

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

VIRGINIA RACING COMMISSION

August 17, 2017

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
I. Clinton Miller
Dr. Charles Steger
J. Sargeant Reynolds, Jr.

COMMISSION STAFF:
David S. Lermond, Jr., Executive Secretary
Kimberly C. Mackey, Office Administrator
Rhonda F. Davis, Pari-Mutuel and Licensing Coordinator

ATTORNEY GENERAL'S OFFICE:
J. Duncan Pitchford, Esquire

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

I N D E X

	Page
1	
2	
3	1. Call to Order 3
4	2. Approval of the July 6th Meeting 3
5	3. New Business
6	A. Request for Approval of a Limited License Submitted by Shenandoah County Agricultural Foundation for Racing at Shenandoah Downs 4
7	B. Request for Approval of Agreement Between Shenandoah County Agricultural Foundation, VEA and VHHA 13
8	C. Request for Approval of Racing Officials 14
9	D. Request for Amendment to 11 VAC 10-150-190 (Qualifying Races) 17
10	E. Update on Strategic Planning Committee 19
11	F. Consideration of Committee Members, if Necessary 21
12	G. Report from the Virginia Equine Alliance
13	i. OTB Development 22
14	ii. Racing at Shenandoah Downs --
15	4. Public Comment Period 29
16	5. Commissioners' Comments 29
17	6. Closed Session (If necessary) --
18	7. Adjournment 31
19	
20	
21	
22	
23	
24	
25	

1 CHAIRMAN VAN CLIEF: Good morning, everybody.
2 My watch says it's exactly ten o'clock. Thank you
3 all for being here. This is a very professional
4 crowd this morning, which means we must not have a
5 very controversial agenda, or we don't anticipate
6 one.

7 We do have a few action items, and I'd like to
8 call the meeting to order and note that we have four
9 of five commissioners present. Although he could
10 not make it, he had a preexisting conflict, I'd like
11 to welcome Stuart Siegel, who some of us served with
12 during his years as chairman several years ago on
13 this Commission. He has been reappointed and he
14 will be replacing Carol Dawson, so we're delighted
15 that he'll be back and look forward to working with
16 him.

17 At the same time, I would like to thank former
18 Commissioner Dawson for her service. You could
19 count on her every time to ask the right questions,
20 insist on the right standards and always seek to
21 take the high road. So we're going to miss Carol
22 Dawson in her role as a commissioner, but when we
23 get a committee assignment, I'll be happy to say she
24 will continue to serve the Commission.

25 So with that, we'll move on to the approval of

1 the July 6th meeting. This time around, I don't
2 have any suggestions for changes. Does anybody have
3 any questions about the minutes as drafted or
4 suggestions or modifications they'd like to make?
5 If not, we need a motion to approve.

6 COMMISSIONER MILLER: So moved.

7 CHAIRMAN VAN CLIEF: Second?

8 COMMISSIONER STEGER: Second.

9 CHAIRMAN VAN CLIEF: Any opposed? Thank you
10 very much. The minutes are approved as submitted
11 and included in your packets under Tab One.

12 Now on to new business. We do have several
13 items we need to take action on here, beginning with
14 a request for approval of a limited license, which
15 has been submitted to the Commission by the
16 Shenandoah County Agricultural Foundation, and
17 that's of course for racing at Shenandoah Downs this
18 year. That's under Tab Two for the commissioners in
19 their books, and I believe that Mr. Hannum is going
20 to present this item.

21 MR. HANNUM: Thank you. I'm here with Tom
22 Eshelman. Tom, you all know, is the -- you all know
23 Tom. Tom is an executive director of the new
24 Shenandoah County Agricultural Foundation. That's a
25 501c3 organization, which is the applicant for the

1 license, and then the VEA like we did last year will
2 be the entity that will be operating and running the
3 races on behalf of the Shenandoah County
4 Agricultural Foundation, so we're here together to
5 talk through the license application.

6 So before we get in to the license itself, I
7 just wanted to touch base on a couple things. So
8 this will be our second year of racing at
9 Shenandoah, and you know, we expect that the track
10 will be better and more settled and will have had a
11 full year to work on it.

12 Last year, you remember the track was built in
13 record time after extraordinary rains out in the
14 Shenandoah valley all summer. So the track is,
15 according to John Dale Thomas, looks great and will
16 be ready for racing.

17 We have essentially the same racing office
18 coming back, which is great, and we'll get to that
19 on a later agenda item.

20 Working with Tom and his office at the county
21 fair, we've done a couple things to improve the
22 grounds. One of the significant things we've done
23 is we've expanded the crow's nest in the grandstand.
24 So last year it was quite crowded, so Tom and his
25 team got a plan in place that enabled us to

1 essentially double the amount of space that we had
2 for the officials and for the camera crew. So we
3 think that will make a big difference and just make
4 it more professional and easier for everyone to
5 work.

6 we'll have expanded television and audio down in
7 the racing office, which will again help the judges
8 and racing office monitor things.

9 The fence around the track has been painted. I
10 think esthetically things are going to look a lot
11 better. The grass has had a chance to grow and it
12 just looks really well out there.

13 we will have a number of hot water sites for the
14 horsemen. Last year, that was something we weren't
15 quite as well prepared as we should have been, but
16 we're going to have three main hot water stations
17 throughout the grounds.

18 we have a new layout for the barns which we
19 think will be better for the horsemen and will be
20 easier for us to manage logistically. So these are
21 just some of the items that we took as learnings
22 from last year to improve things for this year.

23 So we looked to start racing on September 16th
24 and 17th and then go the next four weekends so there
25 will be ten days of racing total.

1 Again, just following the same pattern as we did
2 last year, Saturday and Sunday racing. We'll have
3 events on different weekends to help draw in the
4 crowds and we've had good feedback from the racing
5 office. Mike Wandishin, our racing secretary, says
6 the horsemen are excited to come back and are being
7 supportive of the meet.

8 So I'll pause there. Tom, do you want to add
9 anything on behalf of the racing foundation?

10 MR. ESHELMAN: Yes. We took it upon
11 ourselves -- as of last year, I was the
12 representative for the facility, which is the
13 Shenandoah County Fairgrounds Association, and
14 obviously that entity is still in place.

15 Then an application was made for the expansion
16 and preservation of agriculture, and along with that
17 was for livestock and horse racing activities at the
18 Shenandoah County Fair, and the entity became a
19 501c3 this past spring, was indeed labeled as the
20 Shenandoah County Agricultural Foundation.

21 It has a separate board. I volunteered to be
22 their executive director, so there's no compensation
23 involved with that board or with that committee and
24 we're very excited to be part of hosting the races.

25 The fairgrounds itself also took additional

1 improvements in to play, including pouring of
2 concrete flooring under the grandstand, providing a
3 more stable atmosphere; it's easier to clean.

4 We've eliminated a few walls. We expanded the
5 area, cleaned it up a little, even more so than it
6 used to be, while still trying to preserve the
7 history of the fair which will be 100 years old this
8 year.

9 So the grandstand kept on its original look and
10 appearance, but we did some pretty unique upgrades;
11 electrical so that we could host -- fix the issues
12 that we had last year, as well as the flooring.

13 We also, with the assistance of donations from
14 other entities including the Equine Alliance and
15 also the Harness Horsemen's Association, given rain
16 or shine here in the next seven days, hope to open a
17 1200 square foot washroom.

18 This will accommodate ADA bathrooms and showers
19 used by the facility by the 4Hers and the livestock
20 kids that show, as well as enable the horsemen to
21 have a place to clean up after racing.

22 Very excited about having that up as well. That
23 was a project that the fairgrounds took on. It was
24 one of the first projects that the Agricultural
25 Foundation took on, as well as a fundraiser.

1 So we're very excited to continue to upgrade our
2 facilities and use the incomes that have been
3 realized from rental incomes and upgrade our grounds
4 for a wide variety of things, including racing.

5 MR. HANNUM: Thank you. So I open up for any
6 questions, Mr. Chairman.

7 CHAIRMAN VAN CLIEF: I've got one. Could you
8 talk a little bit about the marketing effort to
9 build on your experience last year?

10 MR. HANNUM: Sure. I might put my colleague,
11 Darryl Wood, on the spot to talk about that a little
12 bit. Darryl is the director of communications and
13 marketing for the VEA, so he's been spearheading
14 that.

15 MR. WOOD: Thanks, Jeb. It's an interesting
16 market to market. There's no TV stations in
17 Winchester, which is 30 miles north, and there's one
18 TV station in Harrisonburg, which is 25 miles south,
19 so it's really reaching the people in those markets
20 and in between in the valley through different
21 publications and Tom has been extremely helpful in
22 guiding us with his experience in marketing the
23 fair.

24 Like Jeb said earlier, we've got events on five
25 different Saturdays from beer festivals to wine

1 festivals, seafood festival, food truck festival and
2 an Autumn Fest event, which will bring in our
3 biggest crowd of the year. That's on closing
4 Saturday. Last year, that event took place after
5 the season ended. This year, it's on our closing
6 Saturday, and Tom, that should bring in what? About
7 2000 people, I think.

8 MR. ESHELMAN: Two thousand plus.

9 MR. WOOD: So that'll really give us a nice way
10 to finish out the meet. So our marketing efforts
11 are focused really on those first four weeks
12 especially; the opening, knowing closing weekend
13 will take care of itself, that event.

14 CHAIRMAN VAN CLIEF: As far as your promotion of
15 wagering goes, I believe your application included
16 ten machines and six teller-manned stations. Is
17 that the same as the previous year?

18 MR. HANNUM: Yes, and that's flexible. We can
19 add machines easily or if it's a quiet day we can
20 take a station down to save a little bit of money on
21 not having a teller or two in place, but that's the
22 same arrangement that we had last year.

23 We are going to experiment with a walk-around
24 unit this year. Some of the feedback that we got
25 was that it was hard for some of our racing fans to

1 sort of navigate the grandstand eight or nine times.
2 So we don't have any betting stations up in the
3 stands. Maybe that would be something we will look
4 at next year, but we'll have a walk-around unit, so
5 hopefully that will help some of the customers who
6 don't want to walk up and down the stairs every
7 time.

8 CHAIRMAN VAN CLIEF: Are you projecting your
9 handle at around the same level as last year? Do
10 you expect to see some growth?

11 MR. HANNUM: I hope to see some growth. We're
12 still experimenting with the timing. There's a lot
13 of competition for activities at that time of year.
14 Always difficult with college and professional
15 football going on. There are a lot of festivals in
16 the area, so we're up against a lot of different
17 events.

18 There have been some very preliminary
19 conversations about maybe the spring season might be
20 better in terms of for a spectator perspective, but
21 I know harness horsemen like having the races in the
22 fall because that works for the two-year-olds. So
23 I think this will be a learning this year and we'll
24 have to evaluate and see what's best for the
25 horsemen and for customers.

1 CHAIRMAN VAN CLIEF: Thank you. That's all for
2 me. Does anybody else have any questions?

3 If not, we do need to entertain a motion to
4 approve the license application. We have under Tab
5 Two in your books you'll find the staff report which
6 summarizes the application, the full application
7 that each of you received.

8 Mr. Lermond's recommendation is that we approve
9 this application with the following two conditions,
10 and I will read them verbatim.

11 Number one, the horse racing with pari-mutual
12 wagering shall be operated in accordance with all
13 representations, plans and specifications as
14 submitted in the application and as described in the
15 Virginia Racing Commission's August 17 meeting, and
16 the licensee shall not deviate materially from these
17 representations, plans and specifications without
18 the prior consent of the Commission.

19 And condition number two, the horse racing with
20 pari-mutual wagering shall be operated in accordance
21 with all applicable state and federal statutes and
22 regulations, the regulations of the Commission and
23 all local ordinances.

24 So the motion this morning would be to approve
25 the application as submitted with those two

1 conditions included. I'll make that motion.

2 COMMISSIONER STEGER: I will second it.

3 CHAIRMAN VAN CLIEF: Thank you. Any further
4 discussion or questions? All in favor, please
5 indicate by saying aye.

6 NOTE: The Commission votes aye.

7 CHAIRMAN VAN CLIEF: Any opposed? The
8 application is approved. The motion carries
9 unanimously.

10 Second on our list of new business action items
11 is the request for approval of the agreement between
12 the Shenandoah County Agricultural Foundation and
13 the Virginia Equine Alliance and Virginia Harness
14 Horsemen's Association. I believe Mr. Petramalo is
15 going to brief us on that.

16 MR. PETRAMALO: Yes, Mr. Chairman. This
17 contract is similar to the one you approved last
18 year with one difference. The licensee this time is
19 the Foundation, the Agricultural Foundation. Last
20 year, it was the Equine Foundation.

21 Basically, Tom's group is contracting with the
22 VEA to actually operate the meet. This is to
23 schedule the races and take care of all of the
24 wagering, et cetera.

25 The other party to this agreement besides the

1 VEA and the Foundation is the VHHA, the Harness
2 Horsemen's Association. They are agreeing to put up
3 the purse money. So basically what's happening is
4 the VEA will conduct this race meet as it would
5 conduct any other race meet and as it did last year.

6 In return for the Foundation becoming a sponsor
7 and taking out the license, the VEA will actually
8 pay a sponsorship fee of \$10,000 to the Foundation.
9 That's basically the sum and substance of what's in
10 the contract.

11 CHAIRMAN VAN CLIEF: Thank you. Are there any
12 questions for Mr. Petramalo about the contract which
13 is under Tab Three in your books? If not, we need a
14 motion to approve.

15 COMMISSIONER REYNOLDS: So move.

16 CHAIRMAN VAN CLIEF: Is there a second?

17 COMMISSIONER MILLER: Second.

18 CHAIRMAN VAN CLIEF: All in favor, please
19 signify by saying aye.

20 NOTE: The Commission votes aye.

21 CHAIRMAN VAN CLIEF: Any opposed? Thank you
22 very much. The motion carries unanimously and the
23 contract is approved.

24 Next up is the approval of racing officials for
25 the harness meet, and I believe Mr. Lermond will

1 carry the water on this one.

2 MR. LERMOND: Thank you, Mr. Chairman. As
3 Mr. Hannum stated earlier, this is basically the
4 same line-up of racing officials they had last year.
5 The main difference would be the starter, and I
6 should say starters. It's going to be Mo LaFontaine
7 and Clarence Martin. According to our judges,
8 Mr. LaFontaine does a very good job at Rosecroft.
9 He has been the full-time starter there for a year
10 now.

11 He's very good at calling out infractions, and a
12 starter actually also works as a patrol judge at
13 harness, so the closer attention he pays, the better
14 it is for everyone because he's right out there with
15 the action.

16 Clarence Martin will I think take
17 Mr. LaFontaine's place once Rosecroft starts their
18 racing up, and I think probably that's the last two
19 weekends of Shenandoah. So between the two of them,
20 I think we've got very good starters.

21 As I said, everyone else is basically the same.
22 I would say that from a regulatory standpoint, last
23 year's meet went very well, especially for an
24 inaugural meet. We really didn't have any issues at
25 all, and I think part of that is a reflexion of

1 these people listed under Tab Four.

2 I would also point out that the judges are
3 appointed by the Commission, not by the VEA, and
4 they're also on this list.

5 Mr. Remy is the presiding judge. He's the
6 presiding judge in Maryland currently. Paul
7 Tishuk -- I hope he's not reading the transcript --
8 but he's been around a long, long time and really
9 knows the game very well. I've learned a lot from
10 him personally and we're lucky to have him. Dan
11 Kazmaier is the presiding judge in Delaware.

12 So we're very fortunate to have this high
13 standard of judges and it just works out with the
14 way the schedule falls where there is no racing in
15 Delaware starting at the same time. Mr. Tishuk will
16 only be available for the first three weekends, so
17 James Mitchell will handle Mr. Tishuk's duties the
18 last two weekends.

19 Mr. Mitchell was actually a paddock judge at
20 Colonial the last couple years that they had harness
21 racing there, and he's also a judge in Kentucky at
22 Thunder Ridge and Red Mile, and that's good because
23 he's familiar with some of the Kentucky drivers and
24 trainers that come up to compete at Shenandoah.

25 So I would seek a motion to approve this list of

1 racing officials, to include the judges.

2 COMMISSIONER MILLER: So moved.

3 CHAIRMAN VAN CLIEF: We have a motion. I'll
4 second it. Is there any discussion, any questions
5 for Mr. Lermond? If not, all in favor, signify by
6 saying aye.

7 NOTE: The Commission votes aye.

8 CHAIRMAN VAN CLIEF: Any opposed? Thank you
9 very much. Motion carries. List of officials for
10 the Shenandoah Downs meet approved.

11 Dave, do you want to take us right on to the
12 next issue with regards to your request for an
13 amendment to qualifying race rules?

14 MR. LERMOND: Yes, sir. Under Tab Five in your
15 books, you'll see some proposed amendment to 11 VAC
16 10-150-190, qualifying races. In harness, the
17 equivalent of a official workout is a qualifying
18 race. So in Thoroughbred racing, which you might be
19 more familiar with, if a horse has not raced in 30
20 days, he's required to have a published workout.

21 In harness, they take it a step farther where a
22 horse who has not raced in 30 days has to go through
23 a qualifying race. It's a non-betting race and the
24 only stipulation is that the horse has to finish the
25 race under a set standard of time. That's actually

1 why it's called Standardbred racing, because of
2 this.

3 The horsemen had asked if we would look at this
4 regulation and extend it to 45 days, the main reason
5 being is that in Maryland, it's a 45-day rule. In
6 Kentucky, it's a 45-day rule. In Delaware, it's
7 actually a 60-day rule. Not that it will affect a
8 whole bunch of horses, but it probably will enable
9 them to get a few more horses in the races because
10 they won't have to have had a race in 30 days; it
11 will be 45 days.

12 If you see the way I drafted this with
13 Mr. Pitchford's help, it leaves the door open for us
14 to go back to 30. So what we're saying is it's 30
15 days from its last race; however, this may be
16 extended to 45 days for a particular race or race
17 meet with the approval of the stewards.

18 So the understanding is that our stewards or
19 judges are going to allow the 45 days for this meet,
20 but if we -- and I don't foresee this happening --
21 but if it was to be a problem or something we didn't
22 like about it, we could just in essence next year
23 say we're not going to approve it to be extended,
24 and then it would go back to the 30 days as it's
25 written here, and then we wouldn't have to go

1 through this exercise and change the rule back.

2 So I think it's a good way to approach it, and
3 again, the horsemen have asked for this and staff
4 has reviewed it and I would recommend that you
5 approve this amendment.

6 CHAIRMAN VAN CLIEF: Thank you very much.
7 Anybody have any questions for Mr. Lermond about
8 this rule change? Is it a rule change or is it an
9 ability to modify the rule?

10 MR. LERMOND: It's an amendment.

11 CHAIRMAN VAN CLIEF: Okay. If not, then we need
12 a motion to approve the recommendation that Mr.
13 Lermond has put forward in accordance with Tab Five
14 in your books.

15 COMMISSIONER MILLER: So moved.

16 CHAIRMAN VAN CLIEF: Thank you. We have a
17 motion and a second. Any further discussion? If
18 not, all in favor please signify by saying aye.

19 NOTE: The Commission votes aye.

20 CHAIRMAN VAN CLIEF: Any opposed? Thank you
21 very much. The motion passes unanimously.

22 That pretty much is the action items. I wanted
23 to talk a little bit about our strategic planning
24 committee and activity there. Since the last
25 meeting where we assigned members to that committee,

1 most of whom are representatives of our stakeholder
2 horsemen's organizations and also includes two
3 commissioners, which would be Commissioner Steger
4 and myself, we have determined in discussions with
5 the VEA that the best course of action is to
6 transfer formal responsibility, and if you will,
7 ownership of the planning committee and planning
8 process to the VEA, given the fact that a majority
9 of the members are VEA organization representatives,
10 and also given the fact that what we're asking this
11 committee to do is to come back and submit back to
12 the Commission a strategic plan that will guide
13 Virginia's racing industry in its decision-making
14 process and hopefully put it on a healthy road to
15 sustainability and growth.

16 We've asked that that plan be developed, that it
17 encompass at least in the blueprint form at this
18 point, we're looking for what we think should be a
19 five-year plan, but we're going to transfer the
20 ownership and the responsibility of that committee
21 to the VEA.

22 So that was less than clear, and when I first
23 brought the topic up at our meeting before and we
24 made the assignments, we were thinking in terms of a
25 VRC committee. That will now not be the case. We

1 will move it to the VEA.

2 Mr. Pitchford, do we need a formal motion to do
3 that?

4 MR. PITCHFORD: I don't think so, Mr. Chairman.

5 CHAIRMAN VAN CLIEF: We'll just make that
6 effective as of that meeting. Dr. Steger and I will
7 continue to serve, but the ownership of that
8 committee will be with the VEA.

9 I would like to talk very briefly about our
10 Racing Safety and Medication Committee. I mentioned
11 at the top that former Commissioner Dawson was
12 leaving us and we thanked her for her service on the
13 Commission.

14 I'm very happy that she has agreed to continue
15 her service on the Racing Safety and Medication
16 Committee. She's an active member. She's very
17 enthusiastic about the commission of that and she is
18 very keen on maintaining the highest levels of
19 integrity and the best possible image for horse
20 racing in the Commonwealth and agreed to serve on
21 the committee of which she chaired until her
22 departure from this Commission, so I am reappointing
23 Mrs. Dawson to the Racing Safety and Medication
24 Committee.

25 That's it on the committees. Any questions from

1 my fellow commissioners? Thank you very much.

2 Now back to Mr. Hannum for an update on your
3 activities and your development, and you already
4 talked about racing at Shenandoah Downs, but you
5 brief us on any other issues you would like to at
6 this point.

7 MR. HANNUM: I'll just speak to Breakers and
8 Ponies & Pints here in town. So through July 31st,
9 total handle combined for the two sites was
10 11.6 million. In July, we broke a nice milestone or
11 threshold at Breakers. The handle \$1,021,725, so
12 that was great.

13 Then Ponies & Pints continues to do well. In
14 July, they did a little over 800,000. So Breakers
15 is averaging a little over 31,000 per day and Ponies
16 & Pints almost 25,000 per day.

17 So we've been pleased with handle at the sites
18 and continue to work with the staff and the owners
19 of the two sites on making improvements.

20 So that's just a quick update on those two and
21 I'll turn things over to Debbie to talk a little bit
22 about prospective OTB sites. Then before I do that,
23 I'd like to introduce Jason Whittler. Jason joins
24 us after a distinguished 20-plus years in the United
25 States military and a recent graduate of the

1 University of Arizona racing program.

2 So Jason is going to be overseeing OTB
3 operations for the VEA, so we are very happy to have
4 Jason on board and he's dived in and Mary Calabrese
5 is training Jason and he's been just a big help and
6 we look forward to his contribution going forward.
7 So I wanted you all to have an opportunity to meet
8 Jason here, and hopefully you can say hello to him
9 after the meeting.

10 MS. EASTER: So as Jeb said, we are very happy
11 with the Richmond OTBs. They continue to out
12 perform what we projected for both of them, and it
13 has been a very nice surprise to see how well they
14 performed in the summer time.

15 As Jeb said with Jason, we're looking forward --
16 he's getting some intense training from Mary
17 Calabrese right now, but I hope once he learns the
18 ins and outs of how OTBs run, we will have somebody
19 there that really can help us with customer service
20 in our OTBs, working hand in hand with Darryl and
21 myself to do what we can do and improve any
22 situation we can to make it a better deal for
23 customers.

24 Also, he's been to some of the new sites that we
25 think we have located and he will be very

1 instrumental helping us get those open, but we think
2 it was real important to get somebody -- that will
3 be a multi-million dollar business, our OTBs, and
4 have somebody overseeing that and looking at that
5 every day and traveling around to the different
6 sites and so we're real excited to have him on
7 board.

8 I'm pleased to announce it, but I can't give you
9 too many details. We've located what we hope are
10 our potential sites in three areas. Vinton, the
11 City of Vinton, Henry County, which is just outside
12 of Martinsville, and Hampton. Hopefully by the next
13 meeting, I'll be able to give you more details.

14 We've had great talks with the owners. We've
15 had preliminary talks with each of the localities,
16 government officials and the localities, and none of
17 them seem to think that it will be a problem, but I
18 got to go back in with plans and more details with
19 them and have those talks with each of the city or
20 county officials.

21 So I just as soon wait until we get there before
22 we bring that up and put it out in public, but I'm
23 very excited about some of our locations and want to
24 grow in to some real neat, I think, hopefully some
25 first-class places.

1 So hopefully like I said, next meeting we will
2 be able to announce those locations and go forward
3 from there. We hope to have -- it would be ideal if
4 at the next meeting we could have some new
5 applications for you. So that would be the plan.

6 CHAIRMAN VAN CLIEF: Thank you. We hope so,
7 too.

8 MS. EASTER: Anything else, Darryl?

9 MR. WOOD: No.

10 CHAIRMAN VAN CLIEF: Thank you. Any questions
11 for the --

12 COMMISSIONER MILLER: Do you have anything that
13 you can publicly report regarding any progress or
14 non-progress in Chesapeake?

15 MS. EASTER: Jeb should do that.

16 MR. HANNUM: Yes and no, Commissioner. So I was
17 down in Chesapeake on Tuesday night for a city
18 council meeting and it's sort of confusing. There
19 are two different tracks that are happening down in
20 Chesapeake.

21 We have our conditional-use permit which is
22 working its way through the planning commission and
23 the city council. So the conditional-use permit was
24 voted on last week by the planning commission and
25 they recommended to vote -- they recommended for

1 approval, so the conditional-use permit is scheduled
2 to go before the city council and it was a
3 seven-to-one or eight-to-one vote in favor, so
4 that's the permit. So that will be on the schedule
5 for city council to consider in early September.

6 Then the second thing that is working its way
7 through is a revised ordinance. The ordinance seeks
8 to differentiate between satellite wagering
9 facilities and what they have down in Chesapeake,
10 these sort of quasi-legal internet betting cafés.

11 Unfortunately, that has gotten sort of muddled
12 and it's not 100 percent clear to some of the
13 planning commission and city council members the
14 difference between these internet betting cafés,
15 which it's questionable whether they're legal or
16 not, and our highly-regulated OTBs.

17 So this revised ordinance is working its way
18 through. It was originally introduced by a member
19 of the city council to help us, but it unfortunately
20 had two amendments attached to it which could
21 potentially hurt us.

22 One of the amendments would require a 1,000 foot
23 setback from any computer-based gaming facility and
24 in a sort of residential housing. So our Buckets
25 location is located 285 feet from an apartment

1 building. So if the amendment to the revised
2 ordinance is adopted, we have a problem. If the
3 ordinance is adopted without the amendment of the
4 1,000 foot setback, then that's something we would
5 be fine with.

6 So we are trying to navigate the conditional-use
7 permit which we need, and we need to get the revised
8 ordinance through without the amendment requiring
9 the 1,000 foot setback.

10 So on Tuesday night, the ordinance was up for
11 consideration and it was continued so they didn't
12 vote on it. It will now be on the schedule on
13 September 12th, I think it is, the same date that
14 the permit is on the schedule. So fortunately, we
15 have a lawyer down in Chesapeake that is helping us
16 navigate this complicated situation.

17 So we're moving forward, but it's far from
18 straight forward. September 12th, we will hopefully
19 have some clarity on our ordinance and the permit.

20 I should also say Mr. Lermond came down to the
21 council meeting on Tuesday, which was extremely
22 helpful.

23 So I had an opportunity to speak before council
24 to explain what the VEA is and how we operate, and
25 what we're trying to stress is that the OTBs are

1 highly regulated, that the Racing Commission not
2 only approves the license, but then has a regulatory
3 role, you know, forever.

4 So Dave came down and spoke very well and very
5 clearly to the council explaining that, and I think
6 that was very important and that just gives them
7 some time to process that information leading up to
8 the next meeting, so I appreciate his time to do
9 that.

10 So I hope that helps. That's where we are and
11 hopefully in September it will come out in our
12 favor, but it's far from a foregone conclusion that
13 it will.

14 COMMISSIONER MILLER: Thank you, and I think we
15 should thank our executive secretary, director,
16 whatever, for his diligence.

17 MR. LERMOND: I was happy to do it. It was a
18 little strange being on that side of the podium.

19 COMMISSIONER MILLER: Thank you for doing that.

20 MR. LERMOND: You're welcome.

21 CHAIRMAN VAN CLIEF: Absolutely. Anything
22 further from the VEA?

23 MR. HANNUM: No. I think that's it and I think
24 we covered Shenandoah, so that's my report, unless
25 there are any questions.

1 CHAIRMAN VAN CLIEF: Any questions for Jeb or
2 Debbie or any member of the VEA delegation on topics
3 they have discussed this morning or any other
4 questions you might have for them? Okay. Thank you
5 very much.

6 That takes us to the public comment area. Do we
7 have any members of the public who would like to
8 have the floor for a few minutes?

9 All right. If not, that takes us to the
10 commissioners' comments. I'd like to start to my
11 left with Commissioner Reynolds.

12 COMMISSIONER REYNOLDS: I don't have any
13 comments.

14 CHAIRMAN VAN CLIEF: Okay. Commissioner Steger.

15 COMMISSIONER STEGER: I would just like to take
16 a moment to express my appreciation to the VEA for
17 their financial support for the strategic planning
18 process, and also to recognize the Honorable Preston
19 Bryant, who is with McGuire Woods Consulting, who is
20 going to help us work through this process.

21 We have our first organizing meeting today, so
22 we will intend to report regularly on our progress,
23 and I particularly appreciate the individual
24 constituency group representatives who have agreed
25 to serve on this. I think it will be a productive

1 endeavor, and as the chairman said, we'll be
2 finished in a couple months. So thank you.

3 CHAIRMAN VAN CLIEF: I just want to apologize to
4 Commissioner Steger. I overlooked a fundamental
5 courtesy, which was to ask him for his comments as
6 the chairman of the committee a few minutes ago.
7 Fortunately, he preempted me.

8 One further comment I think on the committee
9 process, too. We were asked at an earlier meeting
10 if we would make an effort to keep our fellow
11 commissioners informed, as well as members of the
12 industry, and we do intend to ask the VEA to issue
13 regular reports on our progress. That's it for me
14 today.

15 COMMISSIONER MILLER: No, sir.

16 CHAIRMAN VAN CLIEF: We need to consider
17 potential dates for our next meeting. Executive
18 Secretary Lermond let me know this morning that we
19 have commissioners who do have some busy schedules
20 through the late summer, early fall.

21 I also gather while the VEA is working on their
22 game plan, we will not anticipate applications for
23 the OTBs in the near future, so don't we have any
24 action items until later in the year.

25 So what we thought we would do would be to pick

1 an early November date. If something arises that
2 requires action, we can get in the game pretty
3 quickly. We will organize a meeting, send out the
4 required notice and reconvene, but other than that,
5 we thought we'd give everybody a break and look for
6 an early November meeting.

7 We can get out of the gate right away with a
8 Thursday November 2nd meeting, if that works for the
9 commissioners, or we can go the following week.
10 Tuesday is election day, so that won't work, so we
11 could do Wednesday the 8th or Thursday the 9th.

12 Since Commissioner Siegel is not here, Dave, why
13 don't I ask you to circulate the Commission with
14 dates and let's see which of those two weeks.
15 Either is good for me and I'll hold mine open, but
16 let's circulate and see what works and then issue a
17 notice, if you would.

18 MR. LERMOND: Very good.

19 CHAIRMAN VAN CLIEF: Great. Is there any other
20 item of business or issue that any commissioner
21 would like to bring before the meeting at this time?
22 If not, I thank you all for your time this morning
23 and I will move adjournment. Any opposed?

24 COMMISSIONER STEGER: No, sir.

25 CHAIRMAN VAN CLIEF: Thank you very much. We

1 stand adjourned.

2 NOTE: The meeting is adjourned at 10:40

3 a.m.

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 CERTIFICATE OF COURT REPORTER
2

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

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

10 Given under my hand this 20th day of August, 2017.
11

12
13 Sandra G. Spinner

14 SANDRA G. SPINNER

15 COURT REPORTER
16
17
18
19
20
21
22
23
24
25