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2
3 **VIRGINIA RACING COMMISSION**

4 STATE CORPORATION COMMISSION
5 TYLER BUILDING
6 COURTROOM C
7 1300 EAST MAIN STREET
8 RICHMOND, VA 23219

9
10 Wednesday, October 2, 2019 at 10:00 a.m.
11
12

13 **COMMISSION MEMBERS:**

14 D.G. Van Clief, Jr., Chairman
15 Stuart Siegel, Vice Chairman
16 J. Sargeant Reynolds, Jr.
17 Stephanie B. Nixon

18 **COMMISSION STAFF:**

19 David S. Lermond, Jr., Executive Secretary
20 Kimberly C. Mackey, Business Manager

21 **ATTORNEY GENERAL'S OFFICE:**

22 Robert N. Drewry, Esquire
23

24 **CAPITOL REPORTING, INC.**
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1	1. Call to Order	3
2	2. Approval of the July 22nd meeting minutes	3
3	3. Public Comment Period	4
4	4. New Business	
5	a. Request for Final Amendments to	6
6	11VAC10-60-15 (Fee Schedule for Permit	
	Holders)	
7	b. Request for Approval of Licenses for a	12
8	Satellite Wagering Facility and to	
9	Conduct Pari-Mutuel Wagering on Historical	
	Horse Racing at Rosie's - Hampton Submitted	
	by the Colonial Downs Group, LLC	
10	c. Report from John Marshall on the Recently	27
11	Concluded Thoroughbred Race Meeting at	
	Colonial Downs	
12	5. Commissioners' Comments	37
13	6. Closed Session (if necessary)	41
14	7. Adjournment	41

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1 CHAIRMAN VAN CLIEF: Good morning, everybody.
2 Ladies and Gentlemen, thank you for taking time
3 out of your busy schedules to join us. With my
4 fellow Commissioners, we welcome you to this
5 morning's Virginia Racing Commission meeting. We
6 don't have a long main agenda, although it's an
7 important one.

8 I will make note of the fact at the top that
9 we will adjourn and immediately reconvene, as we
10 do have an appellate hearing to deal with this
11 morning.

12 So I'll call the meeting to order and note in
13 so doing that Commissioner Miller was not able to
14 make it today, but there are four of us and we do
15 have a quorum for the conduct of business.

16 Also as the last minute change of our
17 customary Courtroom B to Courtroom C was
18 an inconvenience, we apologize. There was a
19 glitch with the AV system as I understand it and
20 that's going to be an important part of the
21 meeting today so we moved our venue to this room.

22 The first order of business is to consider
23 approval of the minutes from our July 22nd
24 Commission meeting. I have read those through.
25 I don't see any need for changes, but I ask my

1 fellow commissioners if they would like to modify
2 or suggest changes or corrections to those
3 minutes.

4 COMMISSIONER REYNOLDS: No, sir.

5 CHAIRMAN VAN CLIEF: If not, we need a motion
6 to approve.

7 COMMISSIONER REYNOLDS: So moved.

8 CHAIRMAN VAN CLIEF: Thank you.

9 COMMISSIONER SIEGEL: Second.

10 CHAIRMAN VAN CLIEF: Second. Thank you. Are
11 there any opposed? The minutes are approved for
12 the July 22nd VRC meeting.

13 At this point, we would like to take any
14 public commentary that anybody would like to make
15 with regards to the agenda or any topics about our
16 industry and we will open the floor to those of
17 you here. I would ask only two things; that you
18 confine your comments to no longer than five
19 minutes each and state your name for the record at
20 the top of your comments.

21 Is there anybody that would like to be heard
22 this morning with regards to our agenda or any
23 other topic? Yes, sir.

24 MR. CHATFIELD TAYLOR: I'm Wayne Chatfield
25 Taylor. If this is the time to offer input, then

1 I'd like to say that I wanted to thank everybody

2 --

3 CHAIRMAN VAN CLIEF: Mr. Chatfield Taylor, if
4 you'd like, you can come up to the podium.

5 There's a microphone if you wish. You don't have
6 to.

7 MR. CHATFIELD TAYLOR: My name is Wayne
8 Chatfield Taylor from Morgans Ford Farm, Front
9 Royal, Virginia. We are in our 40th year of
10 business here and I just would like to say at the
11 beginning of this we're here initially to do with
12 running the races, but I would like to say how
13 proud I am of how Virginia has brought racing back
14 and that has been a collective effort of the
15 horsemen and the state government and business
16 members and breeders and everybody.

17 I think that the spirit of the Colonial Downs
18 meet was so uplifting for everybody, and I heard
19 that in Kentucky and I heard that in Maryland and
20 I heard it in New York. So I think this is a
21 great step forward and I think it has been one --
22 I couldn't believe how much of a cooperation and a
23 willingness to solve any problem as they came up
24 during this brief meet and I think we took a giant
25 step forward.

1 In that spirit, I would like to say that I
2 think that in the issue of the stakes race of
3 August 10th, I think one of the things that tends
4 to leave a little bit more of an aftertaste in
5 something that was actually so without problem I
6 think, and I think that Virginia did a wonderful
7 job and I think that I applaud the stewards for
8 the job they did and how they thought long and
9 hard about how they had to do what they did and
10 what they did affected us when we were moved from
11 second to first.

12 with all that said, I want to thank all of
13 Virginia for the race meet that we just finished.

14 CHAIRMAN VAN CLIEF: Thank you very much,
15 Mr. Chatfield Taylor. I had the pleasure of
16 knowing his wife, Susie, for longer than any of us
17 would probably care to admit and I know he has
18 occupied positions of leadership in our industry
19 in Virginia for a long time and I much appreciate
20 your positive comments and I dare say most of us
21 agree with that wholeheartedly. Thank you.

22 Anybody else? If not, we'll press on
23 to new business. The first order of business is a
24 request for final amendments to Title 11 of the
25 Virginia administrative code. I will ask

1 Mr. Lermond to step up and explain what staff has
2 in mind and his recommendation.

3 MR. LERMOND: Thank you, Mr. Chairman. Staff
4 is proposing amendments to our current VA fee
5 schedule, which sits in 11VAC10-60-15. Our hope
6 is that the Commission will decide to make all of
7 the license fees for participants zero starting in
8 the year 2020.

9 I wish I could say that I was the one that
10 thought of this first, but the fact is the
11 Maryland Racing Commission made the similar move
12 three or four years ago. I talked to the
13 executive director, Mike Hopkins. He said it was
14 a great move for them.

15 It was very well received by the industry and
16 I can't tell you how many times I've had Maryland
17 horsemen say we love it in Virginia, but gosh, I
18 wish the fees were free like they are in Maryland.

19 So but I see not just making everything free
20 just to do it. I think there's a lot of good
21 reasons why this would have a positive impact on
22 Virginia.

23 First, I think it would provide an incentive
24 for more horsemen to race in Virginia, which would
25 in turn not only increase the pari-mutuel

1 waging, but also the agricultural industry, in
2 addition to tourism and that would be as a result
3 of more horsemen staying here, staying in hotels,
4 going to restaurants, buying feed, straw,
5 farriers' expenses, vets.

6 Secondly, I think it would create a
7 business-friendly atmosphere in Virginia so that
8 Colonial Downs Group, it would make it easier for
9 them to hire and recruit good employees, both
10 full-time and I think especially the part-time
11 people they hire for racing in the summer, it
12 seems tough to have some college kid take a job
13 for eight or nine weeks and have to pay a \$25
14 license fee.

15 Lastly, this is not as important as the other
16 two, but I think it's worth mentioning. The
17 Virginia Gold Cup Association pays for all of the
18 licenses for their employees. Dr. Allison, I'm
19 sure he'll agree if you didn't have to do that,
20 that would leave more money for the bottom line
21 and more money to go back into the Great Meadow
22 Foundation, which is the charitable organization
23 that the races are put on for.

24 I think it's also important to note that
25 license revenue has never been a big significant

1 source of revenue for the Commission. If you look
2 at the last fiscal year, the total revenue of
3 license fees was about 80,000 and 10,000 of that
4 was license fees from applications like you're
5 going to hear from today.

6 So we're really only talking about \$70,000.
7 That's two percent of the total revenue that we
8 took in that fiscal year. With HHR coming on
9 board, that number would drop to less than half of
10 one percent.

11 The other thing is that I think it's going to
12 save on labor costs from the staff. I can't tell
13 you how many mornings we walked into Colonial
14 Downs and Rhonda had a stack of applications that
15 people had emailed in that forgot to send the
16 payment along with it so we had to stop, call that
17 person and get payment.

18 So it would eliminate that, make the whole
19 process much faster, smoother, and I just think
20 it's something little that's not going to affect
21 us very much at all, but I think the benefits of
22 it are going to far outweigh any little bit of
23 revenue that we would give up.

24 We would also like to have this approved today
25 so that when the employees from Colonial Downs

1 Group start to renew for 2020, we can start with
2 the zero license fees. I'm sure some of the
3 Commissioners probably would like to speak to this
4 and I'd like to hear any comments or questions we
5 have before I would ask for a motion.

6 CHAIRMAN VAN CLIEF: Thank you very much,
7 Mr. Lermond. I would invite questions or comments
8 from my fellow commissioners. Commissioner Nixon.

9 COMMISSIONER NIXON: I just think it's
10 something that's very positive and I'm sure that
11 all of the horsemen would be very appreciative of
12 something like this.

13 COMMISSIONER REYNOLDS: I think it absolutely
14 makes complete sense, so I would be in support of
15 it.

16 COMMISSIONER SIEGEL: I, too, would support
17 it.

18 CHAIRMAN VAN CLIEF: Yes. I appreciate, Dave,
19 the thought you put in to this. While it is a de
20 minimus piece of our revenues these days, I don't
21 want to understate the value of \$80,000. Not too
22 long ago, that would have meant a little more than
23 maybe it does today. We're fortunate in that
24 regard. I'm glad you've given it a lot of
25 thought.

1 I do agree and I think perhaps as important as
2 anything, it's a demonstration that Virginia's
3 racing industry is indeed open for business. It
4 helps to create another element in creating a
5 business-friendly atmosphere that says we want
6 horsemen and organizations to come here and take
7 part in our sport and I think that will pay
8 dividends I hope far beyond the dollars that we
9 might get from license fees.

10 And lastly, you make the point which I think
11 is a good one from our internal standpoint that
12 actually, that savings in terms of your labor and
13 man hours at the agency, so it will actually be a
14 little less than an \$80,000 expenditure for good
15 reason. I, too, would support it.

16 Unless there are any further comments or
17 questions, we need a motion to approve the request
18 as set forth by our executive secretary.

19 COMMISSIONER SIEGEL: I move.

20 CHAIRMAN VAN CLIEF: Thank you.

21 COMMISSIONER NIXON: Second.

22 CHAIRMAN VAN CLIEF: Thank you. All in favor
23 signify by saying aye.

24 NOTE: The Commission votes aye.

25 CHAIRMAN VAN CLIEF: Any opposed? Thank you

1 very much. The request is approved and the motion
2 passes unanimously.

3 Next up in terms of the ongoing expansion of
4 our industry, Mr. Marshall, representing the
5 Colonial Downs Group, LLC, is going to make
6 comments with regards to the application that he
7 and his team have submitted for licenses to
8 operate a satellite wagering facility and also to
9 conduct pari-mutuel wagering on historical horse
10 racing at that facility which will be Rosie's in
11 Hampton.

12 So, Mr. Marshall, if you want to take the
13 floor, we welcome any comments you want to make.
14 I've got a couple issues at the top I'd like to
15 ask you to include in your remarks.

16 Number one. In going through your
17 application, I note that the financial statements
18 included our current, which is normal, not
19 questioning that, but as of 12/31/18, a lot has
20 gone on in nine months subsequent to that date and
21 while I'm assuming that, if anything, your
22 financials are even stronger than they were, and
23 we approved a number of licenses based on those
24 financials already, and that the corporation is
25 still in very good standing and your financials

1 as strong or are stronger than they were. So I
2 want to ask for confirmation of that since we're
3 now in early October and those are nine months
4 old.

5 The other issue I'd ask you to explain a
6 little bit about is reading through your lease,
7 I'm not sure I understand it fully. Everybody
8 else up here probably does.

9 But if I understand it at all, you're leasing
10 the ground in Hampton, yet you're building the
11 building and will be owning that, I assume. Will
12 you explain that in laymen's terms how that lease
13 works and what it means for the future of the
14 operation in the years to come? Thank you very
15 much.

16 MR. MARSHALL: Thank you. Mr. Chairman,
17 Commissioners, we can certainly cover that ground
18 in our presentation today. With me today is our
19 Executive Vice President of Administration, Jamie
20 Hartman, who will get into some detail as to
21 Chairman Van Clief's initial questions.

22 Also with me today is Stephanie Wisneski, who
23 is transitioning from our compliance manager to
24 general manager of Rosie's New Kent, and Mindy
25 Townsend, who is our new compliance manager.

1 In between the two of them, they co-authored the
2 application that's before you today. Also with me
3 today is Curtis Marshall, our Vice President of
4 security.

5 So to get things started, I'll ask Jamie to
6 make a few comments on Chairman Van Clief's
7 questions about the financial condition and lease.

8 MR. HARTMAN: Good morning, everyone. So your
9 first question dealt with the financial stability
10 of the company, and as you suspected, our
11 financials are strong. We have no issues with
12 meeting our debt service, meeting our interest
13 payments.

14 In fact, our operating results have exceeded
15 our expectations. So from that perspective, you
16 should feel comfortable that the business is
17 financially sound, that we are in a position to
18 continually invest in the Commonwealth. We're
19 excited about the future with what is in store for
20 Colonial Downs from that perspective.

21 If there are any additional questions, sir, I
22 am happy to answer, but rest assured we are in a
23 good position.

24 CHAIRMAN VAN CLIEF: Thank you.

25 MR. HARTMAN: I wasn't actually involved with

1 the lease, but I'll do my very best to explain it.
2 So it's a master ground lease. I see nothing in
3 the lease summary that would indicate that we
4 would own the building during the lease. I think
5 all of these improvements will enure to the
6 benefit of the landlord.

7 It is a ten-year lease. There is just an
8 annual payment that is associated with it, which
9 increases annually, so nothing exotic about the
10 lease itself. Trying to think if there was
11 anything else worth mentioning.

12 We are obviously responsible for maintaining
13 the building and ensuring the safety of the guests
14 and just really kind of putting forth a good
15 experience for our customers with respect to
16 maintaining the facilities. There's really
17 nothing that exotic about this lease. It's just a
18 similar ten-year lease.

19 COMMISSIONER SIEGEL: Is there an option after
20 the ten years?

21 MR. HARTMAN: There is an option. I have to
22 look for it. I just got this right before me.

23 COMMISSIONER SIEGEL: Usually on a land lease,
24 the lease is quite a bit longer than ten years.

25 MR. HARTMAN: Yes. I don't know why the term

1 of ten years was selected. I think maybe it has
2 to do with the terms of our license.

3 COMMISSIONER SIEGEL: You made it an option to
4 be only ten years, but I wouldn't think you would
5 want to build a building at your expense for only
6 a ten-year lease.

7 MR. HARTMAN: No. I'm sure that isn't the
8 case. We would look to extend it at this location
9 for sure.

10 CHAIRMAN VAN CLIEF: Any questions?

11 COMMISSIONER REYNOLDS: I had the same
12 question. When I looked at the lease, it looked
13 like you had an option to go at least 20 years, if
14 I remember correctly, but that same question I
15 have. If it's only ten years, that's not very
16 long considering the amount of money you all are
17 going to put in to it.

18 MR. HARTMAN: So actually, there are two
19 renewal periods for five years each, so it's
20 an additional ten years. I can confirm that.

21 CHAIRMAN VAN CLIEF: Thank you for addressing
22 both of those issues.

23 MR. MARSHALL: Thank you, Jamie. So Rosie's
24 Hampton. The application before you is an
25 application to conduct pari-mutuel wagering

1 through historical horse racing terminals at the
2 Hampton site. The first slide is a rendering of
3 the front entrance of Hampton, and also included
4 is a rear view of the facility that faces I-64.
5 we'll have a marquee sign visible to passersby
6 heading to Norfolk on 64.

7 To orientate you to where exactly the facility
8 is, it's in a plaza that's known as the Power
9 Plant Plaza. It's directly across from I-64 from
10 the Coliseum District in Hampton, which has
11 an abundance of modern retail in the Coliseum
12 forum that many of you I'm sure are familiar with.

13 Providing an overhead view, you can see our
14 facility. With respect to the new construction
15 that Chairman Van Clief referenced, shaded in
16 yellow is 24,000 square feet of an addition that
17 we're adding on to the current plaza.

18 We'll be occupying the 15,581 square feet that
19 exists that was formerly a NASCAR sports complex,
20 entertainment complex. So together, we'll have
21 nearly 40,000 square feet between the current and
22 the new.

23 To the right of our facility is a retailer
24 called Cold Stone Creamery that is connected to
25 us. Next is a country western facility known as

1 PBR Bar, and beside PBR Bar is a recent
2 development, a Guy Fieri pizza and taco eatery
3 connected to the same plaza.

4 Further to the right to the top is a Bass Pro
5 Shop retail center and to your far left, you can
6 see a piece of the BJ wholesale retail, and
7 further off the slide to the left is a Lowe's home
8 improvement store.

9 So there's an aerial where you can see the
10 leased premiss, the leased plaza. Our landlord is
11 The Cornish Group. We have a shared parking
12 situation; over 2000 shared parking spots there
13 for customers.

14 When we enter Rosie's Hampton, you'll come
15 through front doors and immediately to your right
16 will be the players' club where we will maintain
17 player accounts, issue player loyalty cards as we
18 do at the three existing Rosie's.

19 To the right of that section will be our
20 Rosie's gift shop that we are all familiar with by
21 now. The shaded area is our restaurant, our bar
22 and restaurant area. So we'll have a full-scale,
23 upscale bar and restaurant as we do in existing
24 Rosie's.

25 Connected to the historical horse racing

1 terminal floor is our full card simulcast theater.
2 You can see in blue those are the screens of the
3 TVs and some seating there in orange, and to the
4 left and to the right flanking the theater will be
5 our live mutual tellers.

6 Across the top in the yellow section is our
7 cage cashier operation. Moving onward right to
8 left on the screen will be restrooms, and then in
9 the upper left-hand corner is our smoking area
10 where we'll have 229 HHR terminals. Below that,
11 the smaller carve-out, will be 68 high-limit
12 terminals, and within the main floor, we have 403
13 terminals for a total of 700.

14 Providing a snapshot of construction as of
15 last Friday. Going left to right, you can see the
16 outside façade of the main entrance. Coming
17 inside, the condition of the players' club, which
18 we are quickly moving through construction.

19 The upper right is the main floor, the bottom
20 left an image of one of the teller stations. A
21 frontal shot of our cage cashier, and the bottom
22 right to the rear, you can see our marquee sign
23 being assembled to go up to face I-64.

24 The current timeline from now through when we
25 are aiming to open, of course today is our license

1 hearing and we have HHR terminals scheduled to
2 begin arriving tomorrow. Our training is set up
3 on the schedule to be this Friday on the 5th.
4 New hire orientation is underway today and
5 continues Thursday and Friday. We've hired 200
6 new associates to help operate Rosie's Hampton.

7 Onward down the list, you can see the schedule
8 of equipment arriving. Shaded in green is our
9 targeted TCO date, which is the date that we can
10 occupy without hard hats and vests and other PPE.
11 That's when we can begin to train the team and
12 work within the facility.

13 Our ABC liquor license inspection and Health
14 Department inspection, those inspections are
15 tentatively scheduled for October 17th. Our
16 AmTote installation date is the same day,
17 October 17th, with more deliveries continuing the
18 18th. The 20th, we expect all of our terminals to
19 be installed.

20 Game testing, surveillance testing and
21 positioning ourselves to target a soft opening of
22 October 26th, which is fluid until we understand
23 the trajectory and the progress of the next three
24 weeks. We're aiming for that soft opening on
25 10/26, which would result in our ribbon cutting

1 and opening of 10/29 if we're able to remain on
2 schedule.

3 Are there any questions concerning our plans
4 for Rosie's Hampton and the application before
5 you?

6 CHAIRMAN VAN CLIEF: The application indicates
7 that you're going to install 700 HHR machines. Is
8 there any change to that? That is still a plan
9 and you plan to have all 700 in at opening?

10 MR. MARSHALL: That's correct.

11 CHAIRMAN VAN CLIEF: Okay. Thank you. Does
12 anybody have any questions of Mr. Marshall?

13 COMMISSIONER SIEGEL: I read it, obviously,
14 and it looks to be in order. You hired most of
15 your people and the training starts shortly?

16 MR. MARSHALL: Yes. We've hired all of our
17 people. Supervisors and managers start today and
18 the rest of the team starts tomorrow in
19 orientation. Our security team started a week
20 ago, full complement of security to do some
21 advanced training. We like to have our security
22 staff fully trained and on board upon the arrival
23 of games, which is scheduled to be tomorrow. So
24 we've had full security coverage going on two
25 weeks now.

1 CHAIRMAN VAN CLIEF: Any other questions?
2 Under Tab Three in your books, you'll note a
3 synopsis which Mr. Lermond put together, as well
4 as the staff recommendation. I call on Mr.
5 Lermond.

6 Dave, you want to give us a quick heads up in
7 terms of your recommendation and a brief
8 explanation as to what you see as salient points
9 here?

10 MR. LERMOND: Sure. As always, Colonial Downs
11 Group's application is thorough and well put
12 together, just like the ones we've had submitted
13 to us in the past. I think Mr. Marshall has done
14 a great job of giving you the specifics of the
15 facility and I won't go over that again.

16 I will say that one of the things that we do
17 is there are a bunch of standard operating
18 procedures and things that all Rosie's tend to try
19 to be the same with, but each facility is a little
20 bit different so there are some minor changes to
21 some of those SOPs and we require and they have
22 already submitted those specific SOPs for this
23 site. I think we got those from Mindy on Monday,
24 which is within 30 days as they promised.

25 Our compliance specialist, Mr. Rudisill, is

1 busy at home right now going over them. We are
2 going to go down there the 16th and 17th to
3 license the remainder of the employees that have
4 not started that need to be licensed.

5 Mr. Rudisill will be accompanying us and also do a
6 brief inspection of what we see at that point.

7 As you can tell by the timeline, they just got
8 the occupancy, so I'm sure there will be a lot
9 going on. Then we'll bring Mr. Rudisill back
10 towards the soft openings and we'll be there for
11 all of the Mach 4 and eight-hour sessions right up
12 until the opening.

13 Based on everything I've seen from CBG
14 already, I don't have any issues or foresee any
15 problems with this site or this application. I
16 would recommend approval and just ask that you
17 include the two normal conditions to the approval
18 of the license.

19 CHAIRMAN VAN CLIEF: Dave, one question, just
20 to make sure I'm clear on what you're saying. On
21 Page Three at the bottom of your recommendation,
22 you state: Overall, Mr. Rudisill was satisfied
23 with the plan, however, there are some areas that
24 need to be more detailed such as internal controls
25 and SOPs.

1 Are you telling us this morning that those
2 gaps in the information have now been filled with
3 the submission from Colonial Downs Group?

4 MR. LERMOND: That's correct. Yes, sir.

5 CHAIRMAN VAN CLIEF: Okay. Great. Thank you.
6 Very good. Thanks very much. Any questions for
7 Mr. Lermond? Thank you.

8 As usual, his recommendation includes a pair
9 of conditions. I think they're pretty much the
10 same in all of our license applications
11 and permission is granted as usual. I will read
12 these into the record and ask that they are part
13 and parcel of any motion that we make here
14 regarding the application.

15 The conditions recommended by staff are,
16 number one, it reads as follows: The satellite
17 wagering facility and pari-mutuel wagering on
18 historical horse racing shall be operated in
19 accordance with all representations, plans and
20 specifications as submitted in the application
21 and as described at the Virginia Racing
22 Commission's October 2nd, 2019 meeting, and the
23 license shall not deviate materially from these
24 representations, plans and specifications without
25 the prior consent of the Commission or its

1 executive secretary.

2 Condition Number Two reads as follows: The
3 satellite wagering facility and pari-mutuel
4 wagering on historical horse racing shall be
5 operated in accordance with all applicable state
6 and federal statutes and regulations, the
7 regulations of the Commission and all local
8 ordinances.

9 So we will include that in any motion. Are
10 there any other questions or comments that my
11 fellow Commissioners would like to make? If not,
12 then --

13 MR. LERMOND: Mr. Chairman?

14 CHAIRMAN VAN CLIEF: Yes.

15 MR. LERMOND: As an order of procedural --
16 this really involves two separate licenses; one
17 for the satellite wagering facility and one for
18 the license to operate the HHR terminals. I think
19 with the Richmond application, we made that two
20 separate motions. Just a suggestion.

21 CHAIRMAN VAN CLIEF: At counsel's direction,
22 is it preferable that we consider this in two
23 motions or a single motion combining both
24 licenses?

25 MR. DREWERY: We did it in two the last time.

1 CHAIRMAN VAN CLIEF: Okay. If we did it in
2 two last time, we'll remain consistent with that
3 practice. I would ask first of all for a motion
4 to approve the Colonial Downs Group, LLC
5 application to license a satellite wagering
6 facility operation.

7 COMMISSIONER NIXON: Motion.

8 COMMISSIONER SIEGEL: Second.

9 CHAIRMAN VAN CLIEF: We have a motion and a
10 second. Is there any discussion? If not, please
11 signify your approval by voting aye.

12 NOTE: The Commission votes aye.

13 CHAIRMAN VAN CLIEF: Any opposed? Okay. That
14 passes unanimously and that license is granted.

15 The second motion would be to approve the
16 Colonial Downs Group, LLC application to conduct
17 at that site pari-mutuel wagering on historical
18 horse racing. Do we have such a motion?

19 COMMISSIONER REYNOLDS: So moved.

20 CHAIRMAN VAN CLIEF: Commissioner Reynolds.

21 COMMISSIONER SIEGEL: Second.

22 CHAIRMAN VAN CLIEF: We have a motion and a
23 second. Any further discussion? If not, please
24 signify your approval by voting aye.

25 NOTE: The Commission votes aye.

1 CHAIRMAN VAN CLIEF: Any opposed? The motion
2 passes unanimously. We're delighted to grant
3 those licenses and thank you very much,
4 Mr. Marshall.

5 MR. MARSHALL: Thank you.

6 CHAIRMAN VAN CLIEF: Okay. Before we go to
7 Commissioner comments, we've asked Mr. Marshall to
8 give us a wrap-up on what by all appearances
9 and every account I've heard was a very, very
10 successful race meet.

11 MR. MARSHALL: Thank you, Mr. Chairman. I'm
12 very happy to stand in for Jill Byrne, who is
13 actually in Lexington today doing some follow-up
14 work and laying some groundwork for 2020 with some
15 of our industry constituents.

16 So it is with great pleasure to be able to
17 formally on the record thank our horsemen, our
18 racing officials, our veterinarians, this
19 Commission and the State of Virginia for
20 supporting Colonial Downs Group in its inaugural
21 race meet at Colonial Downs. We built it as a
22 revival of Thoroughbred racing in Virginia and we
23 feel like we have succeeded in this revival.

24 To recap some highlights, over 36,000 people
25 attended races over 15 days, with 6,000 country

1 music fans attending the Old Dominion concert on
2 September 1st.

3 Colonial Downs broadcasted in high definition
4 to more than 900 outlets across north America,
5 including the homes of 15 million TVG network
6 subscribers. I noticed locally on Xfinity that
7 TVG turned on the broadcast to those cable
8 subscribers who had not bought up to the level of
9 TVG coverage, which is a great extension of good
10 will by TVG to make that possible within the local
11 network.

12 Total amount wagered on the races over 15 days
13 was \$17.5 million, an 18 percent increase over
14 2013, with 2013 having more race days as well.

15 Fifteen percent of those wagers were placed in
16 Virginia, while 85 percent placed outside the
17 state.

18 Participants in the live race meet competed
19 for \$7.6 million in purses, a 55 percent increase
20 over 2013 in total, again with more race days in
21 2013.

22 The daily average purses were \$507,000,
23 against an advertised payment of \$500,000. So we
24 were very close.

25 We had 87 unique jockeys traveling to Virginia

1 for mounts with trainers coming from 17 different
2 states as far as way as California, Florida,
3 Louisiana, Maryland, Kentucky, New York and
4 Minnesota. It's worth noting that 17 percent of
5 our entries shipped from Maryland to Colonial
6 Downs.

7 One hundred forty-four Thoroughbred races ran
8 with 1,229 starters averaging more than eight
9 horses per race. Our proudest accomplishment in
10 our first year was installing new, modern safety
11 and integrity protocols resulting in zero racing
12 or training fatalities throughout the race meet.

13 So a lot of appreciation and recognition goes
14 to Jill Byrne, our VP of racing operations,
15 Allison DeLuca, our racing secretary, and Ken
16 Brown, who is our director of Track Services.

17 Ken will be continuing on with us during the
18 off season through an off-season consultancy until
19 his in-season arrangement kicks in in April, and
20 that's meant to continue the top maintenance and
21 care over the turf course and the dirt course that
22 is brand new. We want to maintain it properly so
23 we can continue our stellar record in safety and
24 integrity.

25 we'll also be applying for the NTRA Safety and

1 Integrity accreditation in the off season, which
2 is one of the meetings that Jill had arranged for
3 today, which is why she is unable to be here with
4 us. She will be meeting with Keith Chamberlain
5 and other members of the NTRA to petition us for
6 an application.

7 I did take the time to capture the top five
8 performances in 2019 with live racing and I'd like
9 to take you through it. Number five, the Old
10 Dominion concert on September 1st. Old Dominion
11 was a 2019 ACM Group of the Year, 2018 CMA Vocal
12 Group of the Year and 2018 CMA country music New
13 Album of the Year.

14 We attracted 6,000 country music fans, put on
15 a world class performance and have heard nothing
16 but positive reviews.

17 Number four, the Camptown Stakes. Kent
18 Desormeaux joined Vladimir Cerin to ship this
19 Virginia-bred California shipper who started at
20 Del Mar. Holly Hundy, owned by Holly and David
21 Wilson, captured the Camptown Stakes on our
22 closing day, which was filled with Virginia-bred
23 races and probably our highest attended day of the
24 year up against Virginia Derby day.

25 Number three, the Exacta system's Rosie's

1 Stakes, which was new to the program this year. A
2 two-year-old first time starter, Four wheel Drive,
3 drove to the finish line underneath Jorge Vargas,
4 trained by Wesley Ward to a new track record of a
5 five-and-a-half furlong race.

6 The American Pharoah colt is positioned to
7 make a Breeders Cup juvenile performance and
8 owners are hopeful that he makes it there. I do
9 not believe this is the last we'll be hearing
10 about Four wheel Drive.

11 Number Two, the Fasig-Tipton Virginia Oaks.
12 Carnival Colors, owned by Godolphin, captured the
13 title, trained by Mike Stidham, one of our
14 co-leading trainers of the meet, and jockey,
15 Forest Boyce.

16 Our number one top performance of 2019 is the
17 New Kent County Virginia Derby, captured by
18 English Bee, owned by Calumet Farm, trained by
19 Graham Motion, also our co-leading trainer of the
20 meet, underneath Jorge Vargas, the trophy
21 presented by Governor Ralph and First Lady Pamela
22 Northam and representatives from New Kent County.

23 So there's a brief wrap-up of the racing
24 revival at Colonial Downs in 2019. Open to
25 questions, comments or any wrap-up conversation.

1 The team is ready to turn the page towards 2020,
2 as our planning has already begun.

3 CHAIRMAN VAN CLIEF: Great. Thank you very
4 much. I think that will take -- are there any
5 questions for Mr. Marshall on this agenda? That
6 takes us right into Commissioners' comments.
7 Probably most of us will talk about what you're
8 talking about as well.

9 I will start to my left with --

10 MR. LERMOND: Mr. Chairman.

11 CHAIRMAN VAN CLIEF: Yes.

12 MR. LERMOND: I believe some representatives
13 of the VEA wanted to piggy back onto
14 Mr. Marshall's report, if you want to.

15 CHAIRMAN VAN CLIEF: Thank you for that
16 reminder. Why don't I just open the floor again
17 and start with the VEA and if there are other
18 members of our industry that would like to make
19 comments, I think it's an historical race week and
20 we are experiencing both in Standardbred
21 and Thoroughbred worlds, nothing less than a
22 Renaissance here. It's great to be part of this.

23 So I'll open the floor to any comment on
24 Mr. Marshall's report or operations of the race
25 meet and bring it back to the Commission.

1 Ms. Easter.

2 MS. EASTER: Thank you, Mr. Chairman. Before
3 I get off on my prepared statements, I think it's
4 exciting your top five moments because just
5 traveling here, I think two or three of those
6 horses are lined up this weekend for stakes and
7 year end Breeders Cup possibilities and we could
8 have some exciting -- as you know for all of us,
9 if these horses go on and do well nationally, that
10 only puts Colonial Downs on the map further, so I
11 think it's very exciting to see the types of
12 horses and the types of owners that we got to win
13 races and ship in here to Virginia.

14 That leads me right into my comments that I
15 have, which are since the meet, I've been on a
16 whirlwind Kentucky, Maryland, New York around
17 visiting. I can say that I've heard anything but
18 positive, very, very positive statements about
19 Colonial and its meet and especially the track;
20 both the turf surface and the dirt surface and
21 people couldn't be happier about what has been
22 going on in Colonial.

23 It's really sometimes hard to have feel good
24 stories in the horse industry and I think it's
25 probably the feel good story of 2019 for the horse

1 industry nationally.

2 I want to especially thank the Colonial Downs
3 management for -- as Wayne took some words out of
4 my mouth, I think it was a good team effort
5 between horsemen, government and the people that
6 came in and purchased Colonial Downs and really
7 made us proud and gave us a place to run our
8 horses again.

9 I really think I'm going to pick out one
10 person here and I think John Marshall deserves a
11 lot of credit for what's going on here. He had
12 the foresight to hire people such as Jill Byrne,
13 Allison DeLuca, Ken Brown, some of the people that
14 you've talked about which I think in return gave
15 us credibility there and they know their jobs and
16 they know how to do it well and they were all
17 working their tail off the whole meet to make
18 things really happen very positively here in
19 Virginia.

20 I also think I'm not as familiar with all of
21 the people that run the Rosie's that we have open,
22 but they're outperforming what we thought they
23 would do and there are some -- you know, we have a
24 whole Colonial management, but here is the guy in
25 charge of it that ought to get a lot of credit for

1 it.

2 I think that going forward, we're just really
3 happy and really looking forward to -- very happy
4 to hear that Ken Brown is staying on because I
5 think that the safety and what you've done with
6 the courses is spectacular at Colonial and
7 improving that going forward for next year is just
8 smart business.

9 I think we all at the VEA, horsemen and the
10 Commission, are just looking very forward to --
11 while it was an exquisite meet, nothing is ever
12 perfect and we're all looking forward to having
13 some input on what we can do to improve it and we
14 are just very happy that you all -- we're partners
15 with good folks that want to put on a good show
16 and looking to the improvements and making it even
17 better for 2020.

18 CHAIRMAN VAN CLIEF: Thank you very much.
19 would anybody else like to comment?

20 DR. ALLISON: Yes. Gold Cup wants to thank
21 you, Colonial Downs, for including two jump races
22 every week. This has made the steeplechase
23 community very happy and I hope that continues.

24 CHAIRMAN VAN CLIEF: Thank you. Anybody else?

25 MR. PETRAMALO: Yes.

1 CHAIRMAN VAN CLIEF: Mr. Petramalo.

2 MR. PETRAMALO: Yes. Thank you. On behalf of
3 the HBPA and its owner and trainer members, I'd
4 like to join in Debbie's comments. After having
5 spent every single race day of the meet on the
6 back side with owners and trainers, I can say
7 without hesitation that they were pleased with the
8 meet, they were pleased with the conditions of the
9 track for both training and racing.

10 In parting, the only sentiment was, gee, we'd
11 like to race more next year. I think hopefully
12 we'll be able to build on this year's success and
13 have an extended meet next year.

14 CHAIRMAN VAN CLIEF: Thank you.

15 MS. EASTER: The great thing is we have a year
16 to fix the problems that we have going forward so
17 it's very positive.

18 UNIDENTIFIED SPEAKER: Mr. Chairman, could I
19 say one thing?

20 CHAIRMAN VAN CLIEF: Yes. Of course.

21 UNIDENTIFIED SPEAKER: I serve in a number of
22 roles within the state as well as the Racing
23 Commission. I work part-time for the Racing
24 Commission as a veterinarian and worked for Dr.
25 Harden for a number of years.

1 I think with all the accolades being spread
2 around the able this morning, something that
3 shouldn't go unnoted is that Dr. Ada Caruthers,
4 she had some very large shoes to fill in taking
5 over that very well-tenured position that Dr.
6 Harden had made.

7 Between the revamping of the test barn and the
8 hiring of staff and the conduct and competency of
9 the operation in general, I think some accolades
10 need to go her way, too.

11 CHAIRMAN VAN CLIEF: Great. Given the
12 emphasis that the entire industry is putting on
13 safety of our athletes and the condition of our
14 courses, that's particularly relevant. Thank you.

15 MS. EASTER: One more. Also, kudos to Dave
16 and his staff, because I also heard the licensing
17 process, it was little bit of angst prior to the
18 meet about the licensing process and they made it
19 very easy and efficient and people were very
20 appreciative of that.

21 CHAIRMAN VAN CLIEF: Okay. Thank you. Then
22 we'll take this to Commissioners' comments
23 and I'll start with Commissioner Nixon.

24 COMMISSIONER NIXON: I spent quite a bit of
25 time down there as well and same thing. Just the

1 back side and the front side was run very well.
2 The staff they hired was excellent, especially the
3 paddock judge. Some of the 12 and 14 horse
4 fields, just everything seemed to run very
5 smoothly so I was very impressed and looking
6 forward to 2020.

7 CHAIRMAN VAN CLIEF: Thank you. Mr. Reynolds.

8 COMMISSIONER REYNOLDS: I just want to
9 congratulate you all on a great meet. There was
10 one problem area that I saw as I went down there
11 one of many nights. One thing you all couldn't
12 control was the weather. So we got down there,
13 didn't get to see one race, but still ran up quite
14 a bar bill and you all did a great job.

15 But seriously, congratulations on a great
16 meet. I'm going to head up to Woodstock on Friday
17 and go see Standardbreds and look forward to
18 enjoying my time with them Friday. Thank you.

19 CHAIRMAN VAN CLIEF: Commissioner Siegel.

20 COMMISSIONER SIEGEL: I would just echo what
21 has been said and don't want to repeat myself, but
22 I, too, found everyone at the racetrack and all
23 the horsemen and people in Colonial Downs to be
24 very hospitable to everyone.

25 I think in talking to friends and others that

1 went out there and had an experience, it was all
2 very positive. I just didn't hear anything
3 negative at all and I will echo what Mr. Petramalo
4 said. We're just looking forward to bigger and
5 better next year.

6 CHAIRMAN VAN CLIEF: Thank you very much. I
7 would echo my fellow Commissioners' comments and
8 note that our sport, our industry, always works
9 best when it's working as a partnership between
10 racetrack ownership, the horsemen and state
11 government and I'd like to think that what's going
12 on in Virginia may be the best example of how that
13 should work that you can find in this country
14 right now.

15 It's very exciting to be part of it and it's
16 impossible not to be pleased by what has been
17 achieved.

18 Since we're talking about the race meet,
19 again, I tip my hat to Colonial Downs Group. It
20 takes the right motivation and the right kind of
21 vision and the right kind of people to make things
22 happen as well as you have.

23 So John, thank you to you and your team for
24 doing a great job and we look forward as Debbie
25 Easter points out to staying in the traces and

1 getting to work in 2020. So thank you very much.

2 MR. MARSHALL: You're all very welcome and it
3 is our honor and our pleasure to operate and be
4 good stewards of this race meet in Virginia.

5 Thank you.

6 CHAIRMAN VAN CLIEF: Thank you.

7 MS. NIXON: I have a comment.

8 CHAIRMAN VAN CLIEF: Yes, Commissioner Nixon.

9 COMMISSIONER NIXON: I forgot to mention I was
10 up in Shenandoah last weekend for the trotter meet
11 and thoroughly enjoyed myself. I wanted to say
12 thank you to Deborah for the hospitality. I got
13 to ride in the gate car and actually got to ride
14 in a race with Mr. Lermond and Mr. Hannum.

15 The only thing is I'd like to claim
16 an objection on Mr. Lermond because I feel like,
17 you know, he might have -- a little concerning on
18 the way he rode that race.

19 So but no. It was fantastic. I thought
20 Dr. Caruthers' staff did a great job and just a
21 beautiful, beautiful facility up there. If none
22 of you has ever been there, they need to go check
23 it out. It's just gorgeous.

24 CHAIRMAN VAN CLIEF: Great. When you think
25 about it, this industry not very long ago was

1 absolutely flat on its back. We now have a lovely
2 Standardbred facility in Shenandoah and a
3 Renaissance in Colonial Downs back online better
4 than ever, so congratulations to all of you.
5 Thank you.

6 I do not think we need a closed session, at
7 least in this portion of our meeting, so we will
8 bypass that agenda item.

9 I do need a motion to adjourn this meeting.
10 Please keep in mind that then we're going to
11 immediately reconvene for the purpose of our
12 appellate hearing. So do we have a motion to
13 adjourn?

14 COMMISSIONER SIEGEL: So moved.

15 CHAIRMAN VAN CLIEF: Second?

16 COMMISSIONER REYNOLDS: Second.

17 CHAIRMAN VAN CLIEF: Any opposed? All right.
18 This meeting is adjourned.

19 Those of who would like to stay may. The
20 appellate process is also open to the public, but
21 for those of you who've got schedules to meet, you
22 can feel free to take off as you need to. Thank
23 you very much.

24 NOTE: This meeting of the Virginia
25 Racing Commission is adjourned at 10:52 a.m.

CERTIFICATE OF COURT REPORTER

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

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

Given under my hand this 30th day of December, 2019.

Sandra G. Spinner
Court Reporter