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VIRGINIA RACING COMMISSION

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

Wednesday, May 22, 2019 at 10:00 a.m.

COMMISSION MEMBERS:

D.G. Van Clief, Jr., Chairman
Stuart Siegel, Vice Chairman
J. Sargeant Reynolds, Jr.
I. Clinton Miller
Stephanie B. Nixon

COMMISSION STAFF:

David S. Lermond, Jr., Executive Secretary
Kimberly C. Mackey, Business Manager
Rhonda Davis, Pari-Mutuel Wagering and Licensing
Coordinator

ATTORNEY GENERAL'S OFFICE:

Robert N. Drewry, Esquire

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1 CHAIRMAN VAN CLIEF: Good morning, everybody.
2 My watch says ten o'clock, so I would like to
3 convene this morning's meeting of the Virginia
4 Racing Commission. Thank you all for taking time
5 to join us. The meeting is hereby called to
6 order.

7 Our first order of business is for the
8 commissioners to consider approval of the
9 February 14 meeting minutes. I've got one quick
10 change before I ask everybody else their opinion
11 on these. On Page Two, Mr. Lermond, if we can do
12 this. These meetings are in your packet, by the
13 way, under Tab One.

14 Page Two, second paragraph from the top which
15 reads: Vice Chairman Siegel moved to approve the
16 2019 Virginia Gold Cup racing officials, seconded
17 by Commissioner Miller. All were in favor with
18 the vote of -- Commissioner Reynolds pointed out
19 that should be four-zero, not three-zero.

20 I'd like to add some additional wording to
21 indicate that our motion that day included a
22 proviso which allowed the executive secretary to
23 complete additions to the list as might be
24 necessary and requested by the Gold Cup. So if
25 you can add that wording, then the minutes look

1 good to me.

2 Anybody else? No other changes? Okay. I
3 would move with that change we approve the
4 February 14 meeting minutes.

5 COMMISSIONER REYNOLDS: So moved.

6 COMMISSIONER SIEGEL: Second.

7 CHAIRMAN VAN CLIEF: Thank you. Any opposed?
8 The motion carries unanimously.

9 As usual, we'll go to public comments at this
10 point. As you know, a couple meetings ago, we
11 moved the public comment period from the end of
12 the meeting up to the top, the thought being that
13 individuals who wanted to join us who would like
14 to make comments about upcoming items we're
15 addressing for action today that they are welcome
16 to do so.

17 would anybody like to make any comments about
18 our agenda today or any other topics that they
19 care to address? If you do, please state your
20 name for the record and please keep your comments
21 to a maximum of five minutes duration. Anybody?

22 Okay. Thank you very much.

23 Now we go to new business. We have four
24 amendments to our regulations that we want to make
25 to clean things up a bit. I don't think these are

1 going to be terribly controversial, but I would
2 like to take -- they are substantive enough so I'd
3 like to take each one individually and I will ask
4 our executive secretary, Mr. Lermond, to brief us.
5 Dave, would you start off with Item A?

6 MR. LERMOND: Thank you, Mr. Chairman. Over
7 the last year or two, things have come up where we
8 have figured out that at some point, we wanted to
9 just tweak or amend certain regulations and I kept
10 saying whenever I got a lull in the action I would
11 address that, but of course that hasn't happened
12 lately, but I think it's important that the
13 regulations going in to the Colonial Downs
14 inaugural meet be as updated and as accurate as
15 they can be.

16 So as Mr. Chairman said, most of these are
17 really housekeeping, but I will try to briefly go
18 through each chapter and explain why we're
19 requesting these amendments.

20 The first amendments are to Chapter 50, which
21 pertains to racing officials. You may recall back
22 in December, we changed our rules to allow for not
23 having the hard fast rule about fingerprinting
24 people every five years and to give some
25 discretion to the Commission as far as that goes.

1 Like our rule book has done to me in the past,
2 there actually appeared in another section, and
3 ironically it was the racing officials section,
4 which is one of the reasons that we did this was
5 because of the new rules patrol judges at the Gold
6 Cup. That was one of the reasons we didn't feel
7 like these people needed to be fingerprinted every
8 five years. Oddly enough, we did not change this
9 section.

10 The other part to this section deals with when
11 the horse ID identifies horses entering the
12 paddock, we wanted to include digital tattoo
13 microchip or freeze brand number, two methods for
14 identifying horses.

15 In the past, we've had microchipped horses
16 that have come over from Europe years ago in the
17 Virginia Derby and I think sometime in the
18 steeplechase races, and a digital tattoo is
19 something new that the Jockey Club is going to
20 require all horses to have that are born after
21 January 1, 2020 to have this digital tattoo, so I
22 wanted to include all of those in there, again to
23 be current.

24 If you have any questions about the digital
25 tattoo, Curtis Linnell from the TRPB happens to be

1 with us today to speak on a different subject, but
2 if you would like to hear anymore about it, I
3 could ask Curtis to brief you on it or we can just
4 move on.

5 COMMISSIONER SIEGEL: New technology.

6 MR. LERMOND: It is. It is. So those are the
7 only two changes in Chapter 50, and unless any of
8 the commissioners have any questions, I would seek
9 a motion to approve these as final amendments to
10 Chapter 50.

11 COMMISSIONER SIEGEL: So moved.

12 COMMISSIONER NIXON: Second.

13 CHAIRMAN VAN CLIEF: I've got one question for
14 you, Dave. Just as a reminder, I think you
15 briefed us on this when we made this change.
16 while this change -- going back to the
17 fingerprinting issue -- removes the five-year
18 requirement, is it not our intent to require
19 updated fingerprints from certain categories of
20 employees more often than others?

21 MR. LERMOND: That's correct. Primarily,
22 people that would handle money with the HHR or at
23 the OTBs, managers of the OTBs, people working the
24 cage, things like that. But the racing officials
25 working at the Gold Cup is an example, of people

1 we really don't need to do every five years.

2 CHAIRMAN VAN CLIEF: Right, but those in
3 sensitive positions, you will count on and call up
4 and routinely do fingerprinting?

5 MR. LERMOND: Yes.

6 CHAIRMAN VAN CLIEF: Thank you. No further
7 questions from me. We have a motion. We have a
8 second. Is there any other discussion? If not,
9 all in favor, please signify by saying aye.

10 NOTE: The Commission votes aye.

11 CHAIRMAN VAN CLIEF: Any opposed? Thank you.

12 MR. LERMOND: Okay. Behind Tab Three of your
13 notebooks, the proposed amendment to Chapter 80.
14 These changes will allow the Commission
15 veterinarian to administer Lasix and perform
16 endoscopic examinations.

17 These changes are basically necessary to
18 accommodate the smaller race meets such as
19 Shenandoah Downs where our Commission veterinarian
20 not only administers Lasix, but needs to be there
21 after the races in case a horse needs to be scoped
22 and there aren't any other private vets available.
23 That's all there is to Chapter 80.

24 Unless you have any questions, I would seek a
25 motion to approve this final amendment.

1 COMMISSIONER REYNOLDS: So moved.

2 COMMISSIONER SIEGEL: Second.

3 CHAIRMAN VAN CLIEF: Any discussions or
4 questions? If not, please signify your approval
5 by saying aye.

6 NOTE: The Commission votes aye.

7 CHAIRMAN VAN CLIEF: Any opposed? Thank you.

8 MR. LERMOND: Moving along to Chapter 140
9 under Tab Four. This is kind of an interesting
10 one. Some of the commissioners may recall we had
11 an appeal case several years ago about something
12 that happened before the start at a steeplechase
13 race and there was a lot of discussion about are
14 they in the box, where is the box and all that.

15 I think one of the points that Mr. Petramalo
16 brought up during that appeal is that the
17 regulations really don't speak to what happens
18 before the race.

19 The rule starts out with during the race, but
20 we think that it's important enough that if
21 something -- a horse interferes with another horse
22 before the start and affects that horse's chances
23 to win, that we should be able to enforce the
24 interference rule against that horse as well, just
25 like if it was in the running of the race.

1 You wouldn't have to deal with this at
2 Thoroughbred races, of course, because they're in
3 the gate so they would be a starter or a
4 nonstarter.

5 In this case, I think this is a good rule to
6 put in here. I spoke with Pete McGibney of the
7 NSA and he helped me with the language and he said
8 that the proper term would be "while under the
9 starter's orders" and that's when they line them
10 up and put them in the box and drop the flag. So
11 I think this would be a good amendment for us to
12 have.

13 Unless you have any questions, I seek a motion
14 to approve this amendment as final to Chapter 140.

15 MR. PETRAMALO: Will I get footnote credit for
16 this rule?

17 MR. LERMOND: I did. It was a good point.

18 COMMISSIONER MILLER: I vote we approve.

19 CHAIRMAN VAN CLIEF: We have a motion to
20 approve.

21 COMMISSIONER NIXON: I'll second.

22 CHAIRMAN VAN CLIEF: We have a second,
23 Commissioner Nixon. Any further questions or
24 comments? If not, then please signify your
25 approval by saying aye.

1 NOTE: The Commission votes aye.

2 CHAIRMAN VAN CLIEF: Any opposed? Thank you.

3 MR. LERMOND: Okay. The final chapter we'd
4 like to get your approval for amending today is
5 Chapter 180, which deals with medication. Some of
6 the commissioners may be aware, but Dr. Harden,
7 who has been with the Commission I think longer
8 than anybody else, has decided to step back from
9 his role as equine medical director, although he
10 will still help us out just as a normal Commission
11 vet, but Dr. Ada Caruthers, who is here today, has
12 agreed to take on that role.

13 She has been working with Dr. Harden for the
14 last two years learning as much as she can from
15 Doc. She flew solo at the Gold Cup this May and
16 did an excellent job. I think we had 100 percent
17 collection, which is unbelievable. That's a
18 credit to our people in the test barn as well. So
19 I'm going to try and go through this, but if I get
20 stuck, I'll ask Dr. Caruthers to bail me out.

21 The first change is we want to add to the
22 definition of primary laboratory the phrase
23 "accredited by the Racing Medication and Testing
24 Consortium". This is something that all the
25 Mid-Atlantic tracks agreed to do some years ago,

1 that they would agree that there would be third
2 party Lasix administration and labs would be
3 accredited by the RMTC. We followed that, but I
4 just thought it would be good to memorialize it
5 here in our regulations.

6 The same language is also added to the
7 definition of reference laboratory. That's the
8 laboratory someone would use if they wanted to
9 request a split sample and I think they should
10 both be accredited. It's important.

11 The next change is in Section 10-180-70. It
12 deals with Phenylbutazone and Flunixin and other
13 NSAIDs. I'm going to get hung up on the
14 pronunciation of these two, but there are two
15 other NSAIDs that are commonly used in horse
16 racing and the gist of this section is that you
17 cannot have more than one in a horse's system at
18 any one time. It's not good for the horse to have
19 them. It's called stacking is the term that's
20 used.

21 So we wanted to add those two NSAIDs to the
22 list of drugs that you cannot stack. We've
23 inserted quantifiable levels for those two and
24 that is all that has been changed in Section
25 10-180-70.

1 DR. CARUTHERS: Can I just add one thing?

2 MR. LERMOND: Yes.

3 DR. CARUTHERS: The Diclofenac is spelled
4 incorrectly. We'll have to fix that.

5 MR. LERMOND: Okay. I can't even pronounce
6 it. I can't spell it. The other noteworthy thing
7 is that under the disciplinary actions, we are
8 going to strike those because when a horse tests
9 positive, the rules say that the stewards go to
10 the ARCI guidelines and classification document
11 and that's where they get the direction of what
12 penalties to use.

13 So these penalties that are in here are not
14 only outdated, but they don't correlate to the
15 ARCI guidelines. Again, this is just really
16 cleaning up a lot of things.

17 In the section 10-180-100, we are adding the
18 same language about identifying the horses. When
19 a horse goes to the test barn, it is also
20 identified by the test barn personnel to make sure
21 that they're testing the correct horse and we want
22 to add the same methods that we've added in the
23 previous section; mainly the digital tattoo,
24 microchip and the freeze brand number in the case
25 of Standardbreds.

1 Am I doing okay so far, Ada?

2 DR. CARUTHERS: Yes.

3 MR. LERMOND: Okay. Under Section 10-180-110,
4 laboratory findings and reports, we are going to
5 add Paragraph Nine to Section F, and it reads:
6 "Should the split sample not be tested by the
7 reference laboratory due to any reason out of the
8 Commission's control, then the stewards shall hear
9 the case based on the results of the primary
10 testing laboratory."

11 Some of you may remember years ago, we had a
12 case where there was a mix-up with the shipment
13 and some question as to why that happened. So
14 other states have this same rule. I think it's a
15 good one so if something happens to the split
16 sample and it's not to any fault of the
17 Commission, then we would fall back on the
18 original test result.

19 Those are the amendments to Chapter 180. I'll
20 be happy to answer any questions or I may throw
21 them to Dr. Caruthers if I feel the need.

22 CHAIRMAN VAN CLIEF: One point on the use of
23 the ARCI penalty guidelines. The stewards looking
24 at those as guidelines are hard and fast rules?

25 MR. LERMOND: Our language says: "As a

1 starting point."

2 CHAIRMAN VAN CLIEF: Okay.

3 MR. LERMOND: We always want our stewards to
4 have leeway based on mitigating or aggravating
5 circumstances, but the fact that all the states
6 start with the same point and then apply those
7 exceptions, I think is good.

8 CHAIRMAN VAN CLIEF: I think these are
9 appropriate. Okay. Thank you. Any other
10 questions for Mr. Lermond? If not, we need a
11 motion to approve the changes as set forth.

12 COMMISSIONER MILLER: So moved with the
13 stipulation that the drug is spelled correctly.

14 MR. LERMOND: Thank you.

15 COMMISSIONER MILLER: Whatever drug it is.

16 COMMISSIONER SIEGEL: The first L is a C, for
17 your information. The first L is a C in
18 Diclofenac.

19 CHAIRMAN VAN CLIEF: With the change in
20 spelling to correct the medication, we have a
21 motion. We need a second.

22 COMMISSIONER NIXON: Second.

23 CHAIRMAN VAN CLIEF: Thank you. Any further
24 discussion or questions? If not, please signify
25 your approval by voting aye.

1 NOTE: The Commission votes aye.

2 CHAIRMAN VAN CLIEF: Are there any opposed?
3 Thank you very much. Dr. Caruthers, welcome to
4 the Commission. We're delighted to have you.

5 DR. CARUTHERS: Thank you very much.

6 CHAIRMAN VAN CLIEF: Mr. Lermond, thank you.

7 MR. LERMOND: Thank you.

8 CHAIRMAN VAN CLIEF: Next order of business is
9 to consider the request for approval of
10 Thoroughbred expenditures from the Virginia
11 Breeders Fund this year and Ms. Easter is here to
12 address that, I believe.

13 MS. EASTER: Sure. We're just requesting that
14 for all nine Virginia-bred stakes races that will
15 be running at Colonial Downs, first off, we're
16 very happy to have them back in Virginia, and that
17 \$10,000 of each \$100,000 purse that's put up would
18 come from the Breeders Fund, unless less than six
19 Virginia-breds are entered and then the races
20 would include certified horses and the HBPA will
21 take care of the entire purse.

22 COMMISSIONER SIEGEL: Just a quick question.

23 MS. EASTER: Sure.

24 COMMISSIONER SIEGEL: Ten thousand on the
25 first 100 or every 100?

1 MS. EASTER: On every 100. So a total of
2 \$90,000.

3 COMMISSIONER SIEGEL: So essentially ten
4 percent.

5 MS. EASTER: Yes, sir.

6 MR. LERMOND: Up to 90,000, because as Debbie
7 said, if a certified horse draws into one of these
8 races, then the code of Virginia doesn't allow us
9 to use Breeders Fund money to fund that race
10 because the horses all have to be Virginia-breds
11 in order for us to do that.

12 CHAIRMAN VAN CLIEF: Any other questions? If
13 not, we need a motion to approve the request.

14 COMMISSIONER SIEGEL: So moved.

15 CHAIRMAN VAN CLIEF: Thank you. Second?

16 COMMISSIONER REYNOLDS: Second.

17 CHAIRMAN VAN CLIEF: Thank you. All in favor,
18 signify by saying aye.

19 NOTE: The Commission votes aye.

20 CHAIRMAN VAN CLIEF: Any opposed? Thank you
21 very much. Those expenditures are approved.

22 Next up is consideration for approval of
23 licenses for a satellite wagering facility and to
24 conduct Pari-Mutuel wagering of Historical Horse
25 Racing at Rosie's Richmond. The application has

1 been submitted by Colonial Downs Group, and I
2 believe that Mr. Marshall is here to brief us on
3 this.

4 MR. GOMES: Good morning.

5 CHAIRMAN VAN CLIEF: Mr. Gomes. I'm sorry.

6 MR. GOMES: Great to see you all again. I'm
7 joined up here by John Marshall, our senior VP of
8 Operations, and Jamie Hartman, our VP of Finance.

9 We're privileged to stand before you today to
10 be heard on our application for a satellite
11 wagering facility for our Rosie's in Richmond.
12 Before that, I'd like to give you a brief update
13 on where we are, some key points from the other
14 facilities that we have opened.

15 So since we last met, we've had two successful
16 openings, one at the Rosie's in New Kent and one
17 at the Rosies in Vinton, and I think that we can
18 all attest that they were very successful openings
19 and at times we even have lines right now for
20 people to play the games. Vinton opening that
21 first Saturday, there were two or three people
22 waiting on some of the games.

23 I remember sitting before you the last meeting
24 and also being very proud to say that we had 50
25 employees at that point, and now I'm extremely

1 pleased to tell you that by June when we open
2 Richmond, we'll have 745 employees on our team.
3 By the summer when live racing starts, that number
4 will climb to almost 900. That will be
5 approximately \$20 million in annual payroll.

6 So on this site, you see a map of the exact
7 location of the Rosie's Richmond designated by the
8 red star. It's just east of the Chippenham
9 Parkway on Midlothian Turnpike and just yards
10 outside of the Chesterfield County line. It's
11 approximately a ten minute drive from downtown and
12 we love the site due to the great highway access
13 and ease of access from the western, northern and
14 southern suburbs of Richmond.

15 We're already seeing other development sprout
16 up around us and we fielded numerous calls for
17 other entertainment concepts, restaurants and
18 hotels to be on the adjacent land next to us.

19 On this slide, you can see the Rosie's
20 Richmond at night. We'll have approximately 840
21 parking spots and we're taking safety and security
22 of our guests very seriously.

23 Standard lighting for a parking lot is
24 measured in candle lights, about one to
25 one-and-a-half candle lights. So that's what you

1 would see at a typical mall. Here, we're going to
2 have the minimum of six and could be as high as
3 six-and-a-half candle lights across the entire
4 parking lot.

5 It will be constantly patrolled by security.
6 what you don't see here is we're actually putting
7 a security tower in the middle to give guests a
8 little extra assurance when they come visit us.

9 I don't want to ruin all of the surprises, but
10 I'll show you one rendering from the inside here
11 and give you a little taste of the interior. On
12 this slide here, you can see the center bar which
13 will be I guess kind of the first sight you'll see
14 when you walk in the front doors and you'll see
15 it's flanked by Historical Horse Racing games on
16 both sides.

17 Now in this slide, you can see a general
18 layout of the property. We forgot our laser
19 pointer so I'll have to walk you through here.
20 We'll go clockwise.

21 To orient you, the main entrance is at the
22 center top of the screen. Can you see my mouse up
23 there? Right up there. Just to the right, you
24 have the smoking section. Right over here is the
25 high limit games. Back here is a lot of

1 administration and back of the house area and the
2 cage in the back center.

3 You have our full-service Rosie's kitchen
4 right here on the left wall, and in the center as
5 you saw the rendering, that's the center bar and
6 right behind that very prominently located is the
7 OTB betting simulcast.

8 This slide will give you a little taste of
9 what the interior looked like as of last week. It
10 kind of gives you an idea of the large scale of
11 what it looks like on the inside.

12 Of note here is this picture in the bottom
13 left corner, which is the simulcast wall right
14 behind that center bar that I just described. I
15 can guarantee you that when people walk in and
16 drive by, they will have no idea that it used to
17 be a Kmart, so this will be much, much nicer.

18 Now the next slide is some of the important
19 dates. I won't go through all of them, but I'll
20 touch on a couple key dates here. Twenty-four
21 hour security begins at the site in about five
22 days, followed by HHR game delivery the following
23 day on the 28th of May.

24 We plan on having three invite-only days very
25 similar to what we did at the New Kent and Vinton

1 locations. This will give us a little time with
2 limited number of guests to make sure all the
3 kinks are worked out and we have the best customer
4 service that we're already known for.

5 The current opening date is towards the end of
6 June and we'll finalize that as we get closer. So
7 now, I will turn it over to John to walk you
8 through some more.

9 MR. MARSHALL: Thank you, Aaron. I'd like to
10 introduce today our general manager for Rosie's
11 Richmond. He's with us today, Virginia native,
12 Philip Harris. Would you please stand? With
13 Philip today is the leadership team at Rosie's
14 Richmond. If you could please stand. Thank you.

15 The executive director asked today that I
16 share a glimpse of the current status of Colonial
17 Downs in our quest for the rebirth of live racing
18 at Colonial, so I've got a few images to share the
19 current status.

20 The top row, I'll walk from left to right to
21 talk about the evolution of the dirt track.

22 So first, we had a professional survey done,
23 and secondly, our contractor had graded us to
24 grade. We are at grade and base was exposed today
25 with the first layer of cushion planned to go on

1 as soon as possible.

2 So we removed the former Standardbred surface,
3 the limestone surface, and we're using it to
4 repair shed roads, parking areas, areas around
5 stalls and that work is underway today.

6 The more interesting process in the top right
7 is the sifting of the former cushion where we are
8 loading the former cushion in the sift machine and
9 getting the fine, very important particulates from
10 the former cushion which will mix into the new
11 material to make up our new cushion, which is
12 going to be composed of sand sourced locally from
13 a quarry called Aggregate.

14 The other two-thirds of material will be
15 brought to us from Maryland, which is the same
16 cushion that is used at Laurel Park from our
17 contractor, Stanley concrete.

18 The center row documents the burn of the turf
19 course which happened about four weeks ago now,
20 and the center picture is immediately following
21 the burn, and to the far right is the turf course
22 as it looked yesterday.

23 The bottom left, the tote board had been
24 demoed and the steel is arriving for the new LED
25 tote display today. Our panels are at port in

1 Norfolk today, scheduled to arrive next week and
2 assembly will continue forward.

3 We also simulated with the VCU evac unit with
4 their helicopter unit from Dinwiddie, Virginia
5 which will service us in the event we were to need
6 them. It is very important to us that we simulate
7 with New Kent County and VCU to make sure we've
8 got the pieces in place to respond in the event of
9 that type of incident.

10 work in the barn area is continuing, so we are
11 renovating the top 500 stalls, the top seven barns
12 first, and we will renovate through 14
13 incrementally as they become occupied. Work has
14 continued in the dorms so that we've got clean,
15 fresh dorms with functional bath houses as we open
16 the stable area July 25th. So that's a glimpse of
17 our track evolution. Work is moving forward as
18 scheduled.

19 I've also been asked to share with you some
20 partnerships that we've forged over the past
21 several months within the industry. We all know
22 to put on a first class race meet, it requires
23 several partnerships and a lot of support;
24 partnerships within the industry, partnerships
25 specific to marketing live racing and also

1 partnerships related to distribution of content
2 and signal. Those are the three categories that
3 are going to guide our success.

4 We are proud to say today that Colonial Downs
5 is the newest member of the NTRA, and our purpose
6 for joining the NTRA is two-fold initially.

7 One, we want to join the national movement to
8 promote Thoroughbred racing nationally; and two,
9 one of our first orders of business with the NTRA
10 will be application for the NTRA safety and
11 integrity accreditation, which will happen
12 synonomous with our inaugural race meet.

13 we'd like to note the considerable support
14 we've been getting from the Jockey Club. Jim
15 Gagliano personally has extended his mentorship to
16 help guide Colonial Downs to the finish line for
17 the reopening. So we've been getting some good
18 tutorial on equine injury database, electronic vet
19 records, Compass, and the new most modern race
20 office technologies that we plan to employ at
21 Colonial Downs.

22 we've also volunteered to the Jockey Club to
23 be a bit of an incubator as it comes to
24 recommendations related to the McKinsey study and
25 the Jockey Club will be introducing first time

1 technology here at Colonial Downs to pilot and to
2 test, so that's a great industry outreach that we
3 feel very proud of.

4 Our associations with Equibase continue
5 traditionally as any other race track, but one
6 item to note is we will be one of seven race
7 tracks in North America using Equibase's GPS
8 timing technology. So the days of the eyes around
9 the racetrack are behind us.

10 we'll be using GPS chips in saddle pads and
11 gathering more data, more in-race data than
12 Colonial Downs has ever seen before, which should
13 translate into more information for betters, to
14 trainers and to owners on the performances of
15 their horses.

16 we've been in contact with Terry Meyocks at
17 the Jockeys' Guild, so we have the unfettered
18 support of the Jockeys' Guild and the country's
19 top jockeys who will be invited to ride at
20 Colonial Downs.

21 we also have a relationship with the NSA, as
22 we'll be hosting two live jump races each Saturday
23 at Colonial Downs. With the help of Dr. Allison
24 and Al, we were able to make contact with the
25 National Steeplechase Association folks who are

1 very supportive and we're working towards an
2 exclusive festival in 2020 and beyond which will
3 be a single-day event at Colonial Downs.

4 Our commitment to the Thoroughbred Aftercare
5 Alliance has been well documented. The VHBPA had
6 committed \$15 per starter through the participants
7 and Colonial Downs elected to match those \$15 and
8 we've got a great relationship going on with the
9 TAA.

10 We also now will be participants with the
11 Permanently Disabled Jockeys Fund with Terry
12 Meyocks and the group to support and help
13 fundraise for causes of permanently disabled
14 jockeys.

15 On a local note, we have made contact with
16 Keith Tweedy and Leonard Lusky on the Secretariat
17 brand and we plan to celebrate the heritage of
18 Secretariat and the Secretariat brand at Colonial
19 Downs here in Secretariat's home state, obviously.

20 We've made a friend in Dream Catchers. Dream
21 Catchers is a horse therapy center near
22 Williamsburg, Virginia and they provide therapy
23 for children with autism and disabilities. The
24 stories you hear from Dream catchers of children
25 speaking their first words on the back of a race

1 horse are very touching.

2 Dream Catchers also provides services and
3 therapies for veterans who come home and it's the
4 horse, human touch, and we've become great
5 supporters of Dream Catchers and great friends.
6 So that's an industry perspective.

7 From a marketing perspective, where we're
8 going to get noticed, how we're going to get our
9 word out is we've done an unprecedented marketing
10 deal with the Daily Racing Forum through Jim
11 Costas and his team. We will have ads
12 and sponsorship in the Daily Racing Forum
13 publications leading up to and through the live
14 race meet.

15 We will be printed in the p.m. edition of the
16 west coast and the east coast editions. It's
17 really hard to get coverage in every edition of
18 the DRF and we were able to accomplish that thanks
19 to Jim Costas and his team.

20 We've made contact with America's Best Racing
21 through the Jockey Club and Jim Gagliano.
22 America's Best Racing is going to feature Colonial
23 Downs in pod casts, in blogs, in the online
24 vignettes that they use to educate the public on
25 Thoroughbred racing. So America's Best is a

1 partner.

2 Also notable, the BloodHorse magazine. John
3 Keitt, the editor and chief, had expressed
4 interest in doing an exposé on Colonial Downs and
5 the rebirth of Colonial Downs, which we plan to
6 run in July.

7 It will be multiple stories that will tell the
8 story of Colonial Downs from the very beginning
9 from House Bill 1609 where we are today, to the
10 first race in the starting gate on August the 8th.
11 So Mr. Keitt has some plans in his journalistic
12 mind in how to introduce this and we're very happy
13 and proud to participate in that.

14 The Horse Racing Radio Network. Mike Penna
15 and Jude Feld on Sirius radio. The HRN will be
16 broadcasting live from Colonial Downs on several
17 race evenings and Mike and Jude will be giving
18 their commentaries and breakdowns of the cards
19 and other news that's going on throughout the
20 industry during that time of year, predominantly
21 Saratoga and Del Mar.

22 At The Races with Steve Byk. Staunch
23 supporter. We're working on an arrangement with
24 Steve Byk to how we can sponsor and advertise on
25 Off To The Races. Steve Byk has had us on Sirius

1 and XM with him in the past at the national HBPA
2 convention most recently, so we're very involved
3 with Steve Byk.

4 On a local note, The Racing Biz, Frank Vespe,
5 we've been on several times and you all are no
6 strangers to The Racing Biz and the coverage of
7 the Mid-Atlantic.

8 Colonial Downs is a participant. Colonial
9 Downs has been welcomed already before the first
10 race entered the gate by The Racing Biz. These
11 are our marketing partners and that's our pre-race
12 marketing plan.

13 On a distribution front, International Sound
14 will be conducting our race patrol and filming
15 services and Roberts Communications will be our
16 distribution network via satellite and internet
17 streaming.

18 I'd like to also announce to you that we will
19 be producing a signal in high definition from
20 Colonial Downs. We have the ability to receive
21 signals in high definition at Rosie's and Virginia
22 Horseplay and we're proud to announce for the
23 first time here that we will be broadcasting in
24 the most modern technology high definition form.

25 High definition is a prerequisite to help your

1 distribution; most notably, NYRA and Fox Sports.
2 NYRA and Fox Sports has a partnership with a
3 national broadcast that we've been invited to
4 participate in conjunction with Saratoga in
5 alternation on Fox Sports One for national
6 distribution through the NYRA Fox Sports network.

7 Also, NYRA is our content manager. It was
8 confirmed this morning that where NYRA is
9 distributed, Colonial Downs is distributed and we
10 are expected to be available to 900 recipients.
11 That includes secondary recipients in our
12 distribution of our live signal.

13 We are also in discussions with TVG to be able
14 to broadcast as many races as we can on the TVG
15 Network, which is a buy-up option on Cox, Pinnacle
16 and Xfinity here in Virginia and on many other
17 cable networks across the country.

18 We're also going to be available on Dish
19 Network. On the Dish Network channel 9705 and up
20 through the Racetrack Television Network, RTN, a
21 subsidiary of Roberts Communications.

22 Todd Roberts has been a great supporter of
23 Colonial Downs and has come back. Aaron and I
24 have met with Todd Roberts personally and his
25 people and enlisted him for his optimal

1 distribution which he is affording by extending a
2 hand. Of course this is all powered by AmTote as
3 our wagering platform.

4 We're also proud to have a few comments on the
5 team, the racing team. The names, the people, the
6 experience that are making this all happen.

7 Colonial Downs, I would say, is made up of the
8 first female-led racing operation with Jill Byrne
9 as our VP of racing operations and Allison DeLuca
10 as our race secretary, both of whom have two life
11 times of experience in horse racing.

12 Jill most recently from the Breeders Cup,
13 Church Hill Downs racetrack and TVG. She has been
14 assistant to the multiple Eclipse award Hall of
15 Fame trainers and she has been an outrider herself
16 and a gallop person in the morning herself, too.
17 So she understands the business from beginning to
18 end.

19 Allison DeLuca, currently race secretary at
20 Tampa Bay Downs, has spent her summers at
21 Churchill Downs and Keeneland in Kentucky, but now
22 she has found a home at Colonial Downs as our race
23 secretary.

24 Allison has been working on our condition
25 book, our stake schedule, our stall application,

1 all those good things since the last week of
2 March.

3 I'd like to announce here today for the very
4 first time, our condition book will be available
5 online tomorrow and it's at the printer today and
6 will be hitting the mailboxes of horsemen across
7 the country early next week.

8 The rest of the team, Jeff Wingrove, our
9 racing operations manager, was with Colonial Downs
10 before. He's with us now. Jason Wittler, our
11 director of OTB operations, had been with Colonial
12 Downs, Virginia Bets, with the VEA.

13 Ken Brower, our track superintendent,
14 experience at Pimlico, Laurel and Canterbury Park.
15 Harrison Young is our assistant track
16 superintendent. Harrison comes to us from
17 Bridlewood Farm in Ocala, the training center
18 where Catholic Boy had grown and worked and
19 matured to be a champion.

20 JD Thomas is track consultant, formerly with
21 Colonial Downs and with the VEA, oversees the
22 training center at Middleburg. Dr. Mick Peterson
23 is our track surface consultant. Dr. Peterson, as
24 you may know, heads up the University of Kentucky
25 equine and agricultural program and has been doing

1 analytics on our surfaces to get us to the most
2 optimal cushion that we can prescribe for Colonial
3 Downs.

4 Tim Fredericks, turf irrigation consultant,
5 can now add Colonial Downs to his résumé,
6 including the NYRA tracks, Keeneland, Churchill
7 Downs and Woodbine.

8 Caroline Gill returns as our horsemen's
9 bookkeeper. Dennis Petrachelli, clerk of scales,
10 has operated at Arlington Park and Tampa Bay
11 Downs. Tony Iranno is our head starter from Tampa
12 Bay Downs. Plus, he's bringing his crew of 12
13 starters, so we get 12 for one in that case. The
14 entire team from Tampa Bay Downs.

15 Carlos Garcia, our stall superintendent,
16 coming from Tampa Bay Downs, formerly at Laurel
17 and Pimlico. Our track announcer, announced today
18 for the first time, is Jason Beam. Jason Beam is
19 the back-up announcer at Monmouth Park and has
20 announced at Gulf Stream Park West, Portland
21 Meadows and Emerald.

22 Merv Huber is our analyst and handicapper.
23 Merv joins us from Churchill Downs, TwinSpires and
24 Bet America. Last but not least, our PR
25 consultant, Jim Gluckson. Jim Gluckson, his

1 current clients are Breeders Cup, NTRA, and he has
2 got a long résumé including an Eclipse award, turf
3 writer, multiple award honoree from the Turf
4 Writer Association.

5 So this is the team. These are our partners
6 when we head to the gate on August the 8th. Thank
7 you.

8 CHAIRMAN VAN CLIEF: Thank you. That is a
9 very impressive briefing. After two successful
10 openings in New Kent and Vinton, you guys are
11 obviously off to the races.

12 I can't help but be impressed just listening
13 to this and looking at your PowerPoint
14 presentation. Starting sort of at the end, I'd
15 love to make some comments here.

16 It's obvious that you've put a great deal of
17 thought and effort into every step of the way.
18 In my book, this is a great management team.
19 These are experienced individuals with excellent
20 records, and if you look at the résumé that you
21 just set forth, they've all worked for quality
22 organizations run by quality people. So I think
23 it sounds like a very strong team.

24 Your outreach to the industry with your
25 association members is strong, and again, my

1 personal opinion is it's correct. Your marketing
2 partners, your distribution partners. You have a
3 great network already in the making. It's
4 professional, it touches charities, it handles
5 marketing, distribution, communications. It looks
6 like you're set to go.

7 I am very impressed with what you've done here
8 thus far and wish you all the luck as you move
9 ahead. It doesn't sound like you need a lot of
10 luck. Looks like you're doing a lot of things
11 right. So I am very excited. I think it's
12 extremely, extremely exciting.

13 MR. MARSHALL: Thank you.

14 CHAIRMAN VAN CLIEF: So thanks for all the
15 effort you guys are putting in to making this work
16 and doing it right. I know you're getting some
17 credit across the industry and I think you deserve
18 it. I think it will be fulfilling. So thank you
19 for all you've done.

20 MR. MARSHALL: Thank you.

21 CHAIRMAN VAN CLIEF: Any further questions?

22 COMMISSIONER SIEGEL: I would just echo what
23 the Chairman just said. One small question. Will
24 you have a printed edition of the Daily Racing
25 Form on race days?

1 MR. MARSHALL: Yes.

2 COMMISSIONER SIEGEL: Your predecessor had a
3 machine. You put in your four quarters and it
4 didn't work half the time.

5 COMMISSIONER NIXON: You can get them now.

6 CHAIRMAN VAN CLIEF: That's great. There was
7 FedEx involved. I think they didn't want to pay
8 FedEx.

9 MR. MARSHALL: Well, we have both options
10 available now and today at the six OTBs, including
11 the Rosie's and the Virginia Horseplay, you can
12 buy the Daily Racing Form and the Daily Racing
13 program publication today.

14 COMMISSIONER SIEGEL: Great.

15 CHAIRMAN VAN CLIEF: Terrific. That takes us,
16 my fellow commissioners, to Tab Seven in your
17 brochures today, which is the staff report and
18 response to the voluminous application we all
19 received last week, and I'm sure you all have
20 absorbed all of that.

21 Mr. Lermond, do you want to give us a quick
22 rundown of your staff report and hit the
23 highlights for it?

24 MR. LERMOND: I'd be happy to, Mr. Chairman.
25 As you said, this application was very similar to

1 the ones that we've received already. They're
2 always well organized, require all of the
3 information and easy to read if you read through
4 it.

5 As far as the facility goes, it's going to
6 have an occupancy of almost 3,000 people
7 and measure 120,000 square feet. It will offer
8 700 Historical Horse Racing terminals and also
9 with a separate simulcast area which you saw on
10 the drawing earlier, which I think is going to be
11 really nice and prominent.

12 It will have the same hours of operation as
13 the other Rosie's. The restaurant will be similar
14 to the other Rosie's, if not exactly the same,
15 which I think is good to have that continuity from
16 one Rosie's to the next.

17 I can tell you the people I have seen at the
18 Rosie's that are open now are very happy with the
19 food and service and machines and everything, so
20 we just expect more of the same from this
21 location.

22 They talked about the enhanced security in the
23 parking; lot brighter lights, the tower in the
24 middle. I think those are all very important.
25 Might want to point out those were not things that

1 the Commission asked them to do. Colonial Downs
2 decided to do all those things on their own.

3 We definitely applaud that and we appreciate
4 all the cooperation that we've received from John
5 and Aaron and their whole team throughout this
6 whole process. It has been very smooth and just a
7 pleasure to have a licensee such as Colonial Downs
8 Group.

9 I would be happy to answer any questions the
10 Commission has. I would just ask that when we
11 approve this, Mr. Drewry has suggested that
12 because there are two separate licenses, one for
13 the satellite wagering facility and one for the
14 HHR, that we do that in two separate motions, and
15 the motion, you can just reference the two
16 recommendations that appear on Page Five of the
17 staff report as part of your motions.

18 CHAIRMAN VAN CLIEF: Thank you. Are there any
19 questions for Mr. Lermond? David, I've got one.
20 Just a request, really. On Page Three under the
21 topic of security, you note that there will be
22 some final details wrapped up with regards to the
23 security plans and facilities and that there will
24 be an inspection within 30 days prior to the
25 opening.

1 would you do us a favor and make sure that you
2 provide each commissioner with a brief report as
3 to the results of that inspection? I'm
4 anticipating it will be positive, but just let us
5 know pro or con that has been done.

6 MR. LERMOND: We'd be happy to do that.

7 CHAIRMAN VAN CLIEF: Okay. Great. Any other
8 points? In that case, we need two motions. One
9 to approve the satellite wagering facility and one
10 to conduct pari-mutuel wagering on Historical
11 Horse Racing at that facility. Both of these
12 motions should come with the following provisos
13 and I'll read these and ask that the motion
14 include them verbatim.

15 Number one. The satellite wagering facility
16 and pari-mutuel wagering on Historical Horse
17 Racing shall be operated in accordance with all
18 representations, plans and specifications as
19 submitted in the application and as described at
20 the Virginia Racing Commission's May 22, 2019
21 meeting, and the licensee shall not deviate
22 materially from these representations, plans
23 and specifications without the prior consent of
24 the Commission or its executive secretary.

25 Number Two, the satellite wagering facility

1 and pari-mutuel wagering on Historical Horse
2 Racing shall be operated in accordance with all
3 applicable state and federal statutes and
4 regulations, the regulations of the Commission and
5 all local ordinances. So those two conditions
6 will be included in our motion.

7 Do I have a motion to approve the wagering
8 facility including those conditions?

9 COMMISSIONER REYNOLDS: So moved.

10 COMMISSIONER SIEGEL: Second.

11 CHAIRMAN VAN CLIEF: We have a motion and a
12 second. Any further questions or any discussion?
13 If not, please signify your approval by voting
14 aye.

15 NOTE: The Commission votes aye.

16 CHAIRMAN VAN CLIEF: Any opposed? Thank you.
17 We need a second motion carrying the identical
18 conditions to approve conduct of pari-mutuel
19 wagering on Historical Horse Racing at that
20 satellite wagering facility in Richmond.

21 COMMISSIONER NIXON: I have a motion.

22 CHAIRMAN VAN CLIEF: We have a motion.
23 Commissioner Nixon. Second?

24 COMMISSIONER SIEGEL: Second.

25 CHAIRMAN VAN CLIEF: Thank you, Mr. Vice

1 Chairman. Any further discussion or questions?
2 If not, please signify your approval by voting
3 aye.

4 NOTE: The Commission votes aye.

5 CHAIRMAN VAN CLIEF: Any opposed? Thank you.
6 The motion is passed and licenses are granted
7 accordingly. Thank you all very much for being
8 here and it's a particular pleasure to meet the
9 new management team at Rosie's Richmond. Thank
10 you all for being here this morning.

11 COMMISSIONER REYNOLDS: Congratulations.

12 CHAIRMAN VAN CLIEF: Okay. We have two
13 special presentations to wrap up this meeting and
14 we're going to hear today from two experts in
15 their fields. Curtis Linnell, who is vice
16 president of the Thoroughbred Racing and
17 Protective Bureau, and Joe Rudisill, who is the
18 Commission's HHR compliance specialist. I will
19 throw it to Mr. Lermond to do a little more in the
20 way of introductory remarks.

21 MR. LERMOND: Thank you, Mr. Chairman. I'm
22 very pleased today to have Curtis Linnell here
23 with us. I think I've known Curtis for probably
24 at least 20 years, maybe a little bit longer.

25 Curtis, I like to call him the pari-mutuel

1 waging guru of the industry. I've asked him to
2 start his talk by just going into some detail
3 about what he's done to get to this point, but I
4 can tell you Curtis is very well qualified and a
5 very smart individual and the TRPB was retained by
6 the Commission to be its integrity auditor as
7 outlined in the regulations and we're very happy.

8 I thought it would be great to get Curtis here
9 today to give the Commissioners and everyone else
10 a little taste of what we do and what they do to
11 ensure the integrity of the terminals.

12 CHAIRMAN VAN CLIEF: Thanks, Dave. I've had
13 the pleasure of working with Curtis in the past,
14 too, on waging integrity issues and the only
15 thing I would ask him today since he knows so much
16 more than rest of us is to try to remember you're
17 talking to laymen here. Thanks for being here,
18 Curtis.

19 MR. LINNELL: Thank you very much for having
20 me and thanks for inviting me. I really
21 appreciate this opportunity and congratulations to
22 the industry and the Commission in Virginia. This
23 is a great renaissance and we look forward to
24 seeing some great horse racing.

25 So Chairman Van Clief, Commissioners, the

1 Executive Secretary, we have the contract with the
2 Virginia Racing Commission for Historical Horse
3 Racing.

4 I should say at the outset if I appear
5 nervous, it's because courtrooms always make me
6 feel that way. I did wear my Derby jacket. I
7 have very few times to show it off so I have it.

8 Let me just start by mentioning the digital
9 tattooing because that came up before. Digital
10 tattooing is digital documentation of horses using
11 high-resolution photography that will be indexed
12 to the microchip number of the horse and available
13 for viewing by the paddock identifier.

14 We're in the process right now of retraining
15 all our tattoo technicians across North America.
16 By the time the Colonial Downs meet occurs, we
17 will be both lip tattooing and digitally
18 tattooing. We will end lip tattoos at the end of
19 this year in January. In 2020, we will only be
20 doing digital tattooing.

21 We're excited about the process. The
22 executive secretary, Mr. Lermond, mentioned the
23 ARCI rule. That's in place for all two-year-olds
24 of 2020, so that starts immediately.

25 Okay. Let me get into Historic Horse Racing.

1 I did an informal presentation. I didn't think it
2 would be up on a big screen in front of everyone;
3 more for the Commission's benefit. Let me just
4 quickly give you some of the topics.

5 TRPB history, for those that are unfamiliar,
6 my background and the wagering integrity unit,
7 Historical Horse Racing, the inception and then of
8 course our role with the Commission.

9 I know this isn't allowed, but the bailiff may
10 throw me out. Okay. The TRPB has a great history
11 formed by the Thoroughbred racing associations.

12 In the midst of a scandal, a scandal of horses
13 being swapped and the involvement of organized
14 crime in horse racing at the end of WWII, it was
15 an exciting time and the wisdom of the
16 Thoroughbred Racing Association decided they
17 needed a security arm. They went to the FBI,
18 J. Edgar Hoover, who of course always was good to
19 give advice when it came to security, and J. Edgar
20 Hoover had a former special assistant by the name
21 of Spencer Drayton, and he thought it would be
22 excellent.

23 I think that was because Spencer Drayton left
24 the FBI and was running a newspaper in Chicago at
25 the time and Spencer Drayton became the first

1 executive vice president of the TRPB and started
2 the organization modeled exactly after the FBI in
3 the 1940s. Unfortunately in the 1980s, it still
4 looked like the FBI in the 1940s in some regards,
5 but we've updated that.

6 So 70 years of lip tattooing. The goal of lip
7 tattooing was central to horse integrity for the
8 TRPB and still continues and we think with the
9 evolution of digital tattooing we have a better
10 system.

11 Certainly agents were hired across the
12 continent. The first horse racing database of
13 information was developed and background checks
14 and integrity, and again, that's central to what
15 the TRPB still does.

16 Okay. The evolution of the TRPB for 70 years.
17 I won't go year by year. Let me just jump forward
18 to the wager integrity unit. In 2002, the
19 organization launched an investigation into the
20 tote system security and that was timely for both
21 the industry and for myself because I was hired as
22 a consultant to do that investigation and we were
23 starting that in the fall of 2002.

24 Of course exactly at that time,
25 coincidentally, there was a major scandal for the

1 Pick 6 with Breeders Cup at Arlington Park. Bell
2 Poney won at long odds and somebody had hit the
3 Pick 6 multiple times and a number of people
4 screamed foul.

5 We did the initial investigations and
6 interviews of the tote company and the individuals
7 involved and were first to be able to submit a
8 report and the brand new NTRA wagering systems
9 project and task force was developed, a wagering
10 integrity alliance, and that launched the era of
11 horse racing deciding that wagering was central to
12 its security and integrity and certainly we
13 developed that capacity in the TRPB ever since.

14 So we started the betting analysis platform in
15 2006 and that is the premier wagering analysis and
16 security platform in the industry worldwide.
17 We've consulted to many international
18 organizations who wish to duplicate that platform
19 and I think we've helped everyone along.

20 In terms of what we've done with that
21 expertise is leveraged it. John Marshall was
22 great to point out all the industry partnerships
23 that Colonial Downs has. The industry really is
24 an industry. It's a meeting of not just horses
25 and jockeys and individuals, but a meeting of

1 organizations that can leverage expertise
2 together.

3 That's what we have with the TRA wagering and
4 technical committee, is a membership of 35 people.
5 We have the opportunity to chair that group and we
6 work on common technical and technology issues in
7 the industry and develop standards.

8 We also have an international tote protocol
9 working group, which I have the opportunity to
10 coordinate. Just like the chairman talked about
11 very technical things, so do tote developers, and
12 we try to ignore them talking about floating point
13 precision and certain calculations, but we do take
14 that as an industry group and move with tote
15 protocols to make sure that security and integrity
16 are central to those protocols and service the
17 clients, which is the racetracks and the
18 commissions, to have confidence in the tote
19 systems that we have today.

20 We have a number of services contracts with a
21 number of commissions. I won't take you through
22 those, but we're very pleased with the
23 relationship we've developed with the Virginia
24 Racing Commission and we look for a fruitful
25 relationship going forward.

1 This is just a snapshot. Again, I won't get
2 into the technical parts of the wagering analysis
3 and security platform. Again, it services all TRA
4 tracks and it services a number of various
5 commissions through services contracts and we're
6 very proud of it.

7 Okay. Historical Horse Racing, first referred
8 to as Instant Racing, started by the Oaklawn
9 Jockey Club and AmTote International formed a
10 company called Race Tech.

11 They developed a game in the early part of the
12 century called Thoroughbred Mania in a format
13 which they called Instant Racing, which was based
14 on pari-mutuel betting on historical races served
15 up from a library.

16 They did this in Arkansas and invited the TRP
17 right from the outset. Right from the development
18 of Instant Racing to consult with Race Tech and
19 start to devise statistical tests to talk about
20 the integrity of that product and how it matched
21 pari-mutuel take-out, handle and commissions. So
22 we are in the outset of Instant Racing.

23 The TRPB reached out and contracted with the
24 head of the University of Delaware mathematics
25 department. We continue that relationship with

1 very senior people. We have a consultant right
2 now by the name of Dr. Trout, who was the former
3 head of the math department at Rutgers University
4 in New Jersey and he's our lead consultant to
5 analyze and litmus test all of our mathematical
6 statistical tests for Historical Horse Racing.

7 So we became, for lack of a better word, the
8 virtual stewards of Historical Horse Racing. The
9 ones who were there to watch over what happened
10 when nobody else was watching because this is a
11 very automated structure and set-up of taking
12 races from historical races from libraries,
13 masking the particular information on the horses
14 and riders and sending this out to the customers
15 to be able to make pari-mutuel bets on the races.

16 Okay. Currently, we have three clients in
17 Historical Horse Racing. That initial Race Tech
18 contract was then later purchased out from the
19 Oaklawn Jockey Club by AmTote International. We
20 still do an independent third party audit for
21 AmTote International as part of that legacy
22 contract, but our other two clients in Historical
23 Horse Racing are racing commissions, and again,
24 all of our results are independent.

25 So what do we do for Historical Horse Racing?

1 And that's really the question. I listed six
2 items here, and I won't go into detail because the
3 audit itself is for the visibility of the Racing
4 Commission, for the staff, and to have that
5 information internally so they can use it for
6 reporting purposes and integrity.

7 In general, we analyze results to ensure a
8 fair distribution of race selection, so the race
9 selections that arrive to customers for betting
10 represent not the same races repeatedly over and
11 over. They don't represent a pattern of races
12 over and over, but a fair distribution of races
13 that the customers can then bet on.

14 whether they choose to use automated betting
15 tools or they choose to handicap and bet those
16 races directly, all the distribution of races are
17 fair.

18 So a cross-section of race results, and we do
19 a number of statistical tests to make sure that
20 the race selection is fair from the library.

21 We also perform on-site play of Historical
22 Horse Racing games and record the track, the race,
23 number, the order of finish and we compare that
24 against official charts. So we make sure that the
25 races that are served up to customers are the ones

1 that are supposed to be served up and the results
2 comport to those actual races that were run in the
3 past.

4 Again, the customers don't know because
5 they're masked, the horse's name and the jockey's,
6 but somebody has to verify that those races are in
7 fact the ones that they're betting on.

8 we also analyze betting on large scales
9 looking for abnormal patterns of play. we don't
10 just do this for Historical Horse Racing. we do
11 this for large sections of the North American
12 pari-mutuel network, for all pari-mutuel activity
13 where we look for abnormal patterns of play and
14 abnormalities of payouts. we take those same tool
15 sets and apply those to pari-mutuel results for
16 Historical Horse Racing.

17 we store and database all Historical Horse
18 Racing play and activity. All of it. Not a
19 sampling, not a portion, but actually all of it.
20 Creates a tremendous amount of information.

21 of course every play that a customer draws up
22 is comprised of three races, so the customer
23 selection, the race result, the time of that.
24 There's a tremendous amount of information
25 associated with every play in Historical Horse

1 Racing. We database and record all that.

2 Of course we produce management reports
3 monthly for the staff, the executive secretary and
4 his staff of the Racing Commission, and have those
5 on file for other integrity tests. We do that
6 quarterly and also semi-annually and then work
7 with the Commission for a number of customized
8 reports.

9 There's another organization involved that the
10 executive secretary has asked me to mention. I
11 don't represent Gaming Labs International,
12 however, they're also involved with Historical
13 Horse Racing and they do the terminal-level work
14 on code and digital signatures to make sure that
15 the security at the terminal level is in place.

16 We don't do as the TRPB. In comparison,
17 terminal-level activity, we do pari-mutuel
18 analysis. Everything we do has to do with the
19 horses, the races, the pari-mutuel handle, the
20 commission, the takeout, the payout, the breakage.
21 Everything to do with Historical Horse Racing as a
22 pari-mutuel activity on horses is our purview.

23 So it's a nice separation to have Gaming Labs
24 International doing the physical work on the
25 terminals and ensuring that the code and the

1 digital signatures and ourselves doing the
2 pari-mutuel and racing aspect that we know.

3 we're also able to work with the Racing
4 Commission very closely to produce customizable
5 reports. we've done one in the past called Off
6 Hours of Operation. That was a nice feature to
7 have. we also have done reports on racing
8 libraries to make sure that races were not in the
9 library that had things that we just saw.

10 For example, the Derby. Disqualifications or
11 scratches that weren't reported in the results.
12 So we're able to sift through the library of races
13 to make sure that all those, again, comport to the
14 nature of the games played in the customers' name.

15 we've also done major jackpot reports, what we
16 call in horse racing payouts, major payouts,
17 and we looked at the activities leading to those
18 major payouts.

19 This is a picture of TRPB offices. Very
20 few people ever get to see us, but we certainly
21 welcome any members of the Commission and staff to
22 come and join us in Fair Hill to come and look at
23 the data shop and analytical operation. And
24 again, we'll be on site for every OTB and
25 Historical Horse Racing OTB that opens in the

1 state in the Commonwealth of Virginia, and we'll
2 also be periodically visiting those and doing
3 field tests and working with the Commission to
4 make sure that they have another set of eyes on
5 the operation of Historical Horse Racing. Thank
6 you.

7 CHAIRMAN VAN CLIEF: Thank you.

8 MR. LINNELL: Please, any questions.

9 CHAIRMAN VAN CLIEF: Any questions for
10 Mr. Linnell?

11 COMMISSIONER MILLER: This presentation is
12 beyond my questions.

13 MR. LINNELL: I hope that's a good comment.

14 CHAIRMAN VAN CLIEF: Curtis, thank you very
15 much. Nice to see you again and thank you for
16 keeping that totally understandable.

17 MR. LINNELL: You're welcome.

18 CHAIRMAN VAN CLIEF: Excellent presentation.
19 Thank you. Mr. Lermond, want to induce
20 Mr. Rudisill?

21 MR. LERMOND: Sure will. Thank you. At this
22 time the second speaker that I've asked to present
23 today is Mr. Joe Rudisill. He was hired by us
24 back in the fall when we first started getting the
25 applications for the HHR facilities. Mr. Rudisill

1 has an extensive background in security
2 surveillance.

3 I'll let him expand on that a little bit more,
4 but I would just like to say we're very happy to
5 have him. He has proven to be a very big asset to
6 the Commission and to me personally and I thought,
7 again, it would be nice to have him before you
8 today and just talk a little bit about what he
9 does as far as the regulation of the HHR.

10 CHAIRMAN VAN CLIEF: welcome.

11 MR. RUDISILL: Mr. Chairman, Commissioners.
12 My name is Joe Rudisill. I hooked up with Dave in
13 the fall. A little background on myself. I have
14 40 years gaming experience, 25 years in an
15 executive leadership role, and I was the general
16 manager at Dulles Park when we opened the HHR
17 machines in 2012, and I -- the Red Mile with 900
18 games in 2015. I was the director of safety there.

19 I was hired by Dave to review security plans
20 and surveillance plans that were given to us by
21 Colonial Downs Group, and so they brought me in
22 and I reviewed the security for the properties and
23 reviewed standard operating procedures, minimum
24 internal controls and the security surveillance
25 cage, the HHR games and account rooms.

1 All HHR operations -- the reason security and
2 the SOPs and the internal controls are -- all the
3 HHR operations are based on the minimum internal
4 controls and the standard operating procedures.

5 If you see violations of these controls, then
6 you know something is probably going wrong and up
7 to and leading to theft and money laundering and
8 things like that, so it's very important that we
9 included what we wanted in the security plans
10 and surveillance plans and in all internal
11 controls and SOPs.

12 David and I started visiting the sites in
13 January. Colonial Downs, Vinton, Richmond and
14 Hampton were all construction sites at that time
15 and two of them still are.

16 Until recently, we were monitoring security
17 and surveillance progress, making sure Commission
18 presence was there when machines arrived. We went
19 and visited the sites frequently. We actually
20 visited them yesterday.

21 We went to Richmond and saw the construction
22 site there. We drove over to Hampton and they're
23 pretty far behind, and we went to Colonial Downs
24 to see our friends there and from what I observed
25 so far, Colonial Downs Group is running a top

1 notch operation here. They really are.

2 sparing no money on systems, which is big in
3 the gaming industry. Surveillance systems, the
4 HHR system they put in, the win system, the key
5 watchers with restricted keys and things that
6 don't leave the building to lead to violations.

7 They've been forthcoming and transparent with
8 us, providing information to the VRC.

9 The successful openings I think at Colonial
10 Downs in Vinton have shown us that the CD
11 management group knows the gaming business and are
12 interested in seeing things done the right way.

13 So we have had no problems. They've
14 cooperated with us every step of the way. All the
15 information that we've asked for we've received
16 timely. So that's where we're at. Ready open two
17 more.

18 CHAIRMAN VAN CLIEF: All right. Thank you.
19 Any questions for Mr. Rudisill? If not, Joe,
20 thank you very much. We're glad to have your
21 experience and expertise as well.

22 MR. RUDISILL: Thank you.

23 CHAIRMAN VAN CLIEF: Thanks for joining us.

24 MR. RUDISILL: Thank you.

25 CHAIRMAN VAN CLIEF: Okay. That brings us to

1 that point in the meeting where commissioners are
2 free to make comments. I probably already said
3 too much, but other than again to say how exciting
4 this stage of the game is and what a great job it
5 looks like everyone is doing and how great it is
6 to be up and running. I'm very, very excited.

7 would anyone else like to make comments?

8 COMMISSIONER NIXON: Different subject. I
9 would like to congratulate Dr. Daniels on a nice
10 win on Preakness day. So looks like he will fit
11 in well at Colonial this summer.

12 CHAIRMAN VAN CLIEF: Excellent.

13 DR. DANIELS: Me, too. We'll see.

14 COMMISSIONER REYNOLDS: I'll just be brief. I
15 want to thank the horsemen and all those in
16 Colonial Downs and everybody who got together. It
17 has been a long time since the dark days of 2014.

18 when I see, I guess it was Frank and Larry
19 walked in together or Frank and Prentiss, I can't
20 remember, but it's rare that I see two people
21 walking in together with smiles on their faces.
22 I just want to commend you all for all you've
23 done.

24 I just sit up here and think back and I think
25 of our court reporter who has to write all this

1 stuff down so quickly and how she does her job is
2 amazing, but it also made me think back to 2014.

3 I'm not a glutton, but I'll never go back and
4 read all of the transcripts again, but if you read
5 the transcripts from 2012, 2014, all the way
6 through up until today, I think these last few
7 meetings, I'd gladly go back and read those
8 transcripts because they're filled with a lot of
9 promise and great news, and I just want to
10 congratulate all of you all for your hard work.

11 I also want to congratulate and thank Dave
12 Lermond and his staff, because I know if they
13 thought they were busy before, you are uber busy
14 now, so I want to thank you all. That's all.

15 CHAIRMAN VAN CLIEF: Mr. Vice Chairman.

16 COMMISSIONER SIEGEL: I'm going to just again
17 echo everything that has been said. I'm excited
18 about this opportunity and excited about what is
19 open and what is to be open and look forward to
20 August 8th.

21 CHAIRMAN VAN CLIEF: Excellent.
22 Commissioner Miller?

23 COMMISSIONER MILLER: Well, Mr. Chairman, I
24 never know when it will be my last meeting, so if
25 I'm not back again, I do want to take this

1 opportunity to put on the record that I highly
2 commend all of you, all the horsemens groups and
3 Colonial Downs and everyone involved for all the
4 great work that you've done to revitalize racing
5 in Virginia and contribute toward the future good
6 economy in Virginia, we hope.

7 I wish all of you luck and I hope I'm still on
8 the Commission when the live racing starts at
9 Colonial Downs, because when I first came on the
10 Commission in 2007, of course I had a break with a
11 different governor, but that's another story.

12 Anyway, I'm looking forward to that opening
13 race day in August. Live racing again at Colonial
14 Downs was a goal for many years now, and I do want
15 to commend all of you. In case I do not come
16 back, good bye.

17 CHAIRMAN VAN CLIEF: We look forward to you
18 being there with the rest of us no matter what. I
19 hope we'll all be there. Thank you all very much.

20 We will not engage in a closed session today,
21 but I would before we adjourn like to set the next
22 meeting. I think it works on everybody's calendar
23 for a July 10th meeting, which I hope,
24 Mr. Lermond, will be here in this courtroom at ten
25 a.m. on the 10th of July.

1 MR. LERMOND: Yes, sir.

2 CHAIRMAN VAN CLIEF: Okay. We'll set the
3 meeting accordingly, and with that, I need a
4 motion to adjourn.

5 COMMISSIONER SIEGEL: So moved.

6 COMMISSIONER REYNOLDS: Second.

7 CHAIRMAN VAN CLIEF: Any opposed? Thank you
8 all and thank you very much. Have a good day.

9

10 NOTE: The meeting of the Virginia
11 Racing Commission is adjourned at 11:25 a.m.

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CERTIFICATE OF COURT REPORTER

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

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

Given under my hand this 27th day of May, 2019.

Sandra G. Spinner

Sandra G. Spinner

Court Reporter