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VIRGINIA RACING COMMISSION

April 27, 2016

STATE CORPORATION COMMISSION
TYLER BUILDING
COURTROOM B
1300 EAST MAIN STREET
RICHMOND, VA 23219

Commencing at 10:00 a.m.

COMMISSION MEMBERS:

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

COMMISSION STAFF:

David S. Lermond, Jr., Deputy Executive Secretary
Kimberly C. Mackey, Office Administrator

ATTORNEY GENERAL'S OFFICE:

J. Duncan Pitchford, Esquire

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1 CHAIRMAN VAN CLIEF: Okay. My watch says it's
2 ten o'clock and we will call the meeting of the
3 Virginia Racing Commission to order. I would in so
4 doing note that all commissioners are present today.

5 The minutes from the March 2nd meeting were
6 distributed to the commissioners ahead of time.
7 They are also in our meeting books today. Are there
8 any corrections to be made or modifications to be
9 requested, and if not, could we have a motion to
10 approve, please?

11 COMMISSIONER DAWSON: I move we approve the
12 minutes.

13 CHAIRMAN VAN CLIEF: Commissioner Dawson moves
14 approval. Is there a second?

15 COMMISSIONER REYNOLDS: I'll second.

16 CHAIRMAN VAN CLIEF: Thank you, sir. All in
17 favor? None opposed. The minutes are approved.

18 As we get in our March meeting, we're going to
19 ask for a fairly extensive update. Sorry. I'm
20 jumping one ahead to the VEA. We'll get to that in
21 a second.

22 Before that, I'd like to note that Dr. Steger
23 has very kindly agreed to chair our executive search
24 process, and as such, he has also very kindly put
25 his staff to work to assure that we have a very

1 thorough going and professional search process. I
2 can vouch for the fact that is exactly what's
3 happening, and Dr. Steger is going to give us a
4 report this morning on the process thus far.
5 Commissioner.

6 COMMISSIONER STEGER: Thank you, Mr. Chairman.
7 I have distributed a summary of the activities of
8 the search committee to date and I'd like for those
9 to be entered into the record and I have those here.

10 Basically, we have worked through a description
11 of the position. It has been reviewed by all of the
12 commissioners and it will be circulated and
13 published in various trade journals.

14 The initial review of résumés was done on
15 May 16th, and we are already seeing some
16 considerable interest in the position and we expect
17 we'll have a robust group of candidates
18 participating, and once we get the candidates in, we
19 will review them and keep you posted as to the
20 progress. Thank you.

21 CHAIRMAN VAN CLIEF: Thank you very much,
22 Commissioner Steger. Now we go to the VEA report
23 today. We are going to take this slightly out of
24 order. I understand the Gold Cup deligation is
25 understandably busy at this point. I believe --

1 DR. ALLISON: Mr. Chairman.

2 CHAIRMAN VAN CLIEF: Yes sir.

3 DR. ALLISON: Thank you for adjusting the
4 schedule and good morning to the Commission.

5 This year, we are expecting record crowds at
6 Gold Cup, and because of this, we have acquired
7 200 acres across from gate two. This will be a
8 safety valve. If traffic backs up, the troopers can
9 move traffic rapidly in, so there's no congestion.
10 This is always something we have to worry about.

11 we have been very much at work inviting
12 legislators to this spring meet, and I will say that
13 the lieutenant governor is coming. Happy to have
14 him there, members of the Department of Agriculture,
15 and we hope to make a presentation to Senator Vogel
16 for her work on the horsemen's legislation.

17 I want to thank the Equine Alliance for helping
18 Gold Cup in 2015. Since we have had pari-mutual
19 betting, we have lost over 100,000 a year and
20 there's a -- it is a learning process and we knew it
21 from the beginning, but this year, 2015, the Equine
22 Alliance helped make up the shortage and this really
23 saved Gold Cup financially.

24 we also want to thank the horsemen's group, and
25 they have been quite a factor in increasing our

1 purse structure. I want to turn it over immediately
2 to Dr. Griffin, and he will tell you how this
3 investment has paid off in the number of horses
4 coming.

5 DR. GRIFFIN: Thank you. Chairman Van Clief and
6 commissioners, on Monday this past, the nominations
7 for our three stakes races came in and on Monday
8 afternoon, typically the executive director who
9 takes the nominations calls with the news. It's
10 sort of like sending out invitations to a party and
11 finding out how many people are going to show up.

12 So when I got the call from Mr. Gallo, he said
13 first for your David Simms memorial hurdle stakes,
14 you have eleven nominations, which is great. For
15 the Virginia Gold Cup Timber stakes, 12 nominations,
16 all solid horses. Very excited about that.

17 Then he said we have a problem with your
18 Secretariat flat stakes, and of course you stop
19 breathing and your heart stops for a moment, and
20 then I said, well, go on. He said, well, we have 28
21 nominations for this race. The reason to me and to
22 a lot of people that's significant is because that's
23 where a lot of things come together and have come
24 together over the last couple of years.

25 As you know, originally, Virginia Gold Cup used

1 to maybe have one flat race. But when things
2 changed a couple years ago, we added a number of
3 flat races; sometimes five, four, three to our card
4 and dropped a couple of jump races.

5 well, this stakes race is being run in a
6 mile-and-a-half, which is the difference between
7 flat and jump. Hurdle races run at the two miles,
8 flat races, a long race for them is a mile, so we
9 put it in the middle. We made it an open race and
10 said who's gonna show up.

11 The letter before you there is a follow-up from
12 Bill Gallo, executive director of the National
13 Steeplechase Association, basically highlighting the
14 fact that -- a lot of different types of
15 participants. You have purely flat trainers that
16 nominated horses. You have some trainers that train
17 both jump and flat horses, and then there's some
18 just jump trainers there. But basically, two or
19 three years ago, you never would have seen that.

20 So we're very enthusiastic about those
21 nominations. Many a slip between cup and lip, so
22 the entries will tell us a lot as well.

23 We're also very appreciative for the horsemen's
24 group for their past funding of not only the flat
25 races but the jump races.

1 You know we split that purse total structure.
2 They put up 50 percent, we raise 50 percent through
3 our sponsorships and car washes and bakes sales, et
4 cetera. So we put up the other half of that.

5 But the bottom line is with all respect to Dr.
6 Steger, these races will be held in front of an
7 audience that far exceeds any football team at
8 Virginia Tech in that stadium. I know that you can
9 speak to the economic effects to the local Virginia
10 economy of a home football weekend. We experience
11 the same thing to our local economy every weekend
12 that Virginia races.

13 The enthusiasm that I bring here for this is
14 going to be multiplied many fold when you hear about
15 what's happening at Morven Park. So I know there
16 have been times that have been difficult to be a
17 commissioner. This is a great time to be a Virginia
18 racing commissioner in my view in Virginia, so thank
19 you for all your help.

20 CHAIRMAN VAN CLIEF: Thank you very much. It
21 sounds very encouraging and we look forward to being
22 there that day at Virginia's largest sports event.

23 DR. GRIFFIN: Thank you.

24 CHAIRMAN VAN CLIEF: Okay. At this point,
25 Debbie Easter or Jeb Hannum, which of you are going

1 to do the honors --

2 MS. EASTER: I think I'll defer to Jeb.

3 CHAIRMAN VAN CLIEF: -- and do the VEA report
4 this morning or the balance of it I should say.

5 MR. HANNUM: Thank you, Doctors, for the Gold
6 Cup report. It's exciting and we all look forward
7 to being there in two weeks.

8 So I'll just jump in on OTBs. This is something
9 that with everything we do with the VEA, it's a
10 joint effort. We have Mike Pearson, Darryl Wood,
11 who is in the back there, obviously Debbie and Frank
12 and myself working on all these initiatives
13 together, and so it's just important to acknowledge
14 all of the work from everyone that's involved and
15 what we're doing.

16 We want to get OTBs up and running as quickly as
17 we can. Like everything that we're doing, they are
18 complex, there are learnings that are involved.
19 There are a lot of moving parts, and I can just
20 assure you we're moving as quickly as we can on all
21 fronts.

22 With the OTBs, we have two sites selected in
23 Richmond; one on sort of the west side, one on the
24 east side. I'm not going to mention their names
25 because this is a public meeting and we haven't

1 formally signed a lease agreement with them yet, so
2 I think that's appropriate, although it's no great
3 secret which establishments we're looking at.

4 But there are two nice bar restaurants that were
5 both well-performing ADW sites with EZHorseplay, so
6 the ownership and management have a familiarity with
7 the type of people that were coming in and
8 participating, which is important. They are both
9 very, very enthusiastic.

10 The site on the west side is a sort of pool bar
11 right now. There are two rooms in this bar.
12 There's sort of a back room, has a separate
13 entrance. It's the non-smoking side and that's the
14 site that we'd be building out as our OTB, and it's
15 located not far from Colonial's former site out on
16 Broad Street.

17 The site on the east side, it's a much larger
18 facility, excellent parking, a lot of possibilities
19 as to how we could use that site in the long-term.
20 But immediately, the owner is going to have us sort
21 of establish our OTB, and as soon as you walk in on
22 the right-hand side, the whole sort of side in the
23 main room as you walk in will be the OTB.

24 we'll be building an office slash teller space
25 in both establishments. There will be obviously

1 ability to bet with the live teller, but we want to
2 get people familiar and using the self-service
3 machines, so there will be multiple self-service
4 machines throughout both restaurants.

5 So we're very encouraged about it. The owners
6 are excited to have the hopefully increase in
7 business for their restaurants, and they're both
8 racing fans and want to make this work.

9 So the next step really is we need to negotiate
10 a formal lease with the bar owners. We have a
11 handshake agreement right now. We have had a
12 contractor go in and design and provide estimates
13 for the building work that will need to take place,
14 so we have those for the VEA board to review, and I
15 can provide those to you, Mr. Chairman, once we get
16 a little bit further down the line.

17 Mary Calabrese, who I will just mention was very
18 helpful with the OTBs and ADWs at Colonial Downs,
19 and we are optimistic that Mary will be coming on
20 board the VEA to help us get the OTBs up and
21 running, and then the next step would be the ADW
22 sites.

23 So we feel we have two good locations. We have
24 the personnel in place with the expertise to make
25 this happen and we need to just get the leases

1 formalized with the owners and then we can move
2 forward with building them out and then negotiating
3 the tote leases and Roberts Communications, et
4 cetera. So it's a series of steps that we'll need
5 to follow over the next couple of weeks.

6 Most importantly for the Commission, we have a
7 submission that we need to make for the VEA to have
8 the OTB licenses and we are working on that now. An
9 important part of that is to have the lease
10 agreement, so once we have that in place, then we
11 can finalize our application and have those in to
12 the staff for review.

13 So it would be my hope, depending on when the
14 next Commission meeting happens, that we would have
15 those OTB applications at the next Commission
16 meeting. So I'm hoping that maybe we can discuss at
17 the end of this when that meeting might be, but
18 that's what we're working towards. That's our goal.

19 So I will just pause right there on the OTBs.
20 If Debbie or Frank or Darryl would like to say
21 anything or if there are any questions, we can
22 address those before moving on.

23 MS. EASTER: I'll only address the ADWs in just
24 a hair bit in more detail in the fact that we
25 obviously know that the kiosk system was very

1 important in the EZHorseplay that Colonial and the
2 horsemen, the company they used to have and we feel
3 that kiosk system is still very important,
4 especially to get our foot in the door in Northern
5 Virginia.

6 So part of the process and where we think the
7 person that Jeb mentioned can help us a lot, it's
8 probably going to be a partnership situation again,
9 just because of the cost of the machines, and so
10 we're working through who might be the best company
11 that would come into Virginia or who is already in
12 Virginia and can help us do that. The question is
13 if anybody has any questions.

14 CHAIRMAN VAN CLIEF: Questions from any of the
15 commissioners? Could we spend just a minute, Jeb?
16 We'll get to, as we usually do, get to setting the
17 next meeting, but I'd like to set it around what
18 your anticipated schedule will be, and hopefully it
19 will be a fairly rapid one, but I know you have a
20 lot of details to juggle.

21 MR. HANNUM: Yes.

22 CHAIRMAN VAN CLIEF: I was thinking about just
23 going another month down the road. Are you going to
24 be ready and do you have license applications in
25 hand enough in advance to be ready to consider those

1 applications at a May 25 meeting or somewhere
2 thereabouts?

3 MR. HANNUM: Well, I was hoping we might be able
4 to go into maybe the first week or two of June. I
5 think that if pushed, we probably could do a month.
6 If we had five or six weeks, that might be helpful,
7 but we could certainly get something in the books
8 and get back to you.

9 I mean my preference would be maybe the first or
10 second week of June. So that's where I am. So I
11 think at five or six weeks from today, I think is
12 reasonable.

13 CHAIRMAN VAN CLIEF: I think we'd like to see it
14 move as quickly as it can, and I know you would,
15 too.

16 MR. HANNUM: Yes.

17 CHAIRMAN VAN CLIEF: But I'd like to set the
18 meeting so we don't miss the opportunity.

19 MR. HANNUM: Sure. Yes.

20 CHAIRMAN VAN CLIEF: It will be one of the more
21 important things we will probably be addressing in
22 the next month or two.

23 Could you spend more time -- Debbie touched on
24 this talking about the ADW -- talking about the
25 technical expertise you're bringing in to advise you

1 as you move forward with the establishment of the
2 OTB or satellite wagering facility?

3 MR. HANNUM: So on the OTB side?

4 CHAIRMAN VAN CLIEF: Yeah. On the OTB. That
5 appears to be first up.

6 MR. HANNUM: Yes.

7 CHAIRMAN VAN CLIEF: I know you mentioned Mary,
8 who is very knowledgeable.

9 MR. HANNUM: Yes. So we don't have -- again
10 with Mary, we have a handshake agreement. We're
11 talking to her about the terms in which she'll come
12 on board, but she was instrumental in developing the
13 EZHorseplay. She built that from the ground up and
14 also oversaw management of the OTBs.

15 So I think in the state of Virginia, she would
16 be the expert on these entities and we consider
17 ourselves very fortunate that she's willing to come
18 on board with the VEA. So without going through her
19 résumé, I could just speak to her expertise.

20 CHAIRMAN VAN CLIEF: That answered my question.
21 Where I'm going, as you can tell, is just to make
22 sure that you have access to the types of expertise
23 that are going to make sure that when you do roll
24 out, you're going to deliver a seamlessly executed
25 plan from a technology standpoint, from a customer

1 service standpoint and all the rest.

2 MR. HANNUM: Those are points we'll be
3 articulating in more detail in our application
4 before you.

5 MS. EASTER: And I think, Chairman, we are all
6 realistic. There's a large learning curve. That's
7 not what we are all experts in. We're horse guys.
8 As we all recognize, the encouraging part of this is
9 that going forward is in the industry's hands and
10 the industry has to want to move things forward, and
11 we have looked at OTBs with companies, other
12 companies coming in and partnering with us.

13 We brought proposals to the board. The board
14 looked at those and the board decided that they
15 thought the Alliance itself, especially these
16 restaurant partner-type OTBs that we're going to
17 open, has the ability to do that by ourselves and
18 not have to give up the revenue to another partner.

19 I'll also put in a plug for the acting
20 commissioner, Dave Lermond, who has been real
21 helpful with that. He's had experience at Delaware
22 Park with this and is real helpful at our meetings
23 with that.

24 We're encouraged that a gentleman by the name of
25 Jack Jowerski [ph], who I think you all have heard

1 the proposal where he would like to build the OTB
2 with a location, a restaurant. We are hoping he's
3 going to proceed in the Hampton area in that, and
4 we've asked him to do that.

5 We just felt that it was very important that we
6 go forward because we have no control over when that
7 might happen or if that happens. We all hope it
8 does, because I think that's a vision that all of us
9 would like to see for an OTB, but we felt the
10 importance of let's get going.

11 We all know that we have wagerers in this state
12 that are missing the OTBs. These people, the
13 owners, are familiar with wagering, with the type of
14 fan that comes in and they're all excited and the
15 whole enterprise does not seem as overwhelming.

16 Once we started learning about the logistics,
17 it's not as overwhelming as we thought it was going
18 to be. I could be totally wrong and we're going to
19 do things wrong and there's learning curves, but I
20 think we are very well on our way to getting those
21 open.

22 CHAIRMAN VAN CLIEF: Thank you. Any other
23 questions on the OTB development? Okay. Jeb, back
24 to you.

25 MR. HANNUM: I'll move on to Shenandoah Downs,

1 the harness racing at Woodstock.

2 MR. LERMOND: Dr. Woogen was going to be here
3 very soon.

4 MR. HANNUM: I assumed he was at the hospital.
5 Did he say he was going to come?

6 MR. LERMOND: He called this morning. He had a
7 patient he was going to see, so if you want to skip
8 that one.

9 MR. HANNUM: I'm delighted. I thought he was in
10 surgery. Okay. Morven Park. So Morven Park, as
11 you all know, is -- the racetrack is just important.
12 So a reminder, the race course at Morven Park is
13 part of a much broader horse park concept that
14 Morven is developing, so they want to have a
15 top-tier three-day event; show jumping, versage.
16 They had plans to build new barns with over 100
17 stalls. They have a multi-year plan of development
18 to establish Morven Park as one of the equine --
19 premiere equine sites in the Mid-Atlantic. So
20 fortunately, the racing program will be a part of
21 that.

22 In our discussions with Morven over the past six
23 months, we always wanted the race course to be a
24 part of the horse park in terms of the ability to
25 leverage the excavating and construction, et cetera,

1 costs. We didn't want the race course to be an
2 outlier, particularly in regards to all the work
3 that was going to have to be involved with Louden
4 County.

5 So we are working literally sort of hand-in-hand
6 with Morven Park as they develop their equestrian
7 sites as we oversee the racetrack. So that's just
8 an important thing to reflect on as we go forward.

9 So the first set of comments were received back
10 from Louden County last week, and then the response
11 to those questions go back in the next week or so.

12 We have had a number of opportunities to solicit
13 feedback from horsemen about the track. We had a
14 very productive session out there, literally on the
15 course with the VTA and the HBPA and very, very
16 helpful advice as to how we make this track
17 absolutely as good as we can possibly make it. We
18 talk about Kentucky Downs being the model. We want
19 it to be a lot better than Kentucky Downs.

20 So we are tweaking our plans. I have a map, a
21 drawing of Morven Park, which I'll bring out at the
22 end of the meeting, and it's sort of unwieldy to
23 look at right now, but it just sort of shows how
24 things are evolving.

25 The main thing that we're focused on with Morven

1 is to reduce the significant undulations that exist
2 right now with the current steeplechase course.

3 So Morven was a great old steeplechase course in
4 its day, but it went up and down and around and that
5 was all fine, but in order to be a proper flat
6 course with gates, jockeys, and most importantly
7 horses coming from the region, it needs to be as
8 level as we can possibility make it based on budget
9 and time. That's what we're working towards.

10 So the engineers have been -- it has been
11 encouraging. It can be a lot more level than we
12 originally anticipated, so that's what we're working
13 towards.

14 So right now, things are -- we're getting
15 feedback to Louden. We're working through the
16 permitting process. We're trying to do everything
17 humanly possible to keep that focused and moving
18 forward.

19 It is our hope that we will be breaking ground
20 in the summer, and we hope very much, fingers
21 crossed, that we'll be finished with the course by
22 late summer, early fall, because we need to get that
23 first growth of grass going to stabilize it so that
24 next spring, we can really work hard in getting the
25 turf to grow up, but a lot of things need to fall

1 into place for that to happen.

2 One of the things we'll be reminding the Morven
3 Park supervisors and the staff is that in order for
4 this course to be viable for racing next year, we
5 have to get that grass growing in late summer, early
6 fall. So that's kind of where things are with
7 Morven Park.

8 I think that the horsemen in the community are
9 excited about it. It's a different way of thinking
10 about racing, but it's not revolutionary. It's just
11 sort of evolutionary, I think, for America and what
12 we're proposing, it's not radical. It's just
13 different for what people are used to in this
14 country.

15 But certainly in my personal experience, when
16 you have racing on the turf in a beautiful place,
17 short meets that are defined, people really respond
18 to them and get excited about them and you have very
19 good response from horsemen as well as spectators.
20 So I think we're certainly on the right track here,
21 and fingers crossed, we can work through the
22 mechanics of Louden County as quickly as we can.

23 So that's it for Morven. If you have any
24 questions, we can take those or Dr. Woogen can speak
25 to Shenandoah.

1 CHAIRMAN VAN CLIEF: Vice Chairman Dawson.

2 COMMISSIONER DAWSON: Yes. I was happy to hear
3 that you're working with Morven in terms of working
4 with the county and so forth. Do their plans
5 include a new entrance to the whole park? I know
6 one of the things I was concerned about in the past
7 was having so many people coming to the racetrack.
8 with the current entrance would it be possible?

9 MR. HANNUM: well, there's a new road that goes
10 -- so the entrance, you come in the same entrance
11 that you're used to now.

12 COMMISSIONER DAWSON: Off of 15?

13 MR. HANNUM: well, if you come in -- what's the
14 road?

15 MR. PETRAMALO: Commissioner Dawson is talking
16 about Tutt Lane. That's off of 15.

17 MR. HANNUM: Right.

18 MR. PETRAMALO: I think what you're talking
19 about is the entrance on the other end near the
20 mansion, which now connects to the horse side with a
21 new road.

22 MR. HANNUM: Right. There's a new road that
23 goes through Morven, right through the center of the
24 property. So if you come in off of Tutt Lane, you
25 pick up that road and come right back directly to

1 the equestrian area.

2 If you come in off of 15, that road, you pick up
3 that road as well. So this new road through the
4 center of Morven makes access when you're there at
5 the grounds much better.

6 So everybody is very well aware of the traffic
7 in that area. So the racing that we're thinking
8 about would be on the weekends, which would help
9 alleviate that, but traffic discussions are part of
10 the conversation and I think it makes sense to
11 utilize, you know, have the horsemen coming in in a
12 separate entrance than the spectators and that
13 certainly made it a lot easier by this new road they
14 have at Morven. So if you're in the area, I'd
15 encourage you to pop in. You'd be surprised and
16 encouraged.

17 COMMISSIONER DAWSON: So the new road, does that
18 intersect with the old houses with the rest of the
19 equestrian development?

20 MR. HANNUM: So the mansion?

21 COMMISSIONER DAWSON: Yes.

22 MR. HANNUM: The mansions are here.

23 The new road is off -- so you skip -- there's the
24 parking lot below the mansion and then new road is
25 off to the side, so it takes you directly back so

1 you don't have to go into the new parking lot and
2 sort of navigate your way through in front of the
3 mansion.

4 MS. EASTER: The main entrance for Morven Park,
5 which is not Tutt Lane.

6 COMMISSIONER DAWSON: It's not.

7 MS. EASTER: No. So now they've connected that
8 main entrance with a road that goes all the way back
9 to the equestrian facilities, so there are two
10 entrances.

11 And while we all have visions of Gold Cup and
12 the wonderful crowds we get there, I don't think
13 anyone anticipates that we're going to have those
14 types of crowds. While traffic is something we're
15 talking about, we're hoping 3,000 to 5,000 people,
16 not 25,000 people. So that --

17 COMMISSIONER DAWSON: So would the horsemen come
18 in a different entrance than the racing fans?

19 MR. HANNUM: That's what we expect. Yes.

20 COMMISSIONER DAWSON: So I assume then that the
21 horse trailers and so forth would come in that Tutt
22 Lane entrance?

23 MR. PETRAMALO: Probably. That's closest to the
24 barn area.

25 COMMISSIONER DAWSON: Thank you for that.

1 MR. HANNUM: So we are well aware of that being
2 a logistical importance.

3 CHAIRMAN VAN CLIEF: Jeb, you might want to have
4 somebody else do this at another meeting if you are
5 not ready, but you talked a little bit about the
6 track surface itself in terms of the track will be
7 prepared, what type of turf you're going to
8 establish, and given sort of climatic norms, what
9 can we expect in terms of getting that track
10 established and ready to go, given the time frame
11 you're working in? Can you talk about that a little
12 bit?

13 MR. HANNUM: Yes. I'll just pull this out. Our
14 expert on that who can speak to that much more
15 eloquently than I can, John Dale Thomas, is not
16 here. He's actually sitting in front of a computer
17 bidding on equipment for our harness track, so we've
18 got him doing that right now.

19 I think at the next meeting, I think that would
20 be a great thing. We can get JD ready for that.

21 CHAIRMAN VAN CLIEF: Okay.

22 MR. HANNUM: He can speak to it with much more
23 expertise than I can.

24 MR. PETRAMALO: It might be worth noting that --
25 Dr. Steger, are you listening? The consultant that

1 we'll be using is at Virginia Tech, Dr. Haynes. I
2 think that's his last name. He used to be the
3 consultant at Colonial Downs. He's the turf guy.
4 Very impressive fellow.

5 DR. STEGER: Okay.

6 MS. EASTER: Just a little follow-up. In our
7 board meeting yesterday, they will be taking off the
8 entire turf area of the track. At one point, we
9 thought about that we would roll that up and set it
10 back down, but through the experts, we've been told
11 that we are better off -- they'll take up the dirt,
12 cut the track level the way we need it, and then
13 they will put in -- I think JD told us like a
14 ten-inch base with topsoil mixed with sand and they
15 will put in the seed, and eventually they'll add
16 some rubber to that.

17 I'm very much summarizing what he told us
18 yesterday. JD is the expert, but I think that gives
19 you a little detail about what you were asking
20 about. They have plans to sift -- as soon as that
21 dirt comes up, to put it through a sifter, get out
22 the rocks, start mixing it with sand so they can put
23 it back and start to grow. That's as expert as I
24 can be at it.

25 MR. HANNUM: I'll leave this and we can talk

1 about it after the meeting, but it just sort of
2 speaks -- I mean this is literally a document that
3 has changed multiple times over the last couple of
4 months.

5 This is the finish area here, just for your
6 bearings. You can see here what we want to try to
7 do is have a seven furlong or a six furlong shoot,
8 which is a desirable distance for turf racing, as
9 well as obviously going to go fully all the way
10 around for longer distances.

11 But basically, all these lines show how we are
12 trying to address all of the undulations in the
13 course. This stuff here in the middle shows what
14 Morven Park will be doing. They'll be having some
15 rings, some versage rings in the center, but there
16 will be no visual impairment of the course. It will
17 be all flat, no buildings. They are actually
18 putting in some concrete pads for tents and things
19 like that, which would be something that we could
20 authorize as well.

21 So this sort of gives you an idea of some of the
22 thinking taking place over the past couple months,
23 and I can point out different aspects of it
24 afterwards.

25 we had an irrigation company come out the other

1 day and look at it, so the plan is to have
2 irrigation, sort of golf course style units that
3 would be buried right at the rail at the outside and
4 they would pop up and be able to irrigate it. So
5 that's going to be a critical piece as well. So
6 I'll just leave that and we can talk about it.

7 MS. EASTER: The course itself, as Jeb talked
8 about the shoot, is a potential one-turn seven
9 furlong distance, but the inner rail is a mile, but
10 we thought that that gives us -- hopefully, that
11 shoot gives us some good alternative for races if
12 folks -- that folks like to run.

13 CHAIRMAN VAN CLIEF: Good. Thank you.

14 DR. ALLISON: Mr. Chairman, could I respond to
15 Commissioner Dawson's concern about the entrance off
16 of 15? I want to remind you that for a great number
17 of years, they had sanctioned jump meets there which
18 handled crowds of ten to 15,000 easily. So you
19 know, the crowds we are having probably would not be
20 that great. So there is good experience with that.

21 CHAIRMAN VAN CLIEF: Thank you.

22 DR. WOOGEN: I guess the next piece of
23 information is now what we call Shenandoah Downs. I
24 guess we arrived at that kind of by consensus. We
25 had considered Miller's Magic Mile, since it was in

1 woodstock, but that was voted down unanimously. We
2 liked the name and it stresses the location and the
3 beauty of the area and so that's the first point.

4 In terms of construction, the contracts have all
5 been signed, the permits obtained and the dirt is
6 being moved beginning this week, I believe tomorrow,
7 so while we're a little bit behind, we're still well
8 in advance of where we need to be to be complete by
9 the fall for the Shenandoah County fair to have
10 racing, and then immediately following, we hope to
11 have five weeks of racing.

12 In terms of that, we are constructing the
13 budget, make sure we have the funds, which I think
14 we now feel we do in order to hopefully propose to
15 you in the next meeting the formal proposal for five
16 consecutive weeks of racing starting September 10
17 and 11 and going through October, the beginning of
18 October.

19 Our sire stakes or what we call our late closers
20 for Virginia-breds will probably be in the first
21 part of the meet due to conflicting stakes out of
22 state later in the week.

23 Everything seems to be on track. The VEA has
24 been very active and we appreciate all their efforts
25 in obtaining bids for equipment that we need, for

1 the supplies that we need. We now have bids for the
2 tote company to provide the machines for betting.
3 We have bids for audio visual and Teletimer.
4 Everything we need seems to be falling into place.
5 So we are excited and happy with the way the plan is
6 coming together.

7 In terms of the stakes program, we want to
8 continue support at the \$40,000 a race level. It's
9 not easy, considering the lack of funds coming in
10 with racing being where it is today, but we have a
11 commitment to that.

12 One thing we've noticed is with competing states
13 having requirements to allow horses to race. If
14 they keep their mares in those states, they don't
15 have to be bred in those states, but if the mares
16 are residents, competing states like Maryland,
17 Pennsylvania, New Jersey, New York have very
18 lucrative sire states supported by incredible casino
19 programs.

20 We can't compete with them, so we've lost some
21 horses and mares and we'd like to expand the
22 breeding program. What I'd like to do is meet with
23 the breeders subcommittee as soon as possible to see
24 if we can alter the regulations for the definition
25 for a Virginia-bred horse.

1 we'd like to include more Virginia-owned mares
2 in the program and encourage Virginia ownership with
3 the hopes that as we build racing and build funds,
4 we can encourage more residency of those mares, but
5 they have to exist, and what we're finding is they
6 don't exist the way we'd like and we'd like to
7 expand the program substantially.

8 Other than that, everything else seems to be
9 coming together and I'm here to answer any
10 questions.

11 CHAIRMAN VAN CLIEF: Any questions for Dr.
12 woogen? It's also a very exciting report. Thank
13 you.

14 DR. WOOGEN: Thank you.

15 CHAIRMAN VAN CLIEF: A related question. Do you
16 know how many Standardbred breeding operations are
17 in residence in Virginia at the moment?

18 DR. WOOGEN: well, we have about 20 people that
19 breed in Virginia, but they don't have stallions at
20 this point, because if you breed to an outside
21 stallion, you're also eligible to the sire stakes
22 program in those neighboring states.

23 So really, it's hard for us to compete in the
24 stallion market. where we hope to compete is in the
25 brood mare market. what we'd like to do is find a

1 way to expand the program as funds become available
2 to create stations for the mares to stay throughout
3 the year and make that attractive enough to compete
4 with the other states in the area. Right now, we
5 don't have that.

6 CHAIRMAN VAN CLIEF: Thank you.

7 MR. HANNUM: Mr. Chairman, if I can make one
8 quick comment. I just wanted to thank Dave Lermond
9 for his help at Shenandoah. We are sort of six
10 months, a year ahead with this project than we are
11 with Morven Park, and Dave was very helpful with the
12 permitting process and helping us make sure that
13 stayed on track, so I wanted to point that out at
14 this meeting.

15 CHAIRMAN VAN CLIEF: Okay. Thank you. We've
16 got one last component, I think, and I wanted to
17 make mention before you discuss the graded stakes
18 status that this is not an action item. We were
19 just curious as to where your thinking might be in
20 terms of the dilemma, if you will, over where we
21 might go in the future with the graded stakes in
22 terms of the debate as to whether we try to preserve
23 or whether we don't try to preserve and use the
24 funds somewhere else.

25 MR. PETRAMALO: Well, just to recap where we

1 left off at the last meeting, the Commission
2 approved our requested program for running
3 Virginia-bred stakes at Pimlico and Laurel. What
4 was left up in the air were the graded stakes, and I
5 think I mentioned at that time that the Maryland
6 Jockey Club was willing to run our grade two Derby
7 and our grade three Oaks on July 2nd; the 4th of
8 July weekend.

9 As part of our discussions, we wanted to have
10 them share in the cost of the purses. Total cost of
11 the purse for two races was 400. We wanted them to
12 share 200 and management on their side was willing
13 to do that. They had to talk to their horsemen.

14 And as part of the arrangement, we also said
15 we'd like this to be a two-year deal, just in case
16 we can't bring those races back to Morven Park
17 because it's not ready or for some other reason in
18 2017. So we wanted a two-year deal to preserve the
19 graded status. They were willing to do that.

20 In return, we agreed to relinquish our rights,
21 whatever they might be, to the Turf Cup, the
22 Commonwealth Turf Cup. That was the race that we
23 ran every year for older horses. The Derby and the
24 Oaks of course are limited to three-year-olds.

25 The latest word from the Maryland Jockey Club is

1 they are still on board with this notion of a
2 package deal. Whether or not their horsemen are on
3 board is another question. Not that the horsemen
4 are being obstructionists, but it's a difference
5 between how much money is put up for the purses.

6 But the most recent communiqué that I've had
7 from the Maryland Jockey Club is that now, instead
8 of running the graded stakes on July 2, they would
9 prefer to run them on September 24, which as you may
10 know is our Virginia day for the five Virginia-bred
11 stakes. To me, that makes sense, but I suspect that
12 they have an additional reason in mind.

13 You may have read that the Maryland legislature,
14 and I think the governor has signed off on it, has
15 basically appropriated in some fashion or other
16 \$500,000 for each of the next three years to
17 reinstitute what used to be the D.C. International
18 run at Laurel.

19 It was a very prominent graded race which drew
20 international competition. Well, it will be
21 reconstituted or recreated as the Maryland
22 International; the hope being that that will once
23 again attract international horses and funnel or
24 prepare them for the Breeders Cup which comes in the
25 fall.

1 So I suspect that that's probably in the
2 thinking of the Maryland Jockey Club with regard to
3 running the graded stakes, our two stakes, and this
4 Commonwealth Cup in September, because as long as
5 they run the Commonwealth Cup in September, it
6 retains its grade two status, and at some point,
7 they will just change the name and all of a sudden,
8 we'll have a Maryland International Cup that has a
9 graded status.

10 I'm just surmising all of this, but it was
11 suggested to me in the e-mail because Sal Sinatra
12 said after talking to the graded stakes committee
13 and various other committees we decided it makes
14 more sense to run these in September. So that's
15 kind of where we stand.

16 I think we should be able to come back to you at
17 the next meeting and say, okay, we have an
18 agreement, we would appreciate it if you would
19 approve of our running the Oaks and the Derby in
20 September with our putting up 200,000 and the
21 Maryland folks putting up the other 200 and
22 relinquishing whatever rights we have in the Turf
23 Cup to the Maryland Jockey club.

24 CHAIRMAN VAN CLIEF: So if I understand it
25 correctly then, the end game would be we would be

1 preserving two graded stakes to bring home,
2 presumably again to Morven Park as soon as possible.

3 MR. PETRAMALO: That's correct.

4 MS. EASTER: We hope.

5 CHAIRMAN VAN CLIEF: Right. Okay. Thank you.
6 Any questions from my fellow commissioners?

7 COMMISSIONER DAWSON: I just have one. I'd like
8 to go back to another topic.

9 CHAIRMAN VAN CLIEF: Yes. Vice chairman Dawson
10 would like to go back to the previous agenda.

11 COMMISSIONER DAWSON: Anyone who can contribute
12 to this question, please just do so. I want to go
13 back to the Shenandoah Downs issue and your
14 discussion about how you'd like to expand the
15 breeders program and have Virginia mares be part of
16 the breeders' benefits.

17 Is this going to require some legislative
18 changes, do you know?

19 DR. WOOGEN: I think Dave can speak to that.

20 MR. LERMOND: Madam Vice Chair, all it would
21 require would be to change the regulations, the
22 chapter for breeders' funds. So we would change the
23 definition of Standardbred Virginia-bred horse to
24 meet the criteria that Dr. Woogen is suggesting.

25 You are chairman of the subcommittee for the

1 harness, so it's something that the subcommittee
2 would talk about first. We can draft the language
3 with Dr. Woogen's help and then take it to the full
4 Commission for approval of an amendment to that reg.
5 We wouldn't have to do anything to the code, I don't
6 believe.

7 COMMISSIONER DAWSON: Thank you. It would be my
8 desire to see us take this on as soon as we can and
9 not wait.

10 DR. WOOGEN: We'd like that.

11 VICE CHAIRMAN DAWSON: Thank you.

12 MS. EASTER: And I think it even brings, Madam
13 Vice Chairman, a bigger picture issue. Not only the
14 Standardbreds, but certainly the Thoroughbreds were
15 at a disadvantage.

16 We're the only -- racing -- breeding -- we're
17 the only state on the east coast that doesn't have
18 some sort of expanded gambling, some kind of help
19 with pari-mutuel. So I think that's something that
20 all of us, the Commission, everybody involved has to
21 think about going forward how is the best way, and
22 it may be that we need to go talk to our legislators
23 or other ways to think about that, but I think
24 that's all stuff we have to sit down and really
25 think out because we're at a terrible disadvantage.

1 It's really tough when somebody calls to ask why
2 should I breed in Virginia. So for all the great
3 reasons we love to write on paper, it's a great
4 place to be, great place to race a horse, but
5 economically, it's tough to throw out numbers to the
6 -- when you compare it to the other states that
7 we're competing against.

8 COMMISSIONER DAWSON: I'm sure that the VTA
9 would be prepared to come up with a recommendation
10 on that.

11 MS. EASTER: Sure.

12 COMMISSIONER DAWSON: Okay.

13 CHAIRMAN VAN CLIEF: All right. Thank you.
14 Good.

15 I think, Mr. Hannum, that wraps up the VEA
16 report for today, unless there is anything else any
17 of you would like to report.

18 MR. HANNUM: Thank you.

19 CHAIRMAN VAN CLIEF: Thank you again. I think
20 we'll make this a regular feature of our meetings
21 going forward, so please just anticipate. It is
22 very helpful to us to be updated like this on a
23 monthly basis. It keeps us in the loop and I think
24 it's great news, too. So far, so good.

25 In terms of updating, I want to move on to

1 committee assignments, which we have on the agenda
2 for today. This conversation actually started when
3 Commissioner Reynolds was chairman and I was his
4 vice chairman. We chatted occasionally about taking
5 some time when we had it to update our committee
6 system. We didn't have a lot of time during his
7 tenure, as we seemed to be in the middle of a war
8 most of that time.

9 So while we're in the rebuilding process, I
10 thought we'd do a little of that here on the
11 Commission. I had the opportunity to talk with each
12 of the commissioners individually, as well as our
13 executive secretary. We've gone through the old
14 committee system which still has some relevance but
15 probably needs a little refreshing.

16 The first thing, and I will make note of the
17 fact that under our enabling legislation, there
18 appears to be only one standing permanent committee,
19 and that is the standing breeders' fund advisory
20 panel with its two subcommittees, Thoroughbred and
21 Standardbred.

22 So the first thing we did was go through this.
23 Mr. Lermond took the initiative and we've taken off
24 names that have changed for one reason or another.
25 They've left the industry, moved out of the position

1 they held before, whatever, and Mr. Lermond has
2 issued invitations to relevant people who are
3 occupying those positions at present, representing
4 various organizations across the Commonwealth and
5 they've all agreed to serve.

6 So in as much as this is a standing committee
7 which was legislatively enabled, we need a motion to
8 refresh these committees with the following names.

9 On the advisory panel itself, we'll add
10 Mr. Brook Royster as president of VTA, Dr. Scott
11 Woogen as the president of the VHHA, Ms. Amanda
12 Jackson as vice president of VHHA. Mr. Jeb Hannum
13 is executive director of the VEA, and Dr. Al Griffin
14 as the race director for the Gold Cup and a board
15 member of the NSA.

16 To the Thoroughbred advisory subcommittee, we
17 replaced Bernie Hettel with Mr. David Lermond as our
18 acting executive secretary of the VRC, and we will
19 also add Brook Royster, Jeb Hannum and Mr. Jim
20 Fitzgerald as our breeder at-large member to that
21 panel. Brook Royster in his capacity again as the
22 new VTA president and Jeb as well as executive
23 director of the VEA.

24 Lastly, the Standardbred advisory committee,
25 we'll add again Dave Lermond in his current capacity

1 as acting executive secretary, Dr. Woogen again as
2 the new VHHA president, Amanda Jackson, VP VHHA,
3 again Jeb Hannum and Mr. Terry Kibbler as the
4 at-large member as a board member of the VHHA. Any
5 questions?

6 MR. PETRAMALO: Mr. Chairman, this advisory
7 panel; what's its function?

8 CHAIRMAN VAN CLIEF: Dave, do you want to go
9 through the process on that?

10 MR. LERMOND: It's basically a feeder committee.
11 So the members of the two subcommittees are drawn
12 from the advisory panel. Normally, the advisory
13 panel doesn't really take any action. The meetings
14 are held by the two subcommittees and they're the
15 ones that make the recommendations to the full
16 commission for breeder fund expenses or changes to
17 the regs or anything involving the breeders' fund.

18 MR. PETRAMALO: This strictly involves the
19 breeders' fund?

20 MR. LERMOND: Correct.

21 MR. PETRAMALO: Oh, I'm sorry.

22 CHAIRMAN VAN CLIEF: The title is standing
23 breeders' fund advisory panel, and I gather, Dave,
24 that that was created legislatively?

25 MR. LERMOND: Exists in the code currently.

1 Yes.

2 MS. EASTER: Just a question on the Thoroughbred
3 subcommittee. Only because the executive
4 director -- and this is not self-serving, but I
5 would think that probably has more up-to-date
6 knowledge than most of the people on that committee.

7 If you don't want -- I get that you might use
8 the president as the person that acts, but is it
9 appropriate that the executive committee -- the
10 executive director of the breeders' fund would be on
11 that subcommittee? Just because that's usually the
12 person even more so than Mr. Hannum who is the
13 Alliance, but might not be as familiar with all the
14 breeders' organization issues. I'm just wondering
15 if that's a good thing to leave off the executive
16 director. I'm not doing that as a self-serving
17 thing. I'm just thinking down the future.

18 As great as presidents are, and Brook is great,
19 he's very involved, but you know how boards go and
20 how you get involvement and presidents that are non-
21 involved and involved.

22 CHAIRMAN VAN CLIEF: Well, actually, I only read
23 out the names of the new members.

24 MS. EASTER: New. Okay. I apologize. I
25 apologize. They are still on.

1 CHAIRMAN VAN CLIEF: The old ones are still
2 there.

3 MS. EASTER: Okay. Great.

4 CHAIRMAN VAN CLIEF: That nets us both the
5 executive director and the president of the VTA.

6 MS. EASTER: Beautiful. I'm sorry. I
7 misunderstood.

8 CHAIRMAN VAN CLIEF: Not a problem. Any
9 questions from anybody on this? I will take input
10 from anywhere.

11 COMMISSIONER DAWSON: Just one question.

12 CHAIRMAN VAN CLIEF: Yes.

13 COMMISSIONER DAWSON: Have all the individuals
14 been invited to participate?

15 MR. LERMOND: They have and they've agreed to
16 serve. I didn't want to throw anybody under the
17 bus.

18 CHAIRMAN VAN CLIEF: Not only invited, but
19 agreed to serve. That's more important. So that
20 being the case, any other questions on the structure
21 of this panel and its subcommittees? If not, we do
22 need a motion to approve the additions to both the
23 advisory panel and its advisory subcommittees.

24 COMMISSIONER MILLER: So moved.

25 CHAIRMAN VAN CLIEF: Commissioner Miller.

1 COMMISSIONER DAWSON: Second.

2 CHAIRMAN VAN CLIEF: Commissioner Dawson
3 seconds. All in favor, say aye.

4 NOTE: The commissioners vote aye.

5 CHAIRMAN VAN CLIEF: Any opposed? Okay. Thank
6 you. That update is effective.

7 The rest of our committee structure, I'm not
8 sure if ad hoc is the proper term, but the other
9 committees were created over a period of years by
10 the Commission to address issues as they came up,
11 some of which are current and will probably be
12 always current, others of which probably need a
13 little refreshment.

14 So having had the opportunity since our last
15 meeting to talk with each of the commissioners, I
16 think we can make some changes today which I believe
17 I'm empowered as chairman to go ahead and appoint.
18 Is that the case?

19 MR. LERMOND: Yes, sir.

20 CHAIRMAN VAN CLIEF: In this case, we have
21 consent of individuals who I'm going to ask to
22 serve, so we will confirm that now. But what I'd
23 like to do is just take a minute to create context
24 and go through.

25 If you go to our website and you click on

1 Commissioners, you'll find a committee system. Some
2 of that is active or has been active recently. Some
3 of it is dormant and needs refreshing.

4 So in addition to the panel that we just
5 addressed, there is a very small budget committee
6 which consists of a chairman and the executive
7 secretary. I don't think that needs anything at the
8 moment. We may end up adding a commissioner to that
9 at some point.

10 There was an old so-called Code Revision and
11 Rules committee, which I'm not certain of the
12 origin, but given our conversations of recent and
13 again this morning with the point Ms. Easter made
14 with regards to -- and that Commissioner Dawson
15 brought up with her question -- with regards to our
16 competitiveness or lack thereof in the marketplace
17 and do we need legislation.

18 I think we all want this commission to be
19 active, engaged and aware so that we are ready and
20 the VEA and the rest of you have made a lot of
21 efforts to make sure we stay aware and we're engaged
22 and connected. I'd like that to be reflected in our
23 committee system.

24 So what we are going to suggest today is the
25 creation of some very small ad hoc committees, and

1 as of today, some of these are one-person committees
2 and we will flesh that out as we go.

3 The first one that comes to mind looking at the
4 old list is I think we can take the old Code
5 Revision and Rules committee off and reconstitute
6 what I would think of as a Legislative Strategy
7 committee, a commissioner who -- and that
8 commissioner could add either one more commissioner
9 or others with expertise to that committee that
10 would be aware of the issues and conscious of
11 whether or not this Commission might need its own
12 legislative strategy.

13 whether that might be shoulder to shoulder with
14 another organization like the VEA or whether it
15 might be advisable, I don't know that it necessarily
16 would, but might be advisable for the Commission
17 itself to take a stance on any legislative matters.

18 Commissioner Miller, I think, would be a perfect
19 fit for this, and if he agrees, I'll ask him if he
20 wouldn't mind undertaking that job and we'd create a
21 legislative strategy committee, if he agrees.

22 COMMISSIONER MILLER: Yes. That's fine.

23 CHAIRMAN VAN CLIEF: Then we'll do that.

24 The Racing Safety and Medication committee is
25 actually a fairly large committee. I think that we

1 need to spend a little time looking at the names on
2 this and making sure that they're current. I
3 suspect that they are not.

4 when Commissioner Siegel was chairman in one of
5 my early meetings before I learned to duck quickly
6 enough, which I'm not sure I still have learned, he
7 turned to me and said would I chair the committee,
8 which I was happy to do at that time.

9 we undertook a review of the medication rules.
10 We took steps to upgrade and update the Virginia
11 rules to coincide with what the RMTC was doing at
12 the time, and while I think we're probably still
13 current, I think it would be a good idea to take a
14 look at that, make sure that we are, and Vice
15 Chairman Dawson has kindly offered to undertake the
16 chairmanship of this committee.

17 So with that, Madam Vice Chairman, if you are
18 still of a mind and accept that appointment, then
19 I'd like to make it. At the same time, I will step
20 down and offer the committee as Chairman.

21 You have Commissioner Reynolds as the other
22 chairman. If he wants to stay on that committee, I
23 think that would be great. If he wants to
24 relinquish that and another commissioner would like
25 to take it, you can make that change, but I leave

1 that up to Chairman Reynolds.

2 COMMISSIONER REYNOLDS: I'll stay.

3 CHAIRMAN VAN CLIEF: Okay.

4 COMMISSIONER DAWSON: Thank you, Mr. Chairman.

5 CHAIRMAN VAN CLIEF: We will make sure you have
6 a list and I'll ask our executive secretary to catch
7 up with you on this, and I think you probably need
8 to go through a little surgery on the list.

9 COMMISSIONER DAWSON: I think Dr. Harden is on
10 the committee.

11 CHAIRMAN VAN CLIEF: He is, and I think that
12 would be up to you -- I know he will be doing some
13 contact work for us. You may want to leave him on,
14 as he will still be in virtually the same although
15 not a full-time capacity, but there are a lot of
16 names on this list, some of whom would come off due
17 to changes in these organizations or some have left
18 the industry.

19 There is a Marketing and Promotion committee,
20 which Dave Lermond tells me was created during the
21 happy days when this Commission had some extra funds
22 that it was thinking about using for marketing
23 purposes. I hope we can recreate that environment
24 again.

25 There's also a Wagering Technology committee.

1 I would propose that although some might not look at
2 it this way, and for the moment at least, we merged
3 our Marketing committee with our Wagering Technology
4 committee, as I say wagering and technology, that's
5 an outreach function through technology to create
6 customers. I actually see it as very, very closely
7 related to our marketing.

8 Commissioner Reynolds has agreed to undertake
9 that chairmanship of this and to reconstitute that
10 group, and I can see that getting into a number of
11 areas; development of technology, development of
12 funding for marketing in the industry. So there's a
13 lot that can occur there, and Commissioner Reynolds,
14 if you are still of a mind to do that --

15 COMMISSIONER REYNOLDS: I'm of a mind.

16 CHAIRMAN VAN CLIEF: -- I'd like to formally ask
17 you to do that.

18 COMMISSIONER REYNOLDS: Yes, sir.

19 CHAIRMAN VAN CLIEF: Okay.

20 COMMISSIONER REYNOLDS: Thank you, Mr. Chairman.

21 CHAIRMAN VAN CLIEF: He started off the meeting
22 and I would just note that Dr. Steger has very
23 kindly already agreed and is well under way as
24 chairman of our Executive Search committee, so I
25 haven't asked him to undertake any additional

1 burden, and I won't today, unless he wants to
2 volunteer for something else.

3 DR. STEGER: No, sir.

4 CHAIRMAN VAN CLIEF: But that gives us a new
5 slate of reconstituted committee structure with Vice
6 Chairman Dawson now chairing the Racing Safety and
7 Medication committee, former chairman and now
8 Commissioner Reynolds sharing the Marketing and
9 Wagering Technology committee, Commissioner Miller
10 with the Legislative Strategy committee and
11 Commissioner Steger as chairman of the Executive
12 Search committee.

13 There's one last area that we haven't done
14 anything about, and I thought might be subject of
15 some focus here. That's the site development
16 function. It's obviously incumbent on this
17 Commission to be up to speed and aware of what's
18 going on because we're going to be asked to deal
19 with licensure in terms of the Commonwealth's
20 new racing venues.

21 I think that's one the entire Commission will
22 deal with through the formats like your report on
23 Shenandoah Downs and Morven Park this morning, so I
24 think we will all be prepared to shoulder the load
25 there.

1 I want to be careful where we step. I'm not
2 implying that this Commission should be in the
3 business of approving racetrack surfaces or your
4 customer service sites, but obviously, we need to be
5 extremely well informed to do our job properly there
6 and make sure that we're helping to deliver and
7 assure the public that we are delivering race
8 courses of optimum quality, both for the athletes
9 that will perform on them and for the customers who
10 are hopefully going to enjoy them. So we will make
11 all that a matter of record then.

12 And Mr. Lermond, if you will offer your
13 assistance on either the repopulation of some of
14 these committees. And please take it easy on Mr.
15 Lermond. He and Kimberly are the only staff at the
16 moment, so I promised him we would try not to burden
17 him with a lot of committee administration, but
18 obviously, our new chairman are going to need
19 assistance.

20 MR. LERMOND: Once we get past May 7th.

21 CHAIRMAN VAN CLIEF: Okay. Great. Any
22 questions on that? Thank all of you for your
23 willingness to undertake additional duties.

24 COMMISSIONER DAWSON: I'd like to say from the
25 Commission thank you from the Commission for

1 undertaking it. It's a big job and it needed to be
2 done.

3 CHAIRMAN VAN CLIEF: Thank you.

4 Okay. Mr. Lermond, is there anything else we
5 need formal approval of or to address at this point?

6 MR. LERMOND: The last item, Mr. Chairman, is
7 the proposed expenditures of the Thoroughbred
8 portion of the Virginia Breeders Fund. The
9 Thoroughbred subcommittee met through e-mail and
10 voted unanimously for the following expenditures,
11 which were also suggested by the Virginia
12 Thoroughbred Association.

13 Normally, it starts with the VTA making a
14 recommendation and then the subcommittee looks at
15 the recommendation. If they are in favor, then we
16 bring it to you.

17 The two items that are being recommended for
18 approval, number one, is approximately 50,000 for a
19 Virginia-bred 100 percent owner's bonus program on
20 all non-restricted races contested at the Gold Cup,
21 and the International Gold Cup races at Great Meadow
22 for horses finishing first through sixth with a cap
23 of \$10,000 per award.

24 This is the same as last year, however, we did
25 add sixth place finishers into the mix. For some

1 reason early on, I think we did first through fifth,
2 but it was because of the computer software that
3 kept us from doing that, but Debbie and I have
4 talked about this, and we just think if someone is
5 going to earn a check, even if it's a sixth-place
6 check, if they have a Virginia-bred, that money
7 should be matched by the fund. So that's just a
8 minor change to that point.

9 The second item is \$80,000 for purse
10 contributions to the two eight Virginia-bred stake
11 races that were approved at the last meeting to be
12 contested at Pimlico and Laurel. Each race has a
13 total purse of 60,000, consisting of 50,000 from
14 Virginia HBPA and 10,000 from the Virginia Breeders
15 Fund, and hence the \$80,000 total.

16 I would seek motion for approval.

17 CHAIRMAN VAN CLIEF: Are there any questions?
18 In that case, do we have a motion to approve the
19 allocations as they are set forth in your meeting
20 packets?

21 COMMISSIONER DAWSON: I so move.

22 CHAIRMAN VAN CLIEF: Second?

23 CHAIRMAN REYNOLDS: Second.

24 CHAIRMAN VAN CLIEF: Motion and a second. All
25 in favor, signify by saying aye.

1 NOTE: The Commission votes aye.

2 CHAIRMAN VAN CLIEF: Are there any opposed?

3 Motion carries. Thank you very much.

4 Okay. We are at the point in the meeting where
5 we open it up for public comment. Is there anybody
6 that would like to speak at this point?

7 Mr. Eshelman.

8 MR. ESHELMAN: I'm Tom Eshelman with the
9 Shenandoah County Fair Association and involved with
10 Shenandoah Downs and just wanted to recognize Dave
11 Lermond's assistance. We're in a unique partnership
12 with the VEA and with the VHHA and we're obviously
13 trying to expedite a lot of things and Dave played a
14 critical role with our permitting process with the
15 state and I want to thank him.

16 I also want to recognize Commissioner Miller.
17 We did have a small press conference at our
18 fairgrounds back in March. He attended that and was
19 very eloquent in his discussions with, you know,
20 racing in Virginia, the status of it and what it's
21 gonna mean for Woodstock. We had some favorable
22 response in the newspapers about that.

23 The communities basically embraced it and with
24 very little negativity at all, so we're very excited
25 about it. I just wanted to recognize those two

1 individuals for helping us out.

2 CHAIRMAN VAN CLIEF: We saw your press reports
3 and I thought it was very good stuff. Thank you.
4 Anybody else?

5 MS. EASTER: I'll make a comment, just so that
6 you all are aware and recognize. Obviously, the big
7 excitement is the Gold Cup in two weeks, and I think
8 we are going to try a little something with the VTA
9 and the Alliance, and we have brought the Horse
10 Industry Board in also, who very much recognizes --
11 the current leadership of the Horse Industry Board
12 very much recognizes for the entire horse industry
13 in Virginia, it's important that racing pari-mutuel
14 goes well here, that we have new owners in the
15 Thoroughbred business because it does trickle down
16 to the rest of them.

17 So they've encouraged us with a grant. We're
18 going to be using what was the HBPA/VTA tent in the
19 old days not so much as a social place for people to
20 gather, although we don't have that element, but we
21 are going to have volunteers out there trying to
22 help people on members hill, that area, learn how to
23 use the Gold Cup's wagering platform.

24 We've got a new program called Wager and Win for
25 Virginia. We'll be trying to explain to other -- I

1 think it's hard enough not only do our folks not
2 know, but certainly the rest of the horse industry,
3 the horse shows, the other folks don't understand
4 what year-round betting does for this industry, and
5 not only supports our industry, but the Virginia
6 Tech veterinary school, the Horse Industry Board,
7 the horse center down in Lexington.

8 I think those are all educational points that we
9 have to get out to people, and so it's a joint
10 effort of everything from the Alliance to HBPA to
11 VTA to the Horse Industry Board out there trying to
12 bring people in our tent with the help of XpressBet.

13 I hope -- the details are not quite fine
14 tuned -- but we'll be trying to sign up people for
15 ADW accounts and we got, as you have always said,
16 Chairman, if we can't turn these folks into
17 wagerers, it's gonna be tough for us to make this
18 work.

19 We've got them captive. Obviously, this is our
20 first run. We're going to give it a try and if it
21 works or if we think it was successful, we're going
22 to try to roll that out to different events around
23 the state and where we can, and the neat thing is to
24 have the Horse Industry Board's support of that.

25 CHAIRMAN VAN CLIEF: That's very positive. A

1 related question for Dr. Allison. How many
2 pari-mutuel windows or facilities will you have this
3 year, or is it the same as last year?

4 DR. ALLISON: They have been increased by
5 20 percent. We have added a new tent on the south
6 side and we worked closely with United Tote in
7 developing new sites and making them more efficient.

8 CHAIRMAN VAN CLIEF: Great.

9 DR. ALLISON: So hopefully the water is rising.

10 MS. EASTER: I think you all would be very
11 interested. I don't think we knew until we were in
12 the meeting with the Gold Cup last fall how many
13 wagering sites there are around that track. They're
14 all over.

15 I didn't realize that and it is -- but we've got
16 to do a better job somehow of getting those people
17 or you know showing them they'll have fun wagering
18 there and the rewards. So that's what we hope to
19 test a little bit and then roll out. But that was
20 something that amazed me. I had no idea how many
21 wagering spots they had there.

22 CHAIRMAN VAN CLIEF: Excellent. Thank you. Any
23 other comments or any other -- anybody else want to
24 speak? Okay. Thank you very much.

25 That takes us to commissioner comments. If

1 there are any, we will start to my left.

2 COMMISSIONER REYNOLDS: All right. I just
3 wanted to -- I'm very encouraged and thought it was
4 a great meeting today. I want to thank all of you
5 for your hard work and your continued hard work.
6 I'd like to thank the chairman for his leadership in
7 all of this, and I think we're all headed down a
8 much better road and I'm excited. That's all I've
9 got to say, Mr. Chairman.

10 CHAIRMAN VAN CLIEF: Thank you.

11 COMMISSIONER STEGER: I would like to mention
12 one thing, and I would leave it to the discretion of
13 the chairman, but I think it might be helpful in
14 conjunction with Secretary Haymore to give the
15 governor a briefing on the progress we've made. I
16 know that he is interested. I think if we can give
17 him the opportunity for him to refer to some of
18 these activities in his public commentary, it will
19 assist our momentum in moving forward.

20 CHAIRMAN VAN CLIEF: That's a great idea.

21 Mr. Miller.

22 COMMISSIONER MILLER: I second what Dave said.

23 CHAIRMAN VAN CLIEF: Thank you very much to
24 everybody. I continue to be encouraged by what I'm
25 hearing in all of these meetings. Commissioner

1 Dawson.

2 COMMISSIONER DAWSON: I think it has all been
3 said. I want to especially thank Dr. Steger for
4 that insight. I had not thought of that and I think
5 it's an excellent idea to brief the administration
6 and anybody else who has been involved.

7 Indeed, it was a very positive report and I'm
8 just so excited to be part of this and to watch
9 hopefully with anticipation of the success of all
10 these great plans, and I do plan to go down to
11 Morven Park and check that out.

12 MR. HANNUM: Great.

13 CHAIRMAN VAN CLIEF: One thing that might be
14 helpful. I know that this VEA has been working on a
15 PowerPoint presentation, I think, or maybe a hard
16 copy or both that probably would lend itself exactly
17 to what you're suggesting, so I ask them to crank it
18 out and we get our heads together and put something
19 together.

20 MS. EASTER: And speaking of that, you all are
21 very familiar with all of us and the names, but I
22 will have to recognize Darryl Wood, who has worked
23 on that presentation. Specifically you reminded me,
24 but he has been very helpful to us as far as OTB
25 locations, a real valuable asset to the VEA, and I

1 just wanted to recognize him also.

2 CHAIRMAN VAN CLIEF: Thank you. Anything else?
3 I do not believe we need a closed session today. It
4 shows on the agenda, but we'll forgo that.

5 COMMISSIONER REYNOLDS: The next meeting date.

6 CHAIRMAN VAN CLIEF: Thank you. The next
7 meeting date. Again, I want to try to make these
8 meetings count. Some of you are coming from pretty
9 long distances. Mr. Hannum suggested that if we try
10 to keep the fire lit, but as soon as possible, early
11 June make sense to you --

12 MR. HANNUM: The 1st.

13 CHAIRMAN VAN CLIEF: -- for us to be prepared to
14 issue some opinion?

15 MR. HANNUM: The first week in June, which is
16 June 6th, is a Monday. Maybe at some point during
17 that week.

18 CHAIRMAN VAN CLIEF: We are in the habit of
19 going Wednesday. That makes it the 8th.

20 MR. HANNUM: Okay.

21 COMMISSIONER REYNOLDS: I will be out of town
22 that day.

23 CHAIRMAN VAN CLIEF: That's not going to work
24 then. When are you back?

25 COMMISSIONER REYNOLDS: The 7th.

1 CHAIRMAN VAN CLIEF: How does the 7th work for
2 everybody?

3 COMMISSIONER REYNOLDS: That's a Tuesday.

4 CHAIRMAN VAN CLIEF: Okay. Let's go ahead and
5 set ten o'clock a.m. Mr. Lermond, if we can get
6 this room again. This seems to work. On Tuesday,
7 the 7th of June.

8 MR. LERMOND: Yes, sir.

9 CHAIRMAN VAN CLIEF: I think we'll anticipate as
10 the main action the need to address any applications
11 --

12 MR. HANNUM: Yes.

13 CHAIRMAN VAN CLIEF: -- and hopefully that will
14 give you ample time to get apps in to our office so
15 that the due diligence can be done and any questions
16 that might pop up in that phase are there and we
17 have ample time to respond to the apps before we
18 actually sit down to go through the approval
19 process.

20 MR. HANNUM: Very good. Thank you.

21 CHAIRMAN VAN CLIEF: Or consider the approval
22 process. Okay. If there's nothing further, we need
23 a motion to adjourn.

24 COMMISSIONER REYNOLDS: So moved.

25 CHAIRMAN VAN CLIEF: Second?

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COMMISSIONER DAWSON: Second.

CHAIRMAN VAN CLIEF: Nobody objects. We are now adjourned. Thank you very much everybody.

NOTE: The hearing concluded at 11:21 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 12th day of May, 2016.

SANDRA G. SPINNER
COURT REPORTER