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**VIRGINIA RACING COMMISSION**

October 14, 2015

PATRICK HENRY BUILDING  
WEST READING ROOM  
1111 EAST BROAD STREET  
RICHMOND, VA 23219

Commencing at 9:59 a.m.

**COMMISSION MEMBERS:**

J. Sargeant Reynolds, Jr., Chairman  
D.G. Van Clief, Jr., Vice Chairman  
Carol G. Dawson  
I. Clinton Miller

**COMMISSION STAFF:**

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

**OFFICE OF AGRICULTURE AND FORESTRY:**

Sam Towell, Deputy Secretary of Agriculture and Forestry

**ATTORNEY GENERAL'S OFFICE:**

Joshua Laws, Esquire

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1 MR. REYNOLDS: Good morning, everybody. I will  
2 now call the Virginia Racing Commission meeting for  
3 October 14<sup>th</sup> in session. I will note that all  
4 commissioners are present, except for Dr. Steger,  
5 who was sorry he could not attend today.

6 First item of business is the approval of the  
7 September 9<sup>th</sup> meeting minutes. Has everybody had a  
8 chance to read the minutes?

9 MR. VAN CLIEF: I'll move approval.

10 MR. REYNOLDS: Does anybody have any additions  
11 or corrections? Hearing none, do I have a motion  
12 for approval? Commissioner Van Clief. Do I hear a  
13 second?

14 MS. DAWSON: Second.

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

16 NOTE: The commissioners vote aye.

17 MR. REYNOLDS: Those opposed? Hearing none,  
18 the motion carries unanimously.

19 MS. DAWSON: Mr. Chairman?

20 MR. REYNOLDS: Yes, ma'am.

21 MS. DAWSON: May I make just one suggestion?  
22 We had, I think it was in these minutes, someone  
23 who had to correct the spelling of her name from  
24 previous minutes, and I think it would be a good  
25 idea if we had a sign-in sheet for the public so

1 that it's easier to track down people that have,  
2 you know, speak up, and it would be easy to do.

3 MR. REYNOLDS: Okay. I think that's a good  
4 idea. We'll figure out maybe -- some of the  
5 public, if they speak, they should certainly sign a  
6 sheet. If they don't speak, maybe some people  
7 don't want people to know they're here. If you  
8 speak publicly, we'll make sure that we get a  
9 correct name and spelling for a sign-up sheet.  
10 Thank you for that suggestion, Commissioner.

11 Okay. The minutes are approved. We move on to  
12 new business, and the first order of business is  
13 the status of the TwinSpires ADW payments.  
14 Mr. Hettel, would you like to bring us up to date  
15 on where we are on your letter to them on  
16 September 11?

17 MR. HETTEL: Yes, sir. It's in the booklet, by  
18 the way. On August 14<sup>th</sup>, I was informed by  
19 TwinSpires that they intend not to pay the Virginia  
20 Equine Alliance, deciding they didn't find it to be  
21 a legitimate organization.

22 I responded on September 11<sup>th</sup> in a letter that  
23 counsel toned down for me. I may have been too  
24 aggressive in my letter, so he toned it down,  
25 telling them they had to either pay or face the

1 consequence. As of this morning, and Jim can  
2 verify this, the VEA has not been paid. Jeb, 265,  
3 did you say?

4 MR. HANNUM: Yeah. Commissioners, we haven't  
5 received any money from TwinSpires. So July was a  
6 little over 82,000, August was a little over  
7 105,000, September was almost 78,000. So the total  
8 is \$264,597. So 264,597.

9 MR. HETTEL: Okay. Also, they have paid  
10 everybody else. They're in good order with the  
11 Virginia Racing Commission and everybody else in  
12 terms of disbursements. I would suggest the  
13 Commission consider citing them to appear for a  
14 hearing and we take action on their license.

15 MR. REYNOLDS: Okay.

16 MR. HETTEL: Possibly sooner than later. Josh,  
17 it's 15 days notice they have to have?

18 MR. LAWS: Correct.

19 MR. HETTEL: I've got a calendar, if you care  
20 to see what are some available dates.

21 MR. REYNOLDS: Mr. Laws, do we need to take a  
22 vote on having the hearing or can I just assign a  
23 date to have the hearing or does that take  
24 Commission action by both?

25 MR. LAWS: The Commission doesn't need to have

1 a vote. Historically, usually, the executive  
2 secretary works with the party that the notice is  
3 issued to, to pick a mutual date that works for the  
4 Commission and for the party that has to appear.

5 So Bernie can still do that. At this time, he  
6 can contact TwinSpires and find out what their  
7 availability is after 15 days.

8 MR. REYNOLDS: Okay. Let's set a date now?

9 MR. HETTEL: Let's do that, and I'll send them  
10 email notice, and then official written notice I'll  
11 send tomorrow.

12 MR. REYNOLDS: Do the commissioners have their  
13 calendars with them? We can do this in conjunction  
14 with our next Racing Commission meeting. We may  
15 have another hearing, and I would propose sometime,  
16 if it's okay with the rest of the commissioners,  
17 sometime the week of November 16<sup>th</sup>.

18 I will be out for shoulder surgery on Tuesday,  
19 the 3rd. I should be able to find my way in here  
20 the week of the 16<sup>th</sup>, if somebody will give me a  
21 ride.

22 MR. VAN CLIEF: I'll pick you up on the way.

23 MR. HETTEL: Is it okay to do it on the 16<sup>th</sup>?

24 MR. REYNOLDS: That's a Monday.

25 MS. DAWSON: I'm going to be out of town.

1 MR. REYNOLDS: All week?

2 MS. DAWSON: Yes. The month of November.

3 MR. REYNOLDS: For the whole month of November?

4 MS. DAWSON: (Nodding head).

5 MR. REYNOLDS: Okay. All right.

6 MR. HETTEL: We could have a hearing for them  
7 with proper notice on the 29<sup>th</sup> in the morning, if  
8 that would suit everybody's schedule of this month.  
9 How does that look, Carol? Can you do it?

10 MS. DAWSON: The 29<sup>th</sup>, far as I know.

11 MR. LAWS: I can't do it.

12 MR. REYNOLDS: Let's go ahead and schedule it  
13 in November, as long as we have a quorum, correct?

14 MR. LAWS: That's correct.

15 MR. HETTEL: All right.

16 MR. REYNOLDS: It's my hope and desire all this  
17 will be cleared up before we have to have a  
18 hearing; but if we do, we need to go ahead and have  
19 it.

20 MR. HETTEL: The notice of hearing may prompt  
21 some action on their part.

22 MR. REYNOLDS: I would like to shoot for  
23 November 17<sup>th</sup> or 18<sup>th</sup>. I don't like doing it on  
24 Monday. How does that look for you, Commissioner  
25 Van Clief?

1 MR. VAN CLIEF: That works for me.

2 MR. REYNOLDS: Does the 17<sup>th</sup> work for you,  
3 Commissioner Miller?

4 MR. MILLER: That'll be fine.

5 MR. REYNOLDS: Okay. We'll check with Dr.  
6 Steger and shoot for the 17<sup>th</sup>, but depending on his  
7 schedule, I certainly would like to have four  
8 commissioners there, if possible.

9 MR. HETTEL: Sure.

10 MR. REYNOLDS: We're going to go with November  
11 17<sup>th</sup>, which is subject to change, depending upon  
12 Dr. Steger's schedule. Okay. Mr. Hettel, anything  
13 else on TwinSpires?

14 MR. HETTEL: Yeah. It's a pending matter. I  
15 know there has been some discussion with Frank  
16 Petramalo regarding the possibility of trying to do  
17 some business with them.

18 It has been my information and notice that the  
19 meeting started well enough and then ended rather  
20 abruptly; both sides kind of offended the other.  
21 They are non-negotiable, so we just have to kind of  
22 force that action.

23 MR. REYNOLDS: Okay. Thank you. Any other  
24 comments from the commissioners regarding this  
25 topic? Hearing none, let's move on to an update on



1 negotiations between the VEA and Colonial Downs.

2 MR. HETTEL: There's been numerous  
3 conversations, emails and discussions, all of which  
4 have proven to be so far fruitless. There has been  
5 some consideration, and I'd ask at this point both  
6 the parties to maybe verify what I have just said  
7 and or disagree with me.

8 We can start, if you care to, any of the three  
9 of you from Colonial.

10 MR. GUIDROZ: I would just say from the last  
11 meeting, Commissioner D.G. Van Clief asked us to  
12 keep an open mind and those negotiating with the  
13 VEA and HBPA in trying to reach some type of  
14 structure that would keep Colonial Downs part of  
15 the Virginia racing portfolio. We have not been  
16 able to do that. I feel strongly we've done  
17 everything we can to bridge a compromise to a  
18 win-win solution.

19 Not wishing to negotiate publicly, I'm willing  
20 to discuss details in private, if you like. At  
21 this point, we just have two different visions.  
22 That's the only way I can describe it. Colonial  
23 Downs at this point, as previously stated, is going  
24 to move on to other options.

25 MR. HETTEL: Mr. Ross? Debbie? Somebody?

1           Jeb?

2           MR. ROSS: Let's have Jeb talk for the VEA, and  
3 then I can certainly add something.

4           MR. HETTEL: Okay.

5           MR. HANNUM: Thank you, Commissioners. I mean  
6 I think it's worth noting that this meeting marks  
7 the anniversary of Colonial Downs' decision to hand  
8 in their license. We have worked very hard with  
9 them over the last year to try to work out some  
10 sort of scenario whereby we could lease the  
11 facility.

12           I think it's worth noting that when the  
13 legislative agreement was agreed to by all parties  
14 and Senator Norman's office in the last legislative  
15 session, that it was with the understanding that  
16 Colonial would resume racing and open the OTBs, and  
17 that the Virginia Equine Alliance would work with  
18 them, and that we would be able to then also  
19 establish new sites for Thoroughbred and harness  
20 racing and steeplechase racing throughout the  
21 state.

22           On February 24<sup>th</sup>, we received a call from  
23 Colonial informing us they no longer intended to  
24 use the facility for racing. They wanted to lease  
25 the facility along with the OTBs and EZHorseplay.

1           So there was a pretty significant shift, and I  
2 know we've talked about it, but I just think it's  
3 worth reminding everybody of that. So the VEA was  
4 never really intending to, you know, lease the  
5 facility, perhaps in the way that Colonial Downs  
6 now wants us to, and so there were numerous  
7 attempts since February to have some sort of lease  
8 that would work for all parties, and then we worked  
9 very, very hard to try to do that.

10           I won't go through all of those; I'll just  
11 comment on what happened in the last month, which  
12 brings us to where we are right now.

13           We've sent a letter to -- VEA sent a letter to  
14 Colonial Downs, to Stan, on September 25<sup>th</sup> with a  
15 lease proposal which we really weren't too far  
16 apart on some of the points, but it's important to  
17 note in that lease proposal, that the best case  
18 scenario was that we would be operating at a \$1.5  
19 million deficit in our first year.

20           So I think that that speaks to the  
21 extraordinary effort that we were working towards  
22 to have a partnership, and in the best case  
23 scenario, we were going to be \$1.5 million in the  
24 hole.

25           That proposal which we laid out when we

1 followed up with Colonial, they said, well, we've  
2 changed our minds. We don't want to do a lease  
3 anymore. It sounded like they'd had some  
4 discussions with other partners about different  
5 possibilities with the racetrack, so they said we'd  
6 like you to now rent the facility.

7 So we sharpened our pencils and we put forward  
8 a rent proposal, and that letter went out on  
9 October 1<sup>st</sup>. I point that out, because we copy on  
10 everything and there's a lot of moving parts, and I  
11 just wanted to talk about those two events  
12 carefully.

13 So on October 1<sup>st</sup>, we laid out a plan whereby  
14 we would rent Colonial, and we would then be able  
15 to open the OTBs as well, and we laid that out.

16 Twenty-four hours later, Colonial came back to  
17 us and said that our proposal was unacceptable. We  
18 reached out to them by phone and said will you  
19 counter. They said no, we're not interested in  
20 countering.

21 So it's sort of been a frustrating process, and  
22 I think everyone worked very hard, but it's my take  
23 on the matter that it would be very difficult for  
24 there to be any sort of resolution at this point  
25 based on eight months of work, and it has been a

1 lot of work.

2 I think really the most important thing for  
3 racing in Virginia is that we get those OTBs open,  
4 and the Virginia Equine Alliance wants to do that.

5 we've had numerous meetings with companies and  
6 experts in the field, and we're poised to start on  
7 that path, as soon as we have the ability to do  
8 that, and that will generate important moneys for  
9 the breeders and for purses going forward.

10 So I think that's really the critical issue  
11 before the Commission right now, is to put forward  
12 a path whereby the Equine Alliance can open the  
13 OTBs. Thank you.

14 MR. REYNOLDS: Thank you.

15 MR. ROSS: Commissioners, thank you, and I  
16 would just echo more or less what Jeb has said.

17 The key really is to get these OTBs open. I  
18 think there are two other matters that have to be  
19 dealt with in very short order. The first is that  
20 Colonial has to recognize that having a  
21 self-contained horsemen's group is not the way to  
22 go about having a fair and full negotiation to try  
23 to get to an end result, which is to get these OTBs  
24 open and get racing back in Virginia, trying to  
25 build a program in a platform that will be

1 successful into the future.

2 The second is that we can't do this with a  
3 token one-day or two-day meet. We have to have  
4 something legitimate. I think we talked about four  
5 weekends, three days a weekend. That's a good  
6 stop-gap measure, and there's a way to do this to a  
7 point where it makes sense.

8 So we're here to do everything we can to try to  
9 and get racing going again in Virginia. Thank you.

10 MR. QUINAN: Mr. Chairman, members of the  
11 Commission, my name's Mike Quinan. I'm an attorney  
12 with Christian & Barton. I represent the Virginia  
13 HBPA. There's one aspect of this that Mr. Hannum  
14 referred to and Mr. Ross referred to that I'd like  
15 to address a little more specifically, and that is  
16 the application that Colonial Downs filed for one  
17 day of racing in November of this year.

18 It's obvious at this point that that's not  
19 going to happen. The only function at this point  
20 of that application appears to be to delay the  
21 Virginia Equine Alliance from applying for licenses  
22 to operate the OTB facilities that they really need  
23 to and are prepared to move forward to apply for  
24 and operate.

25 The principal and overarching purpose of this

1 Racing Commission under the Racing Act is to  
2 promote, sustain and grow the native industry for  
3 horse racing for pari-mutuel betting in Virginia.

4 The specific purpose of last year's legislation  
5 was to permit the Virginia Equine Alliance to  
6 operate satellite facilities, unless the racetrack  
7 owner would be doing so. The amendment to the  
8 Racing Act that went into effect on July 1  
9 granted limited granting of OTB licenses to  
10 significant infrastructure-limited licensees, but  
11 provided that the nonprofit industry stakeholder  
12 association, which is the VEA, that's recognized by  
13 the Commission as it has been, may be granted those  
14 licenses if there's no significant  
15 infrastructure-limited licensee or a pending  
16 application for such a license as filed by August 1  
17 of 2015.

18 well, in late July, Colonial Downs filed the  
19 application to have one day of racing in November  
20 of this year, but that application is clearly not  
21 pending in any real sense at this point. It was  
22 never really a legitimate application.

23 In addition to all of the logistical and  
24 practical problems it raised, it proposed a  
25 contract with a recognized majority horsemen's

1 group that is not recognized -- the recognized  
2 majority horsemen's group in the Commonwealth of  
3 Virginia. The statute that went into effect on  
4 January 1 specifically provided that the Commission  
5 would designate that entity, and it held hearings  
6 and workshops, and it did so and it designated  
7 Virginia HBPA.

8 This Racing Commission should recognize now  
9 that Colonial Downs' application for the one day of  
10 racing this November has effectively been abandoned  
11 or expired and should be dismissed, and the  
12 Commission should permit the Virginia Equine  
13 Alliance to move forward with its plans to apply  
14 for and obtain and operate OTBs. Thank you.

15 MR. REYNOLDS: Thank you. I would just like to  
16 add I hear what you've said. I don't believe the  
17 application has expired. I believe it is still  
18 pending; therefore, I think it is time.

19 This Commission has been very patient with that  
20 pending application, because both parties were  
21 negotiating at what I thought was in probably good  
22 faith, but it just did not come to fruition, but I  
23 do believe that application is pending, and I do  
24 believe that we need to have -- either the  
25 application will need to be withdrawn by the



1 applicant, or this Commission needs to schedule a  
2 hearing to consider an act on that application; and  
3 therefore, I would like to propose and I'd like to  
4 put on our November 17<sup>th</sup> agenda a hearing to take  
5 action on the pending application of July 28<sup>th</sup> from  
6 Colonial Downs.

7 Mr. Laws, do I need to take a vote on putting  
8 that on the agenda?

9 MR. LAWS: I don't think so. No. Usually for  
10 these hearings, Bernie and the party who is going  
11 to appear work out the dates, make sure everyone is  
12 available since they are here.

13 MR. WEINBERG: Colonial Downs has no objection.  
14 We will be here on the 17<sup>th</sup>.

15 MR. REYNOLDS: Thank you. Do any commissioners  
16 have any comments about this hearing or anything  
17 about the application or this topic?

18 MR. MILLER: I don't have any comments on  
19 hearing of the application. I'd like to flesh out  
20 just one aspect of the negotiation, if I could.

21 At the risk of getting involved in the  
22 negotiations, I don't want to be involved. I would  
23 just like to know which party proposed to the other  
24 party that Colonial Downs' racetrack facility be  
25 rented on a weekly or monthly basis, rather than

1 leased as a ownership lease. which party raised  
2 that?

3 MR. HANNUM: Colonial asked that we submit a  
4 proposal to rent the facility.

5 MR. MILLER: Colonial, is that correct?

6 MR. GUIDROZ: Rent, lease.

7 MR. MILLER: Yeah. Rent.

8 MR. GUIDROZ: How do you differentiate between  
9 the two?

10 MR. REYNOLDS: I always wondered that myself.

11 MR. MILLER: That's what I'm trying to figure  
12 out. There had been discussions about leasing the  
13 track, paying -- keep paying for all the  
14 maintenance and up-keep of the track, et cetera, et  
15 cetera, and then doing whatever you want to do with  
16 the track as the leaseholder with however many  
17 races you want, whatever you want, whatever  
18 character, rent it out for carnivals, fairs,  
19 whatever you want to do as a leaseholder.

20 Colonial Downs or Jacobs Entertainment  
21 would collect their lease amount, the amount of  
22 money that they agreed to lease it to the  
23 leaseholder. That didn't happen, so then it was  
24 suggested, I assume, that instead of leasing the  
25 facility as a leaseholder, that they would rent the

1 facility for a specific purpose; that is to run  
2 races. Is that correct?

3 MR. GUIDROZ: Correct. I had that conversation  
4 with Jeb, Debbie and Frank Petramalo. I brought  
5 that up.

6 MR. MILLER: And you indicated that you would  
7 like to have a proposal for renting it on a weekly  
8 or monthly basis to run races?

9 MR. GUIDROZ: There were several other  
10 concessions and bullet points during that very  
11 constructive conversation, and we ended the  
12 conversation collectively saying we like this  
13 structure, we're gonna come back to you with a  
14 number.

15 MR. MILLER: Okay. Then they responded to  
16 that. Did you then say to Colonial Downs, yes, we  
17 would like to rent it on a weekly or monthly basis  
18 to run races there?

19 MR. HANNUM: Yes, we did, and that was the  
20 letter that was sent to Colonial on October 1<sup>st</sup>  
21 with the Commission copied.

22 MR. MILLER: Okay, and then Colonial said the  
23 proposal was not adequate?

24 MR. GUIDROZ: The conversation that followed  
25 that, the proposal wasn't adequate because it

1 didn't have a long-term mechanism to it. It didn't  
2 secure high-end racing. In terms of purse amounts,  
3 it wasn't a long-term agreement.

4 MR. MILLER: Dare I ask this? What difference  
5 does it make to you as Colonial Downs if you want  
6 to rent a racetrack out to Company X?

7 MR. GUIDROZ: Right.

8 MR. MILLER: Why do you care? As long as you  
9 get your rent, if you rent it out to them to run  
10 races, I mean as long as you get whatever rental  
11 amount you want, what difference does it make how  
12 many races they run in that week? If they rent it  
13 for that month, they rent it or whatever the race  
14 is.

15 MR. GUIDROZ: Well, because we're talking about  
16 a limited pool of funds. We can't afford to pay  
17 you rent because we want to race a lot. We want to  
18 race here, here, and here, and we want to race that  
19 much more at your track, so we can't afford to pay  
20 you rent.

21 MR. MILLER: Did they propose renting it from  
22 you for nothing?

23 MR. GUIDROZ: One of the proposals had zero  
24 rent. Yes.

25 MR. MILLER: Oh, well, I can understand --

1 MR. HANNUM: Actually, that's not -- that's --  
2 you're talking about a different proposal.

3 MR. MILLER: That's okay.

4 MR. HANNUM: The October 1<sup>st</sup> rent proposal  
5 included a specific amount for three weeks, and it  
6 was not \$1 or zero. It was \$100,000 a week.

7 MR. MILLER: For three weeks?

8 MR. HANNUM: For 300,000 total.

9 MR. MILLER: Okay. Was that proposed to you?

10 MR. GUIDROZ: It was. Correct. The rent  
11 proposal came in addition to the track. You also  
12 got the two parlors, Hampton and Richmond, which  
13 generate more than \$2 million a year in cash flow.

14 MR. MILLER: Well, when they're licensed.

15 MR. GUIDROZ: Correct. Correct. Well, we  
16 won't get in to that story. But those two parlors  
17 generate enough cash flow to generate more than  
18 \$2-plus million a year.

19 MR. MILLER: All right. That's okay. I  
20 shouldn't have asked that question. I'm sorry.  
21 Never mind.

22 MS. BOUZEK: Sarge, can I say something,  
23 please?

24 MR. REYNOLDS: Yes.

25 MS. BOUZEK: You know, we keep talking about

1 little pieces of, you know, this is how it ended,  
2 this is the October 1<sup>st</sup>, this is the -- and I'm  
3 speaking on behalf of not Jacobs Entertainment, but  
4 the employees or the employee that's left.

5 If you go all the way back to the starting  
6 point, the conversation was this is what it costs  
7 us to do nothing but try to keep this track in  
8 shape for racing; it's \$2 million. I've cut off  
9 every light bulb, I've gotten rid of my employees.  
10 It cost \$2 million in taxes, what have you.

11 We want -- I want -- I'm not speaking for  
12 anybody else -- somebody to race at the track. I  
13 don't think it's gonna be Mr. Jacobs, it doesn't  
14 appear, so I want it to work with them.

15 The people I work with can go work for them.  
16 It was, you know, some of them I didn't agree with,  
17 I'll tell you. Them leasing it 52 weeks; was that  
18 gonna work? I don't know. But the last proposal  
19 we put in that said you get the OTBs, we don't want  
20 a penny. You get the OTBs.

21 And I told them there's two guys that I've got  
22 that could run those OTBs blindfolded and make \$2  
23 million. Two million dollars. That doesn't count  
24 what you make from account wagering. That doesn't  
25 count whatever else you get money from.

1           So we're gonna give you that, you get all the  
2 money from account waging, and what do you want.  
3 And they came back with 300,000. And  
4 unfortunately, the owner of the company said I'm  
5 not gonna lose \$1.5 million to do this, to do that.

6           MR. REYNOLDS: I understand.

7           MS. BOUZEK: It started with this amount, so  
8 the last proposal is that we put out to them, it  
9 was --

10          MR. REYNOLDS: Well, somewhere, the numbers  
11 aren't working for somebody, and I know you all  
12 have been working really hard on it.

13          MS. BOUZEK: But to hear them say they're gonna  
14 lose \$1.5 the first year, we're losing \$2 million  
15 every year that we're trying to hold it open until  
16 something happens.

17          MR. GUIDROZ: With parlors not open.

18          MR. REYNOLDS: Like everybody said, we want to  
19 get this resolved one way or the other, and one way  
20 or another, we want to get those parlors open.

21          MS. BOUZEK: For those that have not had the  
22 pleasure of going through this since 2013, if you  
23 go back and you look at the minutes to the meetings  
24 or the transcripts of the meetings, our very first  
25 proposal was 12 days of racing. Four weeks, three

1 days that they're willing to do now. After that,  
2 it was five weeks, five days.

3 MR. REYNOLDS: well, a lot has happened since  
4 then.

5 MS. BOUZEK: well, I'm just saying.

6 MR. REYNOLDS: A lot has happened since then.  
7 Thank you. Commissioner Van Clief.

8 MR. VAN CLIEF: Just a brief comment. I'd like  
9 to thank both parties. At the last meeting, we did  
10 ask them to go back to the table and try again and  
11 expend every effort to see if they couldn't reach a  
12 cooperative agreement that would keep Colonial  
13 Downs as part of Virginia's racing portfolio and  
14 move together as a state industry.

15 I, unfortunately, have been here since 2013,  
16 and have the pleasure of seeing all of this happen,  
17 and I'm willing to accept the fact that the parties  
18 are not gonna be able to come to an agreement, as  
19 sad as I think that is.

20 So I think we have no choice but to move on. I  
21 agree with our chairman that the two key short-term  
22 issues that we have facing us right now are the  
23 Colonial Downs application, which is hanging fire  
24 and has everything to do with the operation of the  
25 OTBs. The state needs those OTBs up and running,



1 so if we could have done it sooner than  
2 November 17th, we would have done it.

3 We have held fire waiting for these  
4 negotiations to we hope bare fruit, and it looks  
5 like they are not going to.

6 The other issue we already dealt with is the  
7 TwinSpires issue. That's our other short-term  
8 revenue issue.

9 And so again, I think we're taking the proper  
10 steps and should move ahead as quickly and  
11 completely to bring both of those issues to closure  
12 on November 17<sup>th</sup>.

13 MR. REYNOLDS: Thank you. Commissioner Dawson,  
14 anything?

15 MS. DAWSON: No.

16 MR. REYNOLDS: Mr. Hettel, one more. The VTA  
17 and HBPA status and the Virginia-bred stakes races  
18 at Laurel.

19 MR. HETTEL: We went and had a great time.  
20 Debbie Easter is gonna fill us in on some of the  
21 specifics of it. It was well attended. We had a  
22 Virginia-bred win the Virginia Derby. Get out of  
23 town. So Deb, take it away.

24 MS. EASTER: Debbie Easter, Virginia  
25 Thoroughbred Association. As Bernie stated, I

1 think we had two real successful days. The handle  
2 for our eight races was over \$2 million. The races  
3 filled really well on the Virginia-bred day. We  
4 had all sorts of nominations. People had a good  
5 time. I think there was 183 people in the dining  
6 room for that.

7 The best thing is that, as Bernie said, a  
8 Virginia-bred finally won the Virginia Derby, which  
9 is awesome. We had legit horses in those two  
10 stakes on that Saturday. The grade one winner is a  
11 \$1 million owner, so I think our races were legit.

12 On the Virginia-bred day, I think we had four  
13 of the six winners of the Virginia-bred races were  
14 Virginia, had some tie to Virginia, so I think we  
15 tried to do as well as we could delivering purse  
16 money to Virginians and helping breeders with black  
17 type on their horses.

18 Overall for considering the short timing and  
19 everything, I think everybody -- Laurel was tickled  
20 to death the handle was double what it was last  
21 year on the Virginia-bred races, and you know, we  
22 were facing competition for other races around the  
23 country, but they liked our races, which was  
24 awesome.

25 MR. REYNOLDS: we'd like to get them back.

1 MS. EASTER: Yeah, we would. It would be nice  
2 to have them back. That would be a great thing. I  
3 don't know whether you want this now or in public  
4 opinion, but I thought you might want a little  
5 report on the races on 9/20 and on the harness  
6 racing, but you -- I'll let Dr. Griffin here tell  
7 us about 9/20, since he was the race director.

8 MR. REYNOLDS: Yes, please.

9 DR. GRIFFIN: My name is Alfred Griffin. I'm  
10 director of racing at the Virginia Gold Cup, and in  
11 that capacity also affiliated and participating  
12 with the Virginia Equine Alliance.

13 On September 20<sup>th</sup>, that Sunday, Virginia  
14 pari-mutuel flat racing took on the NFL, had a race  
15 meet at Gold Cup's course at Great Meadow.

16 We conditioned six flat races from a mile and  
17 an eighth to a mile-and-a-half. We received 112  
18 entries for those six. We limited each field to  
19 ten, so we had great fields that day, and 52 horses  
20 ended up running, going to post.

21 As in keeping with the statutes, our nonprofit  
22 partner for that day was the Fauquier SPCA. We  
23 turned over all of our advertising for that day.  
24 It was kept local to Fauquier County. They took  
25 care of all the parking, et cetera, and I have a

1 note in my pocket of thanks from the president of  
2 the Fauquier SPCA saying that they raised  
3 approximately \$20,000 on that day and want to know  
4 when they can do it again.

5 The race day, we had 3800 in attendance, which  
6 is a great start for that day, and I think that  
7 it's indicative of a grass roots great interest in  
8 Thoroughbred racing in Virginia.

9 The week after that, Fox Field ran in a non  
10 pari-mutuel way. In ten days, again at the same  
11 Great Meadows course, we have the fall  
12 international Gold Cup, where we'll entertain  
13 35,000 of our best friends for another day of  
14 pari-mutuel racing, both in the flat and on the  
15 fences.

16 In keeping with the organization of that one  
17 day of flat racing on the 20<sup>th</sup>, I happened to talk  
18 to a number of the betting public, including Ron  
19 During, who wrote a great op-eds piece in the  
20 Richmond paper about the viability and future of  
21 live racing.

22 He gets it, and he also expressed to me the  
23 desire, the great desire, for the OTBs to be open.  
24 They all said they don't even make half of what  
25 they used to on ADWs because they want the OTBs.

1           Frankly, I know two of the commissioners  
2           remember the Blue Ribbon committee more than two  
3           years ago where we tried. We have been at this  
4           blockage for over two years now. There were some  
5           great ideas thrown around that table, and we're  
6           making it happen, but we're now being choked by  
7           this stand-still.

8           We've wasted two years of racing. Does racing  
9           in the country supplant what opportunity exists at  
10          a major facility? No. But it certainly does feed  
11          in to it for some day when we have it.

12          Now we're at that point where we can't choke  
13          this momentum anymore or else -- all the other  
14          states are very envious of our opportunity here and  
15          want to know how we're doing it at this point.

16          I would just ask that the Commission strongly  
17          consider opening up the opportunity so a lot of  
18          good Virginians can do what they're trying to do to  
19          promote racing in Virginia. Thank you.

20          MR. REYNOLDS: Thank you, Dr. Griffin.

21          MR. VAN CLIEF: I did have a question,  
22          actually, for Debbie. Debbie, do you think given  
23          the success and the numbers you just mentioned at  
24          Laurel, did that day meet your hopes in terms of  
25          continuing to build exposure or at least maintain

1 an exposure level for the Virginia-bred brand that  
2 you hoped?

3 And number two, when we talked about the  
4 allocation of purse dollars to make all that happen  
5 in Maryland. We discussed a share and on-site  
6 handle. Do you have any numbers? Do we have a  
7 revenue stream? Although I know it wasn't gonna be  
8 large coming out of that day, but will it feed into  
9 the VEA budget?

10 MS. EASTER: Sure. Well, it won't actually  
11 feed into the VEA budget, because the HBPA put up  
12 the purses for those races, or most of the purses  
13 for those races.

14 So I don't have the exact number, but roughly,  
15 the handle was 2.1 million, a little over 2.1  
16 million for that day. So if you take five percent  
17 of that, I believe what's happening -- and Frank is  
18 not here to comment.

19 I believe that the purses, Frank pays in to  
20 their purse account after the races. So what  
21 happens is they just discount the payment by that  
22 five percent that should come back to the horsemen.

23 MR. VAN CLIEF: So the revenue reflected is the  
24 savings for the purse account?

25 MS. EASTER: Exactly. I believe that's how

1 that works on the races. And if you all know any  
2 different, tell me, but I think that's how that  
3 works.

4 Yes. I think it was -- unfortunately, what  
5 we've had to do is compress all of Virginia racing  
6 into about two to three weekends. So we had those  
7 great stakes up at Laurel and well attended and  
8 horses entered, and so what we tried to do is build  
9 a program that we had that opportunity for folks.

10 The day on 9/20, we tried to write races where  
11 we were taking horses that didn't fit those  
12 conditions that were at Laurel and give them an  
13 opportunity.

14 Obviously, we'd love to write some shorter  
15 races. We don't have the facility right now to do  
16 that on the grass here, which we hope comes, but we  
17 tried between that, Maryland, what's happening at  
18 the Gold Cup here in two weeks, those Virginia-bred  
19 races that we put around the steeple chases. We  
20 put a little bit of something in there for  
21 everybody so everybody gets an opportunity this  
22 year. It may only be one, but that's what we're  
23 trying to do, and so far, I think it worked out  
24 really well.

25 To get the type of entries we got, and every

1 place, the only place that got hurt was the  
2 Virginia-bred race at Fox Field. I think we hurt  
3 that race because of the races. We carded  
4 everywhere else, but I'm excited and I hope we  
5 continue to have great entries there at the Gold  
6 Cup in two weeks, and I think that will lead right  
7 into a positive that Jeb can tell you about the  
8 standardbred, unless there are any other questions.

9 MR. VAN CLIEF: Thank you.

10 MR. HETTEL: Do you want an update of the  
11 standardbred right now? Jeb, why don't you tell us  
12 about that briefly?

13 MR. HANNUM: Yes. Comment on that briefly. We  
14 had our first weekend at Oak Ridge last weekend.  
15 Attendance was a little under 200 on the first day,  
16 which was a cold day with a forecast of rain.  
17 Handle was a little under \$5,000.

18 The next day, Sunday, was a spectacular day.  
19 We had about 500 people there, and it was really  
20 just a great day. People were excited, people were  
21 down on the rail, and families were there, and  
22 there was a line at the pari-mutuel tent all day  
23 long, and that was, I may have mentioned, a little  
24 under 7,000 handle on Sunday. So not big numbers.  
25 People were excited to be there.



1           The Holland family was a joy to work with.  
2           They are excited to have racing back. Thank you,  
3           Commissioner Van Clief, for coming out, and I hope  
4           if any of the other commissioners are free this  
5           weekend, you might be able to pop down.

6           It's a wonderful venue, we have a great team  
7           putting on races, and it has been a lot of fun, so  
8           I'll give you a full update in November. Thank  
9           you.

10          MR. REYNOLDS: Anything else, Mr. Hettel?

11          MR. HETTEL: That'll do it.

12          MS. DAWSON: Mr. Chairman?

13          MR. REYNOLDS: Yes.

14          MS. DAWSON: I think the Commission or at least  
15          as one commissioner, I would like to offer a word  
16          of praise to the VEA for what they've done,  
17          continuing racing in 2015.

18          I have attended some of them, and I believe  
19          there's a lot of work that goes in to it. So I am  
20          very impressed with the success they have seen, and  
21          hoping that plans for 2016 will be even better.

22          MR. REYNOLDS: Thank you for that comment.

23          Okay. I'd like to now invite the public for  
24          comment. Remember to please state your name if you  
25          choose to speak, and please keep your remarks

1 within five minutes.

2 Anybody from the public like to speak?

3 Lighting is getting ready to hit. Mr. Berman?

4 MR. BERMAN: Nope. You know what I'm curious  
5 about.

6 MR. REYNOLDS: Okay. Hearing none, I would  
7 like to turn to the commissioners for any comments  
8 that they may like to make. Commissioner Miller?

9 MR. MILLER: No comments.

10 MR. REYNOLDS: Commissioner Dawson?

11 MS. DAWSON: That was my comment.

12 MR. REYNOLDS: Commissioner Van Clief?

13 MR. VAN CLIEF: None further for me.

14 MR. REYNOLDS: And I have no comment, except to  
15 reiterate what Commissioner Dawson said. Thank you  
16 to everybody from the VEA for the hard work you're  
17 doing. I also thank Colonial Downs for working  
18 hard to try to make something work. I'm sorry  
19 that, you know, we're still at an impasse, but I  
20 appreciate you all's efforts as well. That's my  
21 only comment.

22 Mr. Hettel, is there any reason to move into  
23 closed session today?

24 MR. HETTEL: No pending matters.

25 MR. REYNOLDS: Okay. That being said, our next

1 Virginia Racing Commission meeting will be held on  
2 Tuesday, November 17<sup>th</sup> at ten o'clock, and we will  
3 let you know where the venue is. Other than that,  
4 I would like to --

5 MR. HETTEL: Might want to mention Courtney's  
6 last meeting.

7 MR. REYNOLDS: I would like to -- thank you  
8 very much. I totally forgot. I would like the  
9 record to state that this is Courtney Reid's last  
10 meeting for the Virginia Racing Commission. She  
11 has found something better. I can't believe that.  
12 I'm gonna ask her to tell us what you're gonna be  
13 up to.

14 MS. REID: I'm going to work with the National  
15 Steeple Chase Association, so I'll be moving to the  
16 Elkton and Bear, Maryland area, and I'm going to be  
17 the racing operation coordinator. I'm going to be  
18 doing a lot of different things, so I hope to see  
19 you all at the steeple chase meetings.

20 MR. REYNOLDS: Stay in touch with us. We'll  
21 miss you, and thank you for all your hard work, and  
22 we wish you nothing but the best of good luck.

23 MS. REID: Thank you.

24 MR. REYNOLDS: Good luck. I'd like to seek a  
25 motion to adjourn.

1 MR. VAN CLIEF: So moved.

2 MR. REYNOLDS: Do I hear a second?

3 MS. DAWSON: Second.

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

5 NOTE: The commissioners vote aye.

6 MR. REYNOLDS: The motion carries unanimously.

7 We are now adjourned. Thank you all for coming.

8

9 NOTE: The meeting is adjourned at 10:44

10 a.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 31<sup>st</sup> day of October, 2015.

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SANDRA G. SPINNER

COURT REPORTER