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3 **VIRGINIA RACING COMMISSION**

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

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wednesday, october 2, 2019 at 10:00 a.m.

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  
25  
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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.

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Sandra G. Spinner  
Court Reporter