

1 VIRGINIA RACING COMMISSION

2 COLONIAL DOWNS
3 BALLROOM 4TH FLOOR
4 10515 COLONIAL DOWNS PARKWAY
5 NEW KENT, VA 231246
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9
10 wednesday, December 15, 2021 at 11:00 a.m.

11 COMMISSION MEMBERS:

12 J. Sargeant Reynolds, Jr., Chairman
13 Stuart Siegel, Vice Chairman
14 John F. Tanner, Jr.
15 Marsha K. Hudgins
16 Stephanie B. Nixon

17 COMMISSION STAFF:

18 David S. Lermond, Jr., Executive Secretary
19 Kimberly C. Mackey, Director of Operations
20 Dr. Ada Caruthers, Equine Medical Director
21 Rhonda Davis, Director of Pari-Mutuels and Licensing

22 ATTORNEY GENERAL'S OFFICE:

23 Elizabeth B. Myers, Esquire
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1 CHAIRMAN REYNOLDS: Good morning. Can we
2 gather in? I can hear myself, so I assume you all
3 can hear me. Welcome, everybody. Good morning.
4 I will now call the Virginia Racing Commission
5 meeting to order. I wish everybody a healthy and
6 happy holiday season.

7 Before we get started, I want to introduce
8 everybody to our new commissioner who has joined us
9 and we're happy to have him. His name is Dr. Jeff
10 Tanner and he is the Dean of Strome College of
11 Business at Old Dominion University.

12 Dr. Tanner came from ODU in 2015 from Baylor
13 University in Waco, Texas where he was a marketing
14 professor and founded the Baylor Business
15 Collaboratory. In 2019, he was named on the Inside
16 Business Power List and holds a Ph.D. in business
17 administration from the University of Georgia and a
18 MBA and BA in marketing from the University of
19 North Texas.

20 As an aside, I went to try to do some research
21 on Dr. Tanner so I could introduce him and I saw on
22 the internet his vitae whatever you call it and I
23 pulled it up and printed it out and went to the
24 printer and it's 21 pages long. It ate up all of
25 my paper.

1 He has written probably more since then, but
2 he has written over 15 books, published 80 papers,
3 scientific journal articles. Quite impressive and
4 we're just happy to have Dr. Tanner aboard and I
5 understand you and your wife, Karen, love horse
6 racing and breeding and race Thoroughbreds.

7 COMMISSIONER TANNER: We do. You'll see it
8 says John. That's my legal name, but I go by Jeff.
9 I'm John, Jr., but actually one of a long line of
10 Johns in our family so we ran out of nicknames and
11 so now I'm Jeff. So it's good to be here. Thank
12 you very much.

13 CHAIRMAN REYNOLDS: Thank you for joining us
14 and we look forward to working with you for the
15 next four years. I probably won't be around, but I
16 know you will. Welcome.

17 COMMISSIONER TANNER: Thank you.

18 CHAIRMAN REYNOLDS: The first item on our
19 agenda is the approval of the June 14 meeting
20 minutes. They're behind Tab One. Has everybody
21 had a chance to review them? Are there any
22 questions, comments or corrections? Hearing none,
23 I would like to entertain a motion.

24 VICE CHAIRMAN SIEGEL: So moved.

25 CHAIRMAN REYNOLDS: Second?

1 COMMISSIONER NIXON: Second.

2 CHAIRMAN REYNOLDS: All those in favor, say
3 aye.

4 NOTE: The Commission votes aye.

5 CHAIRMAN REYNOLDS: The motion carries
6 unanimously. Thank you all for that.

7 The next item on the agenda calls for a
8 significant infrastructure limited license and the
9 Thoroughbred race days for 2022, submitted by the
10 Colonial Downs Group, LLC.

11 MR. LERMOND: Public comment.

12 CHAIRMAN REYNOLDS: Before we move on, we do
13 have an opportunity for public comments. I'm sorry
14 I skipped that. If anybody would like to make a
15 public comment, please keep it to within five
16 minutes. Is there anybody that would like to speak
17 publicly at this time? Seeing none, we will move
18 on to the next item.

19 Request for approval of a significant
20 infrastructure limited license and Thoroughbred
21 race days for 2022, submitted by Colonial Downs
22 Group, LLC. I would ask will John Marshall be
23 presenting? Thank you for being here. You'll find
24 that behind Tab Number 2.

25 MR. MARSHALL: Thank you, Chairman Reynolds,

1 members of the Commission and welcome, Commissioner
2 Tanner, who has been here several times before, but
3 now in your new capacity of commissioner.

4 Before you on Item Number One on the agenda is
5 Colonial Downs Group's application for a
6 significant infrastructure permit, which also
7 includes live race dates for 2022. I'm assuming
8 all of the commissioners had an opportunity to
9 peruse the application and review and may have some
10 questions.

11 The hallmark item here is the live race
12 schedule for 2022, of which we're presenting 27
13 race days beginning July 11 through September 7,
14 Monday, Tuesday, Wednesday matinee racing as in
15 2021 with a similar schedule with a 1:30 post time.

16 That is a hallmark item in there and there are
17 several other details and items in there pertaining
18 to the company, our ownership, questions that are
19 routinely asked by this Commission when reviewing
20 our suitability for a significant infrastructure
21 license.

22 Mr. Chairman, do you or any members of the
23 Commission have any questions about our application
24 this morning?

25 CHAIRMAN REYNOLDS: I think there are probably

1 some questions about maybe the race days. would
2 any of the commissioners like to ask about the race
3 days?

4 COMMISSIONER HUDGINS: I'd like to ask a
5 question. I think it was proposed that perhaps we
6 would add a Friday evening race to the card. I
7 understand what the difficulty is with Maryland.
8 I understand how complicated that is and as I
9 understand it, we decided not to go that route at
10 this point in time; however, I'm wondering if you
11 have any plans for 2023 to adjust that.

12 I know it's going to be a process. As I see
13 it, we have two balancing needs here, two groups.
14 We have the horsemen and their schedule and where
15 they want to go and where the big purses are and so
16 forth and then we have our Virginians, who as
17 commissioners we are as responsible to as we are to
18 the horsemen in Virginia.

19 I know that's going to be a difficult process
20 and I don't have answers; I'm not sure anybody
21 does. But do we have from you a commitment that we
22 could start this year by making a plan for 2023 how
23 we can move into a better schedule for racing?
24 Because I don't think we survive on out-of-state
25 handle.

1 I don't think who we are as a track or who we
2 are as Virginians, I don't think that's what we
3 want to be known for and a lot of other tracks are
4 in that place and I don't think we want to go there
5 and we're willing to work very, very hard to see to
6 it that we don't go down that road.

7 We have as much talent, rank and skill in this
8 room right here to figure out how to address this
9 to solve this problem. Maybe it takes a year or
10 two years or whatever, but I think we have to
11 commit to that, so I'm asking you now are you
12 committed to bringing racing back to a schedule in
13 Virginia that Virginians can enjoy again, always
14 balancing with the needs of the horsemen, of
15 course.

16 MR. MARSHALL: It's a very fair question and
17 very fair comments and I'm going to answer it with
18 the long answer because this is the forum to share
19 some of the rationale behind what led us to this
20 application today.

21 Colonial Downs is one of the rare racing
22 programs in the country on the ascent, so we're
23 continuing to ascend in many, many different ways.
24 Our application today has a few strategic elements
25 that are not confidential and we can certainly

1 share them.

2 So our choice to go Monday, Tuesday, Wednesday
3 -- there are three pieces to that; a financial
4 piece, an operational piece and a long term
5 strategic piece, if I may touch on each one to add
6 some background to that.

7 First, financial on the economic side. When
8 you compare 2019's 15 race days to 2021's 21 race
9 days looking at on-track and export handle, no
10 question we did two times the amount of on-track
11 handle on average per day in 2019 than we did in
12 2021, and we did about half as much average per day
13 in export in 2019 as we did in 2021.

14 So when you isolate the economics of those
15 handle sources and the margins on each, in total,
16 we benefited -- when I say we, horsemen's purses
17 and Colonial Downs Group. On a daily average net
18 basis, we improved ourselves by \$25,000 year over
19 year. That's a Monday, Tuesday, Wednesday schedule
20 versus Thursday, Friday, Saturday.

21 There were two reasons why we're able to do
22 that. One, the volume of export handle overcame
23 the shortfall in higher margin on-track handle to a
24 level that by volume of wagers on our product, we
25 overcame that economically.

1 The second piece that people may not realize
2 is that with a Monday, Tuesday, Wednesday schedule
3 versus a weekend schedule and the newness of our
4 product to the market, we were able to sell our
5 signal for one full basis point more on average
6 given the demand on Monday, Tuesday, Wednesday
7 versus the pricing we were able to get on a
8 Thursday, Friday, Saturday, which also helped the
9 margin.

10 So when you look at it from a pure economic
11 standpoint, horsemen's purses and Colonial Downs
12 Group benefited on a net basis almost double by
13 racing this schedule. That's the financial
14 background.

15 The operational background is with the Monday,
16 Tuesday, Wednesday schedule at this time, we are
17 not overlapping with our neighbors to the north in
18 Maryland, which gives us more access to horses,
19 trainers, jockeys, valets; on down the line it
20 goes. The human participation to help the
21 operation. So in this stage in our growth cycle,
22 that's important to us.

23 Now, the third piece long-term strategy is
24 that one day and one day soon while we are
25 continuing on the ascend, we want to be a

1 competitive product nationally with the bigger
2 tracks and we're well on our way given the average
3 daily purses that have been offered the last few
4 years, the level of competition that we have
5 gained, the track records that have fallen last
6 year, the overall quality of the product and our
7 commitment to the new HISA regulations which will
8 be here soon which our team has been out in front
9 nationally to make sure we maintain that position
10 and we comply fully.

11 But there will come a time where Colonial
12 Downs racetrack will be as recognizable as Monmouth
13 Park, Gulfstream Park, even Saratoga and Delmar.
14 They run the same time of year that we do.

15 When we get to that point, we want to be able
16 to hold on to that pricing model that we earned
17 Monday, Tuesday, Wednesday and not give back the
18 value of our signal just because we're moving into
19 a new time slot.

20 We believe with another year of matinee racing
21 early week that we're able to earn a stronger
22 foothold nationally and be able to move our
23 presence into the late week and the weekends where
24 there is more market share to get.

25 When Colonial Downs enters those days of the

1 week, we're not going to be generating new handle
2 and new wagerers. We're going to be trying to win
3 a piece of the pie that already exists. That's a
4 long answer to the rationale behind the 2022
5 Monday, Tuesday, Wednesday matinee. We're trying
6 to evolve and mature and address the financial,
7 operational and the long-term strategic needs
8 and improving the value of our race product.

9 COMMISSIONER HUDGINS: So on that thought,
10 have you considered when you say there's not --
11 you're getting the same piece of the pie, you're
12 just moving it around -- that there may be another
13 generation or two coming up that haven't had the
14 experience of being at a track or being involved in
15 this as an entertainment source or as a place to
16 enjoy Virginia?

17 That's a pretty significant group and as I
18 understand it, they're pretty much getting turned
19 off by live racing because it doesn't relate to
20 them and they don't -- they're not brought in to
21 it. I will leave it at that.

22 That's my concern and the fact that if we
23 don't commit to actually doing something now to get
24 to that spot, it will take years to move up. It
25 will not be overnight, but it won't happen at all

1 unless we actually commit to it this year.

2 This is what is going to happen and give it a
3 timeline and do a strategic plan that will get us
4 there. That's all I want to say. I'll leave it to
5 the other commissioners to comment.

6 VICE CHAIRMAN SIEGEL: I would like to say I
7 appreciate Marsha's comments because it answered
8 the questions that I believe you should have
9 answered when you presented, rather than just give
10 us days and ask for a vote or comments, but I
11 personally needed to hear the presentation, the
12 whys as to why it was done that way.

13 This Commission has witnessed the horsemen and
14 the track over a year, many years of constant
15 conflict, and I'm personally thrilled to see that
16 everybody is getting along and playing well
17 together and that the horsemen and the track come
18 to these recommendations and requests in such a
19 fluid way, but I think it's financial.

20 Everybody is making a lot of money, record
21 money, including the horsemen and the racetrack and
22 I'm a capitalist so I believe strongly in that so I
23 don't argue that at all.

24 But there's opportunities given the funds to
25 do better than what we're doing now and I realize

1 the issues with Maryland. At one time, as you
2 know, we had a deal with Maryland that no longer
3 exists, but I'm here to support this request today,
4 but I think you have a year to work that out with
5 Maryland and to come to this Commission with not
6 only race days, but twilight evening racing because
7 this commissioner, for one, will not support this
8 next year.

9 I think that, you know, we have a lot of
10 opportunities here and I think we need to take
11 advantage of them because I think we've pretty much
12 ignored the track experience and the fan
13 experience.

14 I realize that in 2019 we ran on weekends so
15 you actually have more, but we have half the people
16 and half the handle here this past year than we had
17 in 2019 and that's pretty sad.

18 We need to get fans out. You have people that
19 live near Virginia and elsewhere that enjoy coming
20 to the race track. I don't think we're respecting
21 them very much because most people that can come at
22 1:30 on a Monday, Tuesday, Wednesday don't have a
23 job and I think that can impact the handle as well.

24 I think we need to cater to a larger audience
25 and get them out here and enjoy the racetrack and I

1 think Colonial does a really good job for those
2 people that are here. It's a great environment and
3 people enjoy themselves, put on a great show, but I
4 just think it needs to go to a wider audience
5 because that's part of the mission of racing in
6 Virginia, is to entertain people and we need to get
7 large crowds out here and even larger than we might
8 have had in 2019 and we need to figure out a way to
9 do that.

10 CHAIRMAN REYNOLDS: Okay.

11 COMMISSIONER NIXON: One quick question.

12 CHAIRMAN REYNOLDS: Yes, Commissioner Nixon.

13 COMMISSIONER NIXON: When you calculate the
14 attendance on live racing days how do you do that?

15 MR. MARSHALL: We do it by way of a formula on
16 ticket sales and program sales, but we don't have a
17 turn-style.

18 COMMISSIONER NIXON: Okay.

19 MR. MARSHALL: But we know based on tickets
20 that were presold, tickets that were sold same day
21 and programs sold, plus games in play, terminals in
22 play during racing, too, and it aggregates up to an
23 attendance number that we post internally.

24 COMMISSIONER NIXON: Okay.

25 MR. MARSHALL: I don't think we post it

1 externally, but we always have an answer at the end
2 of a race day on how many guests were here.

3 COMMISSIONER NIXON: Okay.

4 MR. PETRAMALO: Excuse me. May I make a few
5 comments?

6 CHAIRMAN REYNOLDS: Yes. I hope so.

7 MR. PETRAMALO: I think it's less getting
8 people to the racetrack. I think it's less
9 an issue of days, Mondays, Wednesdays versus
10 Friday, as it is making this someplace that people
11 want to come for a good experience.

12 To me, you look at places where they get good
13 attendance; Saratoga, Delmar, Monmouth. It's
14 someplace you want to go because you have a good
15 time. Even Delaware. Delaware has got a
16 playground for kids.

17 I think what we've got to do is to enhance the
18 experience, whether that means having pony rides
19 for kids, et cetera. That to me is important.

20 A very important part, from my perspective, is
21 the wagering product that we are offering. It's
22 too complicated and specifically when you try to
23 get new people involved, they pick up a race form
24 and it looks like actuarial tables, for Heaven
25 sakes. It needs to be much more simply set forth.

1 We probably would benefit from fixed odds as
2 opposed to pari-mutuel wagering. All of these
3 things have to go into the mix to make it a place
4 people want to come and enjoy themselves and I
5 don't think it really makes too much difference
6 whether it's Friday, Saturday and Sunday or Monday,
7 Tuesday and Wednesday.

8 Now, I agree it probably makes more sense from
9 the fan perspective to push it up to four or five
10 o'clock as opposed to 1:30, but you've got to give
11 them a reason to come besides the prospect of
12 winning money by betting.

13 VICE CHAIRMAN SIEGEL: I would just say I
14 agree with that. Twilight or evening racing during
15 the week would be better than what we have now or
16 in addition to. Hopefully, we'll run more days
17 next year, but I would agree for lots of reasons
18 that weekend traffic going to the beach is hard on
19 the weekends and families have other things going
20 on often. So I think we could enhance the crowds
21 by doing twilight or evening racing during the
22 week.

23 MR. PETRAMALO: Let me also say something in
24 support of what John mentioned about Colonial's
25 growth on the national scene. We started in 2019,

1 15 days. We raced for \$506,000 a day. This year,
2 21 days, we raced for \$522,000. Next year, 27
3 days. If our projections are correct, we will race
4 for over 600,000 a day. That's major league.

5 In 2023, we should get to our goal, the
6 horsemen's goal of 30 days at probably 600,000
7 plus. That's a big deal and I think Colonial is
8 right when it says, look, at some point we will get
9 to where we're in the same league with Saratoga,
10 Monmouth, et cetera.

11 VICE CHAIRMAN SIEGEL: That's a different
12 question though than getting crowds here.

13 MR. PETRAMALO: Yes. I agree.

14 VICE CHAIRMAN SIEGEL: I'm all in favor of
15 that, but the track experience with the fans
16 doesn't come with that.

17 MR. PETRAMALO: I agree. I just wanted to add
18 that to what John had said about the future.

19 CHAIRMAN REYNOLDS: Do you see a day where we
20 aren't as dependent upon Maryland with 40 percent
21 of the day shippers coming from up there and
22 they're all in the barns up there and then Maryland
23 has leverage over us saying -- we don't want to
24 step on each other's feet, we want to work with
25 them. But is there a day when we stand on our own

1 two feet? Certainly, it makes sense with synergies
2 to go back and forth, but we're not dependent upon
3 them for valets, trainers, attracting horses from
4 all over the place so it's not Maryland-centric so
5 much.

6 MR. PETRAMALO: The problem is in the
7 Mid-Atlantic, we have too much racing and too few
8 horses. That's why we're always competing. I
9 think there would be a solution if we had some
10 cooperative arrangement with Maryland.

11 Now, we've had in effect a de facto
12 arrangement. When we ran Monday through Wednesday,
13 they were running Thursday through Saturday and
14 sometimes Sunday.

15 But I don't think we're ever going to get to
16 the situation where we have our own horse
17 population and we can say the rest of you folks we
18 don't have to worry about because it's not going to
19 be true.

20 Just look at our membership. Probably
21 30 percent of the Virginia HBPA membership are
22 Virginians. The rest are Maryland, West Virginia,
23 New York, et cetera. That's the nature of the
24 business. It's very transitory and I don't see any
25 change, but I think it would make sense sometime in

1 the future if we did have a rationalization of a
2 racing schedule from the Mid-Atlantic so we're not
3 confronted with running on top of each other.

4 Now it may well be -- now this is truly pie in
5 the sky, but it may well be with the advent of the
6 federal regulation of racing that we'll get to some
7 type of centralized planning authority, but short
8 of something like that, there's very little that we
9 can do on our own to eliminate the overruns.

10 COMMISSIONER HUDGINS: I think everything that
11 we're talking about is going to rely on cooperation
12 and collaboration, even if it's informal in the
13 beginning. No one is going to stand and be the
14 bully and fight everybody else and succeed. It's
15 gonna have to be Maryland and New York and
16 everybody getting together and saying, okay, how we
17 want it to be. This won't be easy, but I think we
18 have no choice. That's the way it's gonna work.
19 We can't achieve our goals without that, I think.

20 MR. PETRAMALO: well, hope springs eternal.

21 COMMISSIONER HUDGINS: I'm always hopeful.

22 MS. EASTER: Commissioner, a couple of
23 comments.

24 CHAIRMAN REYNOLDS: All right.

25 MS. EASTER: I don't want you to discount

1 COVID in our 2021 experience. Remember that we
2 didn't even know if we were going to have customers
3 when we first planned racing for 2021. I think
4 that we need to give Colonial the opportunity to
5 market a Monday, Tuesday, Wednesday race season a
6 little better than what chance we had last year.

7 One of the things that worked so much better
8 in 2021 than in '19 was the workforce we had here.
9 As John mentioned, the valets. Everybody that puts
10 on the races, we have to be careful because you
11 guys all know in your businesses what hiring people
12 was like this year. So those are quick comments.

13 I love that you all are talking about
14 Maryland, but maybe I want to kick that back to
15 you. Maybe the commissioners from each state need
16 to have a conversation about that. How can we work
17 better together and then you all can, you know,
18 maybe it's contacting the Maryland commissioners
19 and saying let's start these conversations because
20 they happen at our level and maybe they don't
21 always go as far as we can and you all might be
22 very helpful in those types of conversations.

23 CHAIRMAN REYNOLDS: That's a good point.
24 Commissioner Tanner, I know you wanted to ask a
25 question.

1 COMMISSIONER TANNER: A couple of
2 observations. I think that for us to be able to
3 get the attention of Maryland and New York and
4 other places, we have to have a position of
5 strength from which to deal and I don't know that
6 we're quite where we need to be yet.

7 So the bigger issue is not how do we break up
8 a racing calendar so that Colonial Downs can
9 benefit, but rather how can these commissions come
10 together to grow our sport.

11 I think if we look at things, the pressure on
12 our sport at a national level and we say okay our
13 goal is to grow the popularity of this sport, I
14 think they would be much more willing to do that
15 than say we want to have some days that you have
16 and help us do that. I don't think that's going to
17 help.

18 Two other things in response to your comments,
19 sir. The Loan Star Park, when it was built, if you
20 imagine a shopping mall, the shopping mall has
21 stores in it that appeal to different segments. I
22 go by some and hear the music and I know that is
23 not for me.

24 Loan Star Park was built on the same premiss.
25 The grounds there are very clearly set. The

1 grandstand is clearly defined into spaces to
2 attract different segments of the horse-going
3 population.

4 There's one part that attracts young people.
5 There's live music that plays all night except
6 during the actual race. All of those kinds of
7 things. And there is a family area with a
8 playground and pony rides. They have done I think
9 a reasonable job of attracting people to a track
10 for evening races when it's still over 100 degrees.

11 So I think there are models there that we can
12 take a look at and think about how we can improve
13 the fan experience so that we can improve
14 attendance by different segments.

15 To your point about fixed versus pari-mutuel,
16 I have been to tracks in India where they offer
17 both. It doesn't have to be an either or. You can
18 do both and what that means is that you then have
19 the ability to export an attractive product, but
20 you also give the novice better an opportunity to
21 participate in a more fun and engaging way.

22 So I think there are a lot of solutions, but
23 we are going to have to think and look at a lot of
24 places for examples to find these solutions because
25 I think we all want the same thing. That's a full

1 track and a large handle wherever it comes.

2 CHAIRMAN REYNOLDS: Thank you, Commissioner.
3 Are there any other comments from my fellow
4 commissioners?

5 COMMISSIONER HUDGINS: I'd like to make one
6 more comment. I just want to thank the Colonial
7 Downs Group for really working hard last year to
8 get everything together post-COVID and getting the
9 track ready, getting the people ready.

10 John, thank you. The experience last year was
11 a really good one for me and I think for a number
12 of people and certainly trainers that were coming
13 in.

14 I don't want to sound like I'm always
15 criticizing or saying this is not enough. I mean
16 it isn't, but that's okay. That's just life. I
17 want to thank you all, your entire team for being
18 responsive last year and just showing us that you
19 can make things happen. Thank you.

20 MR. MARSHALL: You're welcome. Jill and the
21 team, it was a team effort to make that happen and
22 the support that ownership had shown to allow us to
23 continue our growth was also appreciated. Thank
24 you.

25 CHAIRMAN REYNOLDS: Thank you. Are there any

1 other comments? Hearing none, this was a great
2 discussion. I think we've got a lot to think about
3 and work on and we will do that.

4 with that, I would like to make a motion for
5 approval of the significant infrastructure limited
6 license of Thoroughbred race days for 2022 as
7 submitted by Colonial Downs Group with the
8 following conditions.

9 The horse racing with pari-mutuel wagering
10 shall be operated in accordance with all
11 representations, plans and specifications as
12 submitted in the application and as described at
13 the Virginia Racing Commission's December 15th
14 meeting and the licensee shall not deviate
15 materially from these representations, plans
16 and specification without the prior consent of the
17 Commission or its executive secretary.

18 Number Two, the horse racing with pari-mutuel
19 wagering shall be operated in accordance with all
20 applicable state and federal statutes and
21 regulations and regulation of the Commission
22 and all local ordinances. Do I hear a second?

23 COMMISSIONER HUDGINS: Second.

24 CHAIRMAN REYNOLDS: All those in favor, say
25 aye.

1 NOTE: The Commission votes aye.

2 CHAIRMAN REYNOLDS: Any opposed? Hearing
3 none, the motion passes unanimously. Good luck
4 next year.

5 MR. MARSHALL: Thank you, Mr. Chairman,
6 members of the Commission. The executive secretary
7 asked because we haven't convened since live racing
8 concluded that we go through a few highlights for
9 live racing.

10 CHAIRMAN REYNOLDS: Before we do that, I would
11 like to quickly recognize the Secretary, Bettina
12 Ring, who is here today. She needs to leave at
13 11:45. Is she still here?

14 We wanted to thank you for all you've done and
15 the Commonwealth has done to support the industry
16 in Virginia and supporting the Commission and just
17 wanted to recognize you and thank you.

18 MS. RING: Thank you, Mr. Chairman.

19 CHAIRMAN REYNOLDS: If you would like to say
20 anything?

21 MS. RING: I would love to say a few words.

22 CHAIRMAN REYNOLDS: There's a podium right
23 there.

24 MS. RING: Thank you very much, Mr. Chairman.
25 I'm sorry for the interruption. It seems to be one

1 of those days. It's the end of the year for the
2 administration, but also a mini budget
3 announcement, so I'm coming from Charles City
4 County. I'm headed back to the office for a press
5 conference so I have a very limited window.

6 It seems like the stars have never been
7 aligned for me to be able to really be present at
8 your board meetings like I'd like to be.
9 Fortunately, our deputy secretary at the time, Brad
10 Copenhaver, was a tremendous resource and truly a
11 joy being able to be here with you as we were going
12 through some challenging times together. Brad says
13 hello. He's now our ad commissioner down at VDACS
14 and doing a wonderful job.

15 I wanted to take just a moment to thank you
16 all for your leadership. The commissioners, some
17 that have been engaged for a very long time, some
18 of our newer commissioners that have come on board
19 and have been so engaged and diving right in.

20 I would like to thank David Lermond for his
21 leadership and the entire team at VRC because it
22 really is a group effort. I look around the room
23 and see Debbie and Jeb and others that have been
24 partners through this. Colonial Downs,
25 congratulations for the progress that you've made

1 and where we are today.

2 Four years ago, I know we had some challenging
3 times to get to this point, but you all made that
4 happen and I know there's a very bright future
5 ahead because of the way you're working together
6 and it's really music to my ears to hear you talk
7 about getting together with commissioners in other
8 states and working in a collaborative way to grow
9 the industry, to grow racing and then we'll be able
10 to be even more successful in Virginia.

11 You all have done a tremendous job. I look
12 forward to continuing to watch the evolution of
13 that and I thank you especially because of COVID
14 and the challenges that have hit you how you
15 handled that across the state, not just here at
16 Colonial Downs, but then also thinking about as
17 Debbie mentioned all of the challenges around our
18 workforce and labor.

19 I know we're going to have some challenges
20 moving forward, but we'll hopefully be able to get
21 through that together and get this on the other
22 side of us so we're still not wearing these masks
23 and worrying about protecting each other.

24 Thank you again. I wish you the very best.
25 I'm sorry to run in and out, but I appreciate you

1 giving me the time to say a few words. Keep up the
2 good work.

3 CHAIRMAN REYNOLDS: Thank you, Madam
4 Secretary. We wish you well in your future
5 endeavors.

6 Mr. Marshall, you may continue. I'm sorry to
7 interrupt you, but I think it was well worth it.

8 MR. MARSHALL: Certainly worth it. Thank you,
9 Mr. Chairman. So to touch on a few highlights from
10 last year. Total handle was 47.1 million versus
11 17.5 in 2019; granted 21 days versus 15 days. The
12 record daily average was 2.240 per day versus 1.2
13 in 2019.

14 Colonial Downs had issued 10.4 million in
15 purses paid, averaging like Frank said 522 per day.
16 The highest moneys earned by horse trainer, jockey
17 or owner in Virginia history. We produced the
18 largest non-Virginia derby handle of 3.4 on closing
19 day, thanks to a lot of Virginia-bred efforts
20 carrying the workload that day on the card.

21 We averaged 8.36 starters per race, versus the
22 national average of 7.16 during the same time
23 period of last year. That's 8.95 on the turf and
24 6.8 on the dirt. The turf month number is very
25 impressive.

1 We have continued our reputable safety record
2 of over 205 races and 60 training days. A lot of
3 thanks goes to Dr. Ada and Racing Commission staff
4 for maintaining our safety record, Jill, Ken Brown
5 and team for doing the right things, putting us in
6 a position to help lead the HISA efforts
7 nationally.

8 We had 725 horses stabled on the grounds, 148
9 turf races and 57 dirt races. Several new track
10 records fell on the dirt and the turf.

11 We showcased ten Virginia-bred stakes with
12 \$1 million in purses and for the first time played
13 host to the Match Series, which we're already in
14 discussions with the organization for 2022.

15 Colonial Downs and the VHBPA jointly donated
16 over \$50,000 to Thoroughbred aftercare this year,
17 which we were very happy to do, and we also entered
18 a multi-year partnership with the Jockeys Guild,
19 which had not existed before.

20 An exciting development halfway through the
21 meet is that we entered a naming right deal with
22 Woodford Reserve, which will be the naming sponsor
23 of the 2022 live race meet.

24 At the request of this commission before the
25 meet started, we conducted a survey amongst

1 trainers stabled on the grounds in an attempt to
2 improve our horsemen's services. The results are
3 on the screen before you. So out of five, we are
4 rated 4.8 on stabling facilities, 4.0 training and
5 racing services and 4.6 on the racing secretary's
6 office. The track kitchen rated a 3.6 stars
7 and dorms and bath houses 3.6 and race day
8 ticketing and dining 4.0.

9 So it definitely identified some improvement
10 areas for us to hone in on, which we will be
11 working on into the new year.

12 A couple of comments in the survey because
13 there is a section for comments I wanted to share.
14 One trainer said: Overall, a top-notch racing
15 experience. By far the best racing experience on
16 the east coast. We're happy to satisfy that
17 person.

18 A second one said, I commend everyone involved
19 in racing at Colonial. First class environment for
20 horses, which is exactly what we were going for.

21 To wrap up the significant infrastructure
22 piece on the agenda. Every year, Richmond Regional
23 Tourism has a sports banquet. This year's banquet
24 coming up in February, a nominee for the male
25 athlete of the year is Horacio Karamanos, the

1 leading jockey for the last meet and all-time
2 winningest jockey at Colonial Downs.

3 Also nominated for the sports moment of the
4 year for the region is the Virginia Derby. So we
5 will stay tuned to see how our nominees do at this
6 year's banquet. Thank you, David.

7 CHAIRMAN REYNOLDS: Thank you, Mr. Marshall.

8 COMMISSIONER HUDGINS: Excuse me. I do want
9 to ask you a question, John. The surveys that you
10 sent out, and you just gave us two examples of some
11 very happy trainers, were there any comments in
12 that group that showed areas that we could improve?
13 I don't want to put you on the spot or anything
14 like that, but just for our own understanding of
15 what trainers see as something that we need to do
16 better.

17 MR. MARSHALL: Yes. So it was an
18 overwhelmingly positive response and of course from
19 time to time you'll have somebody who may not have
20 won a race that day with a different attitude.

21 COMMISSIONER HUDGINS: Well, sure. We want to
22 hear from them, too.

23 MR. MARSHALL: Yes. There are a list of
24 improvement recommendations that were not put on
25 the screen that we're happy to go over another

1 time.

2 COMMISSIONER HUDGINS: Could you give us a
3 brief summary now of just the highs?

4 MR. MARSHALL: Like an example, some
5 participants have a different opinion on the
6 licensing process.

7 COMMISSIONER HUDGINS: Okay.

8 MR. MARSHALL: So those are things that we
9 could dial in on. Some trainers have a different
10 opinion on the process to allocate dorms, which is
11 a comment that we've taken seriously that we will
12 work on.

13 COMMISSIONER HUDGINS: Okay.

14 MR. MARSHALL: The conditions can always be
15 better. You know, they're never perfect. It's
16 an imperfect game. It's an imperfect world. We
17 understand that. Surfaces can be different. Some
18 people have different opinions on when you float
19 and when you narrow, so there are a lot of fine
20 points in those responses for us to work on.

21 COMMISSIONER HUDGINS: But anything that
22 stands out to you as an area we should focus on in
23 the year coming up?

24 MR. MARSHALL: Yes. Jill is a little more
25 closer to those responses. Please, Jill.

1 MS. BYRNE: I think some of the comments were
2 more infrastructure related. If they're not
3 already in the works now, they are for the winter
4 time projects. The PA system in the barns, that
5 entire structure is going to be replaced. Our IT
6 team has taken over that project. That's a safety
7 issue as well, so very important that that gets
8 addressed.

9 To a smaller thing, pardon the pun, but the
10 speed bump at the exit gate for the horses on the
11 van. Things like that that will be removed. Those
12 were just some of the comments that are more
13 related to very fixable items.

14 COMMISSIONER HUDGINS: Sure.

15 MS. BYRNE: Really though otherwise, very
16 complimentary of the stable area, the track
17 surfaces. I think one other thing was lighting,
18 which has also been addressed. There were some
19 lighting issues on the back stretch.

20 COMMISSIONER HUDGINS: Could you let us know
21 as a Commission? Could you give us a list of the
22 infrastructure issues as you see them, you two, and
23 some kind of time schedule as to how you're going
24 to deal with them and when?

25 MS. BYRNE: I can tell you right now an

1 ongoing project is the drainage system and our
2 entire team has worked on that and if anybody would
3 like to take a tour of the backstretch, I'll be
4 glad to show them.

5 We replaced all the infrastructure drainage
6 issues that were old, collapsed in between the
7 barns, the DIS. So all of that are projects we've
8 been working on in-house with our crew and our
9 team. They've done a remarkable job on that to
10 help with the flooding issue, the grading back
11 there to help water that stands. All of those kind
12 of things are --

13 COMMISSIONER HUDGINS: You're singing my song.
14 I will be happy to come by and take a tour with you
15 on that.

16 MS. BYRNE: I would love to give you a tour.
17 I wanted to make one comment. Again, it's a
18 positive comment, but I think that it just
19 resonates to the entire teamwork here from the
20 Commission, the vets, everybody involved, Debbie,
21 Jeb, all the teams, horsemen, Frank specifically,
22 the HBPA.

23 We had a lot of new trainers at Colonial this
24 year from Kentucky when Churchill closed down. A
25 lot of new trainers from other jurisdictions as

1 well who had never been here before.

2 The one thing they said, because as John
3 mentioned, everybody has an opinion on something
4 and they will always have a comment to make. When
5 they asked about something or commented on
6 something they thought needed addressed, we made
7 an effort to do that and all these trainers came to
8 me and horsemen and said the biggest thing was that
9 we listened, we were out there every day and we
10 made an effort to fix it.

11 Brett Calhoun from Kentucky specifically said
12 you can talk to other jurisdictions and they'll
13 say, yep, yep, got it, and turn their back and walk
14 away and it'll never get addressed and they
15 genuinely felt everybody in this entire room, all
16 of our team, track, everybody wants to make a
17 difference and make things happen. So a great deal
18 of pride and support from everybody here in doing
19 that.

20 COMMISSIONER HUDGINS: Thank you, Jill.

21 CHAIRMAN REYNOLDS: Thank you. I'd like to
22 try to move on to the next agenda item. Thank you
23 for those comments.

24 Next behind Tab Three on the agenda is request
25 for approval of licenses to conduct pari-mutuel

1 waging on Historical Horse Racing at Rosie's in
2 New Kent, Rosie's in Richmond, Rosie's in Vinton,
3 Rosie's in Hampton and Rosie's in Dumfries and
4 Rosie's in Collinsville in 2022 submitted by the
5 Colonial Downs Group.

6 When we make a motion and a second, we will be
7 approving, hopefully, or declining all six at once.
8 So that's how I'd like to do it. I'll turn it over
9 to Mr. Lermond.

10 MR. LERMOND: Thank you, Mr. Chairman. Before
11 I make comments, John, did you want to briefly
12 just -- do you have a slide on Vinton that you'd
13 like to show? Expansion of Vinton?

14 MR. MARSHALL: I do. Thank you, David.

15 MR. LERMOND: That would be great.

16 MR. MARSHALL: So a week ago Wednesday, we
17 opened a significant expansion space in Vinton and
18 no one here has had an opportunity to see so we
19 wanted to share.

20 So the new infrastructure has a parking
21 garage, a 200 car parking garage. This is the
22 new addition, this is the former addition. That's
23 a good exterior shot. Here you can see the new
24 entrance into the facility. It's a straight egress
25 into the front doors. No more steps or porch.

1 straight from the parking garage or the parking lot
2 into the front.

3 This is an overhead layout of the games. The
4 shaded area is the new space. The white area here
5 is the former space and we've increased from 150
6 games up to 381 today. There's a phase two to get
7 us to 500 by New Year's eve.

8 The thing about Vinton is Vinton has the
9 newest terminals available in Virginia. They have
10 terminals and themes that the other locations do
11 not. By virtue of timing, the other locations will
12 catch up.

13 We've got a new bar. Expansion space that is
14 very expansive and room to move. A contained
15 smoking room which you can see the door there. The
16 smoking room has 150 games in it, which the prior
17 facility only had 150 games in it. Here we have
18 150 smoking terminals.

19 Here is a stage with -- it's being used for
20 entertainment and our plan is to use entertainment
21 regularly on weekends to drive a new audience to
22 the location. Like I said, a very spacious floor.
23 We can't wait for you to come and visit. Thank
24 you, David.

25 MR. LERMOND: Thank you, John.

1 well, 2021 was a very good year for Historical
2 Horse Racing in the Commonwealth. We started in
3 early January with the opening of Dumfries Rosie's,
4 which has proven to be very successful.

5 In late July, they opened the mini Rosie's at
6 Collinsville which we are all familiar with that we
7 approved in the June meeting, and as John just
8 alluded to, the expansion in Vinton, which our
9 staff member, Joe Rudisill, was there for the
10 opening and Rhonda Davis was there the day after to
11 license some extra people, and both of them came
12 back with very positive comments.

13 I don't know if some of the commissioners -- I
14 sent out yesterday that brief news article which
15 had gone in the area which was very positive.

16 The other thing that I think is worth
17 mentioning is kind of impressive is that through
18 November of this year, the total wagering through
19 Historical Horse Racing was \$2.9 billion and that
20 compares with 1.4 billion for the same 11 months
21 last year.

22 Part of that is because of COVID in 2020.
23 There were restrictions on the number of terminals
24 and things, but still, I mean that increase is just
25 very impressive.

1 As far as the applications go, we did receive
2 applications in this nice notebook that Mindi put
3 together. It's a little bit of a new format where
4 she combined things if there were the same answer
5 for all six rather than list each one. So the
6 short of it is I think we've saved a few trees on
7 that and too bad the Secretary wasn't here to hear
8 that.

9 So the application again contained all of the
10 information that is required. Staff has reviewed
11 it and unless there are any other questions from
12 any of the commissioners, I'll seek a motion to
13 approve those in one fell swoop.

14 CHAIRMAN REYNOLDS: Are there any comments
15 from my fellow commissioners? Any questions? I
16 read the staff report and according to the staff
17 report, it looks like we've got 2,686 machines.
18 I'm not sure what the max is, but that's impressive
19 and according to you all's' projections for next
20 year, we're talking about \$3.966 billion going
21 through those machines, which I think is absolutely
22 incredible.

23 So it does mean there's a lot of money at
24 stake, so hopefully we'll all be good stewards of
25 it going forward. Well done. You all have done a

1 great job. Are there any other comments?

2 Mr. Marshall.

3 MR. MARSHALL: Thank you, Mr. Chairman. If I
4 may add that compliance is our number one priority,
5 followed by safety and cleanliness in that order
6 and we make every effort in everything we do to be
7 fully compliant with the guidelines set forth by
8 this Commission and executed by staff and I would
9 like to think that our team, by Jeff Townsend
10 heading up our gaming operations and Mindi Townsend
11 working with the Commission, it has been a very
12 good relationship and being held to the standard of
13 compliance and safety that comes along with the
14 benefits of generating that volume of business.

15 So I did want to commend this Commission and
16 the standard operating procedures, the internal
17 controls, regulations and the enforcement of all of
18 those holding us accountable that is being done day
19 in and day out. Thank you.

20 VICE CHAIRMAN SIEGEL: To Sarge's point about
21 the maximum machines. I know at one time when
22 Vinton opened, there were way less machines than we
23 needed and obviously that has changed. So what
24 happened? Perhaps I should know the answer to this
25 question, but what happened to those limits and

1 what are they now?

2 MR. MARSHALL: The limits have not changed by
3 municipality. We follow the guidelines in Chapter
4 47 of the regulation, but what has changed is the
5 cap in-state. The number of games we're permitted
6 to floor in the state was once 3,000 and now we're
7 working with a cap of 5,000. The number of
8 licenses available has not changed.

9 MR. PETRAMALO: I might comment with regard to
10 the statute. The statute only allowed 150 in
11 Vinton. There was a subsequent legislative change
12 that permitted a maximum of 500 in Vinton.

13 VICE CHAIRMAN SIEGEL: So there was a change?

14 MR. PETRAMALO: Yes. And the same with regard
15 to Dumfries. Dumfries was 150. It is now,
16 depending on how you read the statute, either 1,650
17 or 1,800.

18 CHAIRMAN REYNOLDS: Thank you.

19 MR. MARSHALL: That's correct.

20 MR. LERMOND: Mr. Petramalo is correct.
21 Because that language was put in the casino bill,
22 we incorporated that into our regulations in
23 Chapter 47 before we went final with those and that
24 was last year. So they're well within the limits
25 of the 500.

1 John, you really took the words right out of
2 my mouth. I was just going to say that the Rosie's
3 places are so well run, managed. They provide a
4 very safe and clean atmosphere for the guests.

5 You know, we require Colonial Downs to notify
6 us on certain things and they are very good about
7 that. I know it keeps Mindi busy sometimes and
8 really, the biggest issue we see is when somebody
9 walks away from their terminal and they leave the
10 ticket in there.

11 But thanks to the incredible surveillance
12 and security measures that Colonial has in place,
13 more times than not, the person that did take that
14 ticket is identified because their license was
15 scanned when they walked in the door and they can
16 follow them back to that point in time and they
17 either return the money or I think they're not
18 asked to come back is the either or there.

19 So again, it's just a great working
20 relationship that we have with John and his staff,
21 and again, I do commend them and I would echo
22 everything that John just said.

23 So with that, I would seek a motion to approve
24 the licenses to conduct pari-mutuel wagering on
25 Historical Horse Racing at Rosie's New Kent,

1 Rosie's Richmond, Rosie's Vinton, Rosie's Hampton,
2 Rosie's Dumfries and Rosie's Collinsville for 2022
3 with the following two conditions.

4 Pari-mutuel on Historical Horse Racing shall
5 be operated in accordance with all representations,
6 plans and specifications as submitted in the
7 applications and as described at the Virginia
8 Racing Commission's December 15 meeting and that
9 the licensee shall not deviate materially from
10 these representations, plans and specifications
11 without the prior consent of the Commission or its
12 executive secretary and also that the pari-mutuel
13 wagering on Historical Horse Racing shall be
14 operated in accordance with all applicable state
15 and federal statutes and regulations, the
16 regulations of the Commission and all local
17 ordinances.

18 CHAIRMAN REYNOLDS: would any of my fellow
19 commissioners like to make a motion?

20 VICE CHAIRMAN SIEGEL: I'll approve it.

21 COMMISSIONER NIXON: Second.

22 CHAIRMAN REYNOLDS: we have a motion and a
23 second. All those in favor, say aye.

24 NOTE: The Commission votes aye.

25 CHAIRMAN REYNOLDS: Any opposed? Hearing

1 none, the motion carries unanimously. Thank you
2 all.

3 MR. MARSHALL: Thank you.

4 CHAIRMAN REYNOLDS: Next on the list is the
5 approval of 2022 advanced deposit wagering license
6 renewals for TwinSpires, TVG, Xpressbet and
7 NYRabets. I think we would like to talk about that
8 and make a motion for all four bundled.

9 Mr. Lermond.

10 MR. LERMOND: Thank you, Mr. Chairman. We
11 received ADW renewal applications from TwinSpires,
12 TVG, Xpressbet and NYRabets on or before the
13 deadline of December 1st. Also, they were
14 accompanied by the \$1,000 renewal fee.

15 Most of these licensees have been with us for
16 many, many years and I guess you could almost put
17 NYRabets in that category. This is their fourth or
18 fifth year that they have been licensed by us.

19 The opposite was true with ADW. In 2020, the
20 ADW handle was up a little over 50 percent over the
21 year before and I think that was mainly because
22 people were stuck at home with COVID, didn't want
23 to go out to the brick and mortar locations.

24 I was afraid that might flip flop back this
25 year, but we're only through November. They're

1 only down five percent of the great number that
2 they had the year before, so that's really great
3 that we were able to hold on to that increase in
4 ADW.

5 These are the big four ADW license providers.
6 We don't have any trouble or any issues with them
7 at all and unless there were any further questions,
8 I would request -- seek a motion to approve the ADW
9 license renewal applications for 2022 for
10 TwinSpires, TVG, Xpressbet and NYRabets.

11 CHAIRMAN REYNOLDS: Before anybody makes a
12 motion, are there any comments or questions? I
13 have a quick one. Frank, I remember back when I
14 was chairman a long time ago, there was always a
15 lot of haggling back and forth about percentages
16 and takeout and money back to them. Has that all
17 gone smoothly the last four or five years?

18 MR. PETRAMALO: Yes, but let me quickly add we
19 have what I call rebate contracts with all four.
20 Except for TVG, all three of the other three expire
21 at the end of this year. We are currently in
22 negotiations to extend the new dates.

23 CHAIRMAN REYNOLDS: They expire at the end of
24 this year?

25 MR. PETRAMALO: Yes.

1 CHAIRMAN REYNOLDS: So we're approving this
2 for next year, but do you have an agreement for
3 next year?

4 MR. PETRAMALO: No. That's what we're working
5 on.

6 CHAIRMAN REYNOLDS: Okay.

7 MR. LERMOND: That's not a requirement, Sarge.

8 CHAIRMAN REYNOLDS: Okay. So all we're really
9 doing is approving their licenses to do business in
10 Virginia for the next year.

11 MR. PETRAMALO: Yes.

12 CHAIRMAN REYNOLDS: The rest of it is up to --

13 MR. LERMOND: The agreement is between those
14 two parties.

15 CHAIRMAN REYNOLDS: Okay.

16 MR. LERMOND: Thank you.

17 CHAIRMAN REYNOLDS: Any other comments? Do I
18 hear a motion to approve?

19 VICE CHAIRMAN SIEGEL: So moved.

20 COMMISSIONER HUDGINS: Second.

21 CHAIRMAN REYNOLDS: Seconded by Commissioner
22 Hudgins. All those in favor, say aye.

23 NOTE: The Commission votes aye.

24 CHAIRMAN REYNOLDS: Any opposed? Hearing
25 none, the motion carries. Thank you, Mr. Lermond.

1 MR. LERMOND: Thank you.

2 CHAIRMAN REYNOLDS: Next on the agenda is
3 request for approval of the VEA operating budget
4 for 2022, which you'll find behind Tab Number Four.
5 Ms. Easter, if you would present, please.

6 MS. EASTER: I will turn that over to
7 Mr. Hannum.

8 CHAIRMAN REYNOLDS: Mr. Hannum.

9 MR. HANNUM: Mr. Chairman, do you want me to
10 come up to the podium?

11 CHAIRMAN REYNOLDS: Sure. Or wherever
12 everybody can hear you best. You can do that or
13 take the microphone. It's up to you.

14 MR. HANNUM: So Mr. Chairman, maybe I'll just
15 speak to how the budget is structured, which I
16 think is important for the commissioners to
17 understand, and then I can go through some of the
18 highlights, if that's okay.

19 CHAIRMAN REYNOLDS: Yes.

20 MR. HANNUM: So what I'm looking at, and I
21 hope we've all got the same version, mine has our
22 budget for this year and what we projected and then
23 the budget for next year, so that's what I'll look
24 at. Then it has numbers on the far left-hand side
25 which I will refer to periodically about specific

1 line items, but just so you understand how we put
2 the budget together.

3 Essentially, we look at it as the top part of
4 the budget and the bottom part of the budget. What
5 we do with the top part is that's our expenses for
6 race day, the incentive programs which I will get
7 in to, marketing, just the administrative expenses
8 of running the organization, grants, et cetera.

9 Then with all the money that we have left
10 over, that money is then split 80/20 between the
11 Thoroughbred and the harness horsemen. That's per
12 an agreement that we reached a few years ago when
13 we knew we were going to have these excess funds
14 and we were -- the Thoroughbred folks were going to
15 be racing again and we knew that the Standardbred
16 horsemen would be increasing their number of days
17 out at Shenandoah, so we felt that we needed to
18 have some sort of formula for how those funds were
19 allocated, so that's how we got to the 80/20 split.

20 I can get into the specifics a little bit of
21 budget. So I'm looking at the approved budget
22 right in the center of the page. If you look at
23 Lines One through Eight, that's the revenue. I'll
24 just sort of hit the highlights and just interrupt
25 me if you want me to focus on something or expand.

1 Line Five, it says Colonial OTB Agreement.
2 That's \$2.5 million a year we receive from
3 Colonial. For some of the commissioners, you'll
4 remember the VEA used to operate the OTBs and so
5 the significant value probably in those OTBs was
6 the license itself.

7 So we essentially relinquished or we sold the
8 licenses to Colonial Downs when they came to
9 Virginia, so that is the payment which we received
10 for five years of the date of signing the contract.
11 So we have another -- I think we have two more
12 years left of that \$2.5 million.

13 The next line, Line Six, is the money that we
14 expect to receive per the VEA's contract with
15 Colonial for our percentage of HHR revenue. So
16 what we're estimating for next year will be a
17 little over \$21 million.

18 So getting down into expenses. Starting at
19 Line Nine through 13, here we have expenses for the
20 harness racing out at Shenandoah. So Line Ten,
21 that big number there, 680,000, so that's the funds
22 for the VEA to support the Shenandoah Downs racing.
23 That's all the expenses with the staffing and the
24 temporary stalls and all the things that go along
25 with it.

1 So if you sort of think of the VEA as the
2 racetrack, we're paying for the expense to put on
3 the races out in Woodstock.

4 CHAIRMAN REYNOLDS: So that's double what you
5 had projected through the end of this year. Can
6 you explain that increase for next year? Is it
7 more race days?

8 MR. HANNUM: Yes. So this year we did ten
9 days and then next year we're hoping to do 20 days.
10 So we would have our license request in to the
11 Commission in the first quarter or early in the
12 second quarter of next year and that's how we've
13 been doing the last few years. So we're hoping to
14 do 20 days next year.

15 So Line 13, for example, Virginia NSA
16 Steeplechase race is 500,000, so all of the NSA
17 sanctioned Virginia Steeplechase meets will receive
18 \$100,000 from the VEA to support their operations
19 and their expenses.

20 So I just point that out because this is just
21 another way of the VEA board wanting to support as
22 many different components of the racing industry as
23 we can. So that number has gone up from this year.

24 I think that for some of these numbers, what
25 we're looking at for 2022 will probably be sort of

1 consistent over the next couple of years where
2 we've seen some pretty big jumps from last year to
3 next year and I wouldn't anticipate those same
4 percentage increases would continue like that. So
5 I think some of these numbers will be similar over
6 the next couple of years as things sort of
7 stabilize.

8 CHAIRMAN REYNOLDS: Is it jumping up because
9 you all have more money to give away now?

10 MR. HANNUM: Yes.

11 CHAIRMAN REYNOLDS: What do they do with the
12 money? Is it going to purses or race day expenses?

13 MR. HANNUM: Yes. It's going to their purses.
14 It's everybody but the Gold Cup. So Foxfield,
15 Montpelier, Middleburg, they all receive 100,000
16 per race meet.

17 Line 12, you can see the Virginia Gold Cup.
18 They received 750,000 for their two days. That
19 includes covering their expenses at Great Meadow
20 where they run the races. It covers purses and it
21 covers the costs associated with the pari-mutuel
22 wagering.

23 So it just speaks to VEA's support for the
24 entire Steeplechase community, not just singularly
25 the Gold Cup.

1 CHAIRMAN REYNOLDS: And the Commission doesn't
2 have jurisdiction over the Steeplechase races,
3 other than the Gold Cup because there's no
4 pari-mutuel wagering?

5 MR. HANNUM: That's correct.

6 CHAIRMAN REYNOLDS: Okay.

7 MR. HANNUM: Then just as John and Jill spoke
8 about infrastructure and ongoing expenses here at
9 Colonial, Lines 15, 16 and 17 speak to the costs
10 the VEA picks up in terms of what is needed to
11 maintain safe racing out at Shenandoah.

12 Line 16, the pad site, 200,000. So that is a
13 one-off for next year. What has happened out at
14 Shenandoah is that the infrastructure there has
15 really become sort of maxed out in terms of what we
16 can do on a temporary basis and we've had temporary
17 stalls and tents out in the parking lot which has
18 worked fine, but we've had situations where we get
19 a lot of rain and the stalls are overrun with water
20 which is obviously not acceptable.

21 So we're putting in an elevated pad site with
22 drainage and water and so that will get all of the
23 temporary stalls up off the ground up on a safe
24 place and that will be much better as we get into
25 an extended meet next year.

1 CHAIRMAN REYNOLDS: I was up there last year
2 for a day and it was extremely muddy out there.

3 MR. HANNUM: Yes.

4 CHAIRMAN REYNOLDS: Lermond got his golf cart
5 stuck a couple times.

6 MR. HANNUM: So anyway, we're aware of that
7 need. Starting on Line 19, 2021, we have this
8 category titled Incentive Bonuses. It's really the
9 certify programs. The numbers that we have are the
10 estimates for what we're going to need, but they're
11 also reflective of the agreement that we
12 established amongst the HBPA and the VHHA.

13 Much like the 80/20 split on funds that are
14 left over, these incentive bonuses, because it's a
15 lot of money, we have a formula over the next five
16 years as to how much we'll allocate per the
17 respective programs so they're not open ended.

18 So the VTA and the VHHA, they're constantly
19 tracking what they anticipate spending and having
20 to make tweaks as necessary so we can stay in
21 budget.

22 Starting at Line 23 through 35, these are
23 miscellaneous expenses for running the
24 organization. Line 28, that's a budget that
25 includes our annual audit, our legal expenses and

1 government affairs representation.

2 Line 31 is our expenses with Easter Associates
3 for managing the back office of the VEA, which they
4 do a fabulous job doing. That includes government
5 affairs for them as well.

6 Line 36, you'll see a big jump there. That's
7 for marketing. That includes all the different
8 things we do, including Shenandoah. We put in some
9 extra funds there because we want to take a look at
10 what the other things we can do to promote racing.
11 I think it speaks to things the commissioner was
12 speaking about earlier in terms of the fan
13 experience.

14 For so long the industry really hasn't
15 promoted itself well, particularly to a younger
16 audience, so we're going to be looking at some
17 things that the VEA can do to promote racing both
18 at Colonial and Shenandoah. So we'll keep you
19 informed of that and those plans are under
20 consideration.

21 Then the last couple items, we have funds for
22 horse retirement programs. We support the Point To
23 Points, which the commissioners may know the minor
24 leagues of the Steeplechase racing.

25 Then Line 42 is grants, so we'll do a grant to

1 the Horse Center as we've done the last few years,
2 and then we have money that we use to support other
3 equine-related groups.

4 For example, we made a grant this year to
5 the New Day Equine Facility that is an organization
6 in Ashland that provides therapeutic riding for
7 children that are going through cancer treatment.
8 We also support this year a Standardbred retirement
9 facility. It's the only one in Virginia.

10 So we're looking to do as much as we can for
11 as many different components of the racing
12 industry, but also the sort of broader equine
13 industry as well.

14 So importantly, if you look at the bottom of
15 the budget, you'll see 17.7 million right there at
16 the very bottom in the center. Then that number
17 comes back up at the top. So if you look at the
18 budget at the top right-hand corner, you'll see the
19 17.7 million again under 2022 budget.

20 We take out some money for the VEA just to
21 have in reserve and then the available funds, 17.4,
22 80 percent of that goes to the HBPA and 20 percent
23 goes to the VHHA for their purses. So that's how
24 the budget works.

25 VICE CHAIRMAN SIEGEL: Jeb, Line 23 and 25,

1 salaries and Benefits; over 25 percent of this
2 budget. Can you give us some enlightenment about
3 that?

4 MR. HANNUM: well, we put in an increase on
5 salaries for next year. Right now, the VEA only
6 has three full-time employees, so we're a pretty
7 small organization when you consider all the things
8 that we're doing.

9 So we put in extra money for salaries for next
10 year in the thought that we might hire somebody
11 whether full-time or part-time to look at some of
12 the promotional activities that we're thinking
13 about under the marketing budget. So that's why
14 there's an increase there.

15 VICE CHAIRMAN SIEGEL: That 450,000, that's
16 three people.

17 MR. HANNUM: well, so we have obviously our
18 taxes and we have --

19 VICE CHAIRMAN SIEGEL: I was talking about
20 salaries and benefits. Taxes are a different line.

21 MR. HANNUM: So what's your question?

22 VICE CHAIRMAN SIEGEL: Salaries and benefits
23 are \$450,000. It may very well be right, but I
24 just note you have three employees.

25 MR. HANNUM: Yes.

1 VICE CHAIRMAN SIEGEL: And that maintains
2 those three employees?

3 MR. HANNUM: Correct.

4 CHAIRMAN REYNOLDS: That will be four.

5 VICE CHAIRMAN SIEGEL: The budget adds a
6 fourth one?

7 MR. HANNUM: Right. Yes.

8 VICE CHAIRMAN SIEGEL: Last year's budget was
9 for three?

10 MR. HANNUM: Correct.

11 CHAIRMAN REYNOLDS: Is that it?

12 MR. HANNUM: Yes, sir.

13 CHAIRMAN REYNOLDS: All right. Thank you,
14 Mr. Hannum. Are there any comments or questions
15 from other commissioners?

16 COMMISSIONER TANNER: I just have one on the
17 Point To Points. That's a significant increase.
18 Was there any particular project in mind or is this
19 always based on the availability of funds?

20 MR. HANNUM: So there are eight Point To
21 Points scheduled to race next year, so each of them
22 will receive \$10,000 and that's for maintaining
23 their courses, building new fences, infrastructure.

24 The feedback that we have received from these
25 different Point To Points is that has been

1 enormously helpful to enable them to keep racing,
2 particularly through COVID when they didn't have
3 any sponsorships or really anyone coming to buy
4 tickets in the traditional way.

5 The Point To Points are all volunteer groups
6 operating on very limited funds, but in many ways,
7 they're no different than an officially sanctioned
8 NSA meet. It's just they're not under the official
9 rules of the National Steeplechase Association.

10 Sometimes they're even at the same courses,
11 but they're the same horsemen, jockeys,
12 participants, but they have a much tighter budget
13 that they're operating on.

14 So what we want to do is make sure we don't
15 lose any Point To Points just through the fact that
16 they can't afford to operate anymore and so these
17 funds we hope will keep the eight Point To Points
18 going and they're the training ground for the new
19 horses and for the horsemen, so we feel it's a
20 really important part of the overall steeplechase
21 community.

22 COMMISSIONER TANNER: I'm glad to see it and I
23 am also glad to see that when you're having a good
24 year you're increasing support for the horse safety
25 and so forth.

1 MR. HANNUM: This number, as I mentioned
2 earlier, this is not something -- it's up to the
3 board. I wouldn't anticipate that 80,000 probably
4 increasing. You know, I think that's probably the
5 number that we would go with for the next couple of
6 years as with some of the other numbers here.

7 The VEA budget has grown from zero in 2014 to
8 close to 30 million in revenue now, so it's a
9 pretty phenomenal increase and reflective of how
10 much has changed in such a short period of time.
11 So the budget is sort of establishing itself, as
12 these things do.

13 COMMISSIONER HUDGINS: I have a question, Jeb.
14 Just one for educational purposes. The Gold Cup
15 funding was for race day operations, so that does
16 not go to any infrastructure or track maintenance
17 or anything, does it? Or does it?

18 MR. HANNUM: Well, what it does is they have a
19 lease with Great Meadow Foundation, which is a
20 separation foundation. So the \$750,000 is split
21 between two days of racing. It helps offset the
22 cost of the rent to be at Great Meadow, the cost of
23 the pari-mutuels.

24 It's very expensive to bring in the
25 pari-mutuels for two days and then for purses as

1 well. So it's the least support betting
2 and purses.

3 COMMISSIONER HUDGINS: The reason I ask is
4 because my most recent experience there, and I've
5 gone many years to that particular place. The
6 infrastructure looks like it needs some improvement
7 and I'm concerned about how much is actually being
8 done. I think that's Great Meadow's job, but I
9 don't know if they're funding it.

10 I don't know what's going on, but there are
11 safety issues that I think we noticed while we were
12 out there that it doesn't look like maybe it should
13 keep going on in that direction for very long. I
14 don't know what kind of say we have in any of that.

15 MR. HANNUM: Well, so the Gold Cup,
16 Dr. Allison here is the chairman of the Gold Cup,
17 so he can speak to it more specifically, but he has
18 a lease with Great Meadow which would include all
19 of the responsibilities of all the different
20 parties and I can just say Great Meadow I think has
21 struggled under the pressures of COVID over the
22 last two years. Most of their events have had to
23 be canceled so they have been under some financial
24 pressure.

25 So in terms of the needs of the Gold Cup at

1 Great Meadow to put on safe racing, that's
2 something that those parties need to speak to, but
3 obviously, the VEA has a relationship with them all
4 that we want to make sure whatever they need is
5 done for the safety of racing.

6 So if there are specific things that the Gold
7 Cup board need, they know they can come to the VEA
8 and make that request so that's something that we
9 can address.

10 COMMISSIONER HUDGINS: Internally.

11 MR. HANNUM: Yes.

12 COMMISSIONER HUDGINS: Thank you.

13 CHAIRMAN REYNOLDS: Quick question. You said
14 it obviously costs money to bring in the
15 infrastructure to conduct pari-mutuel wagering.
16 Has that been profitable, the costs versus what you
17 all get in handle and your share of it?

18 MR. HANNUM: I think it's not, but I don't
19 know what --

20 CHAIRMAN REYNOLDS: Maybe it's a lost leader
21 to get people there.

22 MR. HANNUM: My view on it is that it's a
23 really effective way of engaging people. We talk
24 about fan experience. Again, to enable the
25 steeplechase community to come out and bet is

1 really fun and it draws people in.

2 I say if you watch a race just for fun versus
3 if you bet \$2 on it, you watch that race in a very
4 different way. You remember the name of the horse.
5 You remember the name of the jockey. It's a very
6 different experience. So the Gold Cup has done a
7 phenomenal job in that engagement, but it's
8 expensive to have two days of that infrastructure
9 come in.

10 So it doesn't pay for itself, but it certainly
11 gets a lot of people there and it gets new fans
12 interested.

13 CHAIRMAN REYNOLDS: It makes sense. Thank
14 you. Are there any other comments? Thank you,
15 Mr. Hannum.

16 MR. HANNUM: Thank you.

17 CHAIRMAN REYNOLDS: I would entertain a motion
18 for approval of the VEA operating budget for 2022.

19 COMMISSIONER HUDGINS: So moved.

20 VICE CHAIRMAN SIEGEL: Second.

21 CHAIRMAN REYNOLDS: Hearing a motion and a
22 second, all those in favor, say aye.

23 NOTE: The Commission votes aye.

24 CHAIRMAN REYNOLDS: Any opposed? Hearing
25 none, the motion is approved unanimously. Thank

1 you all.

2 MR. HANNUM: Thank you.

3 CHAIRMAN REYNOLDS: Next, we'll learn about a
4 request for approval of the VTA Breeders Fund
5 Administration budget for 2022. Your information
6 is located behind Tab Five. Ms. Easter. Is that
7 you?

8 MS. EASTER: That would be me.

9 CHAIRMAN REYNOLDS: Or are you going to pass
10 it on to somebody else?

11 MS. EASTER: That's what happens when you get
12 to be the big boss. I haven't figured that out
13 yet. So you should be looking at a single line;
14 2022, it says Approved. I was supposed to change
15 that. That was approved by our Breeders Fund
16 committee board but has not been approved by you,
17 but the bottom number should say 195,500.

18 CHAIRMAN REYNOLDS: That's correct.

19 MS. EASTER: This budget is very similar to
20 the budgets we've submitted in the past. The only
21 difference is in the past, we probably showed you
22 what we projected in '21, what the approved budget
23 was in '22.

24 what is happening is because this budget and
25 our VTA budget are very intertwined. What we do as

1 an organization is market Virginia-breds,
2 Virginia-certified horses. So there was a lot of
3 co-mingling so there was getting to be a big
4 negative number on the budget which meant we spent
5 more than we needed to on marketing. Dave and I
6 decided this might be an easier way.

7 Every year, you all have approved \$190,000 for
8 the administration and the marketing of the
9 Breeders Fund. Now the total becomes 195,500
10 because the code says that any money we get in as
11 far as registrations should be used in the
12 marketing of Virginia-breds and the industry.

13 So very simply, it's basically advertising.
14 The yearly futurity is what we spend and the awards
15 banquet where we recognize Virginia-breds. The
16 other big expense is \$87,000 that you pay to the
17 VTA -- the Breeders Fund pays to the VTA to
18 administer and promote the fund and that includes
19 anything from doing the advertising, putting on the
20 events to we actually keep track of daily
21 Virginia-breds, what they're doing.

22 We cut any checks that need to go to owners
23 and breeders of Virginia-breds. Dave and I trade
24 back through accountants all sorts of funds.

25 Now, if you would like to know what we project

1 in '21, we're down a little bit under the \$200,000
2 we were supposed to spend because of COVID, but I
3 don't know if you guys get your audit or from the
4 tax folks, but the VTA itself was ahead by \$43,000.
5 So even though we're going to under spend a little
6 bit in '21, the association itself had already over
7 spent in past years.

8 So I'd entertain any questions on the budget
9 if you'd like.

10 MR. LERMOND: Debbie, they do have the version
11 with the '21.

12 MS. EASTER: I don't know if they had that or
13 not. Any questions?

14 CHAIRMAN REYNOLDS: Any questions from the
15 commissioners? It looks pretty straight forward.
16 Hearing none, then I would like to entertain a
17 motion for approval of the VTA Breeders Fund
18 Administration budget for 2022.

19 COMMISSIONER HUDGINS: So moved.

20 COMMISSIONER NIXON: Second.

21 CHAIRMAN REYNOLDS: Moved by Commissioner
22 Hudgins. Seconded by Commissioner Nixon. All
23 those in favor, say aye.

24 NOTE: The Commission votes aye.

25 CHAIRMAN REYNOLDS: Any opposed? Hearing

1 none, the motion is approved unanimously. Thank
2 you.

3 All right. Next on the agenda is the approval
4 for the 2021 Thoroughbred breeder and Stallion
5 award totals. That's found behind Tab Number 6 and
6 Ms. Easter, will you be doing that as well?

7 MS. EASTER: I will. That's more exciting
8 news. It's much more exciting than budgets.

9 CHAIRMAN REYNOLDS: Yes, it is.

10 MS. EASTER: So this year, the Breeders Fund
11 as awards to Virginia breeders and stallion owners
12 will be giving out \$1,000,050 in total money, so
13 that's a \$50,000 increase over last year. We'll be
14 giving out \$975,000 to breeders who breed horses
15 that win anywhere in North America and to stallion
16 owners whose offspring of their stallions race
17 anywhere in North America.

18 Last year, the breeders awards were roughly
19 40 percent of the winning purse for any horse that
20 went there and that's something really great for us
21 to promote, especially since we don't have year-
22 round racing here. So it's all great for our
23 breeders that have hung in there and have been
24 breeding horses.

25 Are we breeding significantly more horses than

1 we have in the past? No. As an industry, breeding
2 horses is unfortunately going down in this country.
3 we have held steady at a little over 100
4 Thoroughbred foals a year.

5 I do anticipate that we will see a fairly
6 decent jump for foals dropped in Virginia in 2022
7 because one large breeder is bringing home his
8 horses from Maryland and I've gotten enough calls
9 that I think people think the 40 percent bonus is a
10 little bit of a premium to bring horses here to
11 Virginia.

12 CHAIRMAN REYNOLDS: Can you tell me how you
13 all define horses bred in Virginia? Are these all
14 horses that were bred here and born here or are
15 they born elsewhere and maybe park their car or
16 house here for a while? How do you all determine
17 what's a Virginia-bred and who is eligible for this
18 award?

19 MS. EASTER: So these, we're talking about
20 breeders awards. One of the things we're often
21 getting asked about is certified and I'll address
22 that, too.

23 CHAIRMAN REYNOLDS: Okay.

24 MS. EASTER: But on breeder award, the rules
25 of this state say that if a person drops a foal in

1 Virginia and registers it with the VTA Breeders
2 Fund, it is a Virginia-registered foal. Okay.
3 When that foal is registered as it races and it
4 goes and wins other parts, as I said anywhere in
5 North America, we pay a breeder's award to those
6 people.

7 The stallion awards is part of that. We give
8 a percentage of the fund to stallion owners who
9 stand stallions here in Virginia, breed mares. And
10 the offspring of those stallions once again have to
11 be registered. They don't have to be born in
12 Virginia. A lot of them are, but they don't have
13 to be and we pay out for wins once again in North
14 America.

15 Now, what you're asking for is our new program
16 that's probably about four years old which is our
17 Virginia certified program, which means horses who
18 are not born here in Virginia but do come to
19 Virginia for at least six months to either board or
20 train before the end of their two-year-old year.
21 That has been incredibly successful.

22 We built that program for about 400 horses a
23 foal crop. We are over 700 horses of foal crop,
24 headed towards 800. I'm scared because the payouts
25 make it harder, but what it has done, of our 200

1 registered farms, it's saving our farms. It's
2 saving the infrastructure. They've got year-round
3 business.

4 The one thing with our 30 day race meet or 40,
5 wherever we end up, we don't have a year-round
6 program like other states that we compete with.
7 This has given us a year-round program that is
8 putting horses on farms here in Virginia.

9 CHAIRMAN REYNOLDS: Using our agriculture
10 products and helping the farms.

11 MS. EASTER: Helps the farms, helps the hay
12 guy, the feed guy, blacksmiths, vets, keeping those
13 folks here and in business in Virginia, which we
14 were really losing and so it has been a very good
15 program.

16 So the two of them together, we are constantly
17 trying to figure out how to make the value for a
18 Virginia-bred better. It's hard to I think
19 subsidize somebody to buy a farm and breed horses
20 and we have one of the smaller breeder funds
21 around.

22 VICE CHAIRMAN SIEGEL: Debbie, the legislation
23 that established horse racing in Virginia was
24 specific about promoting agricultural industry in
25 Virginia, particularly with regard to farms,

1 farriers, hay men and everybody else and increased
2 revenue for the Commonwealth and I think we
3 continue to do everything we can at this time.

4 But the idea of getting more horses bred in
5 Virginia, you're saying that number is declining
6 and I'm sure there are good reasons for that, but
7 are we spending money or time or effort to try to
8 raise those numbers more significantly? You said
9 they may go up slightly this year, but what are we
10 doing to try to promote that?

11 MS. EASTER: Well, I think our advertising is
12 probably our largest medium there and talking to
13 people and quite frankly, the fact that we would be
14 able for the first time -- last year our bonuses
15 were 40 percent breeder bonuses. Picks everybody's
16 eyes up and makes them think about it a bit.

17 VICE CHAIRMAN SIEGEL: You need to get that
18 word out there though.

19 MS. EASTER: Yes, sir. I agree with you. The
20 legislation was let's make the horse industry grow
21 in Virginia. I think we're being creative on all
22 fronts and this one especially is dear to my heart
23 and our breeders and we work on it all the time.

24 It's hard. We have the smallest breeders fund
25 in the Mid-Atlantic region and hopefully we'll

1 continue to increase that, but it is hard to
2 incentivize to buy a multi-million dollar farm and
3 come breed horses these days.

4 VICE CHAIRMAN SIEGEL: Even those people that
5 have farms, they saw the success of Colonial here,
6 the opportunity to get larger purses to run your
7 own horses. You're a good example of that
8 yourself.

9 MS. EASTER: Sure.

10 VICE CHAIRMAN SIEGEL: I think that's
11 an incentive as well, so people that already have
12 farms might be incentivized in some way to breed
13 more horses here so they can race here.

14 MS. EASTER: I'm hoping that we can tap into
15 our knowledge of our newest commissioner and his
16 marketing skills and learn a little bit about how
17 we can do that because I'm certainly not a
18 marketing expert. But I agree with you. We'd love
19 to see those numbers grow.

20 CHAIRMAN REYNOLDS: Thank you, Ms. Easter.
21 Any other comments or questions from my fellow
22 commissioners? Hearing none, I will seek a motion
23 for the approval of 2021 Thoroughbred breeder
24 and stallion award totals.

25 VICE CHAIRMAN SIEGEL: So moved.

1 CHAIRMAN REYNOLDS: I'll second it. All those
2 in favor, say aye.

3 NOTE: The Commission votes aye.

4 CHAIRMAN REYNOLDS: Any opposed? None opposed
5 and the motion carries unanimously. Thank you.

6 Next on the agenda is a request for
7 approval of the VHHA Breeders Fund Administration
8 budget for 2022 behind Tab Seven. Ms. Warnick,
9 yes. Go ahead, please. Thank you.

10 MS. WARNICK: Our budget has remained at
11 \$50,000 for the past couple years. Some things
12 have -- we've moved some numbers around. The
13 insurance has gone up some, audit has gone up some.

14 CHAIRMAN REYNOLDS: Can you slow down just a
15 little bit? Speak into the mic. We have a
16 stenographer. Thank you.

17 MS. WARNICK: Okay. So the budget is
18 remaining at the 50,000 that it has for the past
19 couple years. We have moved around a few numbers.
20 The insurance has gone up, the audit has gone up
21 some, but we are holding at the \$50,000 level.

22 CHAIRMAN REYNOLDS: Okay. Thank you. Are
23 there any questions or comments? That's pretty
24 straight forward. It seems to be consistent with
25 years past.

1 MS. WARNICK: Yes, sir.

2 CHAIRMAN REYNOLDS: I did get the opportunity
3 to go up and enjoy a day of Standardbred racing. I
4 left without any money, but you all did a nice job
5 and it's beautiful up there for those that haven't
6 been up there. You all put on a good show. Thank
7 you.

8 MS. WARNICK: Thank you.

9 CHAIRMAN REYNOLDS: I would like to seek
10 approval to request approval for the VHHA Breeders
11 Fund Administration budget for 2022.

12 COMMISSIONER NIXON: So moved.

13 COMMISSIONER HUDGINS: Second.

14 CHAIRMAN REYNOLDS: Moved by Commissioner
15 Nixon, seconded by Commissioner Hudgins. All those
16 in favor, say aye.

17 NOTE: The Commission votes aye.

18 CHAIRMAN REYNOLDS: Opposed? Hearing none,
19 the motion passes unanimously. Thank you,
20 Ms. Warnick.

21 MS. WARNICK: Thank you.

22 CHAIRMAN REYNOLDS: Next is a request for
23 approval of \$200,000 from the Virginia Breeders
24 Fund to partially fund eight Virginia-bred stakes
25 races contested at Shenandoah Downs. You can find

1 that behind Tab Number Eight. Dave, are you going
2 to present that?

3 MR. LERMOND: I'll do it and if Debbie wants
4 to add anything she can.

5 So with the Standardbred Breeders Fund, the
6 main expenditure that they do is fund the eight
7 Virginia-bred stake races that are held each year
8 at Shenandoah Downs.

9 I think there was a nice increase in those
10 purses this year. They were up to 80,000 I think a
11 piece, plus the added money for the entrance fees.
12 It's a very nice set-up for people that do breed
13 Virginia-bred Standardbred horses that they could
14 look to these races each year and hopefully recoupe
15 a lot and hopefully more than what they have
16 invested.

17 They were very well received at the race meet
18 and I'm happy to report that because of an increase
19 in ADW handle, particularly on harness racing the
20 last year-and-a-half or so, that we are able to up
21 that amount from the 150 that it was last year to
22 the 200,000 that we are requesting today.

23 CHAIRMAN REYNOLDS: Thank you.

24 MR. LERMOND: I would seek a motion to
25 approve.

1 VICE CHAIRMAN SIEGEL: So moved.

2 CHAIRMAN REYNOLDS: I'll second. All those in
3 favor, say aye.

4 NOTE: The Commission votes aye.

5 CHAIRMAN REYNOLDS: Any opposed? Hearing
6 none, the motion passes unanimously. Thank you,
7 Dave.

8 MR. LERMOND: Thank you.

9 CHAIRMAN REYNOLDS: Next on the agenda is a
10 request for approval of additional VHHA benevolence
11 funds for injured drivers which you'll see in a
12 letter behind Tab Nine. Ms. Warnick, would you
13 like to tell us about that, please.

14 MS. WARNICK: Yes, sir. Thank you. On
15 September 28, we had two members of our racing
16 community, Chris Shaw and Calvin Dodson, who were
17 racing at The Meadows and were in a very serious
18 accident. Neither one of them has returned to work
19 yet from their injuries.

20 We just feel that being our horsemen that we
21 want to help them through this time and we would
22 like to request to help them out with some funds.

23 We're requesting \$6,000. We'd like to do
24 4,000 of that to Chris, who was most severely
25 injured, and then 2,000 to Calvin Dodson just to

1 help them with their expenses until they can return
2 to work.

3 VICE CHAIRMAN SIEGEL: I certainly think that
4 the Commission supports the whole concept. Seems
5 like an awful little bit of money for two
6 individuals to share. Was that the requested
7 amount initially? Is there any discussion among
8 your folks about why is it not larger?

9 MS. WARNICK: Well, they have received funds
10 from some other organizations.

11 VICE CHAIRMAN SIEGEL: They did?

12 MS. WARNICK: Yes, sir. The Pennsylvania
13 Horsemens Association, The Meadows. There have
14 been some fund raisers.

15 VICE CHAIRMAN SIEGEL: I see. Okay.

16 CHAIRMAN REYNOLDS: This is something your
17 board approved?

18 MS. WARNICK: Yes, sir.

19 CHAIRMAN REYNOLDS: Okay. Are there any other
20 comments or questions? With that, I'd seek a
21 motion to approve the additional VHHA benevolence
22 funds for the injured drivers in the amount of
23 \$6,000. Do I hear a motion?

24 COMMISSIONER HUDGINS: So moved.

25 COMMISSIONER TANNER: Second.

1 CHAIRMAN REYNOLDS: Commissioner Hudgins makes
2 the motion. Commissioner Tanner seconds the
3 motion. All those in favor, say aye.

4 NOTE: The Commission votes aye.

5 CHAIRMAN REYNOLDS: Those opposed? Hearing
6 none, the motion carries unanimously. Thank you.

7 MS. WARNICK: Thank you.

8 CHAIRMAN REYNOLDS: I hope they're on the road
9 to recovery.

10 MS. WARNICK: They're recovering.

11 CHAIRMAN REYNOLDS: Thank you. Ms. Warnick,
12 you're next on the agenda to give us a report on
13 harness racing at Shenandoah Downs.

14 MS. WARNICK: Thank you. The 2021 harness
15 racing meet was held at Shenandoah Downs in
16 September and October. The 10 day meet was held
17 over a five week period with racing on Friday
18 evenings and Saturdays. There was also four days
19 of racing held during the Shenandoah County fair
20 prior to the pari-mutuel meet starting.

21 We were thrilled to be able to welcome fans
22 back to the races this year. The events that we
23 held like the wiener dog races, our Pink Power
24 breast cancer awareness event, giveaway promotions.

25 We do a Friday evening happy hour, we have

1 double dog cart races, starting cart rides and the
2 very popular own a horse for a date promotion.

3 Shenandoah fans are unlike fans anywhere else
4 in the country. We hear that from the drivers that
5 come from everywhere. They provide a level of
6 enthusiasm and excitement that's unbelievable.

7 The Friday night happy hour helped attract
8 some fraternity members from the James Madison
9 University group and they provided a very lively
10 environment and we actually set up a separate area
11 for them off --

12 CHAIRMAN REYNOLDS: Soundproof?

13 MS. WARNICK: Not quite soundproof. We
14 actually had horsemen that said we didn't need a
15 loud speaker. We just needed the JMU crew to yell
16 what they needed to hear in the back stretch.

17 They helped push our betting handle to a new
18 high this year to \$157,000, beating 2019's figure
19 of \$148,000. The years prior saw handle figures of
20 128,000 and 124,000 respectively. Betting has
21 increased each year since the track opened in 2016.

22 Thanks to the Historical Horse Racing
23 revenues, overnight purses were increased by 50
24 percent.

25 The Virginia Breeders Fund stakes purses for

1 the two- and three-year-olds doubled from 4,000 for
2 the eliminations and 40,000 for the finals to 8,000
3 for eliminations and 80,000 for finals.

4 We were also able to add a 50 percent
5 incentive bonus program to reward the
6 Virginia-based owners, trainers and drivers who
7 competed at Woodstock. A total of \$1.6 million in
8 purses and bonus monies was distributed, compared
9 with the 943,000 in 2020. Six hundred eighty-four
10 thousand of that was dedicated to the purses for
11 the 24th Annual Virginia Breeders championship
12 races.

13 There was a total of 127 races that took place
14 over the ten-day meet, including two separate days
15 that featured 18 races. One other day's program
16 had 15 races and another had 14. They were very
17 long days for some of us.

18 The horses and participants came from 14
19 different states and Canada. We had horsemen from
20 Kentucky, Michigan, Pennsylvania, Maryland,
21 Delaware, Ohio, Illinois, California, North
22 Carolina, Maine, New York, New Jersey, Florida and
23 of course Virginia.

24 In all, there were 72 different trainers
25 and 53 drivers that competed at Shenandoah. There

1 was another group of owners and stable help that
2 increased that number of participants.

3 We would like to thank the Shenandoah County
4 fair board and staff for all they have done for the
5 horsemen and especially thanks to fair manager, Tom
6 Eshelman, who has announced that he will be leaving
7 the fair this year to take another position. He
8 will be missed as we start planning this year's
9 meet.

10 As always, we want to thank the team members
11 who did such a great job. Dawn Burch was our race
12 secretary. J.D. Thomas as track superintendent.
13 Luanne Murray, who oversaw the mutuels and
14 grandstand operations and Darryl Wood, who handles
15 too many things to even name.

16 Some of the race meet highlights that we would
17 like to mention. Our horses and meet honors this
18 year went to a trotter named Vulcan Hanover, who
19 won a perfect five for five. For the trainer, Mike
20 Whitaker, who was competing at Shenandoah for the
21 first time. Vulcan also went three for four during
22 the fair, giving him eight wins in Woodstock in
23 seven weeks.

24 Our closing weekend saw two young harness
25 participants record their first ever events.

1 Sierra Snyder was a trainer and Darius George was a
2 driver.

3 Our United States Trotting Association Hall of
4 Famer, Bill Popfinger, returned again this year for
5 a second time to compete at Shenandoah and he
6 celebrated his 85th birthday by having the fans
7 sing Happy Birthday while he was in the winner's
8 circle.

9 Woodstock president, Betsy Brown, received a
10 proclamation from the House of Delegates on our
11 opening day that recognized her accomplishments in
12 the sport for decades as an owner, trainer, driver
13 and this season as an outrider at Shenandoah.

14 Memorial races were held on closing weekend,
15 unfortunately, for two longtime Virginia horsemen
16 who passed this year, Winston Lineweaver and Ron
17 McClanahan.

18 We're looking forward to next year's race meet
19 which will be increased to eight weeks pending the
20 VRC approval and we invite all the commissioners to
21 visit Shenandoah Downs and sharing the Standardbred
22 racing experience. Maybe we can put you on some
23 double dog carts. Commissioner Nixon has done the
24 double dog seat race.

25 CHAIRMAN REYNOLDS: I dropped my cell phone

1 when I did it.

2 MS. WARNICK: We are also excited to announce
3 that because of the revenue from the HHR machines,
4 we are able to start a new program for
5 Virginia-sired horses. This program will start
6 with the breedings of 2022.

7 We just announced this program in October and
8 as of today, we have 11 stallions that have
9 committed to stand in Virginia with two more that
10 contacted me yesterday, possibles.

11 Three of these stallions belong to Virginia
12 residents and have stood here before, but the
13 remainder of the stallions are moving from other
14 states to be part of our program.

15 The addition of the stallions standing here as
16 well as the mares that will be shipped here to
17 breed and the babies that will be born here will be
18 boosting the agricultural revenue in the state as
19 well as the Standardbred racing program.

20 We're looking forward to continuing increasing
21 our race days and our breeding and the babies in
22 our stallion program.

23 CHAIRMAN REYNOLDS: Thank you. Any questions
24 or comments?

25 VICE CHAIRMAN SIEGEL: That's a very

1 impressive presentation. I'm really glad to see
2 you guys are growing. You seem to be doing things
3 right. Congratulations.

4 MS. WARNICK: Thank you.

5 CHAIRMAN REYNOLDS: My only question is what
6 are keg sales there Friday when JMU is up there
7 versus the other days?

8 MS. WARNICK: They actually ran out on Friday
9 night.

10 CHAIRMAN REYNOLDS: I saw you all changing
11 them every ten minutes. Unbelievable.

12 MS. WARNICK: We have to really stress the
13 designated driver thing and they bring the pledges,
14 I guess is the right word. They make the pledges
15 be the designated drivers.

16 CHAIRMAN REYNOLDS: It's definitely an
17 attraction. A nice amenity for us older folks that
18 go up there. Thank you. I did spend an evening up
19 there and it was a lot of fun and I encourage
20 everybody to go up there. It's just such a
21 beautiful background.

22 MS. WARNICK: Yes. It is.

23 CHAIRMAN REYNOLDS: It really is. Anyway,
24 thank you.

25 MS. WARNICK: Thank you.

1 CHAIRMAN REYNOLDS: I think that takes care of
2 our business for today, but next on the list is
3 commissioner comments. I'll start to my left with
4 Commissioner Nixon.

5 COMMISSIONER NIXON: Sure. In this past meet,
6 I just have to say I was here every day so I had a
7 bird's eye view of the whole meet and I thought the
8 quality of racing was excellent. I commend Jill
9 and her staff for putting on some really, really
10 nice racing.

11 To John sitting up here every day eating the
12 food, being served, I thought the service and the
13 staff did a great job and everybody that I brought
14 down here thoroughly enjoyed themselves. So I
15 thought it was a fantastic meet.

16 CHAIRMAN REYNOLDS: Commissioner Tanner.

17 COMMISSIONER TANNER: As a college dean, I'm
18 not sure how I feel about the frats at JMU coming
19 out for the track; however, I did make a note about
20 how Keeneland attracts UK fraternities and
21 sororities for matinee racing during the week and
22 wondered if we could do something.

23 This was before your presentation even about
24 doing that, so Debbie, you have my pledge that I am
25 going to do whatever I can to grow the sport. I

1 always have.

2 For the past 15-plus years, I've done
3 presentations at Rotaries, Lions, Kiwanis, et
4 cetera, on horse racing and would love to do that.
5 If you ever get anybody asking for a speaker, I
6 have a show and I'll take it on the road and I have
7 been invited back a couple of times by a couple of
8 clubs, so I must be okay.

9 You are the key to us growing this industry.
10 One of the biggest ways we get people into the
11 track is somebody takes them, invites them and
12 shows them how it's done.

13 At the Derby Day, Senator Higgins and her
14 family had a wonderful time. If the Gold Cup
15 hadn't happened just before the election, they
16 would have been at the Gold Cup.

17 It takes these personal invitations and really
18 reaching out for us to grow this sport. So I hope
19 that everyone will take that and try to figure out
20 ways get friends to the track, whatever the kind of
21 track, whatever the event, because we have
22 something that's special and I'm thrilled to be a
23 part of it. Thank you for this opportunity.

24 CHAIRMAN REYNOLDS: Thank you. Vice Chairman
25 Siegel.

1 VICE CHAIRMAN SIEGEL: Thank you, Mr.
2 Chairman. I want to echo Stephanie's comments
3 about Colonial and the job they have done on the
4 folks that came during last year's meet. Or this
5 year's meet.

6 They really do a great job. I didn't come
7 every day. I couldn't afford to come every day,
8 but I was here several times and really enjoyed it
9 a great deal. It's a great outing. We just need
10 to have more of it and more folks out.

11 My comments, John, were all about an
12 expectation, not necessarily being critical of you
13 in particular, because I think everybody has a
14 stake in this. My wife says I'm a man of few
15 words, I just keep repeating them.

16 So I talked about this issue last year when we
17 established those 145 days about what would happen
18 next year. Nothing has changed, but I think the
19 challenge is to figure it out for next year, '23,
20 but thank you for a great job.

21 CHAIRMAN REYNOLDS: Thank you, Mr. Vice
22 Chairman. I'll be brief. I came down to Colonial
23 Downs probably 12 or 14 times, half the time in
24 flip flops and shorts incognito and I wanted to try
25 the food trucks, go to every bar I could find here

1 and just be incognito and I've just got to say from
2 top to bottom, of course it was a little hot out
3 there, so I did spend time in the suites, but I
4 made sure I got around and saw all aspects of it
5 and you all did a nice job and I really appreciate
6 it. I know you have a great team, so
7 congratulations to them and we look forward to a
8 great year next year.

9 My one takeaway. I have lots of takeaways
10 today, but one thing I will endeavor to do is at
11 least open up a dialogue and try to create a
12 relationship with, maybe I'll start with the
13 Chairman of the Commission in Maryland, Delaware,
14 the Mid-Atlantic states, and create some sort of
15 dialogue and just get the line of communication
16 open. I don't know what we will accomplish, but
17 you can't accomplish anything if you don't start.
18 So I will do that next year. That's my biggest
19 takeaway today. But anyway, thank you all.

20 Commissioner Hudgins.

21 COMMISSIONER HUDGINS: You left me for last
22 because I'm always the one that talks so much. But
23 they have already all of them have said everything
24 I've got to say, except that we are coming into a
25 time of great opportunity and a time of great

1 confusion and unknowns. We have both in equal
2 measure.

3 If we work as a team to reach the goals that
4 we have set for ourselves, we will make it. There
5 is no doubt in my mind. The energy is there. The
6 Commission is amazing in that we all seek the
7 basics exactly the same, which I find really
8 unusual and there's a passion here to do it right
9 and to bring something to Virginia that we haven't
10 seen in a lot of years.

11 We can do it. We need all of you though to be
12 a part of the solution. It's okay to bring up the
13 problems, but if you dwell in that and throw your
14 hands up, we will never work through it. We never
15 will. Everybody has to give and take and we can do
16 that because this is intelligent, skilled people
17 here.

18 I really feel very strongly about how the
19 future is going to be, and yes, hope does spring
20 eternal with me. It always does, Frank, but it has
21 always worked out that when I put my back in to
22 something, it does seem to work and everybody here
23 has the same attitude.

24 So here is to 2022 and the future of Virginia
25 racing, which is going to be really, really good.

1 Thank you.

2 CHAIRMAN REYNOLDS: Thank you, Commissioner.
3 Mr. Lermond, is there any need for a closed session
4 today?

5 MR. LERMOND: No, Mr. Chairman, there's not.
6 Could I just take one second just to thank the
7 staff for all their efforts this year?

8 CHAIRMAN REYNOLDS: You may take one second.

9 MR. LERMOND: It was challenging, you know,
10 with the coming back, with the harness racing
11 again, with the wagering and the quick turnover
12 times and Kimberly Mackey, Dr. Caruthers and Rhonda
13 Davis really just worked incredibly well and I'm so
14 appreciative of all of their efforts and we
15 couldn't do the great job that we do without their
16 help and I just wanted to say that before we closed
17 out the year. Thank you.

18 CHAIRMAN REYNOLDS: Thank you, Mr. Lermond. I
19 want to thank you for all of your hard work as well
20 as your team, and thank you all for a great year.
21 We're going to have a great year next year.

22 Dr. Tanner, again, welcome. It's nice to have
23 a full boat of commissioners. We've been
24 three-some meetings, four mostly, but it's good to
25 have a good group of five commissioners. I won't

1 speak for myself. I'll say at least four, but
2 hopefully we'll have a great year next year.

3 with that, I'll entertain a motion to adjourn.

4 VICE CHAIRMAN SIEGEL: So moved.

5 COMMISSIONER NIXON: Second.

6 CHAIRMAN REYNOLDS: I hear a motion and a
7 second and all those in favor, say aye.

8 NOTE: The Commission votes aye.

9 CHAIRMAN REYNOLDS: Any opposed? Hearing
10 none, the motion is approved. We are adjourned.
11 Thank you all very much for coming. Have a great
12 holiday season and we'll see you next year.

13

14 NOTE: This meeting of the Virginia
15 Racing Commission is adjourned at 1:00 o'clock p.m.

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1 CERTIFICATE OF COURT REPORTER
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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 of
6 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 16th day of January, 2022.
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12
13 *Sandra G. Spinner*

14 Sandra G. Spinner

15 Court Reporter
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