show that it was any better, and I just
19 think until we can have time to sit down and discuss
20 with our Blue Ribbon Panel even more, I don't know
21 that we should go on with this motion quite yet, to
22 give the two sides a little bit more time to see if
23 we can work something out.

24 I worry. I appreciate the Colonial employees'
25 comments today, but don't forget there are plenty of

1 folks -- breeders employ plenty of folks around the
2 State of Virginia and the trickle-down effect that
3 has.

4 I worry as we move towards that less days, less
5 racing, all we're doing is diminishing an industry
6 and the economic impact of the breeding and racing
7 in Virginia, and I just hate to see us not going
8 forward, and I know from our members and talking to
9 our members before this meeting that's not their
10 desire.

11 CHAIRMAN SIEGEL: Yes, ma'am.

12 MS. BOUZEK: With all due respect, I don't
13 think anywhere in Ian's presentation he said
14 anything about Colonial Downs wants to make more
15 money.

16 When we talk about live racing, we talk about
17 losing less money. The OTBs are where the money
18 comes from, and as he stated, we're not getting
19 any new customers in there.

20 I just want you guys to know that in the OTBs
21 and in the operations, we have cut, we have
22 negotiated, we have given up, we have done
23 everything. There's no more for next year without
24 deteriorating the quality of the OTBs.

25 So if we have to go back to running more weeks,

1 which does cost us more money, and that comes from
2 the OTBs, then the OTBs are gonna start to suffer.

3 CHAIRMAN SIEGEL: Yes, ma'am.

4 MS. CURTIS: My name is Cynthia Curtis. I'm
5 from Middleberg. I'm a VTA board member, a new
6 member, but my husband and I, we train, we run a
7 training center. We have two horses in training. I
8 also manage a racing operation for a very large
9 owner here in the United States. We have 123 horses
10 in the USA running. We have another 150 in France.

11 The purse money, I will not say to my owners is
12 immaterial, but I will say the volume of horses we
13 have, the amount of the ability to make money in
14 this is negligible.

15 Her experience is to come to races to enjoy
16 racing, to enjoy seeing her horses, to have a great
17 time. She will not come to Colonial Downs anymore.
18 She came to Colonial Downs. I will say she had a
19 less than enjoyable experience. It was to do with
20 the racetrack, the way she was treated, the way she
21 was greeted. She knows the issues that we on the
22 training side have with coming here, sending our
23 employees, what's available and the experience in
24 that respect.

25 Whether you have a boutique meet or whether you

1 have 365 days a year, you will not attract new
2 people and have them spend money and come to a race
3 meet unless they have a great and enjoyable
4 experience, and that's owners, that's Joe Blow
5 walking in the door for the first time coming to the
6 races.

7 I don't believe that by decreasing the number
8 of race days and making this a boutique meet -- you
9 want a boutique meet, Saratoga works because the
10 whole experience is wonderful to go to the
11 racetrack. There's stuff for kids. There's stuff
12 for owners. The restaurants are great. The food is
13 great.

14 It's not always -- there are a lot of people
15 that are gonna come here, the \$5 better, the \$2
16 better, who doesn't know a stakes horse from a
17 \$5,000 claimer, but they have to enjoy being here,
18 and I don't think that by reducing the days of
19 racing it's going to do us any good. I think we've
20 got to increase the quality of our product and the
21 experience of coming here and make owners want to
22 run horses here.

23 Being able to run a horse one time at this race
24 meet is not gonna make me send horse down here. I
25 can go to Charles Town, I can go to Laurel, I can go

1 to Delaware Park. I have to want to come here
2 because we enjoy being here. That's all I have to
3 say.

4 CHAIRMAN SIEGEL: Thank you. Other comments?
5 Yes, sir.

6 MR. KUHN: My name's Chris Kuhn, and my trainer
7 came last year to the five-week meet. He ended up
8 running I think a total of nine times. Five weeks
9 is not long enough for any trainer to come pick up
10 stakes from Florida and drop in here for five weeks
11 and expect to make any money. It costs so much to
12 move here and set up shop. If it's not for eight
13 weeks, then it's a waste of time.

14 Twenty-four days, 25 days, I got it, but five
15 weeks, there's no way that a trainer -- half the
16 doggone stables were empty because people didn't
17 want to come in; they just shipped in. You can't
18 run here from anywhere. I can't run my horses here,
19 because again, for five weeks he can't afford to be
20 here, and he can't afford to run his horses.

21 If he had nine horses here and he ran them nine
22 times, he can't make any money. If we're looking at
23 the horsemen, it's not gonna work. If you're
24 looking at the bottom line of the track owner, I
25 understand.

1 The betters aren't gonna come for four weeks,
2 because it's over with before they've even gotten an
3 idea of what it's like to be here, and if they don't
4 come, they're never gonna go online. They're never
5 gonna use EZHorseplay. They're not gonna do that.

6 So we just have to expand this out.
7 Twenty-four days is fine; that's three days a week
8 times eight. So I think that's a valid compromise
9 for the whole thing, if we could do that.

10 MR. PICKLESIMER: Something else to keep in
11 mind. Whenever your stables change, you know,
12 groups, horsemen make decisions every day what
13 racetrack they're gonna go to. We offer this turf
14 course. No one else in the country has a turf
15 course like this. It's our bread and butter.
16 You're not gonna get these opportunities anywhere
17 but here, and I think the horsemen realize that and
18 will come here because of our turf course.

19 MR. PETRAMALO: Well, this year, there were 575
20 horses on the back side. That's the lowest number
21 in probably ten years.

22 MR. PICKLESIMER: But field size went up.

23 CHAIRMAN SIEGEL: From eight to 8.4.

24 MR. PETRAMALO: From 8.4 to 8.8.

25 CHAIRMAN SIEGEL: Question in the back?

1 MARSHALL: My name is Marshall, and I have been
2 coming here since '97. I support it with my horses,
3 I support it with participating at the races on a
4 daily basis. When they're open, I try to be here
5 every day.

6 With a five-week meet, what we have not
7 mentioned is last year, we had two days that they
8 canceled the races early. At one point, it was like
9 the second or third race. At another point, I think
10 it was like the fourth or fifth race. Another day,
11 the entire meet was canceled. The entire day was
12 canceled due to rain, hurricanes, flooding, what
13 have you, but when you have that in, now you've shot
14 that down to five weeks. You've got many, many,
15 many lost opportunities within that five weeks due
16 to weather.

17 All of these things, when you have a trainer
18 bring his horses from Maryland, from virtually
19 anywhere, it's quite expensive for him to come down.
20 It's expensive for his owners to ship their horses
21 in, then it takes sometimes days to just set up the
22 stalls. Now you're talking about less than 23 days
23 of racing.

24 I really think that if we could table this and
25 have more conversation about it, positive things

1 could and should happen. Thank you.

2 CHAIRMAN SIEGEL: Tyler.

3 MR. PICKLESIMER: We did make up every canceled
4 race last year, so nobody was shorted a race. The
5 HBPA and Colonial Downs agreed to pay some shipping
6 expense money directly into the owners' accounts for
7 canceled races of people that actually did make the
8 ship, so we were proactive there.

9 CHAIRMAN SIEGEL: I'll just comment that I'm
10 sure that Mr. Reynolds' motion wasn't made because
11 they felt -- he felt it would make everyone happy.
12 I think a good compromise is everyone does not get
13 everything they want.

14 We felt we were put in this position only
15 because the parties could not agree. The idea of
16 giving it more time so the parties can get together,
17 we've tried that for a while already.

18 Between now and the next meeting, if these
19 parties would like to come back and make some
20 alternate suggestions they can agree upon, whether
21 it be fewer days or more weeks or vice versa, this
22 Commission will entertain that, but the idea was to
23 do what you agreed to do last year, only because you
24 couldn't agree to anything else. I think that's
25 pretty much the bottom line for this motion and for

1 the thoughts of the commissioners.

2 MR. S. REYNOLDS: Absolutely.

3 CHAIRMAN SIEGEL: It's not ideal. My personal
4 ideas are different than what's here expressed in
5 this motion, but I'm not here to express my personal
6 feelings.

7 Yes, sir.

8 MR. MUZEL: I'm Pete Muzel [ph]. I know most
9 of the members here. I've been in the horse
10 business as a trainer and owner and a farm manager
11 for more years than I care to make public, but the
12 last five or six years, I've been coming to
13 Colonial, and I've seen the decline in it because of
14 the dates and the days.

15 I view horse racing like I do any other venue
16 or whatever. If you hire a rock star to come in
17 town, the venue does the advertising. The venue
18 makes it to where the public wants to pay to see the
19 star.

20 Well, the horsemen are the stars. They put the
21 show on. The racetrack provides the venue. If they
22 don't do what it takes to get people here, I don't
23 really see how they fault us on that.

24 The bottom line is when they changed the meet
25 and they did the reverse of the Strawberry Hill

1 thing where they made it in connection with
2 Pimlico's Preakness, that didn't allow us to get in
3 here with stalls, especially the people from Tampa
4 that used to come here. They had to be out of
5 Tampa, but they didn't want to come somewhere where
6 they got to leave their horses in the stall for two
7 weeks without training them before they could get on
8 the racetrack.

9 I just think it was time they sat down and
10 think of a number of different ways how they can
11 make this work. What we are doing is not happening,
12 and you know, I wish I had the answer for it. I
13 don't, but I think that it's gonna have to be a
14 mutual agreement or it's gonna crash.

15 CHAIRMAN SIEGEL: Yeah.

16 UNKNOWN SPEAKER: I came from a jurisdiction --
17 I moved back here to Virginia to be in Virginia
18 horse racing. Okay. The place I was at was West
19 Virginia; that place closed down. They couldn't
20 make money without alternative gambling. Okay. I
21 don't wanna see that happen to the company I work
22 for now, and I think we're on that path.

23 Unfortunately, unless we can drop the bottom
24 line, we're not gonna be around in 20 years. It's
25 not gonna happen. We need to be able to get on

1 solid footing before we can grow this industry.

2 Yes, there are a lot things we can look at.
3 OTBs, we need more of them. We need them in
4 Northern Virginia. We need an alternative form of
5 gambling; don't think that's gonna happen. So yes,
6 there are things we need to do, but we need to be on
7 financial, stable ground in order to do these.

8 CHAIRMAN SIEGEL: Someone else? Yes, sir.

9 MR. MILES: My name is Lenny Miles, and I been
10 racing here since it started, and I been in racing
11 for 40 years, probably, and I just setting around
12 listening, and I wanna talk about the positive
13 things of this track here.

14 I'm looking right at the grandstand over here;
15 it's probably one of prettiest in the country. The
16 turf course is probably one of the best in the
17 country. We run on the turf, we can't feel our dirt
18 races here. We run on the turf. That's why the
19 people come here.

20 We have one of the only tracks on the east
21 coast that's running at that time where people can
22 come and run a horse for a lower claiming price. If
23 you run at Tampa, Carver, Gulf Stream, any of those,
24 your horse has to have started for 16,000 or higher.
25 That's why those Florida people bring those horses

1 up here. They ship in.

2 Last year, we lowered our time that we were
3 racing, and we had a lot of outfits that didn't
4 come. I mean like Kathleen O'Connell is one. She
5 didn't come. She decided to stay in Florida. It
6 was too short a meet for to her to bring 100 horses
7 here. Smith. How many did he bring, Tyler?

8 MR. PICKLESIMER: He brought 25.

9 MR. MILES: He usually brings 60; he probably
10 brought 20. Mr. Allen, it was all because the meet
11 was shorter. I know these guys back here. I work
12 in the background a little bit here. I'm not
13 always -- I'm back here in the barns training, and
14 so that's what I'm saying to the Commission. We
15 have a product to offer, and that is grass racing.
16 Don't forget it. That's all I gotta say.

17 CHAIRMAN SIEGEL: All right. Other comments?
18 Yes, ma'am.

19 MS. CALABRESE: My name's Mary Calabrese, and
20 I'm the executive director of Colonial Downs ADW,
21 and I've been here at Colonial for eight years, but
22 I've been in horse racing 44 years, so I've seen a
23 lot.

24 On behalf of my fellow employees, I'm appealing
25 to the Commission to reconsider a contracted meet

1 for Colonial Downs, because that contracted meet
2 would be able to reduce our operating costs, and
3 therefore, have a positive effect on our bottom line
4 and overall positive effect for the operation of
5 Colonial Downs throughout.

6 Also, you know, Frank, I know you want to
7 increase the business of the OTBs and EZHorseplay,
8 but remember EZHorseplay requires more money in
9 revenue to provide that purse money and cover the
10 operations, as opposed to a live bet or at the OTBs.

11 CHAIRMAN SIEGEL: Okay. Yes, ma'am.

12 MS. DENNEHY: Donna Dennehy, I'm owner and
13 operator of Eagle Point farm in Ashland, Virginia.
14 It has been a family business for 66 years we've
15 been in the business, and the whole -- I've been
16 involved with the VTA and HBPA, and the whole thing
17 was to promote the Thoroughbred industry in the
18 Commonwealth of Virginia.

19 This racetrack, we have worked very hard to get
20 it here, and it is a beautiful track, but we need to
21 be able to race here, and it's a big part of my
22 business and a lot of other people here, and I think
23 we've got a lot of people here that race here and
24 support this track with their horses and their
25 money, and we just need to have more racing and more

1 days, and the length is very important, and I think
2 I'd love to have the people that support that to
3 stand up. Thank you.

4 NOTE: People in the audience stand and
5 applaud.

6 CHAIRMAN SIEGEL: Other comments?

7 NOTE: There is no response.

8 CHAIRMAN SIEGEL: Again, as I said a moment
9 ago, you know, it was clear before we came in here
10 today that not everyone was gonna be happy with the
11 act this Commission would take today.

12 I think, again, if the parties could get
13 together and find ways to make the compromise that
14 makes more people happy, then we'd certainly be able
15 to entertain that discussion. It's just our job to
16 move forward, and this is the way that appears to be
17 fair to most.

18 Other comments?

19 MR. VAN CLIEF: Mr. Chairman, before we vote,
20 I'd like to make a personal comment. The motion
21 before us is obviously simply a one-year extension
22 of this year's status quo, and I had hoped to vote
23 for pretty much anything but that. I'm not a fan of
24 a status quo. I think that we are not on the right
25 path, and the comments of all of you, thank you, I

1 think bear that out.

2 I'm only sorry that some of this conversation
3 didn't happen over the past month and that it didn't
4 yield a compromise, and as a Commission we could
5 simply vote and do so happy.

6 So I think we are in a tough position. We have
7 defaulted to the compromise of last year. From my
8 personal standpoint, if that's where we go for 2014,
9 my hope would be that it's only for one more year,
10 and that through the deliberations, whether on the
11 Blue Ribbon Panel or elsewhere or both, we are going
12 to end up with a game plan that is gonna be a lot
13 healthier than just kicking the can down the road.
14 So if I do vote for this motion, I do so
15 reluctantly.

16 MR. TROUT: Mr. Chairman, a brief comment. As
17 an attorney also as some of you here, compromise is
18 defined as an agreement where everyone is equally
19 dissatisfied, and we certainly reached that today.

20 I think everyone has -- I'm not sure anyone
21 really likes that particular decision, but it has to
22 be done at some point, and I would certainly welcome
23 further discussions between now and looking at
24 potential changes on this, but we do need to do
25 something today.

1 The comments that have been made today I think
2 were outstanding, and there are ones that the Blue
3 Ribbon Commission would take a look at. In
4 particular, I was impressed with customer experience
5 comments, because that's what it is all about.
6 Whether you're going to McDonald's or whether you're
7 going to fly on an airline or coming to the
8 racetrack, and that does include bathrooms.

9 So I think that will be something that the Blue
10 Ribbon Commission will take a look at, as well as
11 the other comments that came in today.

12 MS. DAWSON: Mr. Chairman, I'd like to add my
13 feelings about this. I agree with what Commissioner
14 Van Clief has said. I would have preferred to have
15 before us a proposal for eight weeks. Even the
16 comments that came in by e-mail and letter and phone
17 call all supporting that, I want to say thank you
18 for all those people who did make that effort.

19 We are all here to promote and grow the
20 Thoroughbred industry and racing industry in the
21 Commonwealth of Virginia. I don't see how we can do
22 that without having racing, and basically, I think
23 that's the choice it has come down to.

24 So if we have to compromise, that's fine, but I
25 agree with Commissioner Van Clief that's not where I

1 think we need to be.

2 CHAIRMAN SIEGEL: Other comments before we move
3 on?

4 NOTE: There is no response.

5 CHAIRMAN SIEGEL: Okay. All in favor of the
6 motion that's on the floor, indicate by saying aye.

7 NOTE: The commissioners vote aye.

8 CHAIRMAN SIEGEL: Any opposed?

9 NOTE: There is no response.

10 CHAIRMAN SIEGEL: Okay. We are complete with
11 the Thoroughbred days for next year.

12 There was apparently an agreement made on
13 Standardbred days. I think that Ian, you folks did
14 come to an agreement on Standardbred days, but I
15 believe that there is just an open question about
16 when you begin and when you end?

17 MR. STEWART: Correct.

18 CHAIRMAN SIEGEL: From what we understand from
19 Mr. Woolnough, he would like to start, I guess, on
20 the 17th, and you want to start on the 13th, or is
21 it vice versa?

22 MR. STEWART: No. You're correct.

23 CHAIRMAN SIEGEL: Okay. So on September the
24 13th, that coincides with the New Kent County
25 Fair --

1 MR. STEWART: Correct.

2 CHAIRMAN SIEGEL: -- and that's when he would
3 like to start.

4 MR. STEWART: Correct.

5 CHAIRMAN SIEGEL: You were interested in
6 starting four days later?

7 MR. STEWART: No. No.

8 CHAIRMAN SIEGEL: I'm sorry. I had it
9 confused. Anyway, whichever, I think we'll leave it
10 to you guys to work that out.

11 MR. STEWART: Okay.

12 CHAIRMAN SIEGEL: We could certainly make a
13 decision, but I don't believe that we've had the
14 input since your discussions to make an intelligent
15 one here. So do you feel comfortable that you folks
16 can get through that?

17 MR. STEWART: We were talking about four days.

18 CHAIRMAN SIEGEL: I know that. Sure, sure,
19 sure. Absolutely. So to me, on the surface of it,
20 I think it seems to make sense when the fair starts,
21 that's when the crowd is here.

22 MR. WEINBERG: I believe if everyone behaves
23 rationally for the reasons you just articulated,
24 given the extremely positive effect it had on
25 attendance for opening day, one would think we would

1 arrive at an agreement.

2 CHAIRMAN SIEGEL: Unfortunately, he's not here
3 -- no one to speak for his position, so I'm not
4 quite sure why he took that position.

5 MR. STEWART: I think what is happening, the
6 fair wants to move back a week, because they think
7 that they can bring in some mechanical rides.

8 The mechanical rides are basically on a
9 circuit, and if you can coordinate with -- there's
10 an event called Field Days of the Past, and if New
11 Kent County backs up their fair a week, they can
12 coordinate with a ride operator at Field Days of the
13 Past, and we can bring in some mechanical rides.

14 I think that, quite honestly, the best hope at
15 the moment to build attendance at the Standardbred
16 meet is the county fair. If we can boost that up
17 with more attractions and Colonial Downs is gonna
18 financially support some of that, I think that
19 that's in everybody's best interest.

20 CHAIRMAN SIEGEL: All right. So are you
21 comfortable with that? You and Mr. Woolnough can
22 work that out?

23 MR. STEWART: I'm sure we can.

24 CHAIRMAN SIEGEL: And if not, at the next
25 meeting, we'll make that decision for you.

1 MR. STEWART: That's fine.

2 CHAIRMAN SIEGEL: I don't think we have enough
3 input to do that at this juncture. So with that,
4 the Chair will entertain a motion. What are the
5 number of days?

6 MR. HETTEL: That's 24.

7 CHAIRMAN SIEGEL: Again, 24 days over what
8 period of time?

9 MR. HETTEL: Depending on when it starts,
10 culminating on a Thursday or a Sunday. So that's
11 the difference.

12 CHAIRMAN SIEGEL: How many days of racing?

13 MR. HETTEL: Twenty-four. Isn't it 24?

14 MR. STEWART: Yeah. Six weeks, four days a
15 week.

16 MR. HETTEL: So 24 days, start date to be
17 determined.

18 CHAIRMAN SIEGEL: Determine those dates around
19 that fair, and the Chair will entertain that motion,
20 if it's appropriate.

21 MR. VAN CLIEF: So moved.

22 CHAIRMAN SIEGEL: Second?

23 MS. DAWSON: Second.

24 CHAIRMAN SIEGEL: Any other discussion?

25 NOTE: There is no response.

1 CHAIRMAN SIEGEL: All in favor, say aye.

2 NOTE: The Commission votes aye.

3 CHAIRMAN SIEGEL: The ayes have it, and the
4 Standardbreds are approved.

5 The next item is the approval of the Gold Cup
6 race days, which I believe those dates have been
7 stated, but I turn it over to Bernie to do the
8 action item on that.

9 MR. HETTEL: Yes, sir. The Gold Cup seeks
10 approval for the two race days, normally May 3rd,
11 which is a Gold Cup day, and October 25th, now the
12 International Gold Cup; both feature pari-mutuel
13 wagering that was articulated earlier today.

14 So I seek approval.

15 MR. VAN CLIEF: So moved.

16 CHAIRMAN SIEGEL: Second?

17 MS. DAWSON: Second.

18 CHAIRMAN SIEGEL: Any questions or discussions?
19 I take it you're happy with that?

20 MR. ALLEN: Very much so. Thank you.

21 CHAIRMAN SIEGEL: Okay. Good. All in favor,
22 say aye.

23 NOTE: The Commission votes aye.

24 CHAIRMAN SIEGEL: Any opposed?

25 NOTE: There is no response.

1 CHAIRMAN SIEGEL: The ayes have it.

2 The next item is the renewal of the ADW
3 license, which I think is pretty boiler plate. I
4 think it's an action that's required at this time of
5 the year. Comments?

6 MR. HETTEL: We've already done that.

7 CHAIRMAN SIEGEL: I'm sorry. We absolutely did
8 do that.

9 Okay. So the next item is the Breeders Fund
10 proposals, which there has been lots of talk about,
11 and I had lots of phone calls, discussions, e-mails,
12 and we appreciate the public and all the comments
13 that we've received.

14 The interest, as I've said earlier by these
15 folks has been terrific, and I'm sure I speak for
16 all the commissioners when I thank everyone for
17 their interest in this Breeders Fund and calls and
18 whatnot. Everyone seems to be thoughtful and
19 passionate, as well as respectful, and we're really
20 grateful for that input; it means a lot. Many of
21 you are here today, and we express our appreciation
22 for your coming as well.

23 Despite the declining interest in the industry
24 in Virginia, we are glad to see that so many people
25 are interested in the growth and potential and the

1 future here of the industry here in the
2 Commonwealth.

3 We've been operating essentially for the last
4 16 or so years on the same contract, and going
5 through this process, in my opinion, is a healthy
6 thing. I think it's good that it has been done, and
7 perhaps overdue, and I think as one commissioner, I
8 can tell you that it has been a positive learning
9 experience for me, and I think for the other
10 commissioners as well.

11 Each of us have studied the proposals
12 completely and with fairness, and that said, unless
13 any commissioner wants to make a comment or ask a
14 question, I think the Chair will entertain a motion,
15 and I believe Mr. Van Clief has one. Anyone else?

16 NOTE: There is no response.

17 MR. VAN CLIEF: If I might, Mr. Chairman, I
18 might like to lead with a couple of comments of my
19 own.

20 I'd echo the Chairman in thanking all of you
21 for your input. It has been extremely helpful. I
22 think the good news is that everybody is passionate
23 about this industry going forward. The bad news is
24 you're not all on the same page, and I would hope
25 that that will be remedied going forward. We need

1 to close ranks, and I hope that you will be able to
2 do that.

3 I want to thank both parties for their
4 professional presentation. They were both
5 professional, impressive, and well thought through,
6 a high level of creativity.

7 This is a difficult decision for me personally,
8 since I happen to have long-standing relationships
9 with the protagonists on both sides of the bidding,
10 some of them going back decades.

11 We've all done business together. We've served
12 on boards together, we rode horses together, and
13 I've been asked to make a choice and offer a motion,
14 so it puts me in a little bit of a difficult
15 position personally, but the job at hand is to make
16 that motion, so I'm gonna do it.

17 We talked a little bit about status quo here.
18 Ironically, we have the VTA bidding for the job,
19 which has had it for 16 years, and the new player in
20 the game is EquiSport, which is Mr. Petty's
21 organization.

22 Ironically, he's been the one who has been at
23 the rudder in terms of the organization and the
24 administration and the marketing of the fund, so we
25 really have a bifurcated bid by in essence the same

1 organization, which is a bit ironic.

2 In thinking about this and in trying to craft a
3 motion that made some sense, I thought what do we
4 do? What can we do here that's for the best
5 long-term interest of the industry?

6 I have come down, as difficult a decision as it
7 was, on the side of the institutional stakeholder,
8 as well as the individual stakeholders. I think we
9 have got to do what we can do to strengthen our
10 institutional stakeholders in this business. We've
11 got to do what we can do to build consensus and
12 build a coalition that is going to allow us to go
13 forward, and in the best way we can, shoulder to
14 shoulder, address problems that I will not go over
15 again, because they've been very well articulated
16 here today.

17 With that in mind, I'm going to offer a motion
18 as follows. Mr. Chairman, I offer the motion that
19 the Commission appoint the Virginia Thoroughbred
20 Association for one calendar year, commencing
21 January 1, 2014, as a contractor of the Virginia
22 Racing Commission for the purpose of administering
23 and marketing the Virginia Breeders Fund.

24 Such appointment is subject to finalization of
25 a management contract satisfactory to the Virginia

1 Racing Commission, which will include, amongst other
2 elements, an operating budget, a communications and
3 marketing plan, and a process to maintain regular
4 accountability from the contractor to the VRC.

5 The VRC chairman and executive secretary are
6 hereby authorized to finalize and execute such an
7 agreement on behalf of this Commission, and it is
8 further moved that such agreement be finalized and
9 executed not later than December 31st of 2013, this
10 year.

11 That's a little bit different, I think, than it
12 has been operated in the past. As a Commission, we
13 want to take a little more hands-on approach to
14 this, and thus, the element in my motion that we go
15 through the process of negotiating a contract.

16 We have some questions about the budget. We'd
17 like to understand the marketing approach a little
18 more thoroughly, and that's why those words and that
19 element of that component is in this motion.

20 So any questions, Mr. Chairman?

21 CHAIRMAN SIEGEL: Is there a second?

22 MS. DAWSON: I'll second.

23 CHAIRMAN SIEGEL: We have a second.

24 We'll ask -- we will not have a public dialogue
25 here, but we'll ask for questions or comments from

1 the commissioners, if they care to make one before
2 we take our vote. If not, all in favor of the
3 motion that has been articulated by Mr. Van Clief,
4 say aye.

5 NOTE: The Commission votes aye.

6 CHAIRMAN SIEGEL: Any opposed?

7 NOTE: There is no response.

8 CHAIRMAN SIEGEL: Okay. The ayes have it.

9 We will not have a closed meeting today, but we
10 will have an opportunity for members of the public
11 to speak. If there are any members of the public
12 who would like to participate and speak, they are
13 certainly welcome to do so at this time.

14 MS. CURTIS: One more thing. The whole
15 industry, our whole industry needs a wake-up. I
16 grew up in England, where I watched hunting
17 disappear from a complacency from which you might
18 want to call the Old School, when the PETA people
19 started coming in and everybody kind of went this is
20 never gonna happen, they're not gonna get rid of
21 hunting. Hunting as we know it now doesn't exist in
22 England.

23 I feel to a certain extent, we're doing the
24 same to our racing industry, and we here right now
25 can only address Virginia, but we have to make this

1 the best place to come, the most fun to have in a
2 day, the greatest experience for the public walking
3 in the door, and in doing that, we have to realize,
4 too, that the public now are people who work hard
5 for their money; they didn't inherit money. They
6 went to school, they got educated, they had good
7 jobs, they made their money in business with
8 business plans and firm accounting terms and rules
9 and regulations, and people administered these.

10 Our industry does not have that in place, and I
11 think even in Virginia, all of us working together,
12 maybe we can be a leader in helping that happen in
13 the whole industry, and certainly in our own back
14 door.

15 But it's very difficult to ask somebody to come
16 in here and spend money when they're not having a
17 great experience as an owner, as just the guy being
18 entertained.

19 You know, rules and regulations are different
20 everywhere. You do this over here, you do that over
21 here. You spend millions of dollars. Nobody does
22 this to make money. You're not as an owner with a
23 bunch of horses in this game for a financial gain.
24 You're in it to have a great time, and you don't
25 understand why you're asked to throw millions of

1 dollars into the pot, be treated like a third class
2 citizen, and then you know, have different rules and
3 regulations and opinions and everything else
4 everywhere else.

5 I think we've got to come together as an
6 industry and make this happen and play to
7 the new guy coming in here with the money to spend.

8 I would direct that, too, to the owners of
9 Colonial Downs. You have to improve your product.
10 You have to improve your experience. It's not about
11 us running those horses out there. It's about
12 asking the guy to come here and have a great day and
13 a great time. That's just a personal opinion, but I
14 really feel strongly about it.

15 CHAIRMAN SIEGEL: Thank you very much. Other
16 comments? Yes, ma'am.

17 MS. BOWERS: I'm Margie Bowers. I just want to
18 thank you all for giving the VTA the Breeders
19 contract again this year for next year.

20 Also, I agree with everything this lady said
21 over here about Colonial Downs. I've been coming
22 down here since they opened. They made a comment at
23 one of the meetings that we don't need the horsemen,
24 they need us. That is not the truth.

25 When you come down to this racetrack, she is

1 right. You're treated like the third-party person.
2 You can go to Charles Town, you can go to Laurel.
3 You are treated totally different; you're welcomed
4 in the door, but not here at Colonial Downs. Thank
5 you.

6 CHAIRMAN SIEGEL: Yes, ma'am.

7 DEBBIE: Just to follow up on those two
8 comments. If we're gonna use Monmouth as the poster
9 child for what good Colonial can do, they ought to
10 go to Monmouth and see how they treat their
11 customers, and that would be my personal experience
12 there.

13 CHAIRMAN SIEGEL: Yes, sir, in back.

14 UNKNOWN SPEAKER: I'd like to comment on what
15 was said over here. I think we're all lucky to have
16 Ms. Brian in the game. She's one of the flagships
17 now in Thoroughbred racing in Virginia, so we very
18 much need her. We very much value her, and I
19 appreciate the comments you said about the reception
20 she's gotten and she never wants to come back here
21 again. I think that's a pretty chilling statement.

22 I'd also like to differ on one thing though, I
23 think with the rest of the room in terms of owning
24 horses in here. This isn't a game. We have to make
25 money out of it. It is essential. I'd like to

1 thank you all for what we do get, and it does pale
2 in comparison to other states.

3 We sell Virginia-breds, and I'd like to say
4 that they have a value in the marketplace, and there
5 are people that want to buy a Virginia-bred still,
6 but there are a lot of people that turn their nose
7 up at them, and that's something time and again --
8 Susie and I have done for 35 years and we've sold
9 300 horses in the marketplace, and people want a
10 good horse.

11 I think the land and the climate have produced
12 a good race horse in Virginia for hundreds of years,
13 and we will continue to do this.

14 I appreciate everybody struggling with the
15 issue here. Everybody says we need more days. We
16 have Virginia-breds that stood in this stall and did
17 not get a race in this short meet here because we
18 needed two turns around the turf course. That
19 doesn't seem like it's a lot to ask, but I would say
20 it's pretty limited here, and that is an issue.
21 We're all here to try to make money. That's what
22 I'd like to say.

23 Thank you very much for all of the attention
24 you've given us, and I'd like to say that the
25 Virginia Thoroughbred Association has shown a

1 whole new enthusiasm helping you all do your job and
2 for us examining our own jobs, so I'd like to thank
3 you for that.

4 CHAIRMAN SIEGEL: Okay. Any other comments?

5 UNKNOWN SPEAKER: Yes, sir. I'm one of the
6 vanishing breeders here in Virginia. I'm a small
7 breeder with only a few horses, and there's a hell
8 of a lot less of us now than there was five years
9 ago.

10 I drove all the way down here today hoping we'd
11 get some sort of a decision, not out of these
12 people, because I knew these people were
13 Loggerheads, and they have been for years over the
14 days, but we were hoping you all would make the
15 tough decision, and what we got was same as last
16 year.

17 Well, it didn't work last year, especially for
18 the smaller guys with just a few horses. They can't
19 run here but once, and you won't bring them here for
20 five weeks, you know. End of it.

21 I mean I know dozens and dozens of my friends
22 who used to breed horses here, and they don't
23 anymore, and they have their mares in Maryland or
24 West Virginia or someplace, and they'll ship a horse
25 to Laurel, but they're not gonna come down here and

1 try to stand a horse around for a five-week meet
2 where they can maybe run that horse one time.

3 You know, it just doesn't do anything for us,
4 and we were hoping that you all would say, okay,
5 this is what we're gonna do, and carry it out. But
6 last year didn't work, and next year's not gonna
7 work either. I'm sorry.

8 CHAIRMAN SIEGEL: Okay. I appreciate that.
9 Okay. Any other comments before we move on? Yes?

10 UNKNOWN SPEAKER: I have one more thing, I'm
11 sorry, I forgot to say. If the previous amount of
12 money that was given away on a daily day basis of
13 racing before this past year was 200,000, and we
14 increased it by cutting the days to 218,000, that
15 means a difference of 18,000 in total purses in the
16 given day. If you divide that by nine, it's only a
17 \$2000 increase per race, basically, for shortening
18 the meet, I mean shortening the number of days that
19 we have. I'd tell ya, we'd take 2000 less on an
20 average purse, I think, to be able to race more
21 days. There may be a false economy there, it seems
22 like.

23 MR. PICKLESIMER: Well, I think the numbers are
24 up. The maiden special weight went from 24 to 30,
25 so about a 25 percent increase is what it was.

1 CHAIRMAN SIEGEL: Okay. Other comments?
2 Appreciate the comments from the public again and
3 all the participation today.

4 The next meeting date, we'd like to set for
5 January the 21st, which is a Tuesday, and hopefully,
6 that works for everyone. You weren't here, Carol,
7 when I talked to the others, but hopefully, that
8 date does work for you.

9 MS. DAWSON: I don't know of any conflict.

10 CHAIRMAN SIEGEL: So that date is set for
11 January 21st. We will have one and perhaps two
12 appeals that day, so we're gonna begin at nine
13 o'clock with the appeals, and then hopefully, the
14 meeting will start at ten.

15 MR. TROUT: Is that anticipated to be here?

16 CHAIRMAN SIEGEL: Yes, at this point. We'll
17 let you know if it's otherwise, but it will be here,
18 and for the commissioners and those participating in
19 the appeals, it will be nine a.m., but the regular
20 meeting will begin at ten.

21 Any other business to come before the
22 Commission before we adjourn? If not, we need a
23 motion to adjourn.

24 MR. S. REYNOLDS: So moved.

25 CHAIRMAN SIEGEL: Second?

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MS. DAWSON: Second.

CHAIRMAN SIEGEL: Okay. We are adjourned.

Thank you.

NOTE: The hearing is adjourned at 12:31

p.m.

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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 20th day of January, 2014.

SANDRA G. SPINNER
COURT REPORTER