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VIRGINIA RACING COMMISSION

March 7, 2017

STATE CORPORATION COMMISSION  
TYLER BUILDING  
COURTROOM A  
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  
Charles Steger, PhD  
J. Sargeant Reynolds, Jr.  
I. Clinton Miller

COMMISSION STAFF:  
David S. Lermund, Jr., Executive Secretary  
Kimberly C. Mackey, Office Administrator

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

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1           CHAIRMAN VAN CLIEF: Good morning, everybody.  
2 I'd like to call the meeting of the Virginia Racing  
3 Commission to order and we should be fairly quick  
4 this morning. We do have some action items, I  
5 believe, that are all going to be straight forward,  
6 so we'll get going.

7           I'll note that all commissioners are in  
8 attendance and the first order of business is the  
9 approval of the minutes. I make a note there as  
10 well that the January 17 minutes need to be amended  
11 to indicate that Commissioner Miller was present,  
12 and that's the only change I had. Does anybody have  
13 anything else?

14           We need a motion to approve the minutes, please.

15           VICE CHAIRMAN DAWSON: I so move.

16           CHAIRMAN VAN CLIEF: Thank you, Commissioner  
17 Dawson. Second?

18           COMMISSIONER MILLER: Second.

19           CHAIRMAN VAN CLIEF: They stand approved. Thank  
20 you very much.

21           Under new business, I believe every action item  
22 we have has to do with the upcoming Virginia Gold  
23 Cup dates for this year, and so I would call on the  
24 Gold Cup chairman, Dr. Allison. You don't have to.  
25 You're not scheduled, but would you like to make any

1 comment or do you have anything you'd like to bring  
2 to the Commission's attention with regard to  
3 applications in front of us?

4 DR. ALLISON: Yes, Mr. Chairman. I wanted to  
5 mention that this is the 92<sup>nd</sup> running of the  
6 Virginia Gold Cup races and a wonderful tradition.  
7 Our secretary reminded me this is the fifth  
8 anniversary of the running under the Virginia Racing  
9 Commission rules, so that is a watermark and  
10 something we are very proud of and thankful to the  
11 Virginia Racing Commission for your support. So I  
12 look forward to your approval of our license.

13 CHAIRMAN VAN CLIEF: Thank you very much, Dr.  
14 Allison. That's interesting to note.  
15 Congratulations on your 92<sup>nd</sup> anniversary. It has  
16 been a wonderful event, and I'd also noticed that it  
17 has achieved status several times, I believe, as the  
18 Commonwealth's largest sports event by crowd count,  
19 which I like to note as often as possible.

20 I think it's notable also that it's your fifth  
21 anniversary of pari-mutuel wagering on-site, and as  
22 a Commission, I know we all thank you for your  
23 effort in making this happen and sticking with it  
24 and continuing to develop that pari-mutuel audience  
25 out there.

1           So thank you very much and we look forward to  
2           some excellent racing days and wonderful times and  
3           anything we can do to be of assistance, I know we're  
4           more than happy to do.

5           The first item then to deal with today on our  
6           agenda is under Item 3A, and that's the approval of  
7           the 2017 limited license application submitted by  
8           the Gold Cup. Does anybody -- that was, I would  
9           note, circulated to all the commissioners. If you  
10          have not had a chance to read it or if you have had  
11          a chance to read it, do you have any questions and  
12          are there any questions that any commissioners would  
13          like to bring up before I ask for motion to approve  
14          the application?

15          COMMISSIONER STEGER: Has staff reviewed it?

16          CHAIRMAN VAN CLIEF: The question is,  
17          Mr. Lermont, has staff reviewed this, and if so,  
18          could you brief us quickly and verbally make any  
19          recommendation that you may have already included in  
20          our books here today. There is a staff report that  
21          you can follow along with under Tab Two in your  
22          books today.

23          MR. LERMOND: That's correct. On February 6,  
24          the staff received the application from the Virginia  
25          Gold Cup Association. Everything included in the

1 application was 100 percent complete.

2 I would like to say that I feel that the Racing  
3 Commission is very fortunate to have a licensee such  
4 as the Gold Cup that cares so much about the safety  
5 and adheres to the rules and it's never a matter of  
6 how much it's going to cost. It's what can we do to  
7 make it the best it can be, and I think it's very  
8 admirable and I think we are lucky to have such a  
9 good licensee. I don't have any issues at all with  
10 the application and would recommend its approval.

11 CHAIRMAN VAN CLIEF: Thank you very much. Any  
12 questions for Mr. Lermond on his recommendation?

13 COMMISSIONER MILLER: I move it be approved.

14 CHAIRMAN VAN CLIEF: We have a motion to approve  
15 the license application. Is there a second, please?

16 COMMISSIONER REYNOLDS: Second.

17 CHAIRMAN VAN CLIEF: Thank you. That's moved by  
18 Commissioner Miller, seconded by Commissioner  
19 Reynolds. Any further discussion? In that case,  
20 all in favor of approval, signify by saying aye.

21 NOTE: The Commission votes aye.

22 CHAIRMAN VAN CLIEF: Any opposed? Motion  
23 carries unanimously.

24 Next up is Item 3B on your agenda, approval of  
25 racing officials for the Gold Cup races this year,

1 and Mr. Lermond, can I call on you for comments on  
2 that item?

3 MR. LERMOND: Along with the application, the  
4 Commission must also approve the list of racing  
5 officials for the Virginia Gold Cup races. That  
6 list is behind Tab Three of your packets. Again,  
7 staff has reviewed this list. As the presiding  
8 steward for the last two or three years, I've had  
9 the pleasure of working with everyone on this list.  
10 They are all very well qualified for the positions  
11 that they are going to undertake and I would  
12 recommend approval of the racing officials.

13 CHAIRMAN VAN CLIEF: Any questions for  
14 Mr. Lermond? In that case, we need a motion to  
15 approve the list of officials.

16 VICE CHAIRMAN DAWSON: I move approval of the  
17 list of racing officials for Virginia Gold Cup.

18 CHAIRMAN VAN CLIEF: Commissioner Dawson makes  
19 the motion. Second?

20 COMMISSIONER REYNOLDS: I'll second it.

21 CHAIRMAN VAN CLIEF: Commissioner Reynolds  
22 seconds. Any further discussion or questions? All  
23 in favor, please signify by saying aye.

24 NOTE: The Commission votes aye.

25 CHAIRMAN VAN CLIEF: All right. Any opposed?

1 The motion carries unanimously.

2 Next is the horsemen's agreement with the  
3 Virginia Gold Cup, and I call on Mr. Petramalo of  
4 the Virginia HBPA to walk us through that, and I  
5 think you'll find that agreement under Tab Four in  
6 your books.

7 MR. PETRAMALO: Mr. Chairman, the contract  
8 before you is quite similar to those that you've  
9 approved in the past between the HBPA and the Gold  
10 Cup, with two exceptions.

11 One, this is a three-year contract. Normally,  
12 we've had one- and two-year contracts. This is a  
13 three-year contract that allows everybody to plan a  
14 little more for the future.

15 And significantly, the HBPA is contributing  
16 \$500,000 a year toward the purses at the Gold Cup.  
17 In the past, we have contributed 400,000, so we've  
18 increased that by 25 percent. We feel privileged  
19 to take part in the Gold Cup meets because in our  
20 view, they're the best in the country.

21 I might point out that the best steeplechase  
22 meet in England and Ireland is next week at  
23 Cheltenham. They get 60,000 people. Gold Cup on  
24 the first Saturday in May will probably have 75 or  
25 80,000. So unless you have any questions, I'll sit

1 down.

2 CHAIRMAN VAN CLIEF: Thank you very much. Good.

3 COMMISSIONER MILLER: Mr. Petramalo, are you  
4 going to attend the race in England?

5 MR. PETRAMALO: Not next week, but the following  
6 month I will.

7 COMMISSIONER MILLER: Give our regards to all  
8 the chaps there.

9 CHAIRMAN VAN CLIEF: Are there any questions on  
10 the part of commissioners for Mr. Petramalo or about  
11 this contract in any respect?

12 DR. ALLISON: Mr. Chairman, I would just like to  
13 say that Gold Cup appreciates the support that the  
14 horsemen's group has given us in the past. Unlike  
15 some other race meets, we've had no difficulty with  
16 this organization, so thank you so much, Frank.

17 CHAIRMAN VAN CLIEF: I think between racetrack  
18 operators and horsemen, it may be a rare and shining  
19 example of cooperation. Thank you.

20 If there are no questions, then we need a motion  
21 to approve the agreement as set forth in your books.

22 COMMISSIONER MILLER: So moved.

23 CHAIRMAN VAN CLIEF: So moved. Thank you. Is  
24 there a second?

25 VICE CHAIRMAN DAWSON: I second it.

1           CHAIRMAN VAN CLIEF: Thank you. All in favor,  
2 please signify by saying aye.

3           NOTE: The Commissioners vote aye.

4           CHAIRMAN VAN CLIEF: The motion carries  
5 unanimously. The contract is approved.

6           Lastly then in terms our action items under Tab  
7 5 in your books, the relevant committee has met and  
8 we have a proposal for approval of expenditures from  
9 the Thoroughbred portion of the Virginia Breeders  
10 Fund for 2017, and I will ask Commissioner Reynolds  
11 who chairs that committee for a brief report.

12          COMMISSIONER REYNOLDS: Yes. The Thoroughbred  
13 subcommittee of the Virginia Breeders Fund voted  
14 recently to recommend expenditures from the  
15 Thoroughbred portion of the Virginia Breeders Fund  
16 for 2017. This is something we've done every year  
17 and I'd like to make the following motion. Unless  
18 there are questions first, I'd like to make the  
19 following motion.

20          That the Virginia Racing Commission approve  
21 expenditures of up to \$60,000 for the Virginia-bred  
22 100 percent owners bonus program on all  
23 non-restricted races contested at the Gold Cup and  
24 international Gold Cup races at Great Meadow  
25 racecourse for horses finishing first through sixth

1 with a cap of \$10,000 per award, and \$80,000 for  
2 purse contributions to eight Virginia-bred stake  
3 races to be contested in Maryland. Each race will  
4 have a total purse of \$60,000, consisting of \$50,000  
5 from the Virginia HBPA and \$10,000 from the Virginia  
6 Breeders Fund. That's the motion.

7 CHAIRMAN VAN CLIEF: We have a motion. We need  
8 a second, please.

9 VICE CHAIRMAN DAWSON: I'll second that motion.

10 CHAIRMAN VAN CLIEF: Commissioner Dawson  
11 seconds. Is there any discussion or are there any  
12 questions about the authorization to expend these  
13 dollars? Okay. If not, all in favor of the motion,  
14 please signify by saying aye.

15 NOTE: The Commission votes aye.

16 CHAIRMAN VAN CLIEF: Any opposed? Motion  
17 carries. Thank you, Commissioner Reynolds.

18 Those are our action items for this morning.  
19 Thank you all very much. We're now going to turn to  
20 our customary report from the VEA, and Jeb Hannum, I  
21 believe, is going to do the honors this morning.

22 I noted at the top that the VEA plus members  
23 stakeholders in the industry met in Middleburg last  
24 Thursday to consider some of the ongoing issues and  
25 very important and fundamental questions in front of

1 us as an industry as we look for the proper  
2 strategies and the ways to continue rebuilding.

3 I think we had an amazingly successful 2016 and  
4 off to a good start in 2017, but there are some  
5 critical questions in front of us and I think  
6 Mr. Hannum is going to discuss some of that and  
7 bring us up to date on some news that was discussed  
8 in that meeting. Jeb, it's yours.

9 MR. HANNUM: Great. Thank you. Yes. We had a  
10 meeting of the horsemen last week in Middleburg, and  
11 this was prompted by a few things. First of all,  
12 with the decision not to move forward with the  
13 development of a track at Morven Park, it seemed  
14 that was a good opportunity for the horsemen to take  
15 a pause and to gather and to consider the next steps  
16 for the industry for the short-term and then also  
17 consider steps for the long-term.

18 So that was really sort of one of the drivers to  
19 gather everybody and it was good timing and the  
20 turnout was excellent. We had a number of members  
21 of the HBPA. We had some members of the VTA. We  
22 had some breeders and horsemen and veterinarians  
23 that are not members of either of those groups, but  
24 we wanted to have some outsiders. We had a  
25 representative from Maryland Jockey Club come down

1 and participate, and we even had leading up to the  
2 meeting people asking to participate that hadn't  
3 been approached originally.

4 So it was not an open meeting, but we wanted to  
5 try to control the attendance a little bit, just so  
6 it wasn't too unwieldy, but we did have people  
7 requesting attendance right before the meeting,  
8 which we thought was a good thing, so we did have  
9 some other people there as well.

10 So we had about 30 people. Commissioner Steger  
11 was there and we very much appreciate his attendance  
12 and participation. We went through an overview of  
13 the VEA and why the VEA was formed and its funding  
14 and we reviewed the funding for four member groups  
15 of the VEA.

16 These are things that we deal with on a daily  
17 basis, but I think for most horsemen and breeders,  
18 the numbers are not familiar to them as much as they  
19 are to us, so I think that was a good place to start  
20 to hopefully give people a better sense of the  
21 numbers and revenue and expenses that VEA has and  
22 the four member groups.

23 Then we asked everybody to think about the  
24 industry from a macro point of view. Really the  
25 30,000 foot level. What do we need to do to sustain

1 the industry? what do we need to do to grow the  
2 industry? what are the things that are important to  
3 horsemen based on our budget realities? So we  
4 really were trying to hold everybody off from  
5 particular sites or sort of specific sort of ideas,  
6 but really to step back and think about things from  
7 a very broad and macro perspective.

8 So we had a very good discussion about that and  
9 there were a couple of themes that came out. Again,  
10 the meeting was not to make any hard and fast  
11 decisions, but it was to gather feedback and ideas  
12 and provide a forum for people to share their  
13 thoughts for the VEA and for the member groups to  
14 consider these perspectives in a little bit of a  
15 different environment and again with different  
16 people contributing.

17 So some of the themes that came about, and I'll  
18 just go through these briefly and we can come back  
19 to them and discuss them in a little more detail if  
20 you'd like.

21 Obviously, we started off talking about live  
22 racing. There was a consensus that in whatever form  
23 or whatever timeframe live racing comes back to  
24 Virginia, and obviously meaning the flat racing, it  
25 has to be unique and it has to be credible and it

1 has to be quality racing, but it has to serve a  
2 certain niche in the industry and in the region, and  
3 the traditional racing facility really is just not  
4 something that is practical for the VEA to build in  
5 terms of a new racetrack with a big grandstand and a  
6 back side. That traditional model isn't really  
7 practical for us to consider.

8 So there was general consensus that in whatever  
9 form that took, you know, Virginia had to carve out  
10 something that was unique and then special in order  
11 for it to work.

12 And that sort of got to being very realistic  
13 about the investment the Maryland Jockey Club is  
14 making in its facilities to the north and that  
15 Virginia must never be competing with Maryland, but  
16 we must try to work with them, and whatever schedule  
17 we have, we want to be in concert with Maryland so  
18 that our schedules were coordinated, and that was  
19 important. And again, we had a representative from  
20 the Maryland Jockey Club, Georganne Hale, who is the  
21 racing secretary. So I think that was important.

22 Then there was a robust discussion about the  
23 breeders, and there was discussion that perhaps  
24 Virginia should be more focused on its traditional  
25 role as a state more focused on the breeding side of

1 the industry than on the racing side. There was  
2 discussion about more money coming to the breeders  
3 and to focus there, which as we all know, supports  
4 the agricultural industry and is good for open space  
5 and all of those types of things that we've talked  
6 about before. So that was an important matter to  
7 raise for the group.

8 A subcommittee was put together to come back to  
9 consider ways of perhaps expanding the pool of  
10 horses that are eligible for Virginia awards.  
11 Awards, whether that be awards or perhaps eligible  
12 for the owner bonus program. So the subcommittee is  
13 going to do its work and we'll report back to you on  
14 that.

15 As you all will remember maybe two commission  
16 meetings ago, the harness industry modified its  
17 criteria for what is a Virginia-eligible horse, and  
18 so Dr. Woogen who was at the meeting shared his  
19 thoughts on why the harness industry went in that  
20 direction and that was particularly helpful and  
21 relevant for the group to consider.

22 So again, there's a subcommittee that will come  
23 back and I won't jump the gun on that, but we'll  
24 perhaps talk about that at the next commission  
25 meeting.

1           There was a group of people that felt very  
2 strongly that perhaps racing should be put on hold  
3 for a little while and that the revenue generation  
4 should be the focus for the VEA.

5           So we've been fortunate the first two OTBs we  
6 have up and running are performing well and that  
7 those sites should be supported and that we continue  
8 to try to roll out as quickly as possible new OTBs  
9 to just firm up our revenue generation.

10          Exchange wagering. One of the members felt  
11 strongly that we should move forward with adopting  
12 exchange wagering in Virginia, because that in  
13 particular is a popular betting format, specifically  
14 for steeplechase races, and the kiosk network sort  
15 of replicating the EZ Horseplay model is something  
16 the group encouraged us to look at. So revenue  
17 generation was an important theme.

18          Some of the other issues we talked about is the  
19 importance for the racing product to reach out  
20 to new customers. Again, we came back to the  
21 steeplechase model as being a way that has proven to  
22 be successful at introducing people to racing and  
23 that the whole environment is so pleasing compared  
24 to some of the racetracks in the country. So we  
25 talked about that.

1           There was generally good feedback for  
2           the new owner bonus program and for having the  
3           Virginia-bred races run out of state. So there was  
4           recognition that while we don't have a permanent  
5           facility now, we need to continue to provide  
6           opportunities out of state where we can, and so  
7           there was support for continuing the races up in  
8           Virginia.

9           So those are sort of the main themes that came  
10          out. Again, it wasn't a forum where any hard and  
11          fast decisions were going to be made, but it was  
12          more an opportunity to raise these ideas and  
13          thoughts.

14          And so again, I think the three main bucket  
15          lists were when live racing comes back, it needs to  
16          be unique, Virginia should continue to support the  
17          breeders and consider new ways to have additional  
18          horses eligible for Virginia programs, and then  
19          revenue generation needs to be an important focus  
20          for the VEA.

21          So those were sort of the main themes. Dr.  
22          Steger, I welcome any of your insight and I open it  
23          up, Frank and Debbie, to chime in on anything else,  
24          because it was a long discussion and we covered a  
25          lot of different things. So I'll pause there if

1 there are any questions or comments and allow  
2 my colleagues to weigh in and hear your questions.

3 DR. STEGER: I want to thank you and Debbie for  
4 putting together what I thought was a very  
5 instructive series of discussions. While we didn't  
6 come to any final conclusion, I think the set of  
7 issues we have to address are clearer as a result of  
8 that meeting, so I just want to express my  
9 appreciation for that.

10 MS. EASTER: I think one thing that's learning  
11 for the industry itself is, as Jeb said, it's the  
12 revenue and the lack of revenue that's generated  
13 potentially compared to other states. So I think a  
14 new concept that everybody is having to get their  
15 head around is that industry money, which might  
16 include HBPA, VEA, Breeders Fund money, that pooled  
17 we might have a better shot of developing a program  
18 that could help Virginia.

19 And as Jeb said, there is a subcommittee, but I  
20 don't think just one -- our breeders incentive fund  
21 isn't enough money to compete with anyone out of  
22 state or lure people here to Virginia, so are there  
23 other ways we can design programs here that could  
24 create some economic benefit for the state, and I  
25 think those are some of the things that the

1 subcommittee is gonna look in to, but it would be  
2 more of a different look at things.

3 You'd have to pool funds to do it, rather than  
4 just say this is going to be Breeders Fund money or  
5 this is going to be owners money. So that was kind  
6 of a new theme.

7 MR. PETRAMALO: Just to pick up on that, I think  
8 from my standpoint, the most encouraging part of the  
9 meeting was the general consensus that going  
10 forward, we have to do things in a different way.  
11 The old business model of a large racetrack with a  
12 grandstand, et cetera, is not the future and it's  
13 often difficult to get horsemen to understand and  
14 accept that.

15 At the meeting, I think there was general  
16 acceptance. As Debbie points out, we're looking  
17 at new ways of doing things and I think that was a  
18 good opportunity for us to hear ideas, but at the  
19 same time educate those who were there to the notion  
20 that we have to do something differently here in  
21 Virginia if we're going to continue racing and  
22 breeding racehorses.

23 CHAIRMAN VAN CLIEF: Question. I know you're  
24 thinking about all the facets of the new model, one  
25 of those I think as being as Debbie referred to as

1 pooling resources and looking for ways to use those  
2 resources not only to build the next generation of  
3 whatever the facilities might be, but also to  
4 stimulate the industry.

5 At this point, do you have a sense or will your  
6 committee be looking into developing a profile for  
7 what the industry really is right now in terms of  
8 job stimulation and growth within our horse  
9 industry? will you look at it as a racing industry  
10 or an ag industry or both?

11 Are we now a state that in addition to special  
12 events like the Gold Cup, are we a breeding state?  
13 Are we a training state? What makes up our industry  
14 right now? Do we have a sense of what that really  
15 looks like? Are we layout facilities, training  
16 facilities, breeding farms? who are we and what  
17 facets are we looking to stimulate and grow that we  
18 can build on now? Does that make sense?

19 MS. EASTER: I think we need to look at it. I  
20 think one of the realizations are maybe we're not  
21 just a breeding state. There are just as many  
22 people that foal out of state and raise their horses  
23 here in Virginia or bring their horses to break and  
24 train here.

25 I don't know that we have any numbers on that

1 right this second, but I'd probably argue there's  
2 just as many people that raise their horses here in  
3 this state that don't get to participate in any  
4 programs as there are people that just do the active  
5 foaling here in this state.

6 So I think I would encourage this committee to  
7 be kind of wide open thinking and we'll probably get  
8 some ideas from them and the rest of us will have to  
9 track down numbers and figure it out.

10 I think the reality is going to be I don't know  
11 that we can do something that's significant  
12 incentive-wise if we prioritize having a facility to  
13 live race at right away as going to be there,  
14 because I don't think building a program that is  
15 insignificant or doesn't have some kind of real  
16 funds that we can put to it is going to do us much  
17 good. So I think we're a long way from getting to  
18 the answers that you want right there, but at least  
19 people are starting to talk about it.

20 CHAIRMAN VAN CLIEF: Thank you.

21 VICE CHAIRMAN DAWSON: Mr. Chairman, I have a  
22 question.

23 CHAIRMAN VAN CLIEF: Yes, ma'am.

24 VICE CHAIRMAN DAWSON: This is in general to the  
25 VEA. I want to say first that we are grateful as a

1 Commission for all the work you're doing and have  
2 done over the years to keep this industry alive.

3 One thing that interested me in Jeb Hannum's  
4 presentation, he mentioned that there was a large  
5 group of people that wanted to focus more heavily in  
6 coming years on revenue-raising rather than on  
7 developing tracks. Is that what you said? It's  
8 kind of oversimplified.

9 MR. HANNUM: Yes. I think that there was the  
10 feeling that, well, there are a couple different  
11 ways to think about it. Currently, there's limited  
12 amount of purse money available. So if we found a  
13 site, we would only have X number of days to race  
14 based on our current model.

15 The thought was how does that fit in and is that  
16 going to be impactful, and I think the feeling was  
17 that if we focus on revenue generation and get to  
18 the point where there is more purse money available,  
19 it makes the state more favorable should somebody  
20 want to come in and make an investment in a new  
21 facility or it gives the VEA the ability to put on  
22 better and more racing down the road.

23 So I don't think it was not wanting to have  
24 racing, but it was being realistic that with  
25 Maryland and Charles Town in our back yard, what

1 value does Virginia really bring if you're having a  
2 short Thoroughbred meet as opposed to waiting for  
3 maybe five years when you have seven or eight OTBs  
4 running, you've accumulated some money, and then all  
5 of a sudden you've got a very significant source of  
6 revenue that you can apply towards a longer meet and  
7 the state is more attractive to other people to come  
8 in and perhaps participate in that.

9 The 30 people that were there, I don't know if  
10 three people felt way or if ten people felt that  
11 way, but that was certainly a sentiment that came  
12 out.

13 Again, I keep coming back to Maryland because  
14 that's what we're sort of up against a little bit  
15 when those sort of resources being invested in the  
16 neighboring state. It just forces Virginia to  
17 really think carefully about where do we fit in and  
18 what are we going to offer that's unique and  
19 different.

20 VICE CHAIRMAN DAWSON: I understand that and I  
21 thank you for that explanation.

22 MR. HANNUM: Yes.

23 VICE CHAIRMAN DAWSON: At the same time, I  
24 recall meetings that we had here at the Commission  
25 where we had lots of trainers and people who wanted

1 to race here in Virginia. I don't see those people  
2 anymore and I'm just wondering why they aren't  
3 coming. Is it because they've given up?

4 I wonder and I feel for them because they are  
5 businesses and they have businesses to support and  
6 clients to support, and I think we have to represent  
7 them as well. I'm just raising a concern here. I  
8 don't have any answers, either, but I don't want to  
9 see us neglect that aspect.

10 MR. HANNUM: Absolutely. That's a very good  
11 point. I think everybody wants to see racing, it's  
12 just a question of what does it look like and how  
13 quickly do we get there. So it's a very good point.  
14 I don't think those people disappeared, but I think  
15 they probably are not feeling the urgency to come  
16 out and participate in these meetings.

17 VICE CHAIRMAN DAWSON: They've gone to other  
18 tracks.

19 MR. HANNUM: Yeah.

20 MR. PETRAMALO: I have in mind a couple of the  
21 younger trainers who have had to remodel their  
22 business. They used to go to Colonial Downs; that  
23 was their main focus. But now with no Colonial  
24 Downs, racing more in Charles Town, shipping to  
25 Laurel, et cetera, they're dropping out of the

1 business, they're just refocusing on the market, and  
2 I fully expect that if there were something here in  
3 Virginia, they'd come right back to Virginia.

4 VICE CHAIRMAN DAWSON: which is why I raised the  
5 issue, because I'd like to see them stay here.

6 MS. EASTER: I think people being here is kind  
7 of a lifestyle decision more than what we can do to  
8 generate incentives for them, unfortunately. We  
9 can't compete with those incentives.

10 So as Frank said, and I'll use one name. I  
11 don't think she would mind. Let's take a younger  
12 person like Karen Dennehy, who is probably affected  
13 as much by the close of colonial as anybody and was  
14 worried about their business and the lack of being  
15 able to be there training.

16 They've had to twist their business a little  
17 bit. She tells me she's got as many horses as she's  
18 ever had, breaking horses for people out of state  
19 and sending them out. Well, there's not necessarily  
20 anything wrong with that business model. She's just  
21 had to tweak it.

22 I'm not going to paint a rosy picture for  
23 anybody. We have less horse folks doing things here  
24 in Virginia than we used to. I think that those  
25 that want to stay here and want to create their

1 living are figuring out different ways to tweak  
2 their model a little bit.

3 VICE CHAIRMAN DAWSON: I'd just raise the issue  
4 and I'd like to have my colleagues on the Commission  
5 think about that, too. I don't want to see them  
6 forgotten.

7 MS. EASTER: We're trying to figure out ways to  
8 help them. It's just hard.

9 CHAIRMAN VAN CLIEF: I might follow up that line  
10 of questioning with the next sort of logical one,  
11 which is given those kinds of operations like the  
12 Dennehy family, are you seeing any departure from  
13 Virginia for other states or are our horsemen  
14 staying put?

15 of course they're tweaking their business models  
16 in terms of sending horses out of state because they  
17 don't have racing opportunities here, but are our  
18 training operations staying put or are they  
19 migrating elsewhere at this point?

20 MR. PETRAMALO: My sense is they are staying  
21 put, but their focus is on other jurisdictions. One  
22 of the major breeders who attended the meeting last  
23 Thursday doesn't foal in Virginia anymore; he foals  
24 in Maryland. But guess what? He hasn't moved his  
25 farm. His farm, his horses, his training is still

1 in Clark County or Louden County. Anyway, it's  
2 still in Bluemont, and I think that's probably a  
3 typical example. This is a good place to raise and  
4 train horses, not so much for foaling, because  
5 there's no incentive here the way you have to foal  
6 in Maryland or Pennsylvania or even New York.

7 CHAIRMAN VAN CLIEF: So the conversation then  
8 might lean towards how do you develop an incentive  
9 program that's going to incentivize Virginia  
10 businesses, not just breeders.

11 MR. PETRAMALO: That was one of the themes that  
12 came across at the meeting last week. Not so much  
13 the notion of breeding, that is dropping foals here,  
14 but the notion of raising in Virginia as opposed to,  
15 quote, breeding in the traditional sense in  
16 Virginia.

17 MS. EASTER: I think the longer this goes on, we  
18 have to be realistic. The longer that we -- are  
19 people staying put. Those that have large  
20 constitutions, I think you're right, but the longer  
21 this goes on, the infrastructure, there are not as  
22 many vets.

23 All that infrastructure, a lot of people foal  
24 their horses out of this state because it's hard to  
25 find a -- if you don't want to stay up all night and

1 watch your own horses, it's hard to find a facility  
2 that can deal with that.

3 As this lingers on, that becomes -- those  
4 facilities are built elsewhere in other states. I  
5 think we have to sustain is our first probably goal  
6 and then see what we can do to grow, I hope.

7 COMMISSIONER MILLER: Mr. Chairman. In your  
8 group, the VEA, when you're looking at revenue  
9 enhancement, have you also concentrated on the tax  
10 policies? Is there anyone who has the time or maybe  
11 you've already done it or made the effort to examine  
12 taxation policies, both statewide and local taxation  
13 throughout the country and here in Virginia to see  
14 if there's anything that can be done in Virginia to  
15 adopt a more favorable tax environment for  
16 ownership, breeding, training, racing of horses?  
17 Anything to do with the equine industry that would  
18 give a more favorable tax incentive to people to  
19 stay in Virginia or to come to Virginia?

20 MS. EASTER: I think that there are those of us  
21 who aren't quite sharp enough, but luckily, we had a  
22 commissioner there that mentioned that. I think  
23 those are things we need to look in to.

24 You and Dr. Steger are very sharp. I think that  
25 would be great. I don't think any of us have ever

1 thought about the government would probably -- the  
2 state of Virginia would be willing to support us at  
3 that kind of level, but I think it's worth looking  
4 in to.

5 COMMISSIONER MILLER: You never know until you  
6 examine the situation.

7 MS. EASTER: Exactly.

8 COMMISSIONER MILLER: Dr. Steger would know this  
9 much better than I, but it seems to me that almost  
10 in every industry when it comes to taxation, you can  
11 find an economist or a group of economists that will  
12 tell you that if the state will just reduce the  
13 taxation burden in this particular area, it will  
14 enhance the revenue for the individual and the  
15 state. I don't know how they get to that point, but  
16 they do.

17 DR. STEGER: My take on it is that our industry  
18 is declining and that we should look at some tax  
19 credits to reinvigorate some investments so  
20 everybody wins in the process. That's a very good  
21 point.

22 MR. PETRAMALO: I can tell you a bit about how  
23 it works in England to support the horse industry  
24 there. In England, they have something called value  
25 added tax. Now I think it's 18 or 20 percent on

1 everything. If you're in the horse business and  
2 are registered with the revenue folks, you file a  
3 quarterly tax return and all of the tax that you  
4 paid, the 18 or 20 percent, is refunded to you and  
5 that's the way the government there supports the  
6 horse industry.

7 COMMISSIONER MILLER: I would suggest that if  
8 someone that has the time and the energy that  
9 someone in your horsemen's groups, plural, should  
10 try to make an effort to examine the ramifications  
11 of our current taxing policy in Virginia, not just  
12 statewide, but the different localities where we  
13 have a focus on the equine industry and do the best  
14 you can to try to come up perhaps with some  
15 suggestion of some approaches that might be made to  
16 make it more attractive for people to continue in  
17 the business here and bring people in from other  
18 jurisdictions.

19 MR. HANNUM: Thank you.

20 CHAIRMAN VAN CLIEF: One suggestion in that  
21 regard. You might, Debbie, give a call to KTBA or  
22 some of your Kentucky colleagues. I know they've  
23 had lots of initiatives over the years with state  
24 government for just that kind of tax relief and see  
25 if there might be some instructive lessons that you

1 could learn from them real quickly.

2 MS. EASTER: Okay. Thank you.

3 MR. PITCHFORD: Debbie, I know that they've had  
4 an economist from UK study that question.

5 MS. EASTER: There's some consultant out there  
6 that will give us some kind of idea. Thank you.

7 CHAIRMAN VAN CLIEF: You might check with the  
8 University of Louisville's equine program, too. I'm  
9 sure they've got a line on it.

10 MR. HANNUM: So would you like me to continue on  
11 with the VEA report or should we move on from this  
12 item?

13 CHAIRMAN VAN CLIEF: I think everybody is up to  
14 speed at this point. Please.

15 MR. HANNUM: So once again, this is an ongoing  
16 process. Some committee that's looking at expanding  
17 eligibility for horses will report back to us,  
18 hopefully in the next couple weeks, and we'll bring  
19 that before the Commission to discuss and share and  
20 we continue to have the dialogue with our  
21 stakeholders. So thank you for your interest and  
22 your contributions.

23 Moving on to Shenandoah Downs. We met -- the  
24 VEA met with Tom Eshelman, who is here today, and  
25 the Shenandoah County Fair has a subcommittee on

1 their board that interacts with us for racing. So  
2 we had a marketing meeting a few weeks ago out in  
3 woodstock and it was also sort of a kickoff meeting  
4 for planning for this fall.

5 So marketing looked at enhancing some of the  
6 things that we had done last year, as well as  
7 leveraging the resources of the town and the county  
8 as well.

9 So we had a representative from Shenandoah  
10 County Tourism and Marketing Group and we also had a  
11 representative from the Chamber of Commerce from the  
12 county and also with the town of woodstock, so we  
13 had a couple of people there and there are some  
14 initiatives we can work with them on, as well as  
15 continuing to do what we did last year to get the  
16 word out.

17 One of the things that we want to try to do  
18 which makes good sense is to increase our visibility  
19 on Route 81 because we have so much traffic there  
20 with an enhanced billboard. That's something that  
21 Tom has gotten started on and that has to go through  
22 some zoning issues to get that in place, but that's  
23 just one example of what we know will help us to get  
24 the word out.

25 we also talked about improved siting for the

1 barns. The configuration last year worked for us.  
2 It was a little bit crowded. We had one weekend  
3 where it rained quite a lot and we had a little bit  
4 of flooding in some of the barns, so we're looking  
5 at putting both of the barns in a different location  
6 on higher grounds.

7 There's a parking area sort of right of the  
8 Lilly building where the racing office was, so  
9 that's one possible spot where we could have barns.

10 But it really gets to a broader discussion that  
11 Tom and I had with his board and the VHHA, in that  
12 we have this wonderful partner in the Shenandoah  
13 County Fair. We have a 20 year lease and we really  
14 need to think about a master plan to put into place  
15 what we need to have a successful meet over the  
16 long-term, as well as recognizing what the fair  
17 needs for their purposes, and no doubt there are  
18 probably some outbuildings at the fair that maybe  
19 they would want to replace or maybe we can build  
20 some structures that work for both of us in terms of  
21 building stalls for the race meet and places for  
22 livestock at the county fair.

23 So these are all things that now that we're  
24 through our first meet and have a little bit more  
25 time to plan, we're working on that. So we have a

1 master plan meeting pending with the fair, and that  
2 will be an important step in laying out some of the  
3 things we want to get into place for this fall and  
4 then going forward, so we'll keep the Commission  
5 posted on that.

6 So other than that, we're starting to get  
7 organized for the races. We've posted on the USTA  
8 website our dates and information for the racing  
9 secretary for the races and just doing everything we  
10 can do to attract horsemen. So that's where we are  
11 at this early stage for Shenandoah in 2017.

12 CHAIRMAN VAN CLIEF: To your last point, do you  
13 have any indication from the horsemen community  
14 generally out-of-state? I know you've got good  
15 marks on your surface last year. Does it look like  
16 you're going to get a very positive response and get  
17 quality horses and plenty of them?

18 MR. HANNUM: Yeah, we hope so. Rosecroft would  
19 be our competition. And just drawing a blank right  
20 now, but there was a track that wasn't open for the  
21 first I think two weeks of our meet last year, and  
22 we're still trying to determine when it's going to  
23 be open or not. So we always have to keep in mind  
24 that we're going up with more established tracks in  
25 the area.

1           But I think everything went so well last year  
2           and the track was just a huge success and the  
3           horsemen raved about the surface, so that all just  
4           bodes very well for a better meet this fall.

5           CHAIRMAN VAN CLIEF: Thank you.

6           MR. HANNUM: So if there are no more questions  
7           on Shenandoah, I move on to OTB development. We  
8           have two sites open now, Breakers and Ponies &  
9           Pints. The January numbers I'll just go through.  
10          Breakers was open for 31 days in January and handle  
11          was 1,102,000 plus. That was about a 35, \$36,000  
12          per-day average for Breakers. Ponies & Pints was  
13          open for 16 days in January. Handle was a little  
14          over 300,000. Average per day was almost 19,000 per  
15          day for that site.

16          The split for Thoroughbred and harness was about  
17          74 percent for Thoroughbred handle and about 26  
18          percent for the Standardbred. So we look at that  
19          number carefully because we want to make sure we  
20          have a balanced racing program so we're adequately  
21          supporting both breeds and not favoring one or the  
22          other unintentionally. So that's I think a split  
23          that I think VHHA is comfortable with as we're sort  
24          of in the 75/25 neighborhood.

25          The handle for February where we had both sites

1 open all month was Breakers did 878,000, which was  
2 about 31,000 average per day. Ponies & Pints did  
3 668,000, averaging about 24,000 per day. So we have  
4 a nice, friendly competition now between the two  
5 sites. Breakers has done very well, but Ponies &  
6 Pints just down the road has beaten Breakers on a  
7 few occasions, which I think is good.

8 As we've spoken, the two sites are very  
9 different. Breakers allows smoking, which appeals  
10 to certain people. Ponies & Pints, there's no  
11 smoking, it's a little bit bigger facility, and so  
12 it's just really nice to have the two that are a  
13 little bit different in character. But so far, so  
14 good, and we're looking forward to a robust Triple  
15 Crown season for those two sites.

16 I'll pause for a minute. Darryl Wood, who is  
17 the communications director for the VEA, he will  
18 speak about marketing at the two sites and a new  
19 initiative that we just signed off on.

20 MR. WOOD: Thanks, Jeb. Good morning,  
21 Commissioners. Like Jeb said, both places are doing  
22 pretty well right now, and with the amount of major  
23 Derby preparations that happen every weekend and  
24 some of the big stakes races, we see every weekend a  
25 whole new group of former players that used to be at

1 Colonial Downs now coming out to support both, so  
2 it's encouraging. This weekend it's the Santa Anita  
3 handicap and the Tampa Bay Derby, so we look for  
4 that to keep on going.

5 The two biggest ways that we hope to get new  
6 customers in is obviously the Kentucky Derby  
7 May 6th. We already had planning sessions with  
8 Breakers and Ponies & Pints. At Ponies & Pints,  
9 we're going to use the parking lot and have a big  
10 party there that would have a disc jockey and corn  
11 hole and beer trucks and betting in the parking lot.  
12 There's so many condos and apartments right by  
13 there, that we want those people to come in and  
14 experience that for the first time.

15 We've also through the owners at Ponies & Pints  
16 and Breakers, they felt that the Richmond Flying  
17 Squirrels baseball team here offered a great chance  
18 to partner with them. They draw close to 400,000  
19 people over the summer, so we've now got a  
20 partnership. We signed that yesterday with them.  
21 It will give us some nice signage in the concourse  
22 areas of the Diamond going to concession stands and  
23 restrooms.

24 Also on the back of every four tickets sold or  
25 downloaded, there will be an offer to drive people

1 into both Breakers and Ponies & Pints for a discount  
2 food beverage option. So this time of year the  
3 regulars are coming in force, but this gets us two  
4 great options to try to build on that customer base.

5 MR. HANNUM: Thanks, Darryl. We had a third  
6 site selected down in Chesapeake. It's called  
7 Buckets and the owner is doing expansion. We've  
8 already done a lot of work to design the OTB area.

9 Unfortunately, we ran into a little problem with  
10 a zoning issue. There's an ordinance on the books  
11 down there that was designed, I think, to deal with  
12 the proliferation of internet cafés a few years ago,  
13 and unfortunately, the OTB has sort of fallen under  
14 that ordinance, so we're working towards addressing  
15 that.

16 We're going to be applying for a conditional-use  
17 permit to get approval. We have retained counsel  
18 down in Chesapeake to help us through this process.  
19 We have a -- there's a councilman who is very  
20 supportive of our initiative.

21 We don't feel that there's any sentiment against  
22 having an OTB open, and there have been OTBs down  
23 there, so it's just a matter of working through the  
24 zoning issue, which is too bad, because it looks  
25 like it'll set us back timing-wise for a few months.

1           We are moving forward full steam ahead with the  
2 design and the layout. We could have our  
3 application before the Commission perhaps at the  
4 next meeting if that seems appropriate with the  
5 staff, and it would just have to be with the  
6 understanding that the zoning issue has to be  
7 resolved. But it just seems like things are going  
8 to work out. We just have to go through this  
9 process.

10           Darryl has been doing a number of trips  
11 throughout the state to look for additional sites  
12 and Hampton and Martinsville are areas where we've  
13 had referendums and we'd like to have OTBs there.

14           So we're not just focused on Chesapeake. We're  
15 looking at other sites as well, so we've got  
16 multiple feelers out there to restaurant and bar  
17 owners so we'll keep you posted on that. But  
18 Chesapeake, fingers crossed, will be the next OTB  
19 that we have open.

20           So that is my report, Mr. Chairman. If there  
21 are any questions, I'll take those.

22           CHAIRMAN VAN CLIEF: Thank you very much,  
23 Mr. Hannum. Any questions? I think you answered  
24 them all. Thank you very much. Appreciate it.

25           MR. HANNUM: Thank you.

1           CHAIRMAN VAN CLIEF: Okay. At this point, we've  
2 reached the public comment period. Does anybody --

3           MR. PETRAMALO: Before we get to that, may I  
4 make one announcement? We hope to go forward with  
5 our Virginia-bred stakes races in Maryland this year  
6 and we expect, of course, to bring that before the  
7 Commission. Jeb and Debbie and I are going up to  
8 Laurel to meet with the MJC folks March 22<sup>nd</sup> or  
9 March 23<sup>rd</sup>. I think it's quite likely that they  
10 will agree to have two days of racing.

11           You recall last year in June, we had one day of  
12 racing that had three Virginia-bred stakes and two  
13 Virginia-bred maiden races, and then in the fall, we  
14 had five Virginia-bred stakes and then we had the  
15 open Commonwealth Derby and the open Commonwealth  
16 Oaks.

17           We expect that Maryland will be happy to  
18 replicate that again this year, and that's what  
19 we're going to be talking about, with the notion  
20 that if we do reach agreement, we would come back  
21 before the Commission at the April meeting to ask  
22 for your approval.

23           The one slight wrinkle is there is some  
24 sentiment on my board not to run the Commonwealth  
25 Derby and the Commonwealth Oaks, the two graded

1 stakes, given that we're not going to be racing in  
2 the near future at Morven Park. Some feel that it's  
3 better to spend that money elsewhere rather than in  
4 the graded stakes. But there are opposing views on  
5 that and we haven't yet worked it out on our level,  
6 but it's an issue that's out there.

7 CHAIRMAN VAN CLIEF: Okay. Then presumably, you  
8 will be prepared with a recommendation on the graded  
9 stakes? Yes or no?

10 MR. PETRAMALO: In April. Correct.

11 CHAIRMAN VAN CLIEF: All right. Thank you very  
12 much, Mr. Petramalo. Back to public comments, if  
13 there are any. Please state your name for the  
14 record and keep it to five minutes.

15 MR. BERMAN: Tad Berman. Last month, the  
16 Commission approved a \$1.5 million loan from the  
17 restricted funds for development of Morven Park.  
18 From what I hear today, it sounds like we're not  
19 going to move ahead with Morven Park. I just  
20 wondered what the status of that \$1.5 million is and  
21 who has it.

22 In addition, I hear talk about racing being put  
23 on hold. You know, I've always been about live  
24 racing, and after the referendum was passed in the  
25 late 80s, the guys that framed -- the framers of the

1 Racing Act put a provision in there that we would  
2 have 150 days of live racing and harness and  
3 Thoroughbred combined within five years.

4 I'll be the first to admit that that 150 days  
5 was pretty aggressive, and at the time, it needed to  
6 be adjusted, but the point being -- and it finally  
7 was adjusted in the General Assembly, but the point  
8 being when those guys developed the Racing Act or  
9 wrote the Racing Act, they wrote it to try to  
10 prevent us from being a state that was just consumed  
11 with gambling with no live racing.

12 That's the one thing they wanted to prevent, and  
13 from what I'm hearing today, that's what we are, is  
14 a state that is all about gambling and putting live  
15 racing on a back burner. So that's just something I  
16 would like to bring up. I appreciate Ms. Dawson's  
17 comments.

18 Also, I'm talking about you right now,  
19 Mr. Miller. Now that we have Woodstock, and  
20 Woodstock has been so successful forever, Virginia  
21 has tried to get an OTB in Northern Virginia, and  
22 I'll be the first one to admit that Woodstock is not  
23 exactly what we're looking for, but it's the  
24 farthest north that we've been able to get.

25 So this being an election year, I haven't heard

1 anything about a referendum possibility that we  
2 night have up in woodstock. So those are the three  
3 things I wanted to touch on.

4 MR. PETRAMALO: I can respond to the first two,  
5 Tad. When we sought, the HBPA sought approval to  
6 make a loan of \$1.5 million from the purse fund, I  
7 made clear to the Commission at the time that there  
8 was a possibility that Morven Park deal wasn't going  
9 to go through. Well, that occurred. So the  
10 \$1.5 million still resides in the HBPA's purse  
11 account. It hasn't gone anywhere. Secondly --

12 MR. BERMAN: It was supposed to be returned to  
13 the Commission to the purse account. You said that  
14 money would be returned if it wasn't spent on Morven  
15 Park.

16 MR. PETRAMALO: It's in our purse account. It  
17 never went anyplace.

18 MR. BERMAN: Okay.

19 MR. PETRAMALO: Second point. With regard to  
20 live racing, I agree with you. We want live racing  
21 here in Virginia. We are looking at other possible  
22 venues. The Middleburg Training Center is one  
23 venue. The Raymond Guest facility in Powhatan just  
24 off of 95 is another. We haven't given up, but we  
25 do recognize that the notion that building a

1 traditional racetrack with a grandstand isn't going  
2 to fly. Nobody's got 25 or \$30 million to invest in  
3 something like that, but we are continuing to look  
4 for racing venues for flat racing.

5 CHAIRMAN VAN CLIEF: Commissioner Miller.

6 COMMISSIONER MILLER: I apologize about my  
7 phone. I didn't hear your point about woodstock.

8 MR. BERMAN: well, now that we've achieved such  
9 success up in woodstock and we've got you moving in  
10 the neighborhood, I thought it might be -- and this  
11 being an election year, I thought it might be a good  
12 year to try to pass a referendum so that we could  
13 have an offtrack betting parlor up there in  
14 woodstock full-time, and in the state fair, we could  
15 do it at the fair and they could make even more  
16 money to support the fair.

17 COMMISSIONER MILLER: well, I would encourage  
18 anyone who desires to do so to look into that  
19 possibility, but I did tell you that woodstock and  
20 Shenandoah County are very, very conservative. It's  
21 a very, very conservative area politically, and it  
22 would take a gigantic effort to be successful with a  
23 referendum there. But I'm not saying it couldn't  
24 be.

25 It depends on who promotes it and how it's

1 promoted. It could be a possibility. I'd like to  
2 see it myself, but it would be a challenge to get a  
3 referendum passed in that particular political  
4 jurisdiction.

5 CHAIRMAN VAN CLIEF: Mr. Berman, thank you for  
6 your comments today. I'm not sure there's anybody  
7 else in the room that hasn't already spoken. Is  
8 there anybody else that would like to speak?

9 MR. ESHELMAN: Can I say something?

10 CHAIRMAN VAN CLIEF: Mr. Eshelman.

11 MR. ESHELMAN: I'm Tom Eshelman with the  
12 Shenandoah County Fair, and I can address the issues  
13 to the commissioners and to you, Tad.

14 Being one that helped facilitate what happened  
15 last year, without the law that was passed allowing  
16 14 days of racing in the state of Virginia, what we  
17 have in Woodstock would have never happened. I can  
18 speak pretty strongly about that. There is a  
19 contingency that is very against pari-mutuel  
20 wagering.

21 The way that it was placed, the way we worked  
22 with the local legislature, with the county and town  
23 representatives, it all went smoothly. They really  
24 didn't have any say about it because the law clearly  
25 states that this was a Virginia law.

1           while I can't speak for the voting population in  
2           Shenandoah County, I can concur with Mr. Miller that  
3           it would be fiercely sought after. In fact, the  
4           innuendo was now that you have allowed this to  
5           happen, what's next. So it's definitely an upward  
6           battle.

7           As much as I would like to see it as a  
8           businessman of a facility, I would dare say that the  
9           public would almost take a resenting stance against  
10          it and it would not go over well.

11          I would definitely encourage Fairfax County,  
12          Gainesville, the Manassas area, Prince William  
13          County is growing like gangbusters. Those are  
14          places that I think would embrace it. Those are  
15          customers going to horseracing, and also the same  
16          customers going to Charles Town.

17          Just to concur with Mr. Miller, as much as I  
18          would like to see it as a facility manager, I think  
19          the general population would definitely resent  
20          trying to move forward. Thank you.

21          CHAIRMAN VAN CLIEF: Thank you. All right. We  
22          now have time for commissioners' comments. I'll  
23          start to my left with Commissioner Reynolds.

24          COMMISSIONER REYNOLDS: No comments.

25          CHAIRMAN VAN CLIEF: Commissioner Steger.

1 COMMISSIONER STEGER: No.

2 CHAIRMAN VAN CLIEF: Commissioner Dawson.

3 VICE CHAIRMAN DAWSON: Yes. I just want to say  
4 that this conversation, this discussion that we've  
5 had this morning has been very useful to me  
6 especially.

7 Some things I'm encouraged about, some things  
8 I'm a little disappointed with, but all in all, you  
9 have done your homework and you have worked hard and  
10 I wish we could do more on the Commission to help.

11 I liked hearing what Mr. Petramalo said about  
12 we're not giving up on racing venues and that's  
13 still ongoing, so I guess it is a longer road than  
14 we had all anticipated, but we all are not giving  
15 up, either. So thank you for your help.

16 CHAIRMAN VAN CLIEF: Thank you. Commissioner  
17 Miller.

18 COMMISSIONER MILLER: Nothing further.

19 CHAIRMAN VAN CLIEF: I'd just like one brief  
20 comment, and candidly, I'm very encouraged. Not  
21 only is this an industry that doesn't give up, but  
22 obviously we've got, I think, lots to be very  
23 pleased about on the Standardbred side of the  
24 equation and some challenges ahead of us in terms of  
25 regenerating live racing for the flat racing

1 community.

2 But what I've seen this morning and in listening  
3 to the conversation and reports from each of you and  
4 listening to your developing strategies for pooling  
5 resources, developing revenue and looking for a new  
6 model that will work economically in terms of live  
7 racing, I think you're asking the right questions.

8 I'm very encouraged. Anytime you see this kind  
9 over cooperative effort within this industry, you  
10 have to be encouraged. So thank you all for your  
11 cooperation and your hard work and I'm very pleased  
12 to relicense the Gold Cup. Good luck with those  
13 outstanding events this year. We all look forward  
14 to joining you at Great Meadow. Thank you very  
15 much.

16 I don't think we need a closed session for any  
17 purpose today, so this is the point at which we  
18 usually try to get our hands around the next meeting  
19 dates.

20 Seems obvious to me with the approval of  
21 potential approvals in front of us or requests for  
22 approvals I should say for a Maryland-based schedule  
23 again in 2017, sounds like we are going to get an  
24 application in our hands that we can act on, at  
25 least contingent with zoning issues being solved for

1 your Chesapeake OTB and perhaps a firm  
2 recommendation on graded stakes purse expenditures.  
3 We obviously need an April meeting, so why don't I  
4 ask Mr. Lermond if you could take a look and ask the  
5 commissioners.

6           Seems to me -- and Jeb, do you think the first  
7 week, second week? Trying to be sensitive to your  
8 scheduling needs. When do you think you can get an  
9 application into the office on that Chesapeake  
10 facility and what makes sense to you from a  
11 scheduling standpoint? First half, second half of  
12 the month?

13           MR. HANNUM: I think the second half. Later in  
14 April.

15           CHAIRMAN VAN CLIEF: Okay.

16           MR. HANNUM: Maybe the week of the 24<sup>th</sup>.

17           CHAIRMAN VAN CLIEF: All right. In that case,  
18 Dave, let's poll the commissioners and see if we can  
19 pick a date. We go back to our old Wednesday  
20 schedule. My week is open. Mr. Reynolds?

21           COMMISSIONER REYNOLDS: I would prefer the 25<sup>th</sup>,  
22 but I'm supposed to go out of town on the 26<sup>th</sup>, but  
23 if that's the only date, I'll make it happen.

24           CHAIRMAN VAN CLIEF: Either.

25           VICE CHAIRMAN DAWSON: Either.

1           CHAIRMAN VAN CLIEF: Commissioner Miller?

2           COMMISSIONER MILLER: I can't on Tuesday. The  
3 25<sup>th</sup> is out.

4           CHAIRMAN VAN CLIEF: The 25<sup>th</sup> is out for  
5 Commissioner Miller.

6           COMMISSIONER REYNOLDS: I'll just move my --

7           CHAIRMAN VAN CLIEF: Not a hardship? Okay. All  
8 right. Let's poll everybody on the 26<sup>th</sup>. It looks  
9 like that's a done deal. So if you would confirm  
10 with everybody, we'll set it for ten o'clock on the  
11 26<sup>th</sup>.

12           Any of the commissioners have any other item of  
13 business they'd like to put in front of the meeting  
14 at this point? If not, we need a motion to adjourn.

15           COMMISSIONER REYNOLDS: So moved.

16           CHAIRMAN VAN CLIEF: Any opposed? We have a  
17 second and a motion. Any opposed?

18           NOTE: There was no response.

19           CHAIRMAN VAN CLIEF: We are adjourned. Thank  
20 you all very much.

21

22           NOTE: The meeting adjourned at 11:15 a.m.

23

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## CERTIFICATE OF COURT REPORTER

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

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

Given under my hand this 19<sup>th</sup> day of March, 2017.

*Sandra G. Spinner*

SANDRA G. SPINNER

COURT REPORTER