

1
2
3 **VIRGINIA RACING COMMISSION**

4 COLONIAL DOWNS
5 BALLROOM, 4TH FLOOR
6 COURTROOM B
7 10515 COLONIAL DOWNS PARKWAY
8 NEW KENT, VA 23124

9 Thursday, June 25, 2020 at 11:00 a.m.

10
11 **COMMISSION MEMBERS:**

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

17 **COMMISSION STAFF:**

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

22 **ATTORNEY GENERAL'S OFFICE:**

23 Elizabeth B. Myers, Esquire

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1 CHAIRMAN VAN CLIEF: Good morning,
2 everybody. Good morning and thank you all for
3 being here this morning. I would like to call
4 our meeting of the Virginia Racing Commission
5 to order.

6 A couple of ground rules today, please.
7 Please continue and thank you all for doing so
8 and being prepared to take care of your own
9 health, but also be considerate of those around
10 you. The only reason my mask is off right now
11 is because I don't think you could hear me if I
12 had it on.

13 So I will ask everybody to maintain their
14 masks in place, although I realize with the way
15 the room is set up and frankly with some of our
16 speakers who will be speaking from the podium
17 to my right, if you need to take your mask off
18 or lower it to speak, then I think we don't
19 have much choice.

20 I'll also ask you to please maintain your
21 appropriate spacing, minimum of six feet, and
22 we will do what we can to keep each other
23 healthy. Thank you.

24 Next order of business, I would like very
25 much to welcome our newest commissioner.

1 Commissioner Marsha Hudgins, welcome to the
2 Commission. We are delighted to have you on
3 board. She is a business person and she also
4 operates a horse farm, so she's got all the
5 skills and we are delighted to have her and her
6 talents and the experience she brings to this
7 table. Marsha, congratulations on your
8 appointment and welcome aboard.

9 COMMISSIONER HUDGINS: Thank you. I'm
10 happy to be here.

11 CHAIRMAN VAN CLIEF: In the same breath, I
12 should note once again, he isn't here today, of
13 course, but I should note that former
14 Commissioner Clint Miller, who did such a great
15 job and was very kind in agreeing to hang in
16 with us and serve on this Commission for an
17 additional year while waiting for a new
18 appointment, so thanks to Clint.

19 Our first order of business today is the
20 approval of the December 19th meeting minutes.
21 I hope everybody has had a chance to look at
22 the material that Dave Lermond sent around some
23 time ago. The minutes were included. I
24 haven't seen anything that bears changes or
25 modifications. Does anybody else?

1 COMMISSIONER SIEGEL: I move they be
2 accepted.

3 CHAIRMAN VAN CLIEF: We have a motion to
4 accept. Do we have a second?

5 COMMISSIONER REYNOLDS: Second.

6 CHAIRMAN VAN CLIEF: All in favor, signify
7 by saying aye.

8 NOTE: The Commission votes aye.

9 CHAIRMAN VAN CLIEF: Any opposed? Thank
10 you very much. The minutes of the December
11 19th meeting are approved.

12 As usual, we go at the top of the meeting
13 to a public comment period, so that anybody has
14 an opportunity if they wish to comment on the
15 balance of the agenda here today, or for that
16 matter, if they have a topic they would like to
17 put in front of this panel.

18 Is there anybody that would like to speak?
19 If so, please state your name for the record
20 and confine your comments to a maximum of five
21 minutes. Yes.

22 MR. BERMAN: This morning, I just want to
23 address a couple of things on the agenda. I
24 want to go down to 4 D and 4 N together. I
25 know that we have -- it has been stated that

1 we're going to reduce purses \$140,000 a day
2 this year. All told, that would be
3 \$2.5 million that we're going to reduce the
4 purse activity for 2020. I did the math. You
5 know I like to do math.

6 Colonial in February, the last month they
7 were operating full-time, if we use those
8 figures, there would have been \$1,077,794
9 contributed to the Virginia Equine Association
10 that they would have been able to use for
11 purses.

12 So one of the questions I have is we are
13 cutting 2.5 million and we're only going to see
14 a loss of 1,077,000 by the time -- until
15 July 31st. Thinking they could use that money
16 to fund the purses. But where else are we --
17 what are we going do with that other
18 1.4 million that we're cutting from purses?

19 Why are we cutting another 1.4 million
20 from purses? I guess my question is, is the
21 VEA getting a haircut anywhere else or are they
22 just using that additional 1.4 million to cover
23 the programs they already have in place so they
24 don't have to take a haircut on those?

25 If that is the case, I have a problem with

1 that so I will be interested to see what the
2 VEA says about their budget and what they're
3 going to do with their budget and if anybody
4 else is going to suffer any kind of reduction.

5 Also, I have a question. Last year,
6 Colonial said that they were going to give away
7 500,000 a day in purses. We did the math.
8 There was \$427,000 in purses. That's what it
9 was.

10 Then all of a sudden, Colonial wanted to
11 add in all of the trainer bonuses and the owner
12 bonuses and some other stuff until they could
13 achieve that \$500,000 figure.

14 When they first said they were going to do
15 the trainer and the owner bonuses on their own
16 website, they said it would be in addition to
17 the purses. In reality, what they did was they
18 added it to the purses to try to come up with
19 that half a million dollar figure once I put
20 them on the spot.

21 So what I'm asking this year is you're
22 saying \$360,000 a day. Does that include the
23 owner and trainer bonuses to give us a more
24 realistic figure to get exactly how much purse
25 money we're going to be offering?

1 You know, the last thing I'll say about
2 that is in the budget bill that was passed this
3 year, there's a stipulation in there where from
4 this day forward every month, Dave Lermond has
5 to send the chairman of the finance committee
6 of the Senate and chairman of the finance
7 committee of the House of Delegates a report
8 telling them exactly how much money has been
9 deposited into the purse account and how much
10 money is being used for the Certified program.

11 We don't know how much is in the purse
12 account because now all of that money is just
13 given to the VEA in a lump sum and they
14 delegate it however they see fit. So I don't
15 know how you're going to handle that, Dave, but
16 I do remember the day when this purse money was
17 deposited into a specific account and the
18 horsemen were allowed two percent of that to
19 administrate that.

20 Like I say, today we don't even know how
21 much is available for purses or what they're
22 going to use for the other programs. So that's
23 something I'm concerned about.

24 The other thing I'm concerned about is I
25 have seen Mr. Marshall's presentation about

1 their Extra Care program that has been out for
2 a couple of weeks maybe. I've seen an article
3 in the paper about it and I know that Ms. Byrne
4 has said and she tweeted that we would not have
5 spectators or not even owners would be allowed
6 at the track.

7 I think we need to reevaluate that because
8 it looks like we're in Phase Three and right
9 now on July 1st, you'll have 1,000 people here.
10 By the end of July, I would assume that we will
11 be beyond, hopefully.

12 Nobody knows what is going to happen, but
13 what I have not seen is I have not seen any
14 kind of plan for the reopening of live racing
15 with spectators.

16 I've seen that Colonial has told us that
17 they have spent a half million dollars to
18 mitigate the COVID-19 so they can open up their
19 Rosie's slot parlors. If we can open up those
20 slot parlors and Colonial Downs can spend half
21 a million dollars to figure that out, I want to
22 see a plan or hear something today how we're
23 going to open that track and make it available
24 for spectators.

25 If they try to open up the slot operation

1 and ignore the public and ignore opening up the
2 live racing to the public, I got a big problem
3 with that because we brought these slot
4 operations in to revitalize live racing. That
5 was not just for the race industry. That was
6 also for the public to be able to come out and
7 see these races.

8 I'm hoping today that maybe Mr. Marshall
9 or Ms. Byrne can give us an update on what
10 we're doing to reopen the track and include the
11 public. So that's all I have to say. Thank
12 you.

13 CHAIRMAN VAN CLIEF: Thank you,
14 Mr. Berman. So if I understand your comments
15 correctly, there are two essential lines of
16 questioning. One is with regards to purse
17 structure, both past and present, or future I
18 should say, and then the other is what is in
19 the planning process, if anything, at this
20 point, with regards to spectators for the live
21 racing product.

22 I'm sure that Mr. Marshall will address
23 any plans they have and what they're thinking
24 during his presentation a little later in the
25 meeting and I know we will all be interested to

1 hear that.

2 I think you put some questions on the
3 table that probably do bear responses, so they
4 can come from one of several directions. I
5 would ask our executive secretary to address
6 the first question.

7 Perhaps one of the most invested groups is
8 the Virginia HBPA and I'm sure that Mr.
9 Petramalo will be able to speak to that as
10 well, as well as Ms. Easter as president of the
11 VEA.

12 So would one of the three of you like to
13 address Mr. Berman's questions with regards to
14 both the philosophy of the operation of the
15 purse funds, both last year and this year?

16 MR. PETRAMALO: Thank you. You want me to
17 do that now?

18 CHAIRMAN VAN CLIEF: Let's go ahead and do
19 that, if you don't mind.

20 MR. PETRAMALO: Not at all. Well, first
21 of all, Mr. Berman labors under a
22 misconception, the misconception being that the
23 track, Colonial Downs, supplies purse money.
24 Not true. All of the purse money comes from
25 the VHBPA.

1 We have presently two sources of revenue.
2 Our share of wagering at the track as well as
3 year-round simulcast wagering at the various
4 OTBs, we get five percent for simulcast
5 wagering. We also get five percent from all
6 the online wagering that occurs in Virginia on
7 Thoroughbred racing, whether it's TVG or
8 XpressBet or TwinSpires, et cetera.

9 That purse money comes directly to us. We
10 then do the arithmetic and determine how much
11 money is available for purses.

12 Now, with the advent of the HHR machines,
13 we added potentially a third source of revenue.
14 The VEA on behalf of all of the horsemen's
15 groups, that is the harness horsemen, the
16 breeders, the Thoroughbred horsemen and the
17 Gold Cup.

18 The VEA on their behalf receives a share
19 of the HHR revenue, but that HHR revenue share
20 wasn't supposed to start until April of this
21 year. Well, it never got a chance to open up
22 the spigot because the HHR machines shut down
23 mid March.

24 So we're looking forward to this year's
25 meet and of course we had reduced revenue. We

1 were counting on our horsemen's share, the
2 VHBPA share of VEA revenue and that didn't
3 appear.

4 What we wound up doing was last year, we
5 paid out \$7.6 million in purse money for
6 an average of \$506,000 a day. Tad says 427;
7 I'll explain why he's wrong.

8 This year, we have \$6.1 million available
9 for purses. Take 18 days, three more than last
10 year and divide that into 6.1 and you get
11 approximately \$340,000 a day in purses.

12 Now, let me explain why Tad is wrong.
13 Last year, we paid every owner who ran in a
14 race; that owner got a share of the purse.
15 Traditionally, the share usually goes from
16 first through fifth. Last year, we said we're
17 going to go first through last.

18 So what we did last year was anyone who
19 finished fifth through last got the greater of
20 \$1,000 for that person's share of the purse.

21 We're going to do the same thing this
22 year, only we had to reduce it to \$800. So
23 this is all purse money and it's all going to
24 owners who race at Colonial Downs and finish a
25 race.

1 There is an additional incentive for
2 trainers which we also paid out of purse money.
3 Last year, it was \$300 for every horse that
4 they started. This year, it is going to be
5 250. But it all comes out of our purse
6 account. Not one dime or dollar comes from
7 Colonial Downs.

8 The other point that Tad I think was a bit
9 confused on is with regard to the VEA.

10 The VEA is the only organization that will
11 receive any share of HHR revenue from Colonial
12 Downs. The VEA then has its own internal
13 process for allocating that money among its own
14 uses, its own overhead, as well as purses for
15 the harness horsemen, purses for the
16 Thoroughbred horsemen, breeders awards and so
17 forth. That is all allocated by the VEA. The
18 VEA does not pay purses.

19 Again, when you're talking about
20 Thoroughbred racing at this racetrack, it's the
21 VHBPA.

22 CHAIRMAN VAN CLIEF: Thank you very much.
23 I think that was a legitimate question and I
24 think that was a legitimate answer. I
25 appreciate it.

1 MS. EASTER: So I will address a couple of
2 things that Tad asked about. One is just to
3 add to Frank's explanation about purses. Tad
4 specifically asked about Certified bonuses
5 and other things the VEA does.

6 We did not know that potentially we were
7 going to be able to open Rosie's on July 1st,
8 so the latest numbers I've seen are from
9 September 1st projections, but you asked did
10 other programs take a haircut.

11 Yes. The Certified program is projected
12 to take a million-plus haircut. The
13 Standardbred purses were taking a haircut
14 because they have done -- unfortunately, most
15 of the Standardbred checks were cut during
16 those times, so their purses are very much
17 limited.

18 But the great thing about the VEA is we
19 can move around and do good things for all of
20 the organizations. The Standardbred guys were
21 going to lose \$300,000 in purses. We can
22 reallocate that money from something, say
23 Certified, and move that money to purses for
24 the Standardbred guys so that they can have a
25 legit meet this year.

1 So those are the things that happened and
2 we have had to be a little bit, be able to run
3 and juke and jive because we've taken a huge
4 hit this year. So I think that answers that
5 question.

6 The other question is about spectators
7 here at Colonial Downs. Right now, horse
8 racing and NASCAR are on a separate Executive
9 order than everything else that's with these
10 COVID things.

11 So the current order talks about one day
12 of racing and no spectators. Those are the
13 orders we're under right now. Now, do we hope
14 that we might get some change from that,
15 possibly.

16 But unfortunately, you asked for the
17 Commission and I hope that they can be helpful,
18 but they're not the ones that make the decision
19 about spectators or not. It's totally the
20 administration.

21 We've been working really hard with them
22 to see if they can make changes, but we don't
23 know if that will happen or not. So I think
24 that's how we answer that.

25 CHAIRMAN VAN CLIEF: Thank you very much,

1 Debbie. I appreciate that. Would you like to
2 comment on any of the questions or on Debbie's
3 comment? Do you have anything to add?

4 MR. MARSHALL: Sure. I may.

5 CHAIRMAN VAN CLIEF: Okay. Thank you.

6 MR. MARSHALL: Thank you, Mr. Chairman,
7 and welcome, Commissioner Hudgins.

8 I would like to add on to Frank's comments
9 about purses. We do work together
10 collaboratively on forecasting purse revenues
11 by sources.

12 From Colonial's perspective, we've been
13 doing that by examining the calendar on a
14 racing fiscal year from July 1 through June 30
15 so that we're able to fund purses without
16 having an under-payment situation, an over-
17 payment situation, rather, and at least at
18 Colonial, we think that's the most prudent way
19 to look at it rather than a calendar year.

20 So that method has appeared to have been
21 accepted by the group and we've been
22 collaborating on that forecasting perspective.

23 We agree with everything that Frank had
24 responded to, to the public comment. With
25 respect to the sources, he's right on. With

1 the performances of last year, he's right on
2 again.

3 The COVID effect on purse revenues as it
4 relates to Rosie's contributions, the
5 facilities, Frank is correct there as well.

6 With respect to spectator-free versus
7 limited spectators, the team at Colonial Downs
8 is programmed to race this meet spectator-free
9 at the moment. However, we are also
10 contingency planning in the event circumstances
11 change to be able to accommodate limited
12 spectators in the event that those provisions
13 arise within the next 32 days.

14 As we sit here with 32 days to go before
15 opening day, we are programmed to be 100
16 percent spectator-free and we take that
17 guidance from the guise of the administration's
18 response to the Gold Cup and the permissions
19 that were granted to conduct one single day of
20 live racing. We do have that guidance. That's
21 what we use to set up our current
22 spectator-free authorization.

23 With respect to NASCAR or other
24 larger-scale events that Debbie Easter had
25 described, I do believe that there probably are

1 some tie-ins to larger gatherings at the
2 gubernatorial level that will clear up between
3 now and opening day.

4 Over the next 32 days, we'll be evaluating
5 every day. We all know because we watch
6 the news the effects of COVID-19 and the
7 contractions and expansions of new cases state
8 by state and our policy is that we will follow
9 the guidelines of the authorities with respect
10 to spectatorship, whatever those may be.

11 That's all. Thank you.

12 CHAIRMAN VAN CLIEF: John, thank you very
13 much for that update. One quick question.
14 Presumably, there is a point at which it is not
15 possible to ramp up for a spectator meet. So
16 at what point in the next 32 days when you pass
17 that point are you locked in to Plan A, no
18 spectators?

19 MR. MARSHALL: We've certainly crossed
20 that point already as it relates to Colonial
21 Downs as remembered from last year. We have
22 crossed that point in terms of lead times for
23 services and vendors and other things that we
24 need to do to get ready. If we were to adjust,
25 the adjustment would be made on what would be

1 possible at the time of the change.

2 CHAIRMAN VAN CLIEF: Right.

3 MR. MARSHALL: For anything to change from
4 spectator-free to any degree of limited
5 spectators, we would need three weeks. Three
6 weeks to be able to change and implement a
7 limited spectatorship.

8 CHAIRMAN VAN CLIEF: Thank you.

9 MR. MARSHALL: Thanks.

10 CHAIRMAN VAN CLIEF: Thanks, everybody.

11 That takes us to new business. The first
12 item under new business is a request for
13 approval of final amendments to Chapter 47,
14 Historical Horse Racing. Dave, are you going
15 to take us through this?

16 MR. LERMOND: Yes, Mr. Chairman. I would
17 be happy to.

18 CHAIRMAN VAN CLIEF: Okay. By the way,
19 for my fellow Commissioners, this is under Tab
20 Two in your books.

21 MR. LERMOND: Correct. So under Tab Two,
22 you'll find the permanent Chapter 47, the
23 regulations on Historical Horse Racing.

24 These permanent regulations were at the
25 end of the proposed stage. We felt that

1 possibly there may have been some changes that
2 would have to be made because of legislative
3 actions which took place this year.

4 That turned out to be the case, so House
5 Bill 4 laid out certain legislative mandates
6 for the Commission. So the only changes to
7 these regulations are the mandates.

8 Elizabeth and I went through it and
9 there's one on Page 10 and there are some on
10 Pages 16 and 17. They're word-for-word what
11 the Code said that the Commission was required
12 to do in respect to the additional 2000 HHR
13 terminals. There is some language about
14 vendors.

15 I can go through the changes if you'd like
16 me to, Mr. Chairman, but again, it's just
17 word-for-word what the Code changes were based
18 on House Bill 4 that just passed in the General
19 Assembly.

20 CHAIRMAN VAN CLIEF: Can you paraphrase,
21 give us just the essence of the changes in the
22 top line?

23 MR. LERMOND: Sure.

24 CHAIRMAN VAN CLIEF: Thank you.

25 MR. LERMOND: So on Page 10, the changes

1 are highlighted. This language says that any
2 machines, terminals installed after March,
3 there cannot be more than 40 percent of any one
4 single manufacturer at that facility. So the
5 existing HHR satellite wagering facilities are
6 not affected by this, but this would affect
7 Dumfries and possibly Chesapeake in the future.

8 You'll see later that the next item is the
9 presentation about Ainsworth machines. I would
10 imagine they may be one of the manufacturers,
11 but you can only have -- you can't have more
12 than 40 percent. You have to have at least
13 three different manufacturers in each location.
14 So that's what the language is on Page 10.

15 Page 16 refers to the additional 2000 HHR
16 terminals; the fact that the Commission can
17 authorize an additional 600 HHR terminals for
18 every referenda that is passed this fall up to
19 a max of 2000.

20 It spells out the maximum number of
21 terminals based on the population which has
22 been increased for the additional 2000
23 terminals, but the restrictions on the original
24 3000 remain unchanged.

25 Also, there is going to be a higher tax

1 rate on the additional 2000 machines. It's a
2 total of .96 percent as opposed to .75, which
3 is in essence a 20 percent tax rate for the
4 state and the locality and that was also
5 language that was inserted into House Bill 4.

6 Then the other important thing is that
7 when you're talking about the additional 2000
8 terminals, for every 100 terminals that are
9 authorized, they must increase the number of
10 live days by one day, and that was also in
11 House Bill 4.

12 So we haven't made any changes we weren't
13 required to do by the legislature. Hopefully
14 you'll approve this as a final draft for the
15 final stage. It will go through the Attorney
16 General, the Secretary of Agriculture and the
17 Governor's office and the Department of
18 Planning and Budget.

19 All this has to happen by October 2nd. I
20 believe if we approve those that that schedule
21 should be no problem for us and we will have
22 satisfied our requirement of making the HHR
23 regulations permanent to replace the emergency
24 ones of the past year-and-a-half.

25 So I would seek a motion from the

1 Commission to approve these to the final stage.

2 CHAIRMAN VAN CLIEF: Thank you very much,
3 Dave. Does anybody have questions about any of
4 that for Mr. Lermond? If not, then we need a
5 motion to approve these legislatively-mandated
6 changes to Chapter 47 of our regs as set forth
7 on Pages 10, 16 and 17 in your materials.

8 COMMISSIONER REYNOLDS: So moved.

9 CHAIRMAN VAN CLIEF: We have a motion.
10 And a second?

11 COMMISSIONER NIXON: Second.

12 CHAIRMAN VAN CLIEF: Thank you. Any
13 further discussion? Any other questions? If
14 not, please signify your approval by voting
15 aye.

16 NOTE: The Commission votes aye.

17 CHAIRMAN VAN CLIEF: Are there any
18 opposed? Motion passes unanimously. Thank you
19 very much.

20 Next up is a request from the Colonial
21 Downs Group, LLC to amend its 2020 license to
22 conduct pari-mutuel wagering on Historical
23 Horse Racing at Rosie's Richmond.

24 Dave, are you going to field that one or
25 John, are you going to move forward on that

1 one?

2 MR. LERMOND: I'll start out with just a
3 little background of how we got to where we
4 are.

5 CHAIRMAN VAN CLIEF: Also, we're going to
6 include Mr. Curtis Linelle's report in this.

7 MR. LERMOND: Correct. So I received this
8 letter from Jeff Townsend, the vice president
9 of gaming in Virginia for Rosie's. The request
10 was that they wanted to replace 105 of the
11 Exacta terminals at Richmond Rosie's with 105
12 terminals manufactured by Ainsworth.

13 Commissioners, I have received testing
14 letters from GOI on each one of the games that
15 they want to put in place. I also have a
16 letter from GOI saying that the Ainsworth
17 system is compliant with the Virginia
18 regulations.

19 The problem I had was that looking at the
20 two different terminals, there were some
21 differences that weren't just minor. I didn't
22 think it was anything that was Earth
23 shattering, but at the same time, I have the
24 authority to change, approve a change to
25 an application if I'm comfortable with it.

1 The chairman and I spoke about it and I
2 think that it would just be helpful to
3 everybody to get a presentation from Curtis
4 Linelle from the TRPB. They are an integrity
5 auditor.

6 Curtis is very knowledgeable about Exacta
7 as well as Ainsworth terminals and I think he's
8 just going to run through a kind of
9 side-by-side comparison and after that if you
10 don't have any questions, the Commission can
11 approve this amendment to their application and
12 they can plan on trying the 105 Ainsworth
13 terminals.

14 I personally have heard good things about
15 the Ainsworth terminals, but I think it would
16 be better to hear from our expert, Mr. Linelle.
17 Curtis.

18 CHAIRMAN VAN CLIEF: Mr. Linelle, welcome
19 back. Some of you know Curtis Linelle,
20 executive vice president, and some of you have
21 heard him speak before. He has presented to us
22 on previous occasions.

23 Curtis, thanks for being with us today.

24 MR. LINELLE: Thank you very much,
25 Chairman Van Clief, Executive Secretary Lermond

1 and members of the Commission.

2 Commissioners, it has been 13 months since
3 the TRPB has first contracted and started our
4 services with the Virginia Racing Commission
5 and it has been an interesting and challenging
6 13 months, to stay the least.

7 One thing I have to say in our dealings
8 with the Virginia Racing Commission, we've been
9 impressed constantly with the professionalism
10 and attention to detail by the Virginia Racing
11 Commission staff, by Dave Lermond's staff and
12 really, we just wanted to say to the Commission
13 that we are very, very pleased to be working
14 with the Virginia Racing Commission on these
15 projects. It's great.

16 I'm going to make some very general
17 comments about what the TRPB does in integrity
18 services in reporting to the Virginia Racing
19 Commission and then all the real detail and
20 work I will turn over to my colleague, Tim
21 Huff, who is our business analyst and in charge
22 of all the data analysis and he will also take
23 you through public face and side-by-face
24 between the Ainsworth and Exacta historic horse
25 racing terminals. So if I can beg the

1 Commission's indulgence on that, I'll just say
2 a few words.

3 I always do a plug for the TRPB. That's
4 important. It's not a paid commercial.
5 Certainly, the TRPB has integrity at the center
6 of our mandate. We currently offer -- major
7 services will be involved with Colonial Downs'
8 John Marshall and his staff this year with
9 digital tattooing. We've evolved from physical
10 lip tattooing of horses for identification to
11 digital tattooing. That program has rolled
12 out.

13 It has been very, very successful so far
14 and we look to continue that success at
15 Colonial Downs. It becomes a horse passport,
16 electronic passport accessible through scanning
17 a microchip of a horse that will get us to a
18 level of integrity really unseen in terms of
19 horse identification, not just in North America
20 but also word-wild, so we're involved in that
21 and are very pleased to be dealing in Virginia
22 on that.

23 Of course Historical Horse Racing auditing
24 and integrity testing reporting and we'll get
25 in to that today. We do wagering analysis

1 and security on live event horse racing.

2 Another part of our contract with the
3 Virginia Racing Commission is advance deposit
4 wagering auditing and of course we do
5 background examinations and due diligence
6 reviews for current racing association members
7 and Commissions under contract, which is
8 another service we offer.

9 So let's just talk about the two aspects
10 of what the TRPB does for the Virginia Racing
11 Commission. Hopefully I'm not standing in
12 every one's way. I'm a large target, so I'm
13 sure I take up a lot of room.

14 We do custom reporting of Historical Horse
15 Racing handles and applicable taxes. Our
16 expertise is in pari-mutuels. We deal with
17 pari-mutuels all the time, every day, day in
18 and day out, so the pari-mutuel aspect of
19 auditing and integrity of Historical Horse
20 Racing is our mandate.

21 We also do compliance testing for OTB
22 operations for in-hours and off-hours
23 operations.

24 We do various reporting on outliers and we
25 report back to the executive secretary and his

1 staff for anything we detect; data collection
2 and so on.

3 So we are heavily involved in a
4 moment-by-moment, day-by-day basis with all of
5 the locations in Colonial Downs' Rosie's
6 throughout the Commonwealth.

7 We also do investigation into instances of
8 fraud and mutuel wagering matters. That's it
9 for my introduction and we're going to have Tim
10 take us through just the last 13 months of
11 advanced deposit wagering at a glance, and it
12 will be at a glance. I know that is tough to
13 see for everyone. We won't ask anyone to
14 memorize any of the pari-mutuel handle numbers.

15 Then we'll take you through the Historical
16 Horse Racing pari-mutuel handling, and then we
17 will talk about the public-facing comparisons
18 between Exacta and Ainsworth.

19 I have one caveat I want to mention in
20 public is that Ainsworth were good enough to
21 have us in, show us everything about the
22 Ainsworth Historical Horse Racing operation.
23 Obviously, a lot of intellectual property was
24 dealt with that we did the same thing with
25 Exacta systems a number of years ago in our

1 auditing.

2 what we are going to do today on the
3 side-by-side comparison is the public-facing
4 part of those terminals because obviously, we
5 think that's the most relevant.

6 Obviously, anything behind the scenes, I
7 report directly on a confidential basis to the
8 Executive Secretary and the Executive Secretary
9 does a report.

10 with enough said, I can put my mask back
11 on and I'd like to introduce our business
12 analyst, Tim Huff.

13 MR. HUFF: Thank you, Commissioners, Mr.
14 Chairman. Just briefly going through advance
15 deposit wagering, just at a glance. Despite
16 the global pandemic, advance deposit wagering
17 is still going very strong.

18 CHAIRMAN VAN CLIEF: Can you speak up?

19 MR. HUFF: The market for advance deposit
20 wagering in Virginia is still, despite the
21 pandemic, very strong. As you can see, it's
22 coming back, this past May doing about \$14
23 million in handle a month. That's about 20
24 percent higher than even last May before the
25 pandemic was even caused.

1 Now for just 12 months from May 2019
2 through April of 2020, there was about
3 \$91.7 million in advance deposit handling at
4 the track in the state of Virginia.

5 Now again, just the Historical Racing
6 market at a glance in Virginia. The story is
7 that it's going strong. It's a very strong
8 market. People in Virginia seem very receptive
9 to it and in the past 12 months, May 2019 to
10 April of 2020, that track did about \$1.5
11 billion in handle being wagered in the state of
12 Virginia.

13 As we can see through the graph, May was
14 on track to be -- I'm sorry. March would have
15 been a very strong month. The track did about
16 \$105 million in handle with wagering, which
17 would have put it on track to do approximately
18 200 million for the month and that's where we
19 expect this to level off without the addition
20 of any new locations.

21 Briefly as well, I just want to go over as
22 well what it looks like on a
23 location-by-location basis. In blue, we have
24 New Kent Colonial Downs where we currently are.
25 In orange, we have the Richmond location

1 skyrocketing as soon as it opened and really
2 leveling off to be one of the big earners for
3 Historical Racing.

4 Now in gray towards the bottom, you can
5 see a very stable low bar in Vinton. Doesn't
6 seem to be affected by any of the Richmond
7 market and really seems to be stable and
8 consistent.

9 In the yellow part of the graph rising is
10 Hampton, the newly opened Hampton Rosie's. We
11 can see how they go up and will be about on the
12 same level as Richmond.

13 In the past 12 months -- now, one
14 interesting part to note is that when
15 historical racing was brought to Virginia, that
16 attracted about \$105 million in handle per
17 month for the first ten-and-a-half months of
18 operations.

19 Now I just want to ask if there are any
20 questions now about the advance deposit
21 wagering or the historical racing.

22 If not, I would like to walk the
23 Commission and Chairman through our analysis of
24 the Ainsworth historical terminals compared to
25 the existing Exacta ones.

1 We structure our evaluation to mimmick how
2 a customer would interact with the terminals,
3 starting with their approach, their initial
4 view of the terminals, going through to how
5 they interact with it, how they place wagers
6 and what they see and finally, how they
7 evaluate the results of the wager; were they
8 successful and what information can they see.

9 So first, we want to look at terminals
10 side-by-side. As one approaches the terminals,
11 we have Exacta on the left, Ainsworth on the
12 right.

13 At first glance, very similar, modern,
14 sleek gaming terminals, but what we want to see
15 is are there any external indications are these
16 historical racing products. The answer for
17 both is yes.

18 The Ainsworth terminals is the first on
19 the historical racing website and what we
20 observed in person as well. They actually
21 label on the machine that it is historical
22 racing, as noticed by the phrase HHR on the
23 side.

24 We wanted to look at what about the
25 terminals signifies that it is a historical

1 racing product just by looking at it. With
2 Ainsworth, you can plainly see they labeled
3 their terminals as historical racing products
4 with the addition of course-type imagery that
5 may go on with the games.

6 With the existing Exacta terminals, it's a
7 little more nuanced, a little more subtle, as
8 evidenced by their customary brown dot off to
9 the side that can display race info for the
10 historical race game and any additional
11 information that the customer may need. Other
12 than that, by external appearance, very similar
13 products.

14 Now we want to take a step further. The
15 customer has now sat down at the terminal. We
16 want to see both the number of races that are
17 presented, what the field size is that the
18 customer must handicap and where the racing is
19 coming from.

20 With the existing Exacta terminals, those
21 present a customer with three races per wager.
22 With Ainsworth, however, they present the
23 customer with ten races per wager. So
24 significantly more races. A customer must
25 either handicap by themselves or use an

1 automatic handicapping method.

2 The field sizes they present for the
3 races, there are differences as well. With
4 Exacta, they are fixed at ten runners per race.
5 Now, with Ainsworth, those can vary from a
6 minimum of eight through a maximum of closer to
7 about 12 runners at the moment.

8 Now they do differ as well in where these
9 races come from. Exacta, as we know, all the
10 races come from the Equibase database, whereas
11 the Ainsworth terminals draw their races from
12 the source of United Tote Brisnet system.

13 Now that the customer has been served the
14 races, we wanted to look at how they handicap.
15 What are the objectives. How do they go about
16 this.

17 So with Exacta systems, the handicap
18 objective, you must handicap the first four
19 finish orders in order to get any prize. With
20 the proposed Ainsworth terminals, the objective
21 is a little different. Every race presented,
22 the customer must handicap between unique and a
23 predetermined selection of finish orders that
24 is unique to each race.

25 Now, this brings us to our next point in

1 that with the existing Exacta terminals, that
2 objective, handicapping the first four finish
3 orders, that's the same objective from the
4 first wager through the last wager a customer
5 wants to place.

6 With Ainsworth, that objective does change
7 in that all of the races presented have a
8 unique determined finish order, the prize
9 combinations associated with them. So the
10 finish orders, the customers must handicap
11 changes per wager.

12 MR. LINELLE: Let me just jump in right
13 there. So for example, a race may have the
14 winning selections in terms of the Historic
15 Horse Racing game to be selected in second
16 place, fourth place and eighth place. So the
17 customer has to handicap, look to select
18 correctly all eight positions because the
19 customer is unsure which positions match up the
20 requirements of the game. Okay. Let's head to
21 the next slide.

22 MR. HUFF: Thank you for the
23 clarification. Now just briefly to finish the
24 last few points.

25 With Exacta, you must handicap all ten

1 spots. With Ainsworth, the customer only has
2 to handicap at least the first eight finish
3 orders regardless of field size. They only
4 have to handicap the first eight.

5 Now both systems impose time limits on
6 viewing the race stats screen. You have all
7 the stats on the jockeys, the owners, the
8 trainers and races presented and also impose
9 time limits on the manual handicapping if the
10 customer so chooses.

11 Now just to finish up with our evaluation
12 of handicapping. With Exacta systems, each
13 race has an individual timer so when a customer
14 goes to make a handicap race run, they have a
15 timer, timer counts down, then they move to
16 race two and race three.

17 With Ainsworth, all ten races are timed in
18 a single pool. So if the customer chooses they
19 want to handicap all ten races at once, then
20 they're faced with a single time frame which
21 they have to manually handicap all ten races
22 and all eight finishing orders within that same
23 time frame.

24 Now, if the customer exceeds that time
25 limit, then with the Exacta systems, all of the

1 selections are locked in as they appear on the
2 screen, whether or not the customer has changed
3 the finish orders.

4 With Ainsworth, if a customer runs out of
5 time at any point while manual handicapping, a
6 random selection will be imposed on all ten
7 races.

8 Finally, the two systems do correspond in
9 a way that they assign the finish orders if a
10 customer decides to use automatic handicapping.
11 Both systems, Exacta and Ainsworth, use the
12 actual odds at the time of the race.

13 Finally, we want to look at once a
14 customer has placed their wager, what it looks
15 like from their perspective when they can see
16 the outcome of the wager, see those race
17 results and see and evaluate which positions
18 were correct and which weren't.

19 Now with Exacta and Ainsworth, both will
20 show the automatic replays of races up on a
21 screen above the customer's head. They do
22 differ slightly in that Exacta will show simply
23 above the customer's head, but with Ainsworth,
24 it will be on the high screen attached to that
25 terminal. It's a subtle difference but it is a

1 difference.

2 Now with both systems, they are similar in
3 the fact that they both offer -- the race
4 replays they offer are animated generation.
5 They are not the actual video. They are
6 animated generation.

7 Now, once a customer places a wager on
8 both terminals, all races are replayed in a
9 computer-animated fashion while the entertain
10 display is running on the customer's main
11 screen.

12 Now, one of the noticeable differences
13 between the Ainsworth and Exacta was the
14 availability of additional race replays.

15 With Exacta, a customer once they place a
16 wager can go back and individually replay each
17 of the races that they have wagered on.

18 With Ainsworth, they're not able to do
19 that once the automatic computer-generated
20 animated replay is made. That is the only
21 replay the customer will be able to see.

22 They do differ slightly in the amount of
23 video that is replayed for the customer-
24 animated video.

25 With Exacta, the video starts when the

1 first horse crosses the finish line and runs it
2 the whole time until that last horse has
3 finished, whether that's one second or one
4 minute, et cetera.

5 with Ainsworth, it only runs for the last
6 few lengths of the race.

7 So you can see all of the horses at once
8 moving towards the finish line. Again a subtle
9 difference, but it is a difference in how the
10 customer can review ends of the race.

11 Finally, we took a look at what race
12 information is available to the customer. With
13 Exacta, I'm not going to go through them all,
14 but you see they offer race date, race number,
15 everything through purse amount, the final time
16 with time on there and reports -- it's a
17 different set of information.

18 With Ainsworth, the customer can receive
19 the race date, race number, track name and then
20 the horse number in the position that they
21 finished.

22 Finally, there was one noticeable feature
23 with the Ainsworth terminals. I'll just very
24 briefly go over it. It's called the Quick Pick
25 option.

1 Going back to the customer decides that I
2 want to manually handicap all ten races, all 80
3 positions, they may want to decide they don't
4 want to do this, they may want to opt out and
5 use an automatic selection. They can use a
6 Quick Pick option. When selected, all three
7 selections by that customer are voided and a
8 random selection is imposed on the ten races.

9 With that, I just would like to thank the
10 Commission and Chairman for your time and
11 invite any questions it may have.

12 CHAIRMAN VAN CLIEF: One quick question
13 and it does not require a long answer. I'm not
14 sure if this is for you gentlemen or maybe for
15 Mr. Marshall.

16 Seems to me you kind of condense this into
17 beyond the issues of integrity, our first
18 concern from a public standpoint, but our
19 second concern and one we're keenly interested
20 in is the customer experience.

21 You have a number of differentials you
22 just explained between these two wagering
23 experiences. What drives the design and what
24 drives the choice of picking this machine?
25 What research is done from a customer

1 satisfaction standpoint that gives you
2 confidence that one or the other or both of
3 these are going to be the kind of audience
4 acceptance we're looking for in terms of
5 financial growth?

6 MR. LINELLE: Let me just jump on that.
7 We haven't done customer acceptance and
8 customer penetration studies, nor were we in a
9 position to do so.

10 Certainly in the other market that
11 Ainsworth is in, in horse racing, those handle
12 numbers are public. Ainsworth looks to be very
13 competitive and successful in those markets, so
14 I would refer to the Commission and the
15 Executive Secretary to take a look at those as
16 an apt indication of the market performance of
17 the various companies that are always in
18 competition.

19 CHAIRMAN VAN CLIEF: Thank you. Is that a
20 fair enough answer from your perspective?

21 MR. MARSHALL: Is it fair. I would add
22 that any time that you can accessorize or add
23 variety to the gaming floor, you're going to
24 enhance the guest experience and we are very
25 supportive of the expansion of the games on the

1 floors at Rosie's.

2 So long as our CMS system, our win system
3 can calculate player loyalty points the same
4 way so that it's seamless to the guest without
5 respect to which game they play so they earn
6 points, they could redeem points, they can cash
7 their tickets through single-stream systems,
8 and from what we can tell, that can be
9 accomplished here with the Ainsworth system.

10 CHAIRMAN VAN CLIEF: Thank you.

11 COMMISSIONER REYNOLDS: I have a couple
12 questions. First of all, this is probably for
13 anybody in the room who can answer it if they
14 have the answer.

15 Obviously, we spent a lot of time talking
16 about handicapping and timing. How many people
17 out of 100 actually go to the trouble of
18 looking up the stats and trying to handicap a
19 race versus hitting a button and tell me if I
20 won or lost?

21 MR. LINELLE: In terms of -- we do measure
22 auto handicapping in terms of manual
23 handicapping and manual handicapping tends to
24 be a much more rare occasion in terms of number
25 of plays and Historical Horse Racing.

1 However, the option to manually handicap
2 is there and it's used. It was used certainly
3 just in terms of what manual handicapping does
4 is slow down the number of plays considerably,
5 so any period of manual handicapping time will
6 have much fewer plays associated with it just
7 as an experience.

8 So it's an important thing that we look at
9 to make sure all the elements are there so a
10 customer if they so choose to handicap a race
11 has those chances to do so. Hopefully that
12 answers your question.

13 COMMISSIONER REYNOLDS: Almost.

14 MR. LINELLE: So it's less than one
15 percent.

16 COMMISSIONER REYNOLDS: My next question
17 is what about a time. If that less than one
18 percent person wanted to do some handicapping,
19 does he have a reasonable amount of time to do
20 it? Does he have a minute-and-a-half for each
21 race or does he have ten minutes for each race?
22 How much time does he have or she?

23 MR. LINELLE: With Exacta, it's set as a
24 default of 20 seconds per race, so that's
25 configurable by the operator. Ainsworth, that

1 is also configurable by the operator and
2 subject to any regulations by the Commission or
3 by any legislation.

4 COMMISSIONER REYNOLDS: Is that unfair to
5 the handicapper that might go to one system or
6 another system if your handicapping has
7 changed? I know I'm talking about a half of a
8 person out of 100, but I'm just theoretically
9 speaking today.

10 MR. LINELLE: That might be a choice.
11 Again, we didn't measure that because the
12 Ainsworth Historic Horse Racing terminals are
13 not yet in operation in Virginia. That could
14 be a measurable time.

15 But in terms of customer selection, that
16 will be something that the Association
17 assesses, especially through a player or reward
18 system or track could certainly do that, the
19 ability to handicap three races given past
20 performance information as opposed to
21 handicapping ten races which would be more
22 challenging.

23 Even in normal pari-mutuels, you get
24 certain pools such as a Pick 6 or Pick 5 that's
25 much more challenging than a regular pool and

1 that becomes a customer selection. So that
2 could well be a customer option on which one
3 they would like to handicap.

4 COMMISSIONER REYNOLDS: So if somebody
5 picks a horse, that one system has 12 or 13
6 horses which is harder to pick versus another
7 system that has up to maybe eight horses, that
8 person picks the one with the 13 horses in the
9 race, do you think their payout might be a
10 little bit higher? Is that all just algorithm
11 and who knows? I'm not sure how that works.
12 Then I'll be quiet. Thank you.

13 MR. LINELLE: Right. There is a lot of
14 complexity in terms of determining what the
15 payouts are for every game and of course it's a
16 pari-mutuel, so it's always being seated in
17 terms of what has been played before and not
18 won.

19 Typically more complex selections that are
20 selected correctly have much higher payouts
21 than simpler selections.

22 COMMISSIONER REYNOLDS: Thank you. Thank
23 you, Mr. Chairman.

24 CHAIRMAN VAN CLIEF: Thank you. Are there
25 any other questions for our presenters? Okay.

1 In that case, thank you very much, gentlemen.
2 I appreciate your time in joining us here
3 today.

4 MR. LINELLE: Thank you and again, thank
5 you very much to the Virginia Racing
6 Commission.

7 CHAIRMAN VAN CLIEF: Okay. Now back to
8 the business at hand. We are considering the
9 request. It is embodied in a letter in your
10 book under Tab Three from Colonial Downs Group,
11 LLC to amend the 2020 license to conduct
12 pari-mutuel wagering on Historical Horse Racing
13 at Rosie's Richmond.

14 That is obviously for the purpose of
15 including Ainsworth Manufacturing Machines in
16 addition to the existing machines.

17 John, does this request -- is it
18 specifically 105 or is the number open?

19 MR. MARSHALL: It's specifically 105.

20 CHAIRMAN VAN CLIEF: Okay. So the request
21 is to replace 105 Exacta machines with the same
22 number of Ainsworth machines at the Richmond
23 facility. Any questions? Comments? If not,
24 we need a motion to approve that request.

25 COMMISSIONER SIEGEL: So moved.

1 CHAIRMAN VAN CLIEF: We have a motion. Do
2 we have a second?

3 COMMISSIONER NIXON: Second.

4 CHAIRMAN VAN CLIEF: Thank you. Any
5 further discussion? If not, all in favor of
6 the request to amend the license, signify by
7 saying aye.

8 NOTE: The Commissioners vote aye.

9 CHAIRMAN VAN CLIEF: Any opposed? Thank
10 you very much. The motion passes. License is
11 amended.

12 Next up is another license request. This
13 one is for a new license for a satellite
14 wagering facility. The request is submitted by
15 Colonial Downs Group and it's to conduct
16 pari-mutuel wagering on Historical Horse Racing
17 at Rosie's Dumfries.

18 Mr. Marshall, are you presenting?

19 MR. MARSHALL: Yes. Before you today is
20 our application for a satellite wagering
21 facility in Dumfries, Virginia for us to build
22 our fifth Rosie's Game Emporium as we expand
23 our network.

24 As customarily done, our team has put
25 together the license application and has routed

1 them to the Commissioners for advance review.
2 However you see fit to conduct the review,
3 Mr. Chairman, our team is here and we stand
4 ready to answer questions.

5 CHAIRMAN VAN CLIEF: Great. Thank you
6 very much. We're excited to see a new facility
7 prepared to come online and we did receive your
8 license application. That was some time ago,
9 so I'm assuming that my fellow Commissioners
10 have all had ample time to absorb that.

11 I would also direct your attention,
12 Commissioners, to Tab Four in your books which
13 include the VRC staff report on that
14 application.

15 I would ask Mr. Lermond to walk us briefly
16 through his report. Any highlights you'd like
17 to comment on, Dave, we're all ears.

18 MR. LERMOND: Thank you, Mr. Chairman. We
19 did receive the application on March 12, 2020.
20 As has been the case previously, the
21 application was very well organized and
22 contained all of the required information that
23 our regulations require.

24 It's going to be a kind of a smaller
25 version. I would think it would be similar to

1 the Vinton location as it will have 150
2 terminals.

3 They are early on in the operation right
4 now. I don't think they have done much more
5 than gut the building, so that as it gets
6 closer, myself and Joe Russo will monitor the
7 goings on.

8 But overall, we don't have any issues with
9 the application. We're as excited as you are,
10 Mr. Chairman, to see a new HHR location.

11 I would just like to point out that when
12 you make the motion, you're actually approving
13 two licenses; one for the satellite wagering
14 facility and one for the license to conduct HHR
15 pari-mutuel wagering. I do have the two normal
16 conditions on their license on Page Five of the
17 staff report.

18 In this case, we will have to add one more
19 and this goes back to the legislative mandates
20 from House Bill 4 which will apply to this
21 location because it will be installed after
22 March of 2020, which will require no more than
23 40 percent of any one vendor.

24 So the condition is going to say that they
25 have to give us 90 days notice prior of

1 any new vendors that they wish to use. I guess
2 Ainsworth would be okay now, but they still
3 need one more.

4 The 90 days will give us plenty of time to
5 do the same type of investigation through
6 Curtis or whatever means we need, but I feel
7 confident that with the ninety day lead time, I
8 would recommend that we just go ahead and
9 approve the two licenses with the three
10 conditions on Page Five of the staff report.

11 CHAIRMAN VAN CLIEF: Thank you, Dave.
12 From a process standpoint, may we wrap this up
13 in one motion or do we need separate motions
14 for the separate licenses?

15 MR. LERMOND: As long as your motion is
16 clear that it's a satellite wagering facility
17 and license to conduct HHR you can do it as one
18 motion.

19 CHAIRMAN VAN CLIEF: One other question.
20 The last several of these, I have been in the
21 habit of reading the conditions that we've
22 included into the record. Do I really need to
23 do that? Can we submit this to record in
24 written form, Dave?

25 MR. LERMOND: I'm sorry?

1 MR. MARSHALL: I'm sorry for the
2 interruption, but I do have more information to
3 share before you would proceed with the motion,
4 if I may.

5 CHAIRMAN VAN CLIEF: Thank you.

6 MR. MARSHALL: A brief description of the
7 property. It's located in Dumfries, Virginia
8 in the Triangle Square plaza, which is off of
9 Exit 152 North on I-95. You can see how it
10 situates there with the highway system.

11 The layout of the facility, you can see
12 the main entrance here. We have 15,000 square
13 feet of gaming floor where guests will come
14 here to Player Services and the cage cashier.

15 Simulcasting will be in this area here
16 next to restrooms. High limit with 150 units
17 on the floor.

18 David is correct. It's very similar to
19 the size of Vinton. It's our smaller model and
20 I think it's fair to say that we had begun demo
21 quite some time ago and have completed demo of
22 the site, however were interrupted by the
23 effects of COVID-19.

24 Construction and operation schedules will
25 commence as soon as possible within the coming

1 weeks, assuming the Commission were to approve.
2 This is what the facility looks like, its
3 location and I'll turn that back over to you,
4 David.

5 MR. LERMOND: I didn't hear your question,
6 Mr. Chairman.

7 CHAIRMAN VAN CLIEF: Sorry to cut you off.
8 I thought you were really being concise with a
9 one photograph presentation. There we go.
10 Thank you. Here's what it looks like. Vote on
11 it. Thank you very much.

12 Dave, I was asking just a process
13 question. The last couple of these license
14 acts that we have approved, we've been reading
15 the conditions that you drafted into the
16 record.

17 Do I actually need to read these out loud
18 or does that get submitted in the record in
19 written form?

20 MR. LERMOND: I think it would be best if
21 you could read the conditions.

22 CHAIRMAN VAN CLIEF: In that case, what we
23 are going to need momentarily is a motion that
24 that is the consensus of the Commission to
25 approve the Colonial Downs Group application

1 for two licenses; one to operate a satellite
2 wagering facility and another to conduct
3 pari-mutuel wagering at that facility in
4 Dumfries.

5 In any motion, we should include the
6 following conditions as part and parcel of our
7 motion. Three conditions.

8 Number one. Satellite wagering facility
9 and pari-mutuel wagering on Historical Horse
10 Racing shall be operated in accordance with all
11 representations, plans and specifications as
12 submitted in the application and as described
13 in the Virginia Racing Commission's June 25,
14 2020 meeting.

15 The licensee shall not deviate materially
16 from these representations, plans and
17 specifications without the prior consent of the
18 Commission or its Executive Secretary.

19 Second condition. The satellite wagering
20 facility and pari-mutuel wagering on Historical
21 Horse Racing shall be operated in accordance
22 with all applicable state and federal statutes
23 and regulations, the regulations of the
24 Commission and all local ordinances.

25 Number Three. In accordance with House

1 Bill 4, excluding terminals installed as of
2 March 1, 2020, each location operating
3 Historical Horse Racing terminals shall be
4 prohibited from having more than 40 percent of
5 its terminals manufactured by any single
6 manufacturer.

7 Therefore, Colonial Downs Group shall
8 submit to the Commission 90 days prior to the
9 opening of Rosie's Dumfries the required
10 information concerning the other two terminal
11 manufacturers besides Exacta Systems to be
12 installed for approval of the Commission or its
13 Executive Secretary.

14 Any questions on those? We include
15 those in any motion we make.

16 COMMISSIONER SIEGEL: I'll move it.

17 CHAIRMAN VAN CLIEF: Vice Chairman moves
18 approval of the requested licenses, including
19 the conditions I just read.

20 COMMISSIONER REYNOLDS: I'll second.

21 CHAIRMAN VAN CLIEF: Commissioner Reynolds
22 seconds. Is there any further discussion or
23 are there any further questions for any of the
24 parties? Yes, ma'am.

25 COMMISSIONER HUDGINS: I do have one

1 question. You are still licensed in
2 Chesapeake; is that correct?

3 MR. MARSHALL: We do operate a license at
4 Buckets facility in Chesapeake. Yes. We are.

5 COMMISSIONER HUDGINS: So --

6 MR. MARSHALL: Or shall I say we are
7 operator to a license. We are not the licensee
8 at that location.

9 COMMISSIONER HUDGINS: You're not?

10 MR. MARSHALL: We are not, but we are the
11 operator.

12 COMMISSIONER HUDGINS: So is there a plan
13 to build the Rosie's that you originally
14 envisioned there or is what you have in
15 Chesapeake the final product?

16 MR. MARSHALL: We are pursuing approval
17 through the Chesapeake Planning Commission and
18 city council. We're presenting a proposal over
19 the coming months for a Rosie's in Chesapeake.

20 COMMISSIONER HUDGINS: Do you have a
21 location?

22 MR. MARSHALL: The location that we have
23 chosen is at the Greenbrier mall in the former
24 Sears building.

25 COMMISSIONER HUDGINS: Very good. Thank

1 you.

2 MR. MARSHALL: You're welcome.

3 CHAIRMAN VAN CLIEF: Any other questions?
4 I do have one question and I'm going to say up
5 front I have no -- I've seen no reason to worry
6 and ask this. I'm not asking this out of
7 concern.

8 But in the application that you provided
9 to each of us, you included audited financial
10 statements. Those are now about 18 months old.
11 They are 2018 statements. A lot has gone on in
12 the world since then.

13 While I'm not at all worried, I think it
14 is prudent for you to verify to us that your
15 financial strength is adequate and as strong as
16 it was and that you are as a corporation
17 capable of carrying forward your strategic
18 plans, including the ones you're showing us
19 here in Dumfries.

20 MR. MARSHALL: Very good question. I'd
21 like to defer to Jamie Hartman, our executive
22 V.P. for administration. Jamie.

23 MR. HARTMAN: Yes. Our financials are as
24 strong as they ever were. We did have,
25 obviously, a little bit of down time due to the

1 COVID-19 situation, but our cash position is
2 very strong and we're very capable of doing
3 this without the need for additional funds.

4 CHAIRMAN VAN CLIEF: Thank you very much.
5 That's it for me. I think we have a motion and
6 a second on the table. Anything else?
7 Commissioners?

8 In that case, if you agree with the
9 motion, please signify your approval by voting
10 aye.

11 NOTE: The Commission votes aye.

12 CHAIRMAN VAN CLIEF: Any opposed? None
13 opposed. Licenses are granted. The motion
14 passes unanimously. Thank you all very much.

15 Next up is another request from the
16 Colonial Downs Group. In this case to amend
17 its 2020 significant infrastructure limited
18 license.

19 Is John going to report on that or Dave,
20 do you want to report on that, please.

21 MR. LERMOND: Thank you, Mr. Chairman.
22 Due to the COVID-19 pandemic, Colonial Downs
23 Group and the horsemen have both agreed to cut
24 the daily average purses for Colonial Downs
25 from 500,000 per day to 340,000 per day.

1 Behind Tab Five of your notebooks, you
2 will see first the request from Colonial Downs
3 and on the other side of that you will see a
4 request from the Virginia HBPA supporting
5 Colonial Downs' request to lower the purses.

6 The application itself did not
7 specifically say 500,000 per day, but that
8 number was used several times by both parties
9 at the meeting when we approved this
10 application.

11 So even though it wasn't in writing, it
12 was something that was represented during the
13 meeting and the condition on that license was
14 if you're going to change anything
15 significantly, it has to be approved by the
16 Commission or myself.

17 I think we've already heard some of the
18 reasons why the purse reduction is needed from
19 Mr. Petramalo earlier in the meeting. If the
20 Commissioners have any further questions for
21 Frank or John, I would urge you to ask them now
22 before making the decision.

23 CHAIRMAN VAN CLIEF: Commissioner Siegel.

24 COMMISSIONER SIEGEL: Yes. We were
25 successful last year at attracting lots of

1 horsemen based on the purses of half a million
2 dollars a day. What impact do you feel that
3 the 340,000 will have on our ability to track
4 horses necessary to run?

5 MR. MARSHALL: For this year, we feel
6 strongly that the average of 340 a day is not
7 just competitive within the region, but is
8 above the median and above average industry
9 wide.

10 All of the racetracks across the country
11 have suffered the same hardships as we have
12 over the past three or four months impacted by
13 the crisis and we're not alone when it comes to
14 adjusting daily average purses.

15 By the response to our stall applications,
16 we feel that horsemen have responded positively
17 and that they have accepted this as a temporary
18 condition for them. We had 830 horses apply
19 for 600 stalls that we have ready.

20 COMMISSIONER SIEGEL: How does that relate
21 to last year?

22 MR. MARSHALL: Last year, we stabled 350
23 to 370 on the grounds. This year --

24 COMMISSIONER SIEGEL: Early applications
25 prior to the meet this year were about 800?

1 MR. MARSHALL: Yes.

2 COMMISSIONER SIEGEL: What did that number
3 look like last year at a comparable time?

4 MR. MARSHALL: This year's response has
5 far exceeded last year's.

6 COMMISSIONER SIEGEL: So you're optimistic
7 about my question?

8 MR. MARSHALL: Yes. We're optimistic that
9 we'll be able to put on a meet, a
10 spectator-free meet with large field sizes,
11 80 percent turf racing, similar conditions that
12 you saw last year with some changes that the
13 purse committee had made, the racing committee.
14 We feel strongly that at 340 a day that we'll
15 be able to produce a great product.

16 COMMISSIONER SIEGEL: Thank you.

17 CHAIRMAN VAN CLIEF: Would it be fair to
18 say that the intention is to get back to the
19 500,000 average daily distribution level as
20 quickly as possible in the future?

21 COMMISSIONER SIEGEL: Or beyond.

22 CHAIRMAN VAN CLIEF: Or beyond, yes.

23 MR. MARSHALL: It is a goal of ours.
24 Another factor is that the velocity of opening
25 Rosie's, of course there's a relationship

1 between the number of units and the number of
2 race days. So the number of race days is
3 always part of that equation as well, but
4 thinking of it long-term and funding 2021, a
5 significant level, 340 is where that number
6 settled for this year.

7 CHAIRMAN VAN CLIEF: Commissioner
8 Reynolds.

9 COMMISSIONER REYNOLDS: I think you led in
10 to what I was going to ask. Is this just for
11 this year or is this redoing the significant
12 infrastructure license for years into the
13 future unless we change it then? I'm probably
14 more in favor of saying we're going to do it
15 this year and revisit it again next year versus
16 having it at 340 until whenever.

17 MR. LERMOND: It would just apply to this
18 year because the limited license is only good
19 for one year at a time.

20 COMMISSIONER REYNOLDS: That answers that.
21 Thank you.

22 CHAIRMAN VAN CLIEF: The other thing that
23 gives me a sense of security, and we're dealing
24 with reality here this year, is the letter from
25 Mr. Petramalo on behalf of his membership in

1 the HBPA.

2 There is no doubt in my mind that is a
3 group that would not take lightly a reduction
4 in purse availability and if this wasn't
5 absolutely mandatory given the circumstances,
6 I'm sure it would be a little bit different
7 conversation.

8 MR. PETRAMALO: Two things. I agree
9 completely with all of John's comments. And
10 secondly, remember when we started on this
11 venture with the new owners, our goal was to
12 run 30 days to fit us nicely within the
13 Mid-Atlantic and that purse was from 500 to
14 600,000 a day so that's our goal. That's what
15 we're hoping to meet.

16 CHAIRMAN VAN CLIEF: Okay. Thank you.
17 Thank you all. Okay. Any further questions or
18 comments?

19 In that case, we do need a motion to amend
20 Colonial Downs' 2020 significant infrastructure
21 limited license as requested.

22 COMMISSIONER NIXON: I make a motion.

23 CHAIRMAN VAN CLIEF: Thank you. We have a
24 motion.

25 COMMISSIONER SIEGEL: Second.

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

3 NOTE: The Commission votes aye.

4 CHAIRMAN VAN CLIEF: Any opposed? Thank
5 you very much.

6 Mr. Lermond, next up is the approval of
7 racing officials for Colonial Downs' upcoming
8 meeting. Do you have any comment you want to
9 make in that regard?

10 MR. LERMOND: Yes, Mr. Chairman. As
11 required, the list of racing officials must be
12 approved by the Commission no later than 30
13 days prior to the race meet. I must let you
14 know that this list in your books today is
15 slightly different from the list that I emailed
16 out to everyone a week ago. It was just a few
17 minor changes and actually, this list is more
18 comprehensive and more correct.

19 The thing I like about this list is that
20 most all of these names were here last year.
21 It's a big group of folks that work at Tampa
22 Bay Downs together.

23 In a racing office, continuity is very
24 important. The fact that these people know
25 each other and have worked well together gives

1 me a lot of confidence in their ability.

2 Also from what I personally witnessed last
3 year, they're all very well qualified to do
4 their positions.

5 I would also like to bring to your
6 attention that the three Commonwealth stewards,
7 we're going to have Jack coming back and Tad
8 Zimmerman is coming back, however Jim Lodges
9 took a job with Indiana Downs. It was for a
10 much longer race meet and I certainly don't
11 blame him for that. We will miss him.

12 Jack recommended Pat Movenzi. Pat
13 actually worked in the racing office here last
14 year and has experience as a steward and if
15 Jack recommends him, then that's -- I don't
16 need to hear any more, but he is very well
17 qualified.

18 So in the motion, I would like you to
19 mention two things. That you're approving the
20 racing officials in addition to the stewards
21 and also give me the authorization to approve
22 the horsemen's bookkeeper, which is the only
23 position on here that is still to be
24 determined.

25 CHAIRMAN VAN CLIEF: I will make that

1 motion that we approve the stewards and the
2 officials as set forth under Tab 6 in our
3 meeting materials today and with the condition
4 that we authorize our Executive Secretary to
5 approve the appointment of a horsemen's
6 bookkeeper.

7 COMMISSIONER SIEGEL: Thank you.

8 CHAIRMAN VAN CLIEF: Do we have a second?

9 COMMISSIONER REYNOLDS: Yes.

10 CHAIRMAN VAN CLIEF: Any questions? All
11 in favor, please signify by voting aye.

12 NOTE: The Commission votes aye.

13 CHAIRMAN VAN CLIEF: Any opposed? Thank
14 you very much. Motion passes.

15 We are requested to consider approval
16 of the Thoroughbred expenditures from the
17 Virginia Breeders Fund. That is under Tab 7 in
18 your books. Mr. Lermond, do we have a report
19 on that one?

20 MR. LERMOND: I'd like Debbie Easter from
21 the VTA to speak to this request, if she would.

22 MS. EASTER: We, the VTA, would request
23 that up to \$15,000 per stake race would be used
24 to help fund the purse account for those stakes
25 races.

1 Typically in the last couple years, it has
2 been 10,000, but back in the day when the
3 Breeders Fund was very well funded, we actually
4 funded those Virginia-bred stakes races, but as
5 that diminished, the HBPA graciously helped out
6 the breeders with the stakes races and used
7 their purse money to fund them.

8 So we just in this whole deal when we're
9 all flexible about purse money and what's going
10 on, we're willing to help them and would like
11 to keep the level at ten if we can because it
12 will affect the money that goes to breeders at
13 the end of the year, but we've requested up to
14 15,000. We're hoping that savings at the VEA
15 will allow us to help fund those differences.

16 CHAIRMAN VAN CLIEF: So you're looking for
17 a motion then to approve a grant of \$15,000 per
18 race and an aggregate amount of 120,000; is
19 that correct?

20 MS. EASTER: That is correct.

21 CHAIRMAN VAN CLIEF: Okay. I'll make that
22 motion to approve.

23 COMMISSIONER REYNOLDS: I'll second.

24 CHAIRMAN VAN CLIEF: Commissioner Reynolds
25 has seconded. Thank you. Any questions? If

1 not, please signify your approval by voting
2 aye.

3 NOTE: The Commission votes aye.

4 CHAIRMAN VAN CLIEF: Any opposed? Thank
5 you. Motion passes unanimously.

6 Next up is to consider approval of the
7 Virginia HBPA benevolence budget for the year
8 2020. That's under Tab 8 in your books. I
9 think it's pretty self-explanatory. It looks a
10 lot like last year's. Does anybody have any
11 questions? If they do, we'll ask Mr. Petramalo
12 to comment.

13 COMMISSIONER REYNOLDS: I have one or two.

14 CHAIRMAN VAN CLIEF: We have some
15 questions.

16 COMMISSIONER REYNOLDS: Nothing to be nit
17 picky, but Mr. Petramalo, what led you to
18 budget \$1250 for food service? actually, it
19 was 6,053, but you're budgeting 12,005.

20 Can you explain why you all have a
21 difference like that or maybe just explain why
22 you all didn't spend \$12,000 on food last year
23 and tickets and things like that when it's
24 6,000? I'm just curious more than anything.

25 MR. PETRAMALO: Yes.

1 COMMISSIONER REYNOLDS: And the medical
2 dental care. You budgeted stuff and maybe
3 stuff came in lower or maybe there was not a
4 need for it. You did reduce the medical side
5 of it on the budget. I'll let you talk.

6 MR. PETRAMALO: Last year, for food
7 service, et cetera, we budgeted 12,500 and only
8 wound up spending around half of that. This
9 year, we are also requesting approval for
10 12,500.

11 The reason, I believe, is because we used
12 historic figures from the old Colonial Downs
13 which were premised on many more people being
14 on the back side. For example, you heard John
15 say earlier we had maybe 400 horses.

16 In the past for various different reasons,
17 we had twice that number of horses and twice
18 that many people and we spent a lot of money on
19 food tickets, et cetera.

20 This year, we're expecting, I'm expecting
21 to have more horses stabled on the grounds
22 which means more people coming to take care of
23 them. So that's why we went with 12,500.

24 COMMISSIONER REYNOLDS: Thank you. That
25 makes sense.

1 CHAIRMAN VAN CLIEF: Any further questions
2 for Mr. Petramalo? In that case, we need a --

3 COMMISSIONER REYNOLDS: Actually, I have
4 one more. I'm sorry. Frank, you have for --
5 you didn't spend any money last year on the
6 Groom Elite training program?

7 MR. PETRAMALO: Last year, we had budgeted
8 the Groom Elite training program. As it turned
9 out, we didn't have enough time within the
10 national schedule to put that program forward.

11 This year because of the COVID-19
12 situation, we decided not to even try. But as
13 sure as I stand here, next year if we're back
14 to normal, we will have a Groom Elite training
15 program.

16 COMMISSIONER REYNOLDS: Thank you very
17 much. That's it.

18 CHAIRMAN VAN CLIEF: Okay. Thank you. I
19 think we're ready then for a motion to approve
20 that budget.

21 COMMISSIONER SIEGEL: I'll move it.

22 CHAIRMAN VAN CLIEF: Thank you. I'll
23 second it. Any further questions? Comments?
24 If not, please signify your approval by voting
25 aye.

1 NOTE: The Commission votes aye.

2 CHAIRMAN VAN CLIEF: Any opposed? Thank
3 you. Motion carries unanimously.

4 Next up is a request for the approval of a
5 limited license application for the current
6 year submitted by the Virginia Gold Cup
7 Association. Gold Cup chairman Dr. will
8 Allison is here. Dr. Allison.

9 DR. ALLISON: Mr. Chairman.

10 CHAIRMAN VAN CLIEF: Yes, sir.

11 DR. ALLISON: I know you and the
12 Commissioners remember the old music called
13 Damn Yankees and the hit tune was you got to
14 have hope, and so we submit our application
15 with hope that everything will be back to
16 normal.

17 CHAIRMAN VAN CLIEF: Thank you very much.
18 Mr. Lermont, you submitted a report which is
19 under Tab Nine in our books. Any comments
20 you'd like to make or highlights you'd like to
21 focus on?

22 MR. LERMOND: Well, I just want to clarify
23 what Dr. Allison is saying. Because they're
24 not going to be able to have spectators,
25 and let me start by saying the spring date

1 originally was going to be run on May 2nd and
2 it will now be run on this Saturday but they're
3 not going to have spectators.

4 The decision was made and I think rightly
5 so not to have pari-mutuel wagering. So this
6 license application is now just for the one day
7 of pari-mutuel wagering which will be
8 October 24th.

9 I agree with my friend, Dr. Allison, that
10 we are hopeful that this will happen in some
11 form or fashion, even if it's limited. It's
12 hard to tell right now with everything that's
13 going on with COVID, but I think it makes sense
14 to just go ahead and approve this application
15 for the October 24th date.

16 As always, the application contained all
17 the required information and I would just ask
18 that you again put the same two conditions on
19 the approval of the limited license for the
20 Virginia Gold Cup Association.

21 CHAIRMAN VAN CLIEF: Good. Thank you.
22 Just a comment. I candidly wasn't sure you
23 were going to be able to run the sprint meet,
24 so very best of luck and we're all hoping that
25 it goes well this coming weekend.

1 DR. ALLISON: Thank you.

2 CHAIRMAN VAN CLIEF: I think Gold Cup
3 Association should be applauded for taking that
4 step on behalf of their horsemen and the
5 steeplechase industry.

6 I think they're one of the only jump meets
7 that's going to be running this year, or so it
8 appears, and I think it's a very noble act to
9 move ahead without the revenues on which you
10 have to depend each year.

11 With that --

12 DR. ALLISON: Mr. Chairman, one thing. I
13 just remind the horsemen and VTA so generously
14 supported Middleburg and Gold Cup so they
15 deserve the honor.

16 CHAIRMAN VAN CLIEF: That's a great point
17 and it speaks to the strength and the benefit
18 that this alliance continues to bring to the
19 table for our industry. It's fantastic.

20 I think that it's the right thing to do to
21 support this traditional and outstanding brand
22 of Virginia racing. It's some of our most
23 beautiful sports.

24 With that, back at hand to the business of
25 the meet. Any questions or comments? In that

1 case, we need a motion to approve if that's the
2 consent of the Committee.

3 COMMISSIONER SIEGEL: So moved.

4 CHAIRMAN VAN CLIEF: We have a motion to
5 approve. Do we have a second?

6 COMMISSIONER NIXON: Second.

7 COMMISSIONER REYNOLDS: Second.

8 MR. LERMOND: Could you read the two
9 conditions?

10 CHAIRMAN VAN CLIEF: Yes. Thank you,
11 Dave. I'm sorry. The motion, if the Vice
12 Chairman agrees to amend his motion, will
13 include the following two conditions.

14 Number one, the horse racing with
15 pari-mutuel wagering shall be operated in
16 accordance with all representations, plans
17 and specifications as submitted in the
18 application and as described in the Virginia
19 Racing Commission's June 25, 2020 meeting and
20 the licensee shall not deviate materially from
21 these representations, plans and specifications
22 without prior consent of the Commission.

23 Mr. Lermond, should I read Commission or
24 Commission or its Executive Secretary?

25 MR. LERMOND: Yes, please.

1 CHAIRMAN VAN CLIEF: We will add the words
2 Commission or its Executive Secretary to number
3 one.

4 Number Two. The horseracing with
5 pari-mutuel wagering shall be operated in
6 accordance with all applicable state and
7 federal statutes and regulations, the
8 regulations of the Commission and all local
9 ordinances.

10 So Mr. Siegel, if you'll include that in
11 your motion.

12 COMMISSIONER SIEGEL: Yes, sir.

13 CHAIRMAN VAN CLIEF: Thank you. It's
14 included. We have a second. Any questions or
15 further comments? If not, please signify your
16 approval by voting aye.

17 NOTE: The Commission votes aye.

18 CHAIRMAN VAN CLIEF: Any opposed? None
19 opposed. The license is granted. Motion
20 carries unanimously.

21 Next, we have a request for approval of
22 the horsemen's agreement between Virginia Gold
23 Cup and the HBPA and the VEA for 2021 and 2022.
24 That is found --

25 MR. LERMOND: Mr. Chairman.

1 CHAIRMAN VAN CLIEF: I jumped one, haven't
2 I? Let's back up one agenda item. We are
3 requesting approval of racing officials for the
4 Virginia Gold Cup fall races and that is found
5 under Tab Ten in your books. Sorry about that.

6 Mr. Lermond, any comments on this group?

7 MR. LERMOND: I would make the same
8 comment that I made about the racing officials
9 for Colonial Downs. These names always seem to
10 appear on this list and they're all very
11 competent people.

12 Again, it's the same people doing the same
13 thing. That's important and I would recommend
14 that the Commission approve this list of
15 officials.

16 CHAIRMAN VAN CLIEF: Thank you. Any
17 questions on the part of the Commissioners?
18 If not, we need a motion to approve the
19 officials for the Virginia Gold Cup fall races.

20 COMMISSIONER REYNOLDS: So moved.

21 CHAIRMAN VAN CLIEF: Thank you. Is there
22 a second?

23 COMMISSIONER SIEGEL: Second.

24 CHAIRMAN VAN CLIEF: Thank you. All in
25 favor, please signify by voting aye.

1 NOTE: The Commission votes aye.

2 CHAIRMAN VAN CLIEF: Any opposed? Thank
3 you. The fall races officials are approved.

4 Now we're at the point of approval of the
5 horsemen's agreement between the Gold Cup, the
6 Virginia HBPA and the VEA. This is for 2021
7 and 2022 and that's the next tab which is
8 Number 11.

9 Mr. Petramalo, are you going to
10 report on that?

11 MR. PETRAMALO: Yes. One minor
12 correction, Mr. Chairman. This contract runs
13 from 2020 through 2022. It's a three-year
14 contract. It covers this year also.

15 CHAIRMAN VAN CLIEF: Okay. Thank you.

16 MR. PETRAMALO: The only difference in
17 this contract from the four or five prior
18 contracts is that here, we add the VEA as a
19 party to the contract. The old contracts were
20 just between the Gold Cup and the VHBPA. Now
21 it's Gold Cup, VHBPA and VEA. The reason is as
22 follows.

23 We, the VHBPA, used to contribute \$250,000
24 per race meet for purses. This year we were
25 only able to afford 150. So this year we will

1 continue and pay purses for the two meets, 150
2 each meet.

3 Starting next year, 2021 and going through
4 2022, the VEA will take over the responsibility
5 for contributing purse money to the Gold Cup
6 and not the HBPA. That's the only difference
7 in the contract.

8 COMMISSIONER SIEGEL: You're back to the
9 250 next year?

10 MR. PETRAMALO: Yes. That's correct,
11 Commissioner Siegel. That's right.

12 CHAIRMAN VAN CLIEF: Just to prove that we
13 do read what we're sent, on Page Two of the
14 agreement in the paragraph numbered one,
15 effective date and term of agreement.

16 Three lines from the bottom of that
17 paragraph: This agreement shall automatically
18 renew for an additional three years unless
19 either party gives the other written notice no
20 less than 60 -- I'm assuming that's 60 days?

21 MR. PETRAMALO: Correct.

22 CHAIRMAN VAN CLIEF: Thank you. We need
23 to make that correction.

24 MR. PETRAMALO: Thank you. That was
25 intentional. We just dropped the word to see

1 whether anybody was reading this. That's
2 always my excuse when I screw up.

3 CHAIRMAN VAN CLIEF: I knew that. Okay.
4 Any questions about this document? Questions
5 for Mr. Petramalo? Any additional questions?
6 In that case, we need a motion to approve the
7 agreement as set forth in our books.

8 COMMISSIONER SIEGEL: So moved.

9 CHAIRMAN VAN CLIEF: We have a motion. Do
10 we have a second?

11 COMMISSIONER NIXON: Second.

12 CHAIRMAN VAN CLIEF: We have a motion and
13 a second. If there are no further questions or
14 comments, then please signify your approval by
15 voting aye.

16 NOTE: The Commission votes aye.

17 CHAIRMAN VAN CLIEF: Any opposed? Thank
18 you. The next three items, all of which
19 include amendments to our regs, one with
20 regards to the coupling of entries, one with
21 regards to the claiming procedure and the final
22 one, prohibited practice in NSAIDS.

23 I'll ask our Executive Secretary if he
24 might walk us through all three of these and
25 we'll just knock them off one at a time.

1 MR. LERMOND: Thank you, Mr. Chairman.
2 The first request for approval of final
3 amendments is to Chapter 110 and it has to do
4 with coupling of entries.

5 This was a change that was requested by
6 Colonial Downs and would allow horses trained
7 and owned by the same people to be run as two
8 separate betting interests. This is allowed in
9 almost every other state now and is beneficial
10 in that it creates an extra betting interest
11 for the race.

12 I remember years ago, NYRA was one of
13 the holdouts on this and it seemed like once
14 they allowed the uncoupling all the other
15 states fell in line. I guess we're behind the
16 eight ball here or maybe just old school. I'm
17 not sure which.

18 But it's a very reasonable request, I
19 would support it and I would hope that we can
20 change this to help Colonial Downs attract more
21 betting interest, which in turn attracts more
22 handle.

23 CHAIRMAN VAN CLIEF: Any questions for
24 Mr. Lermond or for Mr. Marshall? If not, we
25 need a motion to approve the change.

1 COMMISSIONER SIEGEL: So moved.

2 COMMISSIONER REYNOLDS: Second.

3 CHAIRMAN VAN CLIEF: Thank you. Any
4 questions or further discussion? If not,
5 please signify your approval by voting aye.

6 NOTE: The Commission votes aye.

7 CHAIRMAN VAN CLIEF: Any opposed? Thank
8 you. Motion passes unanimously.

9 Dave, the next one on claiming procedure.

10 MR. LERMOND: The proposed amendments to
11 Chapter 120 are behind Tab 13. These
12 amendments are necessary for Virginia to be in
13 compliance with the claiming regulations of
14 other states in the Mid-Atlantic region. These
15 changes are being made to help protect the
16 welfare of the horses.

17 Virginia is part of the Mid-Atlantic
18 strategic plan to reduce equine fatalities.
19 We're going to hear more from this in a minute
20 from Jill Byrne, but this change and the change
21 to the next chapter are being done so that
22 Virginia's rules on these subjects are the same
23 as Maryland, Delaware, West Virginia, New York,
24 all the states in the Mid-Atlantic and these
25 changes are, as I said, due primarily to try to

1 protect the welfare of the horses, so I'll just
2 walk through.

3 The claiming rule in Virginia was again
4 old school where it was if the gate opens up
5 and the horse is a starter and you claim that
6 horse, it's your horse.

7 The trend has been lately to allow for in
8 the event that a horse dies during a claiming
9 race or is euthanized on the racetrack during a
10 race or suffers an injury which requires
11 euthanasia of the horse performed either on the
12 racetrack or an adjacent area as determined by
13 the Commission veterinarian, any claim on that
14 horse will be declared void.

15 The one exception is that if a mare comes
16 back and she comes back a little lame, normally
17 that would be enough to void the claim, but
18 the new owner has the option and they have to
19 decide within one hour of the running of the
20 race whether they still want to keep that horse
21 because they probably would want to keep her to
22 be a brood mare and they're not necessarily
23 concerned with whether she has pulled something
24 she will recover from.

25 Again, this rule is being changed because

1 the rules of the states in the Mid-Atlantic
2 region all conform to this same language.

3 The other thing that we're adding at the
4 very end, and this is also the consensus of the
5 Mid-Atlantic tracks, is that the owner of a
6 horse shall order production and transfer all
7 health and medical records held by the
8 individual or veterinarian providing services
9 to the horse owned by them within seven days.
10 If the horse is sold, the claim is transferred
11 to a new owner as requested by the Commission
12 veterinarian.

13 Commissioner Nixon asked me the other day
14 who would be in charge of making sure this is
15 done. That would fall under Dr. Ada Caruthers,
16 our equine medical director, and if a trainer
17 did not comply, the stewards would then take
18 the appropriate action against the owner.

19 So if you don't have any other questions
20 on the claiming rule, I would seek a motion to
21 approve that as a final amendment.

22 CHAIRMAN VAN CLIEF: Dave, just one point
23 of clarification. On Page One Section 13 at
24 the bottom, I thought you said that if a horse
25 was lame after a race it might be a condition

1 that would allow voiding a claim. I'm reading
2 that the horse has to be vanned off and that is
3 a fairly significant difference.

4 MR. LERMOND: It is, but that's the
5 language that the other states are using. So I
6 guess I assumed that if the horse was vanned
7 off, it was lame.

8 CHAIRMAN VAN CLIEF: Yes, but conversely,
9 if the horse comes up lame within an hour of
10 the race and walks off the track, the claim the
11 way I read this is not voidable.

12 MR. LERMOND: That's correct.

13 CHAIRMAN VAN CLIEF: The horse has to be
14 taken off probably in the horse ambulance, so
15 it's a pretty serious injury.

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

17 CHAIRMAN VAN CLIEF: But the main thrust
18 of this then, Dave, you're saying is that
19 regardless of how we see the merit of the
20 wording in front of us, it's a step in the
21 right direction and it puts us into compliance
22 or consistency consistent with our fellow
23 Mid-Atlantic tracks?

24 MR. LERMOND: That's correct.

25 CHAIRMAN VAN CLIEF: which I think is

1 an important aspect.

2 MR. LERMOND: I agree.

3 CHAIRMAN VAN CLIEF: Anybody have any
4 questions? If not, then we need a motion to
5 approve the claiming procedure change to
6 Chapter 120 of our regs.

7 MS. HUDGINS: So moved.

8 CHAIRMAN VAN CLIEF: Thank you very much.
9 We have a motion.

10 COMMISSIONER SIEGEL: So moved.

11 CHAIRMAN VAN CLIEF: We have a second.
12 Thank you. Further questions or comments? If
13 not, please signify your approval by voting
14 aye.

15 NOTE: The Commission votes aye.

16 CHAIRMAN VAN CLIEF: The motion passes
17 unanimously the amendment to Chapter 120 is
18 approved.

19 The last one, Dave, is to Chapter
20 180, prohibited practices and nonsteroidal
21 anti-inflammatories.

22 MR. LERMOND: Thank you, Mr. Chairman.
23 I really wish Dr. Caruthers was here today to
24 help walk us through this, but I'm going to do
25 the best I can. Again, all of these changes

1 are being made so that we will be in compliance
2 with the other states.

3 The first one talks about when shock wave
4 therapy is done on a horse. We needed to add
5 on the top of Page Two the fact that the use of
6 the therapy device has to be reported to the
7 Commission veterinarian by the treating
8 veterinarian within 24 hours of treatment.

9 That's very important that we know that
10 the horse has been treated within that 24 hours
11 and our rules did not state that clearly.

12 In the next paragraph, we're also adding
13 the phrase, "furthermore, the horse that was
14 treated shall be placed on the veterinarian's
15 list for ten days from the date of treatment."

16 Again, that is something that all of the
17 states have agreed to and I think day one
18 starts on the first day of treatment.

19 Paragraph J deals with interarticular
20 injections. It used to be prohibited within
21 seven days of a race and the consensus of the
22 Mid-Atlantic region was that ought to be 14
23 days, so you'll see seven is stricken and 14
24 days is added.

25 Also, we are going to say for flat and

1 steeplechase racing and within seven days for
2 harness racing.

3 So harness racing, I think I see Dr.
4 woogen back there. We're going to keep that
5 rule the same for harness and that's the
6 industry standard in harness so it will be
7 seven for harness but it will be 14 for
8 Thoroughbreds and steeplechase.

9 Also, the interarticular injection shall
10 be reported by the treating veterinarian to the
11 Commission veterinarian within 24 hours of
12 treatment. Horses shall be ineligible to race
13 for a period 14 days for flat and seven for
14 harness and for the purpose of this calculation
15 day one of treatment shall be considered day
16 one of the 14 days.

17 The next change is in Paragraph M. It
18 deals with stacking of corticosteroids. The
19 old language, there was primary level and then
20 there was a secondary level that you would have
21 to go over both of them to be charged with
22 stacking.

23 The Mid-Atlantic group and also RCI has
24 changed their model rule to just say simply
25 that the detection of two or more

1 corticosteroids shall constitute a stacking
2 violation and is prohibited.

3 I think that's very important because
4 sometimes trainers will try to give Bute one
5 day and a little bit of Banamine the next day
6 and it's just not good for the horse,
7 especially if the horse is expected to run at
8 full speed.

9 So because we're adding that language,
10 that whole next section VAC 10-180-70, it's
11 just going to be stricken -- I'm sorry. We're
12 striking that section and we're adding the
13 section new below it for the non-steroidal
14 anti-inflammatory drugs.

15 Again, these were all agreed to by the
16 Mid-Atlantic and it's also an RCI model rule
17 and the main thrust of it is that the
18 administration of an NSAID at less than 48
19 hours of a scheduled post time of a horse's
20 race, qualifying race or timed workout is
21 prohibited.

22 This used to be 24 hours and I think it's
23 a very good change for the welfare of the horse
24 to extend that out to 48 hours and the levels
25 that you would have to go over are enumerated

1 in Paragraph Two.

2 Again, the detection of two or more NSAIDS
3 in the blood is going to constitute a stacking
4 violation just like with the corticosteroids.

5 I know that's a lot and I apologize. I
6 wish Dr. Caruthers was here. Jill, if I missed
7 anything please jump in, but I think that's the
8 long and short of it.

9 MS. BYRNE: Not from a regulatory
10 standpoint. That's very clear and consistent
11 with compliance with one of the strongest
12 alliances as far as safety and the medication
13 in this country and consistency. We share so
14 many horses and horsemen. We need to be
15 consistent.

16 MR. LERMOND: I'd also like to thank
17 Colonial Downs and Frank and his group. This
18 has been a collaborative effort on all of our
19 parts and I think we continue to move in the
20 right direction and I wouldn't be surprised if
21 we see more changes coming, but this is a very
22 good start and we are all consistent in the
23 region and I would recommend approval of the
24 amendments to Chapter 180.

25 CHAIRMAN VAN CLIEF: Thank you, Dave. Are

1 there any questions? I just comment I agree.
2 I think we're moving in the right direction,
3 both in the consistency and compliance aspect
4 and this simply provides some additional tools
5 and safeguards to make sure our sport is as
6 safe for our equine and human athletes as it
7 can be. It does the right thing by them and it
8 does the right thing in terms of our own brand
9 building.

10 I am all for it and I'll move approval of
11 the amended Chapter 180 as Mr. Lermond
12 described and as set forth in our motion.

13 COMMISSIONER NIXON: Second.

14 CHAIRMAN VAN CLIEF: Thank you very much.
15 Commissioner Nixon seconds. Any other
16 questions or comments? If not, please signify
17 your approval by voting aye.

18 NOTE: The Commission votes aye.

19 CHAIRMAN VAN CLIEF: Any opposed? Thank
20 you very much. The motion passes unanimously
21 and the amendments are approved.

22 We have a couple of important reports
23 coming up. Mr. Marshall is going to report
24 first on the Extra Care program that will be
25 implemented at Colonial Downs and I guess this

1 would be starting soon, like Wednesday.

2 MR. MARSHALL: Thank you, Mr. Chairman.
3 what I have prepared is a very condensed
4 overview of Extra Care and all questions are
5 welcome as usual.

6 You're correct. Our team has been working
7 long and hard during the closure period to
8 determine how we're going to open safely in a
9 helpful way for team members and guests.

10 After a lot of hard work by the team,
11 we've developed a program called Extra Care.
12 It is correct that we are reopening Wednesday
13 at eight a.m. at the Rosie's locations as part
14 of the Governor's Phase Three reopening.

15 Along with all those parameters, we will
16 be operating 58 percent of the gaming floor
17 across the network.

18 Related to reopening, we had posted a
19 social media post 48 hours ago and in 48 short
20 hours, we have 107,000 reactions to that post
21 and 15,000 engagements to that post and 1200
22 shares, if you're familiar with how Facebook
23 works with those metrics, which is quite
24 impressive.

25 There is an overwhelming demand for

1 Rosie's to open once again and we're preparing
2 for that to happen next Wednesday.

3 Our priority is to operate safely and
4 healthily for our team members and guests, in
5 cooperation with the Executive Director in
6 consultation with him. We adapted Extra Care
7 at Rosie's to Extra Care for live racing, both
8 in the stable area and on the front side and
9 we're also flexible enough like we spoke before
10 as it relates to our spectatorship.

11 But in a nutshell, Extra Care is a new set
12 of standards. It's dedicated to providing a
13 healthy and safe environment for our team
14 and our guests and we always go above and
15 beyond to take calculated, deliberate steps to
16 protect the environment; everything from
17 physical distancing to sanitation, personal
18 protective equipment and all of the items that
19 you see.

20 If you have a moment to peruse the gaming
21 floor if you happen to be going to Rosie's
22 kitchen for lunch, you'll see a lot of what I'm
23 going to talk about here in motion.

24 I thought about how can I describe this
25 simply as it relates to the stable area and

1 live racing and Rosie's, so I developed this
2 composit. It might be hard to read, but I will
3 go ahead and narrate.

4 In the first column, this is how our
5 precautions relate to the stable area. In the
6 middle column, live racing on the front side
7 and to the far right, Rosie's.

8 In terms of occupancy limits, and these
9 are part of Phase Three parameters, I did
10 include them in here because they are important
11 and they do tie into Extra Care.

12 In the stable area, the race office, the
13 HBPA building, test lab, physical building,
14 look to maintaining 58 percent building
15 occupancy in those buildings. They seldom get
16 over 50 percent anyway, so that's not that huge
17 of a revelation.

18 But in the barns we don't have any
19 occupancy limits. They're very spacious and
20 very moderately occupied anyway.

21 As it relates to live racing and
22 spectator-free, we have no spectators. As it
23 relates to Rosie's, the Phase Three guideline
24 that we fall under is the lesser of 50 percent
25 or 1,000 occupants in a building.

1 The way that applies to all of our
2 facilities, we are going to limit to 1,000
3 occupants, everywhere except for Vinton where
4 the 50 percent will apply which will be 280.

5 Face coverings are required indoors and
6 the stable area. None outdoors. For live
7 racing, indoors and in customary positions.

8 What I mean by that is another benefit to
9 the team that Jill has assembled quite
10 successfully again this year, the majority of
11 that team have been operating in Tampa since
12 the pandemic began and they have
13 three-and-a-half months of experience operating
14 with these precautions.

15 Our starting gate crew, our lead ponies
16 will adapt to this. Our paddock judge, our
17 jocks' room personnel, our valets will all be
18 functioning using face coverings and the
19 lessons that they've learned while working at
20 Tampa.

21 At Rosie's, face coverings are required
22 for everyone at this stage; all team members
23 and all guests as they enter the facility.

24 Temperature screening in the stable area.
25 we'll have a security health checkpoint before

1 the security stable gate where all entrants
2 into the stable gate will have their
3 temperatures checked and we are following the
4 CDC guidelines of 100.4 as the threshold.

5 Anyone with a temperature of over 100.4
6 will not be permitted access and will be urged
7 to seek assistance elsewhere. That applies the
8 same for live racing and at Rosie's as well.

9 Physical distancing. We are going with
10 the standard six feet everywhere.

11 Crowd shields are available in the race
12 office and in the license area. I walked with
13 the Executive Director and your license
14 administrator and it was approved from their
15 standpoint and we'll have the same shields in
16 the race office for horsemen that may stop in
17 for services and at the same time we are
18 encouraging telephonic or electronic entries to
19 try to cut down on the amount of traffic in the
20 race office.

21 Crowd shields for live racing. Anywhere
22 there is a point-to-point service contact or
23 exchange for people, we have a shield and
24 you've seen them if you have gone to the bank
25 or the grocery store or anywhere out there. We

1 are using the same equipment.

2 For Rosie's, we will be using the same
3 crowd shields again, but at Rosie's, you'll
4 notice plexi guards in between each game which
5 provides even further safety for the player.

6 Most gaming operations across the county
7 have deployed those and we have as well and we
8 will have those between every game at every
9 property.

10 Sanitation. We have adopted some advanced
11 sanitation technology. Across every piece of
12 our business we will be using electrostatic
13 sprayers which are fine-misting sprayers for
14 disinfecting a chemical that will kill on
15 contact and will get into all of those
16 hard-to-get places.

17 Even as it relates to the stable area and
18 live racing, between each race we have a
19 protocol to electrostatic each stall that we
20 saddle in and any area where we have occupants
21 in the paddock area.

22 We will be deploying the same in the test
23 barn and as horses and people come and go,
24 careful attention to sanitation.

25 At Rosie's, we will be electrostatic

1 sanitizing the entire floor at close and upon
2 opening and throughout the day continually
3 we'll be disinfecting games in between uses and
4 we have an Extra Care team that will be easily
5 identifiable in blue t-shirts that will be on
6 the floor at all times disinfecting.

7 Also, you'll see markings on the floor
8 that represent where people stand in cueing.
9 Six feet of distance in every cueing area. At
10 the players' club, at the cage and Rosie's
11 kitchen and at the bars.

12 From a food and beverage perspective, in
13 the track kitchen we're set up for takeout
14 only, so we're not going to be permitted at
15 least for now.

16 Mind you, we're 32 days out. Rules may
17 change, but right now we're set up for takeout
18 only in the track kitchen. Live racing under
19 spectator-free, we have no food service planned
20 under that scenario. Not applicable.

21 At Rosie's, our food service is modified.
22 Modified in a way that we're not using washable
23 utensils or trays. Every entrée is taken in a
24 to-go container. However, guests are welcome
25 to dine in.

1 We are open right now under Phase Two
2 guidelines at every facility offering dine-in
3 opportunities and outdoor dining here at New
4 Kent and it has been executing quite well.

5 Sure Check is the name of a system. It's
6 our accountability system to assure all of
7 these standards and Extra Care are being
8 adhered to. Everything from the disinfectant
9 of the main entrance door handles to the
10 electrostatic disinfectant to any action that
11 our team has to do in any department, it's
12 signed off on and checked off on through Sure
13 Check technology. It's a task management
14 system.

15 We found that it was very important for us
16 to be able to document and track to prove that
17 we're doing what we say we're going to do and
18 from a liability perspective, we need to
19 document that we are doing these things.

20 Outside of health care, I can't think of a
21 safer place to be than Rosie's with all of our
22 Extra Care precautions.

23 Of course we will evolve as authorizations
24 change. We made a significant investment in
25 equipment and in support systems. Our rigorous

1 cleaning protocols are taken seriously. This
2 is serious business protecting the safety of
3 our team and of our guests.

4 It comes with a thorough employee training
5 program which ends with a certification. If
6 you come to Rosie's, you'll see our team
7 members wearing a pin. It's a heart-shaped pin
8 which confirms they're certified in Extra Care.

9 As we are recalling team members right now
10 and reboarding on Monday and Tuesday, a
11 requirement is that every team member goes
12 through Extra Care training so they understand
13 the standards, the techniques and they know how
14 important Extra Care is.

15 We have full written plans as it relates
16 to Extra Care and Rosie's and a separate
17 written plan of Extra Care for live racing.
18 Both are comprehensive and can be found at our
19 website at www.ColonialDowns.com.

20 The live racing plan is available to
21 horsemen and horsemen are encouraged to go
22 online and to read the written plan before they
23 arrive. We will be communicating that through
24 the race office to horsemen because things are
25 different as we are experiencing right now.

1 Things are very different.

2 That is a quick overview and we'll be
3 welcoming back our guests and our team members
4 with these precautions and our marketing slogan
5 is Good clean fun.

6 So we're ready for some good clean fun
7 beginning Wednesday with the opening of Rosie's
8 and that good clean fun is expected to continue
9 with the opening of the stable area on
10 July 13th.

11 However, we are expecting some early
12 arrivals from Tampa, around 100 early arrivals
13 on July 8th due to unavoidable circumstances.
14 We'll be opening a few days early for them and
15 the good clean fun continues on opening day,
16 July 27th, live racing Monday, Tuesday and
17 Wednesday, which is part of our Extra Care
18 program under spectator-free.

19 We feel that the on-site demand on a
20 Monday, Tuesday, Wednesday would have been less
21 than a Thursday, Friday, Saturday and that was
22 a consideration in addition to export revenue
23 opportunities.

24 But by moving from late week to early
25 week, it folds into our precautions of

1 protecting the participants and the public.

2 CHAIRMAN VAN CLIEF: Thank you very much,
3 John.

4 MR. MARSHALL: Thank you.

5 CHAIRMAN VAN CLIEF: We wish you the best
6 of luck with Rosie's and then the live meet.

7 MR. LERMOND: I think there may be a
8 question or two.

9 COMMISSIONER SIEGEL: Did you want to say
10 something or ask a question?

11 MR. LERMOND: Go ahead, sir.

12 COMMISSIONER SIEGEL: If a customer comes
13 in to Rosie's on a race day, I assume they can
14 make a bet at the OTB downstairs here at this
15 Rosie's, correct? So what prevents them from
16 walking out to the rail and watching the race
17 or is there any way to prevent that?

18 MR. MARSHALL: When we open on Wednesday,
19 simulcast will be opening as well in addition
20 to here, correct?

21 COMMISSIONER SIEGEL: So you can make a
22 bet on this race?

23 MR. MARSHALL: Yes. The only prevention
24 to that is security and locking the doors.

25 COMMISSIONER SIEGEL: People will be kept

1 inside?

2 MR. MARSHALL: Yes. But we're also
3 thinking through that contradiction of
4 spectator-free but we're open inside for
5 Rosie's. I can't unsee what I see.

6 COMMISSIONER SIEGEL: You may have some
7 pushback, but I get it.

8 MR. MARSHALL: Yes. That phenom right
9 there, Commissioner Siegel, is something we're
10 working on and we're working on how to address
11 that issue.

12 COMMISSIONER SIEGEL: No pari-mutuel
13 windows will be open, but you make a bet there
14 at the OTB downstairs, right?

15 MR. MARSHALL: Yes.

16 COMMISSIONER SIEGEL: Okay.

17 MR. MARSHALL: And I also must mention
18 that the opening of Virginia Horseplay, the
19 OTBs, will open wednesday as well. I neglected
20 to mention that. And those operations are also
21 conducted within our Extra Care guidelines.

22 MR. LERMOND: John, you mentioned spacing
23 for the cues. would that include ATMs?

24 MR. MARSHALL: It does. It includes the
25 ATMs, marketing kiosks. Any cueing that we

1 have on the floor will be marked for six feet
2 of distancing. When you go to Home Depot or
3 Lowe's or even Kroger, you see the markings on
4 the floor and Publix.

5 Probably the biggest difference between us
6 and the others is we're going to be actively
7 enforcing this. We cannot afford to have a
8 health issue or an outbreak, you know, related
9 to our businesses.

10 Our security team will be watchful of
11 folks that might not be physical distancing and
12 we have trained on the approach to customers in
13 a service-oriented way to remind and suggest
14 and ask.

15 In our Sure Check technology, there is a
16 mechanism there for us to identify if we do
17 have an issue, a violation, so to speak,
18 related to Extra Care and what our response is
19 to that. That's how detailed our Sure Check
20 system is and we have no choice but to take it
21 seriously and to pay attention to the details.

22 MR. LERMOND: My other question had to do
23 with the Sure Check system. Would you be okay
24 submitting to me maybe once a week a summary
25 from each property as to the -- and it doesn't

1 have to be the little stuff, but if you had any
2 major problems that the Sure Check team had
3 picked up?

4 MR. MARSHALL: Yes. Absolutely.

5 MR. LERMOND: Maybe like a weekly report.
6 It doesn't have to be daily.

7 MR. MARSHALL: Yes. We're still
8 familiarizing ourselves with Sure Check, but I
9 know that we can investigate on a case-by-case
10 easily, but in terms of queries and reporting
11 we're still learning it ourselves, but I'll
12 find a report that is acceptable to you that we
13 can submit.

14 MR. LERMOND: Thank you.

15 MR. MARSHALL: You're welcome.

16 CHAIRMAN VAN CLIEF: The temperature
17 checks you mentioned, that includes both your
18 employees as well as customers; is that
19 correct?

20 MR. MARSHALL: That's correct.

21 CHAIRMAN VAN CLIEF: With your employee
22 group, especially those that interface with
23 your customer group, is that the only safeguard
24 that you feel you need, the temp checks, or do
25 you have or do you envision a need to

1 facilitate testing for your employee group at
2 any time?

3 MR. MARSHALL: We have not adopted a
4 testing protocol for team members. We have
5 familiarized ourselves with the Virginia
6 Department of Labor contact trace systems and
7 have adopted policies and SOPs that tie into
8 the workplace safety elements of Phase Three
9 defined by the Governor.

10 The contact trace elements to our pandemic
11 policy and our own internal contact trace
12 defined by the Virginia Department of Health
13 and they all align. We felt it was very
14 important to do that.

15 Also, the new guidelines issued by OSHA as
16 it relates to the definition of an outbreak and
17 what that means and how businesses respond to
18 that.

19 So we've been very careful to align the
20 CDC with the Governor's phasing safety
21 parameters, Virginia Department of Health,
22 OSHA, Colonial Downs Group operational policies
23 and procedures. As those evolve, our
24 operational SOPs will evolve as well.

25 CHAIRMAN VAN CLIEF: Thank you.

1 MR. MARSHALL: Thank you.

2 CHAIRMAN VAN CLIEF: Any other questions
3 for Mr. Marshall? Thank you very much. We
4 appreciate you sharing that.

5 MR. MARSHALL: You're welcome.

6 CHAIRMAN VAN CLIEF: Okay. Next up is
7 Jill Byrne, who is going to report on the
8 Mid-Atlantic strategic plan which will enhance
9 safety and prevent injuries.

10 MS. BYRNE: Good to see everybody, have
11 everybody back. As David touched on with many
12 of the regulations that you all have approved
13 now, so a lot of this came about, obviously,
14 with our involvement in the Mid-Atlantic group
15 Safety Alliance and it's comprised of all the
16 Mid-Atlantic tracks, regions, and as David also
17 said, everybody has to be in compliance.

18 We have to agree on all of these policies.
19 It's not somebody can go off in their own
20 direction. We all have to be in compliance,
21 which makes for great consistency and
22 transparency.

23 As I mentioned previously, we share this
24 enormous group of horses and horsemen between
25 our regions, so for everybody to be on the same

1 page and to fall under the same regulations, it
2 makes it just so much better also for the fan
3 for our integrity as well to see that everybody
4 is complying with the same rules.

5 So I have given you all the Best Practices
6 manual that was just completed. As David can
7 attest to, we spent many, many Zoom meeting
8 hours and Frank Petramalo as well on this
9 coming up with agreements on all of these.

10 So the group is made up of racetrack
11 operators, horsemen's organizations, breeders'
12 organizations, as well as racing commissions
13 and then regulatory and racetrack
14 veterinarians.

15 Dr. Caruthers who couldn't be here, she
16 was a big part of this. But Dr. Daniels is
17 here as well. Dr. Caruthers is a big part of
18 all of our involvement, especially when it
19 comes to medication and safety regulations.

20 So the Mid-Atlantic group started based on
21 how to prevent catastrophic injuries, equine
22 fatalities and Allen Foreman was very
23 instrumental in putting together some of the
24 original policies with this and NYRA when they
25 had kind of a spike in their injuries, so a lot

1 of this started originally with his policies
2 and procedures that he helped NYRA with.

3 The goals: Develop regional safety best
4 practices, increase awareness and understanding
5 of conditions that are associated with injury,
6 as well as identifying horses that are at
7 increased risk and then implementing factors
8 that will reduce the risk of injuries, and over
9 all of course improving general horse health,
10 which is what we all strive to do.

11 Last year, Colonial Downs set very strict
12 safety protocols into place that we enacted
13 and we had a fantastic race meet and a
14 fantastic record with that, with the support of
15 the Commission as well as the horsemen's group
16 and our veterinarians and our horsemen as well.

17 So it was a very successful year. We look
18 to always expand on that and to be great
19 industry partners with the rest of the entire
20 racing department as well.

21 All of these best practices, for anybody
22 who would like to look them up online, you can
23 find them at THAracing.com and we also have
24 them posted on our site at ColonialDowns.com.

25 So I know we touched on a lot of the ones

1 that were put into regulation, so I want to
2 expand on some of the additional items.

3 One is a layoff report which is going to
4 be very important this year where there has
5 been an extended time when maybe horses haven't
6 raced due to the COVID scenario.

7 So 150 days or more, the trainers have to
8 fill out a standardized layoff report and this
9 has to be completed no less than 30 days prior
10 to entry.

11 So Dr. Caruthers actually called me
12 yesterday and she has already received quite a
13 few of these reports from trainers, so this
14 plan is working.

15 We have it posted on our site the forms
16 they have to fill out during this. They have
17 to provide a health history of what happened
18 during your layoff. Was it a surgery? Was it
19 illness? Was it you gave your horse some time
20 off? So all of this has to be filled out.

21 It is submitted to Dr. Caruthers, our
22 equine medical director and the chief
23 regulatory veterinarian, and this is valid for
24 sixty days from submission.

25 This is very important that horsemen know

1 with us coming up on racing in 32 days to get
2 these forms filled out and get them in to Dr.
3 Caruthers.

4 All of our race entries which we started
5 last year as a best practice of the
6 Mid-Atlantic are flagged. So all of our
7 officials go through every entry that we get.
8 If there is anything that may raise a red flag,
9 a horse with time off or other, they will meet
10 with the stewards, they'll meet with the vets.

11 So this form has to be on file and
12 approved if there is a horse that has been
13 entered for 150 days off.

14 We talked about the horse claimed health
15 record and how important that is to have the
16 records go with a horse to the new owner and
17 for transparency as well. We discussed all the
18 medications, the importance of that.

19 We last year had already put into place
20 the ban on biphosphonates, which is another
21 very hot button issue right now and that ban is
22 for horses under age four and can only be used
23 on horses older than age four if they were
24 diagnosed by a vet with navicular disease.

25 So it would have to be approved for that.

1 we also decreased our Lasix dosage last year to
2 a maximum of six CCs.

3 One of the pieces that has not been fully
4 agreed on I would say by the Mid-Atlantic is
5 another hot button issue and is the crop use.

6 Last year, we were one of the very first
7 jurisdictions to actually mandate the usage of
8 padded crops. Most jockeys are using them now
9 anyway, but we mandated it and we've even
10 supplied padded crops for the jockeys if they
11 showed up without one so they had to use it.

12 We also had the stewards and our vets
13 follow very strict crop usage rules already
14 which are in our regulations and the vets are
15 on the ground when the horses come back to look
16 for any marks that may be something they feel
17 to be detrimental towards -- watching very
18 close for any detrimental usage of the crop.

19 This is going on through all the
20 jurisdictions right now in an effort to change
21 the image of crop use, but we feel at this
22 point right now with padded crops and also with
23 our regulations that we have in place of usage
24 that we are very much on par and headed in the
25 right direction with the rest of the industry

1 as far as that goes.

2 we talked about the shock wave therapy as
3 well.

4 Another very important role that has been
5 added and agreed upon as part of the best
6 practices in the Mid-Atlantic is adding a
7 safety compliance officer.

8 This person will be very instrumental and
9 work directly with the stewards and
10 veterinarians and will monitor daily activity.

11 So this person will be at the barns at
12 five o'clock in the morning walking through the
13 barns, monitoring what goes on back in the
14 barns, looking for anything that may seem out
15 of place for care of a horse or care with the
16 stables and they would bring that back to the
17 attention of the stewards, to the attention of
18 the veterinarians.

19 They would conduct safety inspections.
20 They also would be there to monitor starting
21 gate procedures, how our horse ambulance and
22 our human ambulance and medical personnel
23 handle issues or injuries or events that happen
24 like that.

25 They also serve as a member of the

1 Mortality Review Board, which is another part
2 of the best practices and compliance for the
3 Mid-Atlantic.

4 So the person for us that will be doing
5 this who was in our racing office last year, a
6 licensed racing official, Samantha Randazo, who
7 has also been a trainer, assistant trainer and
8 been in the industry -- I've known her for
9 probably 30 years. She has been in the
10 industry for over 35, 40 years and a very, very
11 qualified person for this.

12 Bio security is another part of this and
13 of course with the policies we put into place
14 last year, horses shipping in, we have a very
15 extensive ship-in policy of how we do our
16 paperwork with horses arriving.

17 We mandate a 72 hour health certificate,
18 as well as every horse that comes in is
19 documented which stall they were in on the van,
20 what van they were in so if there is an issue,
21 we have an outbreak, we know exactly where to
22 go back to where that horse was.

23 We also have an isolation barn on site.
24 Barn 14 has been turned into an isolation barn,
25 so if for some reason we do have an outbreak,

1 we have a secure place that only those horses
2 would go to as well.

3 That's pretty much the gist of the
4 Mid-Atlantic group. I can't stress enough how
5 this group has worked together so well, and as
6 you all know in the horse racing industry, to
7 try to get this many jurisdictions to agree on
8 anything is very difficult, so I think it's a
9 testament to all these racing jurisdictions,
10 their operators, their horsemen's groups,
11 veterinarians, their commissions, to support
12 the consistency of the rules, the compliance
13 and the transparency within the industry. I
14 think it puts us way ahead of a lot of our
15 other jurisdictions in the country. Questions?

16 CHAIRMAN VAN CLIEF: Any questions for
17 Jill? Good work. I agree with your comments.
18 Jill, I do have one question.

19 The equine injury database has been a
20 topic of conversation. Where do we stand?

21 MS. BYRNE: We participate. We
22 participated last year and we will participate
23 again.

24 CHAIRMAN VAN CLIEF: Thank you.

25 MS. BYRNE: One piece to add to what John

1 talked about with Extra Care. Since we do have
2 a lot of people that live in dorms on our back
3 sides in the barn area, we will be making
4 anybody in the dorms, they have to have a daily
5 temp check as well.

6 So they will check in, temperature check,
7 overall health check. We don't get somebody
8 reported, we will call the trainer and say
9 remember your employee has to come and check in
10 today. So just keeping in line with that.

11 The sanitation of the dorms and the bath
12 houses, it will be very extensive. We did
13 reach out to Dr. Caruthers with the products
14 that we will be using in the stable, starting
15 gate, everywhere that horses are to make sure
16 those products are compliant for horses.

17 CHAIRMAN VAN CLIEF: Great. Thank you
18 very much, Jill. Good work.

19 MS. BYRNE: Thank you all.

20 CHAIRMAN VAN CLIEF: All right. We're
21 closing in on adjournment here. This is the
22 point in the meeting in which we traditionally
23 make time for Commissioners' comments. I'll
24 start with our vice chairman, if I might.

25 COMMISSIONER SIEGEL: I would just like to

1 commend all the parties, including the horsemen
2 and the VEA and racetrack, as well and Colonial
3 Downs for a lot of hard work. This isn't
4 an easy process to prepare ourselves for
5 something none of us have been prepared for in
6 the past.

7 I like to be optimistic about things and
8 so I feel as though we may well have a
9 successful meet and the reopening of Rosie's
10 will be successful. What is happening all over
11 the county gives all of us pause in that
12 regard, I certainly hope that everything pans
13 out well and you've done a great job preparing.

14 CHAIRMAN VAN CLIEF: Commissioner Nixon.

15 COMMISSIONER NIXON: I just wanted to say
16 I'm looking forward to another successful meet.
17 I'm very confident that Colonial and the
18 horsemen are going to be able to do that.

19 I'd also like to thank Dave and his staff
20 for putting together all this stuff. It was
21 very lengthy and time consuming, but I feel
22 like we have everything covered so thank you.

23 CHAIRMAN VAN CLIEF: Commissioner
24 Reynolds.

25 COMMISSIONER REYNOLDS: All I can say is

1 congratulations. We certainly look forward to
2 July 27th. Have a question. Who gets to come
3 to -- I know owners typically don't get to come
4 and watch their horses, but who can come?
5 Racing officials can, the Commission can come.
6 In this room can Frank come or Debbie? Who
7 gets to come and who cannot come if you all are
8 closed to spectators?

9 MS. BYRNE: I think right now, as it
10 stands, we are sending essential personnel. I
11 think as John brought up and Debbie brought up
12 as well, this could change. We are just
13 following what the administration to date has
14 laid out for us to do. But as we've seen a lot
15 of other places, it is changing daily what that
16 looks like, so I think we will be dictated by
17 what the administration tells us we can do.

18 COMMISSIONER REYNOLDS: I'm not very
19 essential, so I'll stay home and watch it.
20 Will it be on TVG?

21 MS. BYRNE: Yes. It will. Going Monday,
22 Tuesday, Wednesday that also gives plenty
23 opportunity to be on TVG once for all of the
24 races.

25 COMMISSIONER REYNOLDS: Thank you. Well

1 done. Thank you.

2 CHAIRMAN VAN CLIEF: Thank you.
3 Commissioner Hudgins, we welcome you again.
4 Any observations you'd like to make?

5 COMMISSIONER HUDGINS: I would. I've sat
6 on quite a few boards in my day and this stands
7 out as a cooperative and organized and forward-
8 thinking group. Who knew all these horsemen
9 could agree on so much. It's amazing.

10 But I'm very excited to be working with
11 you all and you certainly met a high standard
12 in my book. Thank you.

13 CHAIRMAN VAN CLIEF: Thank you. I kind of
14 mirror everybody else again. I think that
15 sense of unity that we continue to see in this
16 industry is a standout and hats off to the
17 Colonial Downs Group for their extreme
18 perseverance and professionalism in a very
19 difficult time. So thank you all and best of
20 luck.

21 We don't need a closed session, so
22 everybody stay safe. I do need a motion to
23 adjourn.

24 COMMISSIONER SIEGEL: So moved.

25 COMMISSIONER REYNOLDS: Second.

1 CHAIRMAN VAN CLIEF: Anybody opposed?
2 Motion approved. Thank you very much.
3 Appreciate it, everybody. Thank you for
4 bearing with us.

5

6 NOTE: This meeting of the Virginia
7 Racing Commission adjourned at 1:32 p.m.

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1 CERTIFICATE OF COURT REPORTER

2
3 I, Sandra G. Spinner, hereby certify that having
4 first been duly sworn, I was the Court Reporter at the
5 meeting of the Virginia Racing Commission at the time
6 of the hearing herein.

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

10 Given under my hand this 19th day of August,
11 2020.

12
13
14 Sandra G. Spinner

15 SANDRA G. SPINNER

16 COURT REPORTER
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