Commencing at 9:58 a.m.

COMMISSION MEMBERS:
J. Sargeant Reynolds, Jr., Chairman
D.G. Van Clief, Jr., Vice Chairman
Carol G. Dawson
I. Clinton Miller
Charles W. Steger, PhD

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

OFFICE OF AGRICULTURE AND FORESTRY:
Sam Towell, Deputy Secretary of Agriculture and Forestry

ATTORNEY GENERAL'S OFFICE:
Joshua Laws, Esquire

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MR. HETTEL: Let me start by first some housekeeping. We've got our new commissioner joining us today, Dr. Charlie Steger, past president of Virginia Tech. I think, Doctor, do you want to say something nice about Virginia Tech?

DR. STEGER: Oh, yes. It's a very fine school.

MR. HETTEL: Great school. Dr. Steger is a fine horseman.

DR. DUNAVANT: Good to have you on board, Doctor.

MR. REYNOLDS: Two of us Cavaliers welcome you, maybe more.

MR. HETTEL: We've got a Washington & Lee at the end, so we've got all the good Virginia schools represented. And a Richmond guy.

Second order of business, this is our first meeting of the new year, believe it or not, and we need to elect a chairman.

Commissioner Dawson, may I seek a nomination from you?

MS. DAWSON: Yes. Hopefully, they are willing. I would like to nominate for Chairman our current Chairman, Sarge Reynolds.

MR. HETTEL: Let's seek a second on your nomination.
MR. VAN CLIEF: Second.

MR. HETTEL: Any opposition?

NOTE: There is no response.

MR. HETTEL: Hearing no opposition, congratulations, Mr. Chairman.

MR. REYNOLDS: Thank you.

MR. HETTEL: You may take the meeting over now.

MR. REYNOLDS: I appreciate it very much.

MR. HETTEL: Let's get a vice chair elected.

MR. REYNOLDS: I will do that. Thank you very much. I guess I get to stay in the frying pan, but I look forward to it. Thank you all for your confidence.

I'd like to seek a nomination for vice chairman.

MS. DAWSON: Mr. Chairman, I'd like to nominate D.G. Van Clief, Jr.

MR. REYNOLDS: Is there a second?

MR. MILLER: Second.

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

NOTE: The commissioners vote aye.

MR. REYNOLDS: Mr. Vice Chairman, are you --

MR. VAN CLIEF: I'm willing to serve again.

Thank you.

MR. REYNOLDS: Are you able to serve?
MR. VAN CLIEF: I'm not so certain about that. I'll try hard.

MR. REYNOLDS: Congratulations. The motion carries.

With that, let's move on to the approval of the December 12, 2014 meeting minutes. I understand that there may be an amendment to the minutes.

MR. MILLER: Mr. Chairman, on the second page of the minutes in the third paragraph from the bottom, it says EZHorseplay, TVG, XpressBet and Twinspires were each unanimously approved for the renewal of their account deposit wagering license for 2015. That's not quite accurate.

What should be added to that sentence is renewal of their account deposit wagering license for 2015, subject to the conditions set forth above. And then when you look above, you'll see the conditions in the previous paragraphs.

MR. REYNOLDS: Okay. Are you moving to add that?

MR. MILLER: I'm moving that amendment be added.

MS. DAWSON: I second that.

MR. REYNOLDS: I've got a motion to amend the minutes as proposed, and I have a second. All
those in favor, say aye.

NOTE: The commissioners vote aye.

MR. REYNOLDS: Those opposed? Hearing none, the motion carries. Please make the appropriate amendments. Do we need to approve them again at the next meeting?

MR. HETTEL: They'll be all right now. The amended version has been approved.

MR. REYNOLDS: Okay. Let's move on to new business in bringing up Racing Commission regulatory rules changing, and Mr. Secretary.

MR. HETTEL: Mr. Chairman, the first chapter, Chapter 140, pertains to flat racing. If you jump down to the steeple chase -- both of these amendments have been included in the packet -- to make them more contemporary with the National Steeple Chase Association rules, and so in terms of understanding and discipline, they're identical.

So I seek your approval of Chapter 140 to be amended.

MR. REYNOLDS: Okay. Your staff has read through this and they're okay with it?

MR. HETTEL: Yes, sir. The NSA is good with them, too.

MR. REYNOLDS: Okay. Do I hear a motion to
approve Section 140?

MR. VAN CLIEF: So moved.

MR. REYNOLDS: Second?

MS. DAWSON: Second.

MR. REYNOLDS: All in favor, say aye.

NOTE: The commissioners vote aye.

MR. HETTEL: In that same motion, if you would, would you include 160, which speaks to the over weights and the differentiation in scale weights for steeple chase versus flat? That's the second portion that's under ii. The first was Off The Course, the second is entitled Over Weights.

MR. REYNOLDS: Okay. Mr. Van Clief.

MR. VAN CLIEF: I'll amend that motion to then include both Sections 140 and 160.

MR. HETTEL: And 180 will come up. That's medication.

MR. VAN CLIEF: It says in the motion --

MR. HETTEL: Dr. Harden, Will you speak to the amendments in 180?

DR. HARDEN: The amendments to Chapter 180, medication chapter, basically just adds some language that reflects the model rule that's from the RMTC and the Jockey Club, so some of those sections are nothing more than bringing in model
The changes that will be specific to Virginia and reflect some of our local issues is going to be in the Lasix chapter.

We presently require Lasix to be administered at four hours; however, the NSA, the Steeple Chase Association, has a three-hour cut-off, and going forward, it seems like we're gonna be in the steeple chase business, so I thought and the staff and other veterinarians I have consulted feel like if we modify our Lasix rule to allow a three-hour administration to any meet where it's primarily a ship-in meet where horses come, race and then go home, then by so doing, we'll not confuse steeple chase trainers who are used to the three-hour rule, and from a perspective of the horses, it's not a significant change.

Lastly, the main consideration that we're looking to change is our regulation on the split samples for our drug testing.

In past years, we've maintained a secure freezer in the test barn at Colonial Downs under lock and key, and that going forward, we really do not have that space readily available to us, so it makes sense to be a situation where we will ship
our split samples to the testing laboratory.

They will maintain them under lock and key, separate from the other samples, and so if the trainer so wishes a split sample, then the laboratory will retrieve it.

The trainer would have the option to go there and witness the retrieval of the sample from the secure space, or he could observe a video of the sample being retrieved, or he may waive his need to witness retrieval of the sample, but that would basically take us out of the business of secure storage of split samples going forward.

MR. REYNOLDS: Any questions?

MR. VAN CLIEF: Doctor, again, could you clarify the reduction in the four-hour period to three? As I understand it, that's to accommodate ship-ins from a logistical standpoint.

Again, medically speaking, what difference does it make whether you administer the drug at four versus three hours? And if we're making this change, how does that line us up with the model rules elsewhere, and are we consistent in terms of what we're doing here?

DR. HARDEN: The model rule stipulates a four-hour Lasix. Up until two years ago, Virginia,
we allowed a three-hour Lasix. Maryland allowed actually two hours, Delaware had three hours, West Virginia had -- it varied on who you talk to whether it was two or four. So it's all over the board.

Medical research seems to indicate that the optimum time to administer it is between three and four hours. The reason to have it not less than three hours is that it is a diuretic, so it dilutes the concentration of the urine.

And so from a theoretical basis, if you had a substance in the urine that you were testing for and you had a diluted sample, you may not be able to detect it. So we don't like it administered closer than three hours because of the dilution effect of the urine. But from a purely medical standpoint, three to four hours is a medically accepted time to administer it.

Now, we did not eliminate the four-hour rule. We put in our definitions a definition of a ship-in meet, whereas horses come to race for one, two or three days and then go home. They don't stay at the track for prolonged training. So in that definition of a ship-in meet.

Then under our Lasix regulation, we stipulate
that at a ship-in meet, they may administer Lasix
down to three hours prior to post; however, if it's
not a ship-in meet, then the four-hour rule
applies.

So we're definitely kind of jimmying with a
little bit of the RMTC requirements; however,
Maryland is still on a three-hour rule, and they
contend that they are within the RMTC guidelines,
so there's still a lot of debate out there on that
one.

However, at a ship-in meet -- and we had a
12:00 o'clock post last year at the Gold Cup --
requiring horses to get their Lasix at eight
o'clock in the morning when they arrive on the
trailer, they sometimes now have to leave home at
midnight or one or two in the morning to get there
in time, so that one hour does seem to give a
little bit of a breather to the trainers that are
shipping horses in to a steeple chase meet.

MR. VAN CLIEF: I understand the logistics
then, but is there any danger that, regardless of
how small, there might be a perception that one
class of horses, in this case the ship-ins, are
getting treatment not available to the other
classes, which are residents or in later races and
can abide by the RMTC rules?

DR. HARDEN: We define the Lasix administration according to type of meet that they're racing at. So if it is a ship-in meet, all horses at that meet are under the same Lasix regulation. If it's not a ship-in meet, if we have a track that has horses stabled there for, you know, for weeks who are training and racing, then they are all under that same regulation.

MR. VAN CLIEF: Have you talked to anybody or do you think that moving to what appears to be a less conservative application at the three-hour mark has any bearing on the integrity of the day? I think we're proud to have adopted the RMTC rules, been one of the first states to do it and like what that says about how we run the sport in Virginia. Does this impact that in a negative way, do you feel, or horsemen with whom you've spoken?

DR. HARDEN: We still require that Lasix be administered by a designated veterinarian under the observation of Commission employees, and we and the Commission employee maintains possession of the Lasix, so Lasix will be the only medication administered, and it will be administered, you know, according to your regulations, as well as we
are able to regulate it.

Otherwise, a private veterinarian is still not allowed to have contact with the horse on race day, so I don't see that our integrity, racing integrity, is violated.

And again, there are other states with the three-hour rule that contend that they are in RMTC compliance.

MR. VAN CLIEF: Sorry to belabor this. One last question. The effort to move the country -- I realize this is more than a local issue -- towards a uniform set of rules, where when a trainer crosses state lines, he or she will find the same rules applicable no matter where, to avoid confusion and sorts of issues that the industry has had for years. Are we moving in the wrong direction with this kind of regulatory change? What's it going to make us look like in terms of the patchwork quilt out there of rules and regs?

DR. HARDEN: From an intellectual position, we are moving in the wrong direction. From a practical position, we are such a small player in the horse racing world, that I don't think it would have any real impact.

Again, primarily, steeple chase horsemen are
already operating under the three-hour rule, so we are not -- the only difference we're going to be affecting are the steeple chase horsemen, who are also operating under a pari-mutuel rule, and we thought two sets of rules for horsemen was difficult for them to understand.

MR. VAN CLIEF: From a consistency standpoint, we are consistent with the NSA?

DR. HARDEN: Yes.

MR. VAN CLIEF: Okay. Sorry to belabor that. Thank you for all your answers.

MR. HETTEL: Let's get that approved, Sarge.

MR. REYNOLDS: Okay. Do I hear a motion to approve Section 180?

MR. VAN CLIEF: I think we need to back up for just a second.

MR. HETTEL: There are three of them.

MR. REYNOLDS: Okay.

MR. VAN CLIEF: I had a motion offered -- why don't we bifurcate these, if that's okay, to approve the wording as it's set forth before us, changing Section 140. Likewise, to approve the wording as set forth for us -- Bernie, where are we?

MR. REYNOLDS: Section 160 and 180.
MR. VAN CLIEF: For Section 160. I'd like to make that one motion, since they're similar in nature.

MR. HETTEL: Okay.

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

MS. DAWSON: Have we seconded?

MR. REYNOLDS: I apologize. Do I hear a second? Thank you.

MS. DAWSON: I'll second it.

MR. REYNOLDS: Okay. I apologize. All those in favor?

 NOTE: The commissioners vote aye.

MR. REYNOLDS: Opposed?

 NOTE: There is no response.

MR. REYNOLDS: Motions for 140 and Section 160 are passed. Now, do I hear a motion to amend Section 180 as presented?

MR. VAN CLIEF: I will make that motion to approve the changes set forth in our book to Section 180.

MR. REYNOLDS: Do I hear a second?

MS. DAWSON: Second.

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

 NOTE: The commissioners vote aye.

MR. REYNOLDS: Opposed? Hearing none, the
motion carries.

All right. Next on the agenda is the Virginia Thoroughbred Association. There are two items on the agenda; Breeders Fund management contract and the Virginia Gold Cup owner's bonus. Mr. Hettel, would you take us through that?

MR. HETTEL: These were submitted by the Virginia Thoroughbred Association, and they're per usual last year's expenditures and per unusual of the management contract. I seek approval of -- basically, it's the money allocated for the encouragement and enhancement of the Thoroughbred breeding operation racing in Virginia.

MR. REYNOLDS: Okay. Is this contract similar to the one we approved last year?

MR. HETTEL: Identical.

MR. REYNOLDS: Okay. Do I hear a motion to --

MR. BERMAN: Mr. Chairman?

MR. REYNOLDS: Yes.

MR. BERMAN: I'm a member of the general public. I had a comment about that. I know I'm out of line where the public comments section is later. I've got a couple questions I'd like to ask about that, if you would indulge me.

MR. REYNOLDS: About what?
MR. BERMAN: The Breeders Fund. In 2013, the MidAtlanticThoroughbred.com reported the Easter Associates have been retained to manage the affairs of the VTA. I wonder is that how it's still being done since the --

MR. HETTEL: Yes.

MR. REYNOLDS: Yes.

MR. BERMAN: All right. If that's the case, then wouldn't that -- I know that Ms. Easter is the executive director of the VTA and it's her company managing that fund.

I mean to a guy like me of the general public, that would appear to be a conflict of interest to me. I'd like the Commission to explain that to me.

In addition, doesn't that indicate that the VTA doesn't have the staff available to be able to manage their own affairs, much less the Breeders Fund that is over $1 million?

And finally, if Easter Associates are the ones that are managing the affairs of the VTA, shouldn't Easter Associates be up here asking for approval and managing the Breeders Fund and not the VTA?

With that, I know that, you know, a lot of people in this room are gonna say that's none of my business, but I wager on a daily basis, and it's my
money that's paying for that Breeders Fund and
that's paying for the purse account and paying for
the salaries of the Racing Commission. On that
basis, I think it is my business. So if the
Commission would indulge me, I'd like some answers
to those questions.

MR. REYNOLDS: Thank you. You may not get the
answers today, but I will take your comments under
advisement. I will say that the Commission does
review the budget very carefully with the VTA, and
they are very prudent about their budget.

I don't know if -- Jeb, would you like to make
any comments at this time, or just something we
will take under advisement?

MR. HANNUM: We also have the president of the
VTA here, so I will defer to Wayne and I'll
comment --

MR. REYNOLDS: That's only if you want to make
some comments today. Other than that, I'll take
that comment under advisement.

MR. HANNUM: We hired Debbie to do the job that
she is doing for us, and as a cost study method, we
have asked Easter Associates to take over the
bookkeeping. Some of the communication to our
office is less costly on a daily basis, so it works
very well and we've had very good results with Easter Associates doing this job over the last year. Very, very pleased with how that has gone. It has been efficient.

We've done a major housecleaning. If that's not clear to you, we'd certainly like to take time with you to make that clear, because there's nobody more important than the better in Virginia, so the horses are right there with all of that, and we -- those books are certainly available, and we'd like very much to resolve any questions, sir, you might have. But there is no increase from this year to last, and I thank you all.

MR. MILLER: Mr. Chairman.

MR. REYNOLDS: Yes, Mr. Commissioner.

MR. MILLER: I'm gonna suggest later on, we don't have to debate it right now, but we need to take a look at this whole process, the entire industry, how the process works, where funds come from and where funds go.

I would like for this gentleman to get together after this meeting, if you all do not object, get together with the executive secretary of the Commission, give him your name, your address, and those questions you raised in writing, so that we
can add that to our agenda relating to what I hope will be an examination of entire Thoroughbred racing, harness racing, pari-mutuel wagering process in Virginia.

Would you do that, sir?

MR. BERMAN: Yes, sir, and thank you for indulging me.

MR. MILLER: Do you agree on that?

MR. REYNOLDS: Absolutely.

MR. MILLER: I mean because he just raises a few questions. There are many more that we have to address.

MR. REYNOLDS: Yes. Thank you, Mr. Commissioner. With that, I would like to entertain a motion to approve the Breeders Fund management contract for 2015.

MS. DAWSON: So moved.

MR. REYNOLDS: Do I hear a second?

MR. STEGER: Second.

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

NOTE: The commissioners vote aye.

MR. REYNOLDS: Opposed? Hearing none, the motion carries.

Mr. Hettel, the Virginia Gold Cup owner bonus.
MR. HETTEL: Would you like to speak to that? Anybody from Gold Cup?

DR. GRIFFIN: Yes.

MR. HETTEL: Any comment about that?

DR. GRIFFIN: Basically, it's just an inducement for breeders of Virginia-bred horse owners to run at pari-mutuel wagering opportunities at the Virginia Gold Cup. But in the past, and while it's a minimal amount, it certainly speaks to our effort to encourage the native Virginia breeding industry.

MR. HETTEL: Thank you, Doctor. I seek your approval on that motion or on that expenditure.

MR. VAN CLIEF: Mr. Chairman, I'll move approval of the $50,000 as set forth for the Virginia-bred bonuses at Gold Cup.

MR. REYNOLDS: Okay, and also on this motion is $190,000 to the Virginia Thoroughbred Association for the administration of the Thoroughbred portion of the Virginia Breeders fund.

MR. HETTEL: Right, and that is detailed in your booklet with the draft budget. The budgets are similar to last year with a couple changes.

MR. REYNOLDS: Okay. Do I hear a motion to approve this?
MR. VAN CLIEF: I'll move it.

MR. REYNOLDS: Second?

MR. STEGER: Second.

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

NOTE: The commissioners vote aye.

MR. REYNOLDS: Those opposed?

NOTE: There is no response.

MR. REYNOLDS: Motion carries. Let's move on to the advance deposit wagering report. Are there four ADWs present here today? EZHorseplay? You all are here? Is anybody from Twinspires here? Anybody?

MR. HETTEL: Mr. Chairman, they called, and here's what we can do, if you care to. We can have an accounting from Dave Lermond. The question, essentially, is EZHorseplay --

MR. REYNOLDS: Right. I wanted to see if the other group were here.

MR. HETTEL: They've contacted us in terms of presence. They are not here.

MR. REYNOLDS: ExpressBet?

MR. HETTEL: I talked to all of them this week.

MR. REYNOLDS: Okay. Well, I would like to ask you all for a report on the status of each ADW company's account and where they stand as far as
payment to horsemen, the Virginia Racing Commission, the Breeders Fund, et cetera.

MR. LERMOND: I'd be happy, Mr. Chairman, to do that for you. All four of the account wagering companies have paid the Racing Commission to have the percent they're supposed to; they paid the one percent to Breeders Fund and they've paid the harness horsemen.

The difference is that EZHorseplay has not paid the Thoroughbred, the Virginia HBPA horsemen, their five percent source market fee. The other three companies have.

MR. REYNOLDS: Do you know how much they owe in arrears?

MR. LERMOND: I do. If I include -- and it's gonna go back to November 1st, which is the last time that EZHorseplay paid the HBPA any source market fee -- the five months, including and through March 31st, the five percent amounts to $419,351.49.

MR. REYNOLDS: And everyone else is current?

MR. LERMOND: Everyone else is current.

MR. REYNOLDS: EZHorseplay still owes the horsemen's group, the Virginia HBPA --

MR. LERMOND: For some reason, EZHorseplay
decided to pay the Harness Association their five percent, but did not pay the Thoroughbred their five percent for those five months.

MR. REYNOLDS: I would like to give an opportunity to the representatives of EZHorseplay to tell us why you all have not paid $419,000 owed, if you'd like to comment, but I'm sure there are some questions from myself and the other commissioners as well.

MR. WEINBERG: Thank you. I'm Jim Weinberg, on behalf of Colonial Downs. If I may be clear, we have paid the harness group. As you may know, there is a contract in place with the harness group and EZHorseplay that provides for the sharing of revenue. There is not such a contract in place for the Virginia Horsemen's Benevolent and Protective Association; it terminated as of October 31st.

So the status of the VA HBPA as a recognized majority horsemen's group -- and that is a term that's used in the Racing Act -- conveys a special legal status that benefits the group under the Act and under the Interstate Horse Racing Act.

In similar circumstances where there are other beneficial groups under the Racing Act, the Commission through the Virginia Racing Act and its
regulations have very specific criteria and requirement to convey that status.

For example, there are unlimited licenses, there are licenses, there are permits, and you'll see throughout the Act and the Commission's regulations the means to acquire that status, but nowhere in the Act, nowhere in the Commission's regulations is a mechanism for conveying the recognized majority horsemen's group status.

That is because it is contained in the Interstate Horse Racing Act. It is identified there as the group that the racetrack licensee must secure the permission of to broadcast races interstate.

It is also a requirement of that Act that the same permission be granted from the group to import the broadcast of races into a state.

In the past, there has been a contract between Colonial Downs as the unlimited licensee and the HBPA as the recognized majority Thoroughbred horsemen's group.

But for that contract, there is no ability to designate a Virginia Horsemen's Benevolent Protective Association as the recognized majority horsemen's group. That power, that identity lies
within the relationship of the racetrack licensee and the horsemen.

That contract, the first of which came to an end January of 2014, as you know. The second of which came to an end as of the end of October. There's no mechanism, there's no authority for the Commission to designate a group as the majority Thoroughbred horsemen's group. It's not in the Virginia Racing Act, it's not in the regulations.

Moreover, as further evidence that the Commission lacks that authority is the legislation that recently passed the General Assembly and was amended and will be voted on on the 15th, which expressly identifies and defines the term recognized majority horsemen's group and gives the Commission express authority to recognize them.

So it's Colonial Downs' position that the Commission doesn't have that authority, and much like the unlimited licensee who used to receive five percent but is no longer receiving five percent of the source market fees because it doesn't exist, neither does the recognized Thoroughbred majority horsemen's group.

With all due respect, in the Commission's meeting of December 12th, and correspondence on
December 30th, I believe this issue was going to be addressed at a proceeding where it was designated this was a topic of conversation.

We're happy to come and explain our position in greater detail at such a hearing and would welcome the Commission to schedule that hearing so we can resolve this issue. Thank you.

MR. REYNOLDS: Are there any questions or comments from the commissioners?

MR. MILLER: Mr. Chairman, certainly, any entity that's required to part with funds due to any regulatory activity is entitled to their, quote, day in court, unquote.

The suggestion by Mr. Weinberg is timely. In my opinion, I disagree with some of his assertions, but that's why we have the Administrative Process Act, and that's why we have courts. They are entitled to their day in court.

I think from my perspective that they do owe whatever Mr. Lermond, whatever that final figure was for the time period involved, and if they haven't paid it, then they did not meet the conditions set forth in our meeting of December 2014; and therefore, EZHorseplay has no 2015 license to operate in Virginia.
However, they've been operating January, February -- I assume they've been operating up until now without a license, but again, we have to look at what they're dealing with.

Our action in December of 2014 was sort of ambiguous as it applies to the people being regulated. According to the conditions, the executive secretary of this Commission, if the conditions were not met by January 1st, that is those payments hadn't been made, the horsemen and all the other payments involved had not been made by January 1st, 2015, the executive secretary of this Commission was authorized to allow the extension of their 2014 license until such time as there was further action of this Commission.

I hate to belabor it. I talk too much and I admit that. I'm sort of like Joe Biden in that record, perhaps. May I shouldn't say all the things I say. All this ties together, so trust me, I'll get to the end of it.

Having done what we did in our December 2014 meeting, having set the conditions to be met by January 1st of 2015, having a license or four licenses dependent upon what action was taken on or before January 1st, 2015 by the advanced deposit
wagering firms, it was imperative, I thought, that this Commission meet as soon after January 1st, 2015 as possible to address the issue, and I expressed that, but we had no Commission meeting in January. We should have had a meeting.

That's water under the bridge, as they say, but this Commission should have met in January of 2015, but on advice from certain quarters, we were told not to meet. We were advised that we shouldn't meet.

Well, we should have met. That's our determination. We should have made that determination. We should have met, we should have advised Mr. Weinberg's concerns, and I'm sure the other three companies had concerns also, but we didn't meet.

So here we are today. They've operated. Now it's very complicated to go back and undo what has been done. And to assert that they've operated without a license, well, they have operated with sort of a license, because of the situation we put them in.

So with that background, I certainly think that we need to set up a hearing to address this specific issue and any other issues that not only
EZHorseplay may have, but issues that the other
three advanced deposit wagering firms may have
concerning the actions taken by this Commission in
December of 2014 at our meeting.

So if this is the proper time to do it, I move
that we adhere to the request of Mr. Weinberg and
set a hearing specifically for the purposes, number
one, of addressing the specific issue of payment or
nonpayment or responsibility for payment of
EZHorseplay to the recognized horsemen's group.

But in case any other issue comes up ancillary
to that, either from EZHorseplay or the other
three, that we address any other issue that any of
the other three advanced deposit wagering firms may
wish to make, relative to the responsibility for
these payments under the Act.

Is that clear enough?

MR. REYNOLDS: Yeah. Mr. Commissioner, what
I'd like to do, since we're gonna have a hearing
and there's pending litigation, before we make the
motion, I would like to, on the advice of counsel,
go into closed Section and discuss this.

MR. MILLER: That's fine. But anyway, you know
where I stand anyway.

MR. LAWS: I'll read the following motion that
the Commission can choose to make and second to go
into closed session.

    Quote, in accordance with the provisions of
Section 2.2-3711A7 of the Code of Virginia, I move
that the Commission go into closed meeting for the
purpose of consultation with legal counsel and
briefings by staff members or consultants
pertaining to actual or probable litigation, where
such consultation or briefing in open meeting would
adversely affect the negotiating or litigating
posture of the public body, and consultation with
legal counsel employed or retained by public body
regarding specific legal matters requiring
provision of legal advice by such counsel
concerning Colonial Downs' request for a hearing
and Commissioner Miller's motion, end quote.

    Mr. Chairman, is there a motion to reflect to
go into closed session?

    MR. VAN CLIEF: So moved.

    MR. GEIGER: Excuse me. I'd like to ask a
question, Commissioner Reynolds. Is there actual
litigation filed?

    MR. REYNOLDS: No.

    MR. GEIGER: Then I would like to object. I'm Jacob Geiger from Richmond Times-Dispatch, and on
behalf of them would like to object to move to closed session and ask that the meeting remain in open session.

MR. LAWS: The statute says actual and probable litigation, so it's not required that actual litigation be currently in effect.

MR. REYNOLDS: All right. Well, thank you, but we will respectfully disagree.

Do I hear a second? I move that we go into closed session.

MR. MILLER: Mr. Chairman?

MR. REYNOLDS: Yes, sir.

MR. MILLER: Could I suggest something?

MR. REYNOLDS: Yes, sir.

MR. MILLER: There's a lot of people attending the meeting here today on other matters. Could we defer going into the closed session and further discussing Item Four on the agenda relating to advanced deposit wagering until we've completed some more of the agenda?

MR. REYNOLDS: Yes.

MR. MILLER: Some folks may not want to stick around while we go into closed session.

MR. REYNOLDS: I think that's very fair. Besides going into closed session, is there
anything else on the ADW report? That's it for the ADW report?

MR. LERMOND: Yes, sir.

MR. REYNOLDS: All right. Let's move on to stakeholder comments. First, the Virginia Gold Cup.

DR. GRIFFIN: Yes. We would request approval for our officials, and also request to allow pari-mutuel wagering on Friday evening. There's an event at the Virginia Gold Cup site, the grounds, that actually is a pre-party event, if you will.

This year, we're actually honoring several of our legislative delegates and a state senator who have been very helpful with our efforts, so we'd like the opportunity to be able to wager, to at least have our machines available the night before our Gold Cup races.

MR. REYNOLDS: Okay. This is something you all did last year; is that correct?

DR. GRIFFIN: Yes. We did.

MR. REYNOLDS: Before I make a motion, are there any commissioner questions or comments? Hearing none, I'd like to make a motion to approve the Virginia Gold Cup Association and give them permission to offer wagering on the Kentucky Derby
on Friday, May 1st, along with the Virginia Gold Cup race scheduled for May 2nd, 2015. Do I hear a second?

MR. MILLER: Second.

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

NOTE: The commissioners vote aye.

MR. REYNOLDS: The motion carries.

I'd also like to make a motion -- have the commissioners had a chance to review the slate of race officials for the 2015 Gold Cup? Are there any questions?

MR. MILLER: I move we approve them.

MR. REYNOLDS: Okay. Do I hear a second?

MS. DAWSON: Second.

MR. REYNOLDS: All in favor, say aye.

NOTE: The commissioners vote aye.

MR. REYNOLDS: The motion carries. The Virginia Equine Alliance.

MR. HANNUM: Thank you, Mr. Chairman and Commissioners. I appreciate the opportunity to talk about the Virginia Equine Alliance.

It has been a couple of months since I've given a report, and I thought it might be helpful just to review what I wanted to talk about, and for the sake of our new commissioner, I thought it would be
useful, perhaps, to briefly touch base, remind
everyone why we formed the Equine Alliance, and
then I wanted to talk about the legislative package
that we put forward as a compromise with Colonial
Downs, and then talk about some of the new sites
that we're looking at for racing. So I'll speak
for a few minutes, if that's okay, Mr. Chairman.

MR. REYNOLDS: Please.

MR. HANNUM: I'm Jeb Hannum. I'm executive
director of the Virginia Equine Alliance. Before
coming to Virginia, I was a racing commissioner in
Pennsylvania, and I ran the Pennsylvania Horse
Breeders Association. I was asked to help with
Virginia Equine Alliance last year, and have had
the opportunity to speak before the Commission.

As we all remember, last year in October,
Colonial Downs voluntarily surrendered their
license to operate. Shortly thereafter, the
Virginia Equine Alliance was formalized as a
nonprofit 501(C)(6) Virginia corporation.

The Alliance, it's goals are to promote,
sustain and grow the Virginia racing industry, and
there are a couple of representatives from the
Alliance today that I want to point out.

Mr. Wayne Chatfield-Taylor, Dr. Al Griffin,
Mr. Mike Pearson and Dr. Charlie Dunavant. So this organization represents all of the horsemen and breeders in Virginia, up and down the state. So the flat racing, the harness racing and steeple chase community and breeders are all represented by this alliance.

So the group is vested in Virginia and in doing what's best for Virginia's horsemen, for the agricultural community and all of the associated benefits of having a strong and growing racing industry.

As you know, we had a legislative package that we had in the previous session. We had some differences with Colonial Downs. They had a legislative package as well to make some changes to the Racing Act. The House and Senate leaders implored us to try to come to some sort of compromise, and we did that.

So it's important to point out that the legislation that was passed by the House and Senate overwhelmingly was comprised legislation with Colonial Downs, and I'd just like to point out a couple of the key changes to the legislation.

The first being, as Mr. Weinberg acknowledged in his comments, the first point is that it would
be stronger language to clarify the horsemen's

group's authority that is granted to the
Commission. The second point is language is added
to the legislation, which is called the significant
infrastructure facility licensee. So this language
essentially describes Colonial Downs.

Third point is that the horsemen, the Virginia
Thoroughbred Association, the Equine Alliance, will
now be required to produce annual financial audits,
which perhaps, you know, address some of the issues
that Commissioner Miller just commented on.

The OTBs remain tied to the significant
infrastructure facility licensee, which is Colonial
Downs.

Another point, flat, harness, and steeple chase
racing can now operate under the 14-day license, if
the owner or the operator of the facility is a
501(C)(3) or (4).

Then lastly, there was a reallocation of the
ADW money. So the online wagering money that is
conducted by Virginians. So the breeders will
receive one percent, which is not a change. The
Commission, importantly, will now receive 1.5
percent of ADW money, which we felt was very
important to ensure that the Commission is
adequately funded. This will be about $400,000 in additional operating funds for the Commission based on this increase from a half percent to 1.5 percent.

Five percent will remain going to the horsemen for purses, and then the most significant change is that it will be now four percent to the nonprofit industry stakeholder group, which will go to support, sustain and grow racing in Virginia.

And then of that four percent, a portion will go to the veterinary school, the horse foundation, the horse industry board, the Virginia Thoroughbred Association, and also a portion of that four percent will go to New Kent County up until 2020, and then after 2020, a portion of the four percent will be divided among the localities that conduct racing.

So that's just a quick sort of highlight of the significant changes. I can talk about any of those in more detail now or in a follow-up meeting, but I just wanted to capture the main changes.

In terms of the next step for the Virginia Equine Alliance, I just wanted to officially let you know, and so it is reflected in the minutes, that once the legislation is signed and we will be
seeking formal recognition from the Commission as
the nonprofit industry stakeholder group. So I
just wanted to let you know that would be
happening, and we will work through Mr. Hettel or
however you'd like us to, to formally do that in
the way that you'd like us to do it. So thank you
for that consideration.

MR. MILLER: Mr. Chairman?

MR. REYNOLDS: Yes, sir.

MR. MILLER: I have a question.

MR. REYNOLDS: Yes, sir.

MR. MILLER: You said once the legislation is
signed. You mean once July 1st, 2015 comes about?

MR. HANNUM: Well, we will handle it in any
fashion that you want, but we would --

MR. MILLER: No, no, no. You misunderstand or
you don't realize what I'm asking. The legislation
that was passed during the 2015 session cannot and
will not go into effect until July 1st, 2015. Do
you understand that?

MR. HANNUM: Yes, sir.

MR. MILLER: Okay. Can you tell me why or --
and plus, you describe the legislation as it passed
the General Assembly. As I understand, only from
reading the paper by the way, as I understand it,
there's a proposed amendment to that legislation being proposed by the office of the governor.

MR. HANUM: Yes, sir.

MR. MILLER: Is that correct?

MR. HANUM: Yes.

MR. MILLER: Would you explain that, please? That amendment.

MR. HANUM: So the compromised legislation didn't pass the House and the Senate, and then the governor's office has proposed an amendment which would enable the OTBs to be opened by a nonprofit industry stakeholder group, if Colonial Downs does not reapply for their license.

So right now in the legislation, the OTB network is tied to Colonial Downs, the significant infrastructure licensee.

MR. MILLER: Well, not Colonial Downs. It's tied to a perspective infrastructure licensee, which probably would be Colonial Downs, so let's get it correct for the record.

MR. HANUM: So in the event that the significant infrastructure licensee -- well, in the event that there is no significant infrastructure licensee, the OTBs would not reopen under the legislation that is passed by the House and the
Senate.

So the governor's amendment simply addresses that by saying if there is significant infrastructure licensees to open the OTBs, it would give the ability to a nonprofit group to open and operate those OTBs, only in the event that this significant infrastructure licensee does not exist.

MR. MILLER: Okay. Do you happen to have a copy of that amendment with you that someone could provide? Maybe the Commission has it. I don't. I learned about it in the newspaper, thanks to the Richmond Times-Dispatch.

MR. HANNUM: Yes, sir. I have it.

MR. MILLER: Has anyone provided the executive secretary of this Commission or the chairman of this Commission with the exact wording of that amendment?

MR. HANNUM: It is my understanding that Mr. Hettel has been provided with that language.

MR. MILLER: Hold on a minute. Mr. Hettel, is that correct?

MR. HETTEL: Not by the governor's office. No, sir. I read it out of the newspaper like you.

MR. MILLER: Okay. Would it be too much to ask that that amendment, the exact wording of the
proposed governor's amendment to the legislation be
provided to this Commission, which is charged with
the oversight of Thoroughbred racing and harness
racing in Virginia? Could you do that?

MR. HANNUM: Yes, sir. I have a copy at the
table.

MR. MILLER: All right. If you could do that.
Plus, could you state for the record who requested
that amendment?

MR. HANNUM: The Virginia Equine Alliance did.
MR. MILLER: Thank you.
MR. REYNOLDS: Okay.
MR. HANNUM: Are there any further questions, sir?

MR. MILLER: Well, I may, but not right now.
MR. HANNUM: Okay. So I think we've addressed
the amendment.

Moving forward, one of the things that the
Equine Alliance has been working very hard on over
the past couple of months is to locate additional
sites for harness racing and for flat racing going
forward, in that reopening of Colonial Downs has
remained an uncertainty.

So we are pleased to announce here before the
Commission that after a tour of the Oak Ridge
racetrack in Nelson County, which has a wonderful facility for harness racing, flat racing and steeple chase racing, which has unfortunately not had any racing for a number of years, we had a tour down there.

The family that owns the racetrack is excited to have racing resume, and we have sort of an agreement in principle that there would be four days of harness racing in October of this year, and Dr. Dunavant can speak to that a little bit more, but I think that's an exciting development for the harness racing community.

Oak Ridge also has a wonderful turf course, but it hasn't been maintained such that we could have racing there this year, but we're gonna be looking to have it reseeded and have improvements made, so we can hopefully have racing at Oak Ridge on their turf course as soon as next year.

So we literally have had a turf specialist come down, we've had soil samples taken, and look to get that going as soon as possible.

Woodstock is another site for harness racing, which Dr. Dunavant may comment on, and in terms of the flat racing, the Virginia Gold Cup may hold additional flat races this year.
We are speaking to Morvin Park about using that facility, and there are a number of sites that are privately owned -- so I can't acknowledge them right now -- throughout the state where we're looking to have flat racing.

So we have a number of possibilities, which I'll report back to the Commission about as soon as we are further along like we are with Oak Ridge. I think Oak Ridge is an exciting development, and that I think there may be some representatives of the family here today as well.

So that really concludes my report. Just to reiterate that the Alliance is committed to growing and sustaining racing throughout the entire state for Virginians, and we look forward to working with the Commission and we will follow up on any points as you've requested. So thank you very much.

MR. REYNOLDS: Jeb, I believe there are some commissioner questions.

MR. HANNUM: Yes.

MR. VAN CLIEF: Can we go back to the statement you made a few minutes ago with regards to the request you anticipate for this Commission to, in essence, sanction or recognize the VEA. I want to make sure I'm clear on what are you're gonna be
asking.

MR. HANNU: Yeah.

MR. VAN CLIEF: Are you asking us, or will you be asking us to simply recognize the official stature of your organization as a racing breeding organization within the state of Virginia? Are you gonna be asking us to recognize you as the officially designated representative horsemen's group currently occupied by HBPA?

MR. HANNU: No. Good question. No. We are not a horsemen's group, so in the legislation that passed the House and the Senate, it doesn't name the Virginia Equine Alliance by name. It says the nonprofit industry stakeholder group to support, sustain and advance racing in Virginia, et cetera.

Then the legislation goes on to say that four percent of online wagering will go to the nonprofit industry stakeholder group, et cetera. We, the Virginia Equine Alliance, will be seeking formal recognition to be that group. Not the horseman's group.

MR. REYNOLDS: What will you all do with the four percent?

MR. HANNU: Well, we'll be using that to develop new sites in the state. A very good
example with Oak Ridge. There is a very nice racing facility, and it literally has not had any activity for ten years, so to make the improvements necessary such that it can be a safe and viable racing site going forward, it will need significant investment, and so it is our hope that those funds would go to improving Oak Ridge.

Importantly, the legislation is very clear; no money can be spent by the nonprofit industry stakeholder group, unless it's approved by the Commission.

So as this is a new entity that has been created, we will have to establish procedures for any type of expenditure presented to you all, and you have the opportunity to review it, and we will be making the request for expenditures, and you all will have the final say. So the group will not be able to spend any money, unless the Commission approves it.

MR. REYNOLDS: Yes.

MR. VAN CLIEF: I'd just like to make a comment. I think I said this before, but I wanted to reiterate it. Again, I think the VEA is one of the most positive developments we've seen in the past couple years, and I congratulate you on
getting out of the gate in a hurry and getting done
what you've gotten done.

But apropos of Commissioner Miller's comments
and statement and question on the sort of late
arrival of the latest legislative initiative as far
as we're concerned, at least on our desks, could I
suggest that perhaps, Jeb, you get in touch with
Bernie and let's set up some meetings for regular
communication between VEA and the Commission, so
that we're up to speed all the time on what's going
on?

MR. HANNUM: Absolutely. We made a concerted
effort to have Mr. Hettel in the loop as much as we
felt it appropriate, and so we will do anything you
request, and we'll ramp that up, and we look
forward to that dialogue. So thank you.

MR. VAN CLIEF: Thank you.

MR. REYNOLDS: Any other questions or comments?
Thank you.

MR. HANNUM: Thank you very much.

MR. REYNOLDS: Dr. Dunavant, do you have a
report?

DR. DUNAVANT: Yes. Just to kind of reiterate
what Jeb was talking about. On March 26th, VEA and
the VHHA met up at Oak Ridge plantation with
Heather Goodwin and her mother, and we tentatively agreed on racing, two weekends of racing in October of 2015. We last raced there 14 years ago. We had three weekends of racing at Oak Ridge, and it was very positive, and we really look forward to working with Ms. Goodwin, and the VEA is going to do the infrastructure of the actual racing, and Ms. Goodwin has sent us some tentative things. We are in the planning stages, but it looks very positive.

Of course the VHHA wants to have as much harness racing in the state as we can, wherever we can.

I was in touch with Mr. Keebler up from the Woodstock fair. They are planning to have one day of harness racing in June at a wine festival there. Last year, they had one. The VHHA provides purses for the racing there and at the Woodstock fair. The last ten or 15 years, the VHHA has provided all the purse money for that.

I haven't discussed it with them. I hear through the grapevine that they may be interested in acquiring a limited pari-mutuel license. I don't know if they want -- normally, they race about four days at the fair. I believe that's
MR. MILLER: Correct.

DR. DUNAVANT: About four days, and of course, we've always supported that.

We look forward to having some racing here in 2015, and obviously, we're interested if we could find somebody to think about building a harness track somewhere, we certainly would like to work with them and welcome that. That's about all I have to report.

MR. REYNOLDS: Thank you. Any questions from the commissioners? Thank you, Dr. Dunavant.

Ms. Nixon, do you have a report on the Virginia HBPA?

MS. NIXON: Yes. I just wanted to reiterate the comment Mr. Lermond made earlier, that the statutory five percent source market fee that EZHorseplay owes the HBPA has not been paid, and like he stated today, the total unpaid for November through March is $419,351.

MR. REYNOLDS: Okay. Is that it?

MS. NIXON: That's it.


Now we'll move on to commissioner comments.
Does any commissioner have a comment at this time or maybe prefer to hold until later in the meeting?

MR. MILLER: Mr. Chairman, before we go into closed session, I assume that's the next thing.

MR. REYNOLDS: I'm gonna hear from the public.

MR. MILLER: Okay. Could I suggest we hear from the public, and then we have commissioners' comments?

MR. REYNOLDS: Absolutely, and I'll switch that on the agenda in the future. Thank you.

This is the opportunity to hear from the public to speak now. I would remind you, anybody who wishes to speak, the limit is five minutes, please. Yes, sir. As you speak -- please, sir.

GENERAL PUBLIC: I've been a member of the Virginia Harness Horsemens Association and on the Board of Directors for approximately 20 years and currently have been the vice president.

There's been a major shift in the Virginia Harness Horsemens' Association in their focus, and they are now focused on breeding in the industry, which is important, but unfortunately, we've come to a disagreement as to the importance of over night racing.

Because of that, we've set up a new
organization. It is a 501(c)(3) corporation. It has been licensed in the state of Virginia since the 1990s. It was a horseman's organization focused on the drivers in the industry.

We are currently working with a lawyer to expand the mission to represent all the horsemen in the state, which would include the breeders, the owners, the drivers, the trainers, and the grooms that work with the horses every day.

Our focus is to maintain the balance between the breeding and racing end of harness racing in the state, recognizing that without over night racing, I think we believe breeding cannot be successful.

We have a fundamental difference with Dr. Dunavant's board, and there's nothing personal. I'm a good friend of Dr. Dunavant, will remain so, but under the new bill that has been proposed and may come into effect July 1, the Commission is asked to recognize the majority horsemen's group.

We currently have 70 people enrolled in the last two weeks. These are people who have raced in Virginia. They have been licensed in Virginia within the last five years, who have an interest in Virginia racing.
At this point, having spoken to Iain Woolnough last night, there were 12 members of the Virginia Harness Horsemen's Association.

So going forward, I'd like to ask the Commission to find a mechanism to recognize the majority legitimate horsemen's organization. And again, we're looking at people who have raced here, who have been licensed here, and who have a legitimate interest in maintaining racing in Virginia. Now, I'm willing to meet with the Commission representatives and set up a mechanism for that recognition. Thank you.

MR. REYNOLDS: Okay. Thank you very much.

GENERAL PUBLIC: Yes, sir.

MR. GUIDROZ: Good morning, Commissioners. My name is Stan Guidroz, and I'm the president for Colonial Downs and vice president of regional operations for Jacobs Entertainment.

Colonial Downs has closed today its account wagering provider, EZHorseplay. In its remaining Richmond, Hampton and Chesapeake account wagering centers, we have informed the remaining employees, other than those that would be required to maintain to keep up the facilities, that effective immediately, they will be laid off.
Pending legislation requires Colonial Downs to obtain a limited license in order to benefit and keep the proceeds from the account wagering company, EZHorseplay, which offsets our operating costs.

The license application should include a contract with the horsemen's group detailing the race days for the year. Without a license, EZHorseplay will be in the same condition that the satellite wagering facilities were put in last year, which is negative cash flow.

There are two paths to a limited license; with the VHBPA or with another horsemen's group that shares our vision for high-end racing in New Kent County. Neither of those two options are available to Colonial Downs right now.

We have proposed potential terms to the VEA and the VHBPA, and we are unable to come to any agreement that includes a path to a license. We have gone our separate ways and we wish them well in their goals and in their efforts.

Colonial Downs remains focused on high-end racing that will create a viable economic model for the future. We do not consider high-end racing and summer racing to be mutually exclusive.
Colonial Downs is now in an indefinite holding pattern to work with the Commission to allow us to enter into a contract with another horsemen's group who share our vision for high-end racing in New Kent County, Virginia. Thank you.

MR. REYNOLDS: Thank you very much. Just a second, please. Yes, sir. In the back.

MR. LUNDING: I'm Peter Lunding; I live in New Kent County. I'm a horse player. It seems to me that -- I'm just making this comment generally. It seems to me the big issue here, it has been for the Commission, it has been the issue with Colonial Downs is the definition of the recognized majority horsemen's group.

As I understand it from the legislation that is going to be, I guess finally approved after the governor's amendment, the Commission now has that authority as of July of 2015 to make that appointment.

It seems like some of the issues at Colonial Downs could be resolved if somehow either you go back to the governor to get that amendment to include an additional amendment, that you have that authority retroactive to October of 2014. But then you could appoint the recognized majority
horsemen's group, resolve the issue with Colonial Downs, and of course good care and consideration has to be made by the Commission as to what group that is, and that's obviously your discretion.

But it seems to me that seems to be one of the biggest issues here, and I think the Commission has it in its power to resolve it, and without litigation, without very much further difficulty.

That's my only comment. Thank you.

MR. BERMAN: Thank you for recognizing me again. In an article published to the Thoroughbred Daily News recently, Timothy O'Keefe, president of the Maryland Thoroughbred Horsemen's Association, discussed the possibility of a racing circuit with Maryland, Delaware, Virginia, and he's quoted in that article as -- it's a direct quote. Whatever Virginia -- whether Virginia runs their dates here at Laurel or we figure out a different scenario, we've got actually a tentative circuit that we've worked out without overlapping dates.

I know last year, the VHBPA took $300,000 of purse money from Virginia to Maryland, and the breeders also contributed $60,000. I will say that they came and asked for approval from the Commission after the fact, and they took that money
to Maryland and they ran a day's worth of state races. Virginia received no economic benefit from that.

In regard to more money being generated for purses, the Virginia Horse Center received nothing as mandated by our legislature.

Dr. Stager, I know that you were president of Virginia Tech and the vet center for Virginia Tech received nothing that they would normally receive if the live racing was here in VA. In addition to New Kent County, the location, the locality wherever the racing is conducted.

I'm not sure if Mr. Petramalo is here, but maybe he could answer it. This would indicate to me somebody here in Virginia is in talks discussing the possibility of taking more money out of Virginia and running more races out-of-state, and if they're gonna run, go up there and run our race dates, we're not talking $306,000. We're talking millions.

Like I said, we're not gonna receive any economic benefit from that. Most of that money is gonna be won by horses out of state anyway.

When racing was approved and the citizens of Virginia like me voted to approve it, we were led
to believe we were voting to use the money
generated by wagering to support live racing here
in Virginia.

That money you used in Maryland instead to
support their racing program, and I don't believe
for a minute that if that had been disclosed to us
when that bill was put up for approval in 1988,
that we would have voted to pass it if we knew that
money was being taken out of state.

We could have just continued to drive to
Maryland like we had four years ago, watch races,
and we wouldn't have had to have a pari-mutuel
built here in Virginia.

In the past, Colonial Downs and the horsemen
spent the money they received for things like
purses and the Breeders Fund and the Benevolence
Fund. That bothers me.

I did extensive research on that, and I found a
lot of money that was supposed to be used for
benevolence was used for other purposes, not
benevolence. They spend it like it belongs to them
in reality, when in reality, they are only the
custodians of these funds, and they're ultimately
responsible to the people of Virginia for how this
money is being spent.
So in the future, I would respectfully request that audits are performed on all these funds and made available to the members of the general public like me, so that we can be assured that these monies are being used as they are intended, because at this point in time after 20 years, many citizens like me just don't feel like we're getting our money's worth.

With that, I'll conclude. Thank you.

MR. REYNOLDS: Thank you for your comments.

MR. CHATFIELD-TAYLOR: I'd like to address some of that. Those stakes that were run in Maryland last year, and by the way, certainly, they welcome all these Virginia horses that came over there, but those funds were distributed to Virginia-bred horses. That was the whole point of having these Virginia races.

I'm a breeder. These horses get older by the day. This thing has gone on so long here in Virginia, didn't look like there was gonna be any window of opportunity from anybody with Virginia-breds to run. That was a fall-back.

Long before we had racing in Virginia, Delaware Park ran some of those races. They ran a race for Virginia-breds, and it was a two (inaudible) race.
It was important for us to even have these things in Virginia.

We're all trying to -- breeders of race horses were looking for places to run. Virginia-breds have a hard time finding a place to do that.

We're rebuilding a system here, I think that has gotten broken here in Virginia. I think we're off on a decent start. I have not seen money get used or taken away from places that it should be.

I would like to see -- what works best is we need a lot of days of racing in Virginia. It is just that simple. You cannot have breed race horses in Virginia and expect to be able to function with a six-day meet, which is where we last came to an impasse with Colonial Downs. It just plain doesn't work.

The shipping down to Colonial Downs is $1,000 just to turn around down there to bring a horse down there, and that meet was last proposed to be just a shippers' only meet, not even being able to stable there. The beauty of Colonial, if it were used, it's a training center also. It's set up to be able to do that. That didn't happen in this case.

So the time -- the clock keeps ticking in terms
of these horses are getting older by the day. You have a two-year-old race, you've gotta race somewhere. It was very nice that our neighbors in Maryland let us do this.

We aspire to have a circuit that involves Virginia, Maryland, Delaware, Pennsylvania and West Virginia, and that's a very smart idea, I think, so that these states are not running the same race against each other, and then nobody has a full field.

If we can get a central office going, which is a really good idea, to take this so we can all cooperate together, everybody is a winner.

Those horses will run, the fields will be full, the better will have a good meal, the horses will have an opportunity. We've got to get out of this it's my pyramid, I'm not gonna let anybody else in it. That does not work here anymore. It just doesn't work.

So I don't see people stuffing money in their pockets and not coming back to Virginia. We are trying to get somewhere with the situation we have, and I think it's a pretty interesting time to redefine racing. The monopoly did not work here. That's what is broken and that's what is no longer
That is what is being disputed, I think, is that Colonial lost something. We want Colonial to be a component in this racing, and we hope that happens. We welcome that to be the case, but it can't be the one that is calling the shots everywhere else.

MR. REYNOLDS: Thank you.

MR. BERMAN: Can I respond to that for just a moment?

MR. REYNOLDS: No. No. You had your five minutes. We'll all be around after the end of this meeting if you want to chat further.

Anymore public comments? Okay. Hearing none, I think we'd like to go into closed session and discuss the probable litigation. Do want to you read the motion?

MR. LAWS: Sure. I'll sit that there are a few reasons for going into closed session. Quote, in accordance with the provisions of Section 2.2-3711A7 of the code of Virginia, I move that the Commission go into closed meeting for the purpose of consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or
briefing in open will adversely affect the negotiating or litigating posture of the public body and consultation with legal counsel employed or retained by the Virginia Racing Commission regarding specific legal matters requiring provision of legal advice by such counsel concerning the request by Colonial Downs to have a hearing set, and the comments by Commissioner Miller here this morning. The commissioners will only ask counsel questions and will not need deliberation on any other activity, end quote.

So that's -- if someone would like to make that motion and second it, the motion?

MR. VAN CLIEF: I'll make the motion.

DR. STEGER: Second.

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

NOTE: The commissioners vote aye.

MR. LAWS: Did every commissioner say aye?

MR. REYNOLDS: Any opposed? Okay. We're in closed session. We'll be back as quickly as we can.

NOTE: There is a recess from 11:17 a.m. until 11:39 a.m.; thereafter, the meeting continues as follows:

MR. LAWS: At this point, I'll ask the
Commission if they'd like to move and second the following statement.

Whereas the Virginia Racing Commission has convened a closed meeting on this day, pursuant to the affirmative recorded vote, and in accordance with the provisions of the Virginia Freedom of Information Act, and whereas Section 2.2-3712 of the Code of Virginia requires a certification by this Commission that such closed meeting was conducted according to Virginia law, now therefore be it resolved that the Virginia Racing Commission 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 Information Act, and only such public business matters as were identified in the motion were heard, discussed or considered by the Commission in the closed meeting.

Chairman Reynolds, do you move to adopt that motion?

MR. REYNOLDS: I will make that motion. Do I hear a second?

MR. VAN CLIEF: Second.

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

NOTE: The commissioners vote aye.
MR. REYNOLDS: All those opposed? Hearing none, the motion passes.

MR. LAWS: Mr. Chairman, I'll read the following resolution for the Commission to consider to move into, second and adopt.

Upon the request of Colonial Downs and EZHorseplay, the Commission instructs the executive secretary of the Virginia Racing Commission, in consultation with the office of the Attorney General, to issue a notice for a hearing to determine whether or not Colonial Downs and EZHorseplay has complied with the statute regulations and conditions of the Virginia Employment Commission concerning its ADW license.

MR. MILLER: Of the Virginia what?

MR. LAWS: I'm sorry?

MR. MILLER: Of the Virginia what Commission?

Did you say Employment Commission?

MR. LAWS: I might have. They're also a client of mine. The Virginia Racing Commission.

MR. MILLER: I was gonna say when did they get involved.

MR. LAWS: At least I didn't say worker's comp.

MR. MILLER: Okay.

MR. REYNOLDS: Should he re-read the motion?
MR. LAWS: I can read it again from memory.

Upon the request of Colonial Downs and EZHorseplay, the Virginia Racing Commission is instructing the executive secretary of the Virginia Racing Commission, in consultation with the office of the Attorney General, to issue a notice for a hearing to determine whether or not Colonial Downs and EZHorseplay have complied with the code regulations and conditions of the Virginia Racing Commission concerning its ADW license.

MR. REYNOLDS: I'll make that motion. Do I hear a second?

MS. DAWSON: I'll second that.

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

NOTE: The commissioners vote aye.

MR. REYNOLDS: All those opposed? Hearing none, the motion carries.

All right. Well, that will take us to commissioner comments, and I will start at the end of the table and call on Commissioner Miller. We'll work our way up the table.

MR. MILLER: Okay. Well, I've made a lot comments already, but want to add this. First, I'd like to commend the Virginia Equine Alliance and all the other people who worked during the
legislative session on the proposed legislation that passed both houses of the General Assembly and will be further considered at the veto session next week by the General Assembly.

I commend them for their efforts. I think it showed a real interest of the horsemen and so forth, and it showed an interest also of Colonial Downs and the other stakeholders involved, because I know all of them were at the assembly and worked hard to try to do something to further this industry in Virginia.

Unfortunately, in my opinion, it was a helter-skelter type operation, however. I don't think enough forethought went into the approach that was made to the General Assembly.

When you go to the General Assembly, as a regulated industry especially, it's vitally important that you have some degree of unanimity among the parties involved who are asking for whatever it is they're asking for, and to not take your turf fight to the assembly.

I was a member of the General Assembly for a long time, and I remember the ophthalmologist and the optometrist fight. That predominated the first ten or 15 years of my membership in the General
Assembly, because they brought their turf fights to the General Assembly, and it was very difficult to put together legislation that would be helpful to all parties concerned when you have that type of conflict among the parties being regulated.

What I'm saying is, that although there was some degree of success in the session of the General Assembly, it could have been much better. I think one other thing that this fight that we've been in has uncovered is the fact that there's, and I think everyone in this room I hope could agree there's a great deal of uncertainty about the future of Thoroughbred and harness racing and pari-mutuel racing in Virginia.

We've got a statute in place. It's not perfect, and this session of the General Assembly didn't make it perfect. It was a little bit and a little piece. What I'm trying to suggest to you is this.

I think all the stakeholders need to make a determination in your own mind where are we today and why are we where we are, and where do we want to go tomorrow and how do we get there.

What that takes is that all the stakeholders have to make a determination, no matter what their
preference is for the future. They have to make a
determination that you've got to sit down with the
other stakeholders and try to reach some kind of
mutual understanding about where we want to go and
how do we get there, and it's going to take a
little give and a little take by all sides.

Because if we go the way we're going now today,
I don't think future of racing in Virginia is that
bright.

Although the work that the Equine Alliance did
to try to work out some kind of racing program in
Virginia, that's good. That's very good, and it's
what we should all aspire to.

But in order to have, in my opinion, to have a
successful racing program in Virginia, one thing
you need in addition to the normal racing, what I
call minor league -- let's compare it to baseball.

Minor league racing, you've got to have that in
place and have a viable, vibrant minor league
program if you're gonna have a major league
program. And if you're gonna have a minor league
program, you've gotta have a major league program
to aspire to.

I think Colonial Downs is exactly right in what
they say about the need for more stakes races; the
higher what we call high-end racing. We need that in Virginia if you're going to have a successful program that's gonna be recognized nationally and to the greatest benefit of the horsemen and everyone else concerned in Virginia.

You've got to have that high-end racing, but to have the high-end racing, you've got to have the minor league program to funnel in to that.

It's not that complicated, I don't think, if you look at all the other successful sports programs in this country. You can't have just the top echelon and nothing down here. You've got to have both, and I'm convinced that the horsemen of Virginia would be satisfied with a program of, I hate to say low-end, program of lesser racing --

MR. REYNOLDS: Bread and butter.

MR. MILLER: -- of some small degree, and they would go along with a program of high-end racing. It could be worked out.

We've got one of the best racetracks in the nation sitting down there in New Kent County, and it's a shame to have it sitting there not having it used to the optimum and so that everyone could benefit from it.

But the best legislation in the world could be
put in place, and the best commissioners in the
world can be sitting up here at this table, but it
takes the people involved in the industry to make
it work, and I'm going to propose and I'm going to
be working with the chairman and the executive
secretary and the rest of these members here.

I hope we're going to start discussing, trying
to pull together something that as D.G. has already
reminded me, they put together a program to try to
examine thoroughly the entire spectrum of
Thoroughbred racing, harness racing, pari-mutuel
racing, et cetera, et cetera, in Virginia to
determine what do we need to do, who can we bring
in to work with us, how can we develop a plan for
the future that it's to the benefit of all
Virginians, and that's what I hope that we're going
to be able to do in the future.

One thing I'm going to recommend is that we
hire -- we don't have any money. We might have to
go out and have a bake sale. But this Commission
has got to get its grasp on the true economic
impact of what has occurred in the past and the
economic condition today, how much has been
invested in that track, how much has been invested
by all the horsemen, how much has it taken to pull
together what's been done so far in Virginia, how much money have -- people talk about losing money. How much money has really been lost? How much money could really be made? What are the possibilities? What can be done in the future to help everyone?

I think if we can hire an accounting firm, an economist, to come in and do that analysis for us, perhaps we can put together a program in the future that will be attractive enough that somebody -- I don't know whether it will be the present owner or a future owner or a future lessee or someone that builds another track somewhere else -- but they can make Virginia a good, workable state for a vibrant racing program.

And if we're not willing to do that, pull together to do that, then the legislature has to go back and reconsider what they did in 1988 and say to themselves, you know, is it worth all this emotion and time and effort and dedication?

I think it is worth it, but if we don't pull together, why should we keep spinning our wheels and having a situation where there's so much press, so much animosity that you can't sit down and work through it? I think we can do it. That's all.
MR. REYNOLDS: Thank you. Commissioner Dawson.

MS. DAWSON: Yes. Thank you, Mr. Chairman. I just want to say thank you, Commissioner Miller, for your insights. We are indeed fortunate to have his insights and his recommendations, and I'm sure we'll all take them very seriously.

I also want to say thank you again to Chairman Reynolds and Vice Chairman Van Clief for all the work they've done in the past, and I'm grateful that they are willing to take on the job again and try, and given all of the complicated issues that we now have, it's gonna be probably more work, so thank you so much.

MR. REYNOLDS: Thank you.

MS. DAWSON: I also want to say that I'm encouraged by seeing all the work that has been done so far to identify locations for some racing in Virginia. I'm hoping still that we'll get some significant racing, but had it not been for their efforts to identify these additional locations, we might not have any.

So I want to thank you for that, and that's all I have to say today.

MR. REYNOLDS: Thank you, Commissioner.

Commissioner Steger.
DR. STEGER: First of all, I want to express my appreciation to the governor and to all of you for allowing me to serve on the Commission.

I think the horse industry is a very important part of Virginia's economy, and we need to do everything we can to ensure that it's going to grow and prosper, and I look forward to having the opportunity to assist in that endeavor. So with that, I shall conclude, sir.

MR. REYNOLDS: Thank you, and I look forward to working with you.

Vice Chairman.

MR. VAN CLIEF: Just a personal comment or two. I'm extremely heartened and excited. I think the fact that we have a, in essence, brand new legislative environment clears up some issues from the past and provides some opportunities we may not have had before is a very positive step, and my thanks to the parties who did all the hard work and heavy lifting this past winter with their respective legislators. Thank you for creating what, in essence, is a new start.

I want to thank Commissioner Miller for his comments and would particularly like to emphasize the need for unanimity. I've said how important I
think the development of the VEA is. It's the first time in any state, and I've been involved in racing in a number of jurisdictions over the years, that I've seen a group of horsemen come together under a single banner of this nature.

I would ask, respectfully ask the harness horsemen to consider as quickly as possible burying their differences and getting back together. We are way too small an industry to endure that kind of fractionalization.

Commissioner Miller is a former legislator. He knows better than anybody at this table, and I have experienced it myself when testifying before commissions, your legislator usually will sit back and say, well, gentlemen, we're all about compromise and consensus and we don't see much in your industry, and I've heard that over and over, and I think it's absolutely critical that if we are going to move forward, that we hammer out that consensus and we move as one.

I personally will be delighted to do anything I can to help build such consensus and to move the program forward, which is already under way.

Thank you, Mr. Chairman.

MR. REYNOLDS: Thank you, Chairman.
Being chairman and getting to go last, a lot of it has already been said, so I don't need to say a whole lot, except that I would like to say thank you to the public who comes in here, who cares about horse racing. You know, we hear positive comments, we hear negative comments. They are all welcome and it makes for a healthy debate.

I apologize during the public comment section it's really meant for you to stand up, talk for five minutes and just say what's on your mind. It's not a forum for a lot of back and forth. So for that, I apologize.

I will also say that you all know how to reach me. I think a lot of issues were raised today, which we absolutely will take seriously and want to look into, so you know, my contact information is there, or Bernie.

Don't ever hesitate if there is a concern on anything to reach out to one of us, whether it's in this public forum, which is fine because it's on the public record, but if there are concerns or anything, we are always available. Please reach out to us any time there's a concern or there's a compliment or a question or anything. We work for the public, so that's why we're here. So I
actually appreciated all those comments today.
With that, those are my comments.

With that, I'd like to make a motion that we adjourn.

MR. VAN CLIEF: Second.
MR. REYNOLDS: All those in favor, say aye.

NOTE: The commissioners vote aye.
MR. REYNOLDS: This meeting stands adjourned.

Thank you all for coming.

NOTE: The meeting is adjourned at 11:59 a.m.
CERTIFICATE OF COURT REPORTER

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

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

Given under my hand this 20th day of April, 2015.

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SANDRA G. SPINNER
COURT REPORTER