

1 Virginia Racing Commission

2
3 COLONIAL DOWNS

4 Ballroom, 4th Floor

5 10515 COLONIAL DOWNS PARKWAY

6 NEW KENT, VA 23124

7
8 June 8, 2022 at 11:00 a.m.

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13 COMMISSION MEMBERS:

14 Stuart Siegel, Vice Chairman
15 John F. Tanner Jr.
16 Marsha K. Hudgins
17 Stephanie B. Nixon
18 Bette Brand

19
20
21
22 Commission Staff:

23 David S. Lermond, Jr., Executive Secretary
24 Kimberly C. Mackey, Director of Operations
25 Ada K. Caruthers, DVM, Equine Medical Director

26
27
28
29 Attorney General's Office:

30 Elizabeth Myers, Esquire

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1 VICE CHAIRMAN SIEGEL: Good morning, everyone.
2 Welcome to the June meeting of the Virginia Racing
3 Commission. Our Chairman, Sarge Reynolds, has
4 completed his term, but more about him later.

5 I'm Stuart Siegel and as Vice Chair, I will
6 preside over this meeting until we elect new
7 officers at hopefully our next meetings.

8 I'd like to first introduce our new
9 commissioner, Bette Brand. Bette comes to us with
10 a long history of horses in the agriculture of this
11 Commonwealth. She resides in Roanoke and is
12 president and CEO of Strategic Consulting. She has
13 extensive knowledge and experience with Virginia
14 Business Council, Virginia Horse Council and the
15 Virginia Equine Center Foundation Board.

16 Bette has twice received the Distinguished
17 Leadership award from the Virginia Agribusiness
18 Council, as well as a Distinguished Service award
19 from the Virginia Horse Council. We welcome you,
20 Bette, and look forward to your service with us.

21 We're also pleased to welcome our guests from
22 Churchill Downs, who will address us a bit later.

23 The first order of business is to approve the
24 minutes from our last meeting which had been
25 distributed to members of the Commission.

1 Can I get a motion?

2 COMMISSIONER NIXON: Motion.

3 VICE CHAIRMAN SIEGEL: And a second?

4 COMMISSIONER TANNER: Second.

5 VICE CHAIRMAN SIEGEL: Any questions with
6 regard to those minutes?

7 If not, all in favor, say aye.

8 NOTE: The Commission votes aye.

9 VICE CHAIRMAN SIEGEL: Any opposed? Thank
10 you.

11 This will be our first opportunity for public
12 comment. Does any member of the public like to
13 speak? Please stand in front of the microphone and
14 introduce yourself and limit your remarks to less
15 than five minutes. Would anyone like to speak in
16 public comment at this time?

17 Hearing none, we'll move right along.

18 The first order of business today is the
19 request for approval of a limited license for
20 Shenandoah County Agricultural Foundation for 2022
21 at Shenandoah Downs and that's behind Tab 2.

22 Jeb Hannum, I think you're going to present on
23 their behalf.

24 MR. HANNUM: Thank you, Mr. Vice Chairman. So
25 I'm joined by Darryl Wood and Debbie Warnick and

1 I'll ask them to say a few things.

2 Mr. Vice Chairman, do you mind if I just speak
3 to Item B as well?

4 VICE CHAIRMAN SIEGEL: You are. That's Tab 3.
5 Yes.

6 MR. HANNUM: Right. So on our agenda, Item A
7 is the Shenandoah Downs application and Item B is
8 the Virginia Downs application, so if I could just
9 speak to them together.

10 VICE CHAIRMAN SIEGEL: Yeah.

11 MR. HANNUM: So the first item, the Shenandoah
12 Downs Agricultural Foundation application, would be
13 for harness racing starting on September 16 and
14 running through October 15 for a ten-day meet.

15 Then we have a second license application
16 before you, whereby we'd be starting on
17 October 23rd and running to November 6th for five
18 days. So I just wanted to mention there would be
19 two back-to-back meets.

20 VICE CHAIRMAN SIEGEL: The staff report is
21 behind those tabs.

22 MR. HANNUM: So with that said, I'm going to
23 ask Debbie Warnick just to speak about the
24 composition of the horsemen that we expect to be
25 coming and then Darryl Wood is going to have some

1 comments about Shenandoah Downs and the
2 applications as well.

3 MS. WARNICK: Good morning. Last year, we had
4 horsemen come from 12 different states and Canada,
5 including Pennsylvania, Ohio, Kentucky, some a
6 little further west and most of them, a fair amount
7 of them, come and they stay for the entire eight
8 weeks on the grounds or at the hotels around and we
9 fully expect all of them to be back this year.

10 With the interest that we've gotten, we've
11 gotten calls from New York and New Jersey horsemen
12 inquiring about coming and staying also. So we
13 expect horsemen coming from more places to be there
14 this year.

15 VICE CHAIRMAN SIEGEL: Good. Darryl.

16 MR. WOOD: Sure. Good morning, everybody.
17 This is going to be the seventh season of
18 pari-mutuel racing up at Shenandoah Downs at
19 Woodstock.

20 We've invested as an improvement to the barn
21 area. If you have been out there, it has been an
22 undulating area. We set up portable barns and
23 stalls over the past six years.

24 This year, we've invested money to create a
25 pad site where we've leveled out that area. Should

1 be a lot safer, better experience for the horsemen.
2 we've improved the drainage. We've invested some
3 money in beautification in the infield as well so
4 the fans get a better perspective of the races,
5 too.

6 Proudly, this is going to be the 25th running
7 of the Virginia Breeders championship races. They
8 started in 1998 and they've run consecutively, even
9 when Colonial Downs went out in 2014. They raced
10 in Oak Ridge in 2015 and have been at Shenandoah
11 since. So the 25th running. We're pretty proud of
12 that. That's going to be on November 6th.

13 We run happy hour racing on Fridays. We try
14 to attract a college crowd from JMU. It has been
15 met enthusiastically. We offer \$2 beer, \$1 hot
16 dogs. It's a pretty full house on Fridays out
17 there.

18 There's a really good aura about the track.
19 It's quaint, it's charming, it's old school, it's
20 no frills. So we're looking forward to it.

21 VICE CHAIRMAN SIEGEL: Good.

22 MR. HANNUM: So Mr. Vice Chairman, we welcome
23 any questions you have. We have the two
24 applications before you and we can go through them
25 together or individually, but I just wanted to

1 provide a little background for the Commissioners.

2 VICE CHAIRMAN SIEGEL: Okay. Any
3 Commissioners have comments?

4 I'll seek a motion to approve that includes
5 two conditions listed in the staff report for your
6 consideration. That's under B and under C.

7 We're also authorizing in this motion the
8 staff to make any last minute changes with regard
9 to that meet and stewards in particular and race
10 officials because you never know who is going to
11 show up and who is not. Those are included in
12 those motions.

13 If everyone is okay with it, we'll just take
14 them all in one motion. Any comment?

15 MS. MYERS: No comment, Mr. Vice Chairman.
16 I think we need to do these in two motions because
17 they are two separate licenses.

18 VICE CHAIRMAN SIEGEL: Okay. Always listen to
19 your lawyer.

20 MR. LERMOND: The racing officials will be
21 another item not included in these.

22 VICE CHAIRMAN SIEGEL: Okay. So we'll start
23 with the first motion behind Tab 3. Again, that
24 will include conditions that are listed in the
25 staff report.

1 Can I get a motion to approve?

2 COMMISSIONER NIXON: So moved.

3 VICE CHAIRMAN SIEGEL: Is there a second?

4 COMMISSIONER TANNER: Second.

5 VICE CHAIRMAN SIEGEL: All in favor, say aye.

6 NOTE: The Commission votes aye.

7 VICE CHAIRMAN SIEGEL: Okay. Behind Tab D,
8 again, we'll approve this with last minute changes
9 by the executive secretary in terms of racing
10 officials.

11 Can I get a motion, please?

12 COMMISSIONER TANNER: So to be clear, I think
13 the previous motion was for the application behind
14 Tab 3. I move that we accept the application
15 behind Tab 2.

16 VICE CHAIRMAN SIEGEL: Okay. I'm sorry. I
17 guess that was behind Tab 2, the first one. Yes.
18 All right.

19 COMMISSIONER TANNER: With the provisions
20 recommended by the staff.

21 VICE CHAIRMAN SIEGEL: Right. Okay. All in
22 favor?

23 COMMISSIONER TANNER: We need a second.

24 VICE CHAIRMAN SIEGEL: We need a second.

25 COMMISSIONER HUDGINS: Second.

1 VICE CHAIRMAN SIEGEL: All in favor, vote aye.

2 NOTE: The Commission votes aye.

3 VICE CHAIRMAN SIEGEL: Any opposed? Okay.

4 Again, behind Tab 4. Have we taken that motion?

5 MR. LERMOND: That's the next item.

6 VICE CHAIRMAN SIEGEL: I'm sorry. I'm behind.

7 Again, request for racing officials for the

8 Shenandoah meet. And again, we'd like for the

9 executive secretary to have an opportunity to

10 approve and make any last minute changes there.

11 Any questions?

12 Can I get a motion?

13 COMMISSIONER NIXON: Motion.

14 VICE CHAIRMAN SIEGEL: Second?

15 COMMISSIONER HUDGINS: Second.

16 VICE CHAIRMAN SIEGEL: All in favor?

17 NOTE: The Commission votes aye.

18 VICE CHAIRMAN SIEGEL: Okay. So we're done

19 with that. Again, moving along to behind Tab 5, I

20 guess it is. The request for approval of the

21 VHHA's benevolence budget.

22 There's a letter from Debbie that's enclosed
23 in the packet as well, as well as everything in the
24 staff report. Debbie, are you going to speak to
25 that as well? Or Jeb or anyone?

1 MS. WARNICK: We're requesting that we be
2 allowed to spend \$25,000 from our benevolent fund.
3 We would be using this as we have in the past;
4 \$5,000 will go towards meals and food for people at
5 the track.

6 This amount is increased somewhat partially
7 because costs have gone up so much and also because
8 we've added three weeks to our race meet this year.
9 That's the main reason for the increased request
10 for that.

11 Then we're requesting also that we be allowed
12 to use \$20,000 as we did last year to help defray
13 the cost of the horsemen that come and stay the
14 entire meet that come and stay in the hotels and
15 all that because that gets very expensive because
16 we don't have any dorms or anyplace for them to
17 stay.

18 That's the same amount that we used last year.
19 We're just going to divide it up, extend it out a
20 little bit more with the eight weeks.

21 VICE CHAIRMAN SIEGEL: Good. Any questions
22 regarding the items behind Tab 5?

23 Okay. Can I get a motion?

24 COMMISSIONER NIXON: Motion.

25 VICE CHAIRMAN SIEGEL: And a second?

1 COMMISSIONER HUDGINS: Second.

2 VICE CHAIRMAN SIEGEL: Okay. All in favor,
3 indicate by saying aye.

4 NOTE: The Commission votes aye.

5 VICE CHAIRMAN SIEGEL: Okay. Moving along
6 then to Tab 6, Number Eight on the agenda. Again,
7 we seek approval of the motion to withdraw
8 administrative expense and costs of the horsemen's
9 purse account. It's all behind Tab 6, as you can
10 see.

11 Debbie, do you have any comment about that?

12 MS. WARNICK: No, sir. Just what's in the
13 letter.

14 VICE CHAIRMAN SIEGEL: All right. Can I get a
15 motion to approve?

16 COMMISSIONER HUDGINS: So moved.

17 VICE CHAIRMAN SIEGEL: Second?

18 COMMISSIONER BRAND: Second.

19 VICE CHAIRMAN SIEGEL: All in favor, say aye.

20 NOTE: The Commission votes aye.

21 VICE CHAIRMAN SIEGEL: Okay. All right. We
22 ran through these pretty quickly, but if there are
23 any questions on behalf of the Commissioners,
24 please speak up.

25 Okay. Again, behind Tab 7; request for

1 approval expenditures. Is that the next item? I
2 think that's right.

3 COMMISSIONER HUDGINS: Yes.

4 VICE CHAIRMAN SIEGEL: Okay. Any questions on
5 that? Anything you want to add, Debbie? The
6 executive secretary also has the authority to alter
7 as needed.

8 MR. LERMOND: Not for this amount. We have to
9 stick with the 200,000. I would just comment,
10 Mr. Vice Chairman, this is the same amount that was
11 spent last year on the stake races. The two prior
12 years, I think it bumped up a little bit each year
13 and part of that was because the account wagering
14 was up significantly during COVID.

15 Even though that has fallen off a little bit,
16 I'm still confident that there will be 200,000 in
17 the Standardbred portion to make this payment in
18 the fall when they run their Virginia-bred stake
19 races and I would recommend approval.

20 VICE CHAIRMAN SIEGEL: All right. A motion to
21 approve? We have that already and I second.

22 All in favor, say aye.

23 NOTE: The Commission votes aye.

24 VICE CHAIRMAN SIEGEL: Any opposed?

25 That's approved.

1 Again, the next item is Number G under Tab 8.
2 Seek a motion again to approve the racing officials
3 for that meet and allow the executive secretary the
4 authority to alter as needed.

5 Any questions or comments from the
6 Commissioners?

7 COMMISSIONER NIXON: I just have one quick
8 question. It looks like it's pretty much everybody
9 the same. I was just wondering if a clocker has
10 been found. Were you able to find a clocker, Jill?

11 MS. BYRNE: Yes.

12 COMMISSIONER NIXON: Good.

13 MS. BYRNE: Our clocker will be Steve Boyer.

14 COMMISSIONER NIXON: Perfect.

15 VICE CHAIRMAN SIEGEL: Any other questions or
16 comments? Okay. Motion, please.

17 COMMISSIONER HUDGINS: So made.

18 VICE CHAIRMAN SIEGEL: And a second?

19 COMMISSIONER NIXON: Second.

20 VICE CHAIRMAN SIEGEL: All in favor, say aye.

21 NOTE: The Commission votes aye.

22 VICE CHAIRMAN SIEGEL: Okay. Any opposed?

23 All right. Again, under Tab 9, joint approval
24 Colonial Downs Group and VHBPA for retainage for
25 percentage of the Pick-5 pari-mutuel pool on live

1 racing conducted at Colonial Downs for 2022.

2 Can I get a motion to approve?

3 COMMISSIONER HUDGINS: So moved.

4 VICE CHAIRMAN SIEGEL: Second?

5 COMMISSIONER NIXON: Second.

6 VICE CHAIRMAN SIEGEL: Okay. Any comments at
7 all from the Commissioners?

8 If not, all in favor, say aye.

9 NOTE: The Commission votes aye.

10 VICE CHAIRMAN SIEGEL: Okay. The next item on
11 the agenda is the request for approval of the
12 acquisition of ownership interest in Colonial Downs
13 Group, LLC, from Peninsula Pacific and the purchase
14 by Churchill Downs. That's behind Tab 10.

15 Again, we welcome our folks from Churchill who
16 are here today. I believe they're going to speak
17 to this group and introduce themselves.

18 MR. FRASCOGNA: I don't know if you want me to
19 stand or sit. Old habits of an attorney die hard.

20 Thank you, Vice Chairman Siegel, Commissioners
21 and Executive Secretary and staff. My name is Lou
22 Frascogna and I am senior counsel and the corporate
23 compliance officer to Churchill Downs. I wanted to
24 just briefly speak with you today.

25 I've provided you with presentation materials

1 which talk a high level about the company as well
2 as the acquisition and the terms of the purchase
3 agreement; substantially all of P2E's assets.

4 Unfortunately, I find myself in the unenviable
5 task of following Bill Carstanjen, who I believe
6 spoke to you at the last meeting. He does a much
7 better job of summarizing Churchill Downs, Inc.,
8 and what our plans are for the future.

9 I had the task of submitting all of the items
10 under Virginia regulations to Executive Secretary
11 Lermond and we've been working together and he has
12 been fantastic.

13 As you know, this is a large transaction where
14 we acquire Colonial Downs, the Rosie's locations,
15 as well as gaming locations in New York and Iowa
16 and I will thank you for allowing us to be here
17 today.

18 You are the first of the three regulatory
19 bodies to take this matter up and I'd like to thank
20 the executive secretary and staff. They have been
21 fantastic. We've been working closely together to
22 get them all of the materials they need and get you
23 all of the materials to review this.

24 If you'd just give me a second, I'll go
25 through the presentation that has been provided to

1 you and tell you a little bit more about Churchill
2 Downs, although you probably know plenty.

3 We are the stewards and host the largest
4 continuously-held sporting event in the country,
5 which is the Kentucky Derby. We just finished our
6 147th.

7 With me today from Churchill Downs is the
8 general manager of Churchill Downs racetrack, Mike
9 Ziegler.

10 MR. MUDD: One hundred forty-eight.

11 MR. FRASCOGNA: One hundred forty-eight.

12 Sorry. I got that one wrong right off the bat.

13 We also operate over 3,000 HRMs in Kentucky
14 and looking forward to bringing that expertise here
15 to Virginia with Rosie's locations. We operate
16 Twinpires, which is one of the largest online
17 wagering platforms for horse racing in the United
18 States and we also have casino gaming and ten
19 casinos with over 11,000 slot machines.

20 I think if you turn the pages a couple, you'll
21 see examples of our other HRM facilities,
22 specifically the ones in Kentucky; that's Turfway,
23 which is still under construction; Newport Gaming
24 and Racing, which is open in Newport, Kentucky up
25 in northern Kentucky; Oak Grove, which is in the

1 southwestern part of Kentucky and Derby City
2 gaming, which is in Louisville. Also under
3 construction is another Derby City Gaming location
4 in downtown Louisville.

5 So this is kind of an example of what we've
6 built, what we've accomplished with HRM in
7 Kentucky. We're expanding those operations into
8 Louisiana with recently announced purchases in New
9 Hampshire and with this transaction in Virginia.

10 On the next page is a transaction overview.
11 This is the very, very high level terms of the
12 purchase agreement which you would have received as
13 part of your package which I think is well over 100
14 pages. This probably does a better job of
15 summarizing it than that document does if you read
16 through it all.

17 We will acquire, as I said, substantially all
18 of the assets of P2E, which includes this gorgeous
19 facility here at Colonial Downs and the Rosie's
20 locations.

21 The transaction is dependent on regulatory
22 approval. You are the first of the three legs that
23 we have to acquire those approvals and once we have
24 received approvals in Virginia, New York and Iowa,
25 we will close the transaction shortly thereafter.

1 I don't have to tell you about the Virginia
2 properties that we are acquiring and the current
3 2,687 HRMs across the Commonwealth. This will
4 significantly expand Churchill's geographic
5 diversity with live and historical racing
6 entertainment.

7 with this comes additional development rights
8 across Virginia which we do detail on that last
9 page.

10 Ultimately, you've got more materials than you
11 probably ever wanted from any entity, but hopefully
12 you've had a chance to review them.

13 Myself, our general counsel, Brad Blackwell,
14 and president and Chief Operating Officer, Bill
15 Mudd, are here to answer any questions you may have
16 about both Churchill and any materials you've had a
17 chance to review.

18 I'm happy to take any questions about any
19 responses we've provided in those application
20 materials and look forward to your decision and
21 asking formally for a request for your approval of
22 this acquisition.

23 VICE CHAIRMAN SIEGEL: Questions or comments
24 by the Commissioners?

25 I know we've all spent a fair amount of time

1 taking this under consideration. When Bill spoke
2 at the last meeting and you spoke today, a whole
3 lot of very promising information comes forth which
4 we're encouraged by and the idea of bringing
5 preparations here and getting more horses from
6 Kentucky and elsewhere, Maryland, Pennsylvania,
7 wherever they may come from, that's exciting to us.

8 Increasing race days along with the HHR
9 machines is also a positive. Rather than seeing
10 expense cuts here at the racetrack, we're looking
11 forward to additional investment in this facility
12 and race days so we can attract a larger crowd and
13 a growing handle, as well as enjoyment by all race
14 fans, whether it be daylight racing or hopefully
15 twilight or evening racing going forward after this
16 coming year.

17 Speaking for one Commissioner, I'm very much
18 in favor of this transaction, although the
19 relationship that has been enjoyed with Colonial,
20 as I said to some of you earlier, has been
21 reassuring to us after so many years of controversy
22 between everyone.

23 I'm very pleased that everyone seems to be
24 dancing to the same sheet of music and we're
25 growing together as a partnership and that's the

1 way I like to see it grow personally. I think my
2 fellow Commissioners would agree with that. So
3 that's my only comment.

4 Again, any other Commissioner have anything
5 they want to add?

6 COMMISSIONER TANNER: I have a question
7 regarding the land sale. That's under contract?

8 MR. FRASCOGNA: The land sale at Calder?

9 COMMISSIONER TANNER: Yes.

10 MR. FRASCOGNA: Yes. It is. There is a
11 purchase agreement and we intend to close it
12 shortly.

13 COMMISSIONER TANNER: So one question would be
14 then to follow up on the Vice Chair's comment about
15 investment. Have you identified any particular
16 areas here at Colonial Downs for which you would
17 like to make immediate or at least rapid
18 investment?

19 MR. FRASCOGNA: Yes.

20 MR. MUDD: I can take that. I think first of
21 all, I appreciate you all seeing us today. We had
22 a great discussion yesterday, as you recall, with
23 Jeb and the Strategic Planning Committee.

24 We want to see what the priorities are. I
25 think the first priority is getting more resources

1 here. Jill is doing a very, very good job of
2 getting resources here.

3 When I say resources, I'm talking about
4 everything it takes to run a racetrack facility and
5 that's human resources. That's outriders,
6 starters, that sort of thing. We're grabbing from
7 other people and somewhat of our calendar is
8 dictated upon our ability to grab resources from
9 Tampa Bay and some of the other Mid-Atlantic tracks
10 that are nearby. So I think the first thing we've
11 got to invest in is some of that human talent.

12 I think in terms of capital, we haven't made
13 any pronouncements publicly. As a publicly traded
14 company, you have to be careful about doing that.
15 I don't think anything is firm at this point, but
16 all of that's on the table. We certainly want to
17 grow everything in Virginia, to include live
18 racing.

19 COMMISSIONER TANNER: I think one of the
20 things I'd like to add to that is I'm also very
21 much in favor of the proposal, but also appreciate
22 the commitment to the agribusiness industry over
23 all and that it's not just about the 27 days or
24 however many days we'll end up having of racing,
25 but it's about certified breeder aftercare, the

1 whole cycle and the impact on the agribusiness. So
2 I look forward to learning more about how we'll be
3 able to work together on that.

4 MR. FRASCOGNA: We do, too.

5 VICE CHAIRMAN SIEGEL: Yes.

6 COMMISSIONER HUDGINS: I agree with both the
7 Vice Chair and Commissioner Tanner on their
8 comments. I will be honest and say that when the
9 news first broke about the sale, there was a lot of
10 consternation and concern about what that meant.
11 You are perceived, of course, as a behemoth and
12 nobody wants to look up and think, oh, no. What is
13 this coming down?

14 We essentially are driven by the horse
15 industry in Virginia and racing in particular;
16 obviously, as a Commissioner, not by gaming.
17 However, that is your business and we understand
18 that.

19 I'm happy to have sensed that in the past few
20 months that your interest is in taking care of the
21 racing and the horse industry part of this and the
22 agribusiness because that is what drives us and we
23 are putting all this on the line by allowing the
24 funding to come from a source that's different than
25 actual horse racing itself and then all that

1 implies with the people in the state of Virginia
2 and their attitudes towards gaming.

3 Hopefully, we will continue on this positive
4 path. I am very much more reassured now than I was
5 when I first got this news after talking with you,
6 meeting with you and discussing what your
7 priorities were and being careful to express to you
8 how important this is to the State of Virginia and
9 the things that we love; the horse industry,
10 agribusiness, all the things we're trying to
11 preserve.

12 Having said that, I actively support this
13 change and I think it will be -- I hope it will be
14 a really good union between us. So thank you.

15 VICE CHAIRMAN SIEGEL: Thank you. Yes, ma'am.

16 COMMISSIONER BRAND: This is my very first
17 meeting, so I have done a lot of reading, but I
18 would like to follow up on the Commissioners'
19 comments.

20 Maybe you can explain to me a little bit more
21 about Churchill Downs' corporate community
22 involvement and what your philosophy is as far as
23 Virginia's involvement in it and the horse industry
24 and the agricultural industry and the community at
25 large.

1 MR. FRASCOGNA: I think, and we provided
2 sometimes materials that just sort of provide
3 an overview of what Churchill Downs' commitment to
4 the community is and what it has done in the past
5 and specifically, obviously, we're Kentucky-based
6 and that's where the majority of our operations
7 have been and I think in the material provided to
8 the Commission there are a number of items that
9 detail that history and the commitment.

10 We have a number of initiatives, both in
11 Louisville and beyond and then also I think in the
12 packet provided, it shows that our properties,
13 where they're located, are active stewards in their
14 community. It's not just focused in Louisville.
15 That's obviously where the corporate headquarters
16 is, but I think that if you look to each of these
17 properties, they are important parts of their
18 community. Their team members are actively
19 engaged.

20 I'm personally from Mississippi where we have
21 two properties in Mississippi and I'll speak to
22 that. One of them is Harlow's and they are seen as
23 the stalwart of the community and they have active
24 support from Churchill Downs and all of the
25 charities and fundraisers and community involvement

1 and encourage all their team members. I think that
2 issue extends across the enterprise and it's not
3 just limited to the corporate office. It's
4 encouraged from the top down.

5 Specifically about initiatives within
6 Louisville, I'll let Mike speak to Churchill Downs
7 racetrack.

8 MR. ZIEGLER: Thank you. Mike Ziegler, I'm
9 the general manager of Churchill Downs and I've
10 heard the word aftercare mentioned three or four
11 times already and just want to tell you a little
12 bit about my personal experience with aftercare
13 that I brought to Churchill Downs.

14 I helped start the Thoroughbred Aftercare
15 Alliance, which I read the condition book and it's
16 actively operating here in Virginia already.

17 At the track, horsemen contribute a purse
18 start fee; the track matches it. I'm a big
19 supporter of making sure this is thought about
20 before the horses hit the racetrack.

21 One thing that you probably don't know is that
22 our CEO, who you met last month, has a personal
23 farm that houses offtrack Thoroughbreds. Good for
24 thought. Retired race horses live at his farm. So
25 it's important to our company top down.

1 As far as activity in the community, you can't
2 go anywhere to a charity event in the Louisville
3 vicinity without seeing Churchill Downs in one way,
4 shape, form or another. So we are very active in
5 the Louisville community. Expect the same to be
6 down here. Thank you.

7 MR. MUDD: The last comment I would like to
8 make is BSG is a very important thing for us across
9 the company. It's a publicly traded company.
10 we're required to report on all BSG activities and
11 SCC documents that we submit.

12 As Lou and Mike said, we're very committed to
13 the communities we're involved in. We're active
14 and we expect that to be in all of the locations.
15 Not just New Kent, but throughout Virginia in any
16 of the communities that we operate in to be good
17 community partners with the local folks and give
18 back to the community because we certainly benefit
19 from being in those communities.

20 MR. FRASCOGNA: Lastly, I would be remiss as
21 the compliance officer to not put in a plug that we
22 bring experience from many jurisdictions and best
23 practices across the industry with responsible
24 gaming and taking care of both team members and
25 customers.

1 So it's not just what is spent or what is done
2 in the community. It's also what is done at the
3 properties and that responsibility to our customers
4 and our community starts at square one with
5 properties and with everything we do.

6 COMMISSIONER BRAND: Thank you.

7 VICE CHAIRMAN SIEGEL: That's really good to
8 hear. Colonial has been a good corporate citizen
9 in the Commonwealth, particularly in the Richmond
10 area and we're grateful for that and hopefully you
11 folks will build on that as well.

12 Any other comment from Commissioners? Dave,
13 do you have anything you want to add at all?

14 MR. LERMOND: No, sir.

15 VICE CHAIRMAN SIEGEL: Okay. I think it has
16 all been talked about. So hearing no other
17 comments, I call for a motion to approve this
18 transaction, change of ownership.

19 COMMISSIONER NIXON: I make a motion.

20 VICE CHAIRMAN SIEGEL: A motion has been made.

21 COMMISSIONER TANNER: Second.

22 VICE CHAIRMAN SIEGEL: We have a second.

23 Being nothing further to discuss then, we ask
24 all in favor to say aye.

25 NOTE: The Commission votes aye.

1 VICE CHAIRMAN SIEGEL: Any opposed?

2 You guys have it. Congratulations to each of
3 you.

4 Now we get an update on Colonial's plans and
5 preparations for the 2022 meet that begins next
6 month. John Marshall couldn't be here today,
7 unfortunately, so Jill Byrne is going to present.

8 MS. BYRNE: First of all, apologies for the
9 noise overhead, but they're replacing AC units,
10 which as you all know come July, August here, we
11 will be happy to have those AC units up. So bear
12 with us. We're on a tight timeline and that's what
13 the running about is up there.

14 So again, always trying to make improvements
15 and especially for the fan experience here in the
16 dead of July and August.

17 So Commissioners and the Vice Chairman, thank
18 you again. I'll provide an update first on the
19 Rosie's. We call it Project 21. As you know, we
20 have to convert from 18 years to 21 and that is in
21 progress right now for the deadline on June 30.

22 The only exception will be for live racing
23 will remain 18, but only in the non-gaming areas.
24 So that will still be accessible for 18 as opposed
25 to the 21, but that is all in process right now at

1 all Rosie's.

2 They broke ground in Emporia with an estimated
3 opening of July 2023. The Rosie's broke ground as
4 well. That is in Dumfries with an estimated Phase
5 One opening September 2023 and Phase Two, which
6 will include the hotel, March of 2024.

7 That's kind of an update right now on Rosie's
8 and as you all know in the reports that you get,
9 the machines continue to do extremely well and
10 everything there going well, especially as
11 compliance goes and a lot of assistance from Dave
12 Lermond and his group with making sure that
13 regulatory things are still all kept in line. So
14 we're very happy with the way that the Rosie's are
15 performing.

16 Live racing as we know is almost upon us.
17 July 11 will be opening day. Horses will return to
18 the stabling area June 27th and we have done a
19 great deal of additional improvements.

20 We continue to do work in the stable area. It
21 looks fantastic. I could not be more proud of the
22 team and happy with the way things are with almost
23 a little over two weeks until horses arrive.

24 We've invested a great deal of money and
25 additional work on the turf course to replace some

1 outdated irrigation and add a great deal of sand
2 for top dressing. So a lot of investment. Over
3 250,000 since December on the turf course alone.

4 We've also purchased a new water truck, so we
5 now have a very reliable water truck along with two
6 additional ones that just arrived today, so a new
7 toy out there. Also another new tractor and we
8 completely refurbished our grader.

9 So all of these being important in how we
10 maintain our track surfaces to our turf course to
11 our mile-and-a-quarter dirt track.

12 From a staffing prospective, could not be
13 happier with the return of Ken Brown, our track
14 consultant, Harrison Young, who is our track super
15 intendant and director of racing services and Kelly
16 Jackson, our assistant track super intendant.

17 Additional staff. As you mentioned, we have a
18 great deal of return staff. As a racing official,
19 we have Allison DeLuca leading our racing office
20 team. So very happy with the fact that we get a
21 lot of return people. They love coming here to
22 Colonial and look forward to the race meet.

23 Additionally, we've had a great deal of
24 response from stall applications with over 625,000
25 projected in purses daily. You can imagine the

1 interest and also with our phenomenal track
2 surfaces, safety record facility.

3 So we're going through those stall
4 applications now. Allison is reaching out to
5 trainers with about 840 stalls to fill. We pretty
6 much have over-applicants on that, but kind of
7 working through that.

8 Right now a lot of issues that people have, as
9 we all are aware, is staffing so they're trying to
10 work through their staffing issues, horsemen,
11 before they commit to coming here.

12 We're also very involved with HISA and the
13 outreach to make sure that our trainers/owners are
14 aware of the registration they will need to have
15 done prior to July 1st.

16 We will be under that regulation effective
17 July 1st and we're kind of going to be hitting the
18 tidal wave of that as one of the tracks coming on
19 board when that starts.

20 We've had an outreach program. We're working
21 with David as well and Matt and Dr. Caruthers
22 and our team to let trainers/owners know what they
23 need to have in place, as well as getting all of
24 our staff what's required to be registered with
25 HISA as well.

1 From a marketing perspective for racing, our
2 July 4 mailer is loaded with all of racing
3 messaging on ticket availability, table, dining
4 availability and also with our various giveaways
5 that we're doing in special event days.

6 Advance ticket sales are very strong right
7 now. They're at an all-time high compared to the
8 last few years. Of course obviously the 2020
9 pandemic. Okay, 2021 nobody really knew what was
10 happening.

11 This year, we finally get to really have that
12 solid push and we're seeing it in the ticket sales
13 and sweep sales as well. We also have additional
14 sponsors on board. The meet again will be
15 presented by Winford Reserve, as it was last year.

16 Some of our giveaways; the ever-popular
17 Secretariat t-shirt on opening day. So people love
18 to come out and get a piece of Big Red, who our
19 turf course is of course named after.

20 So those are some of the things going on with
21 Rosie's and live racing. We're really excited
22 about the meet this year and looking forward to
23 even improving on our record-setting meet last
24 year. So I appreciate your time and I'm looking
25 forward to seeing everybody out here.

1 VICE CHAIRMAN SIEGEL: That's great. A very
2 optimistic report and we look forward to race days
3 beginning on July 11th.

4 Any Commissioners have a question or comment
5 about Jill's report?

6 COMMISSIONER HUDGINS: How is the staffing
7 going relative to last year's?

8 MS. BYRNE: As I mentioned, all of our core
9 staff, we're in very, very good shape there. It's
10 filling in with F and B, so a lot of the seasonal
11 positions for food and beverage, security, track
12 crew. We're having job fairs every Tuesday,
13 Thursday and Saturday and kind of slowly filling
14 in.

15 We've actually done very well with mutual
16 teller positions. We've got about 24 of those
17 and a lot of return people that know the process so
18 that's looking really good. Security is picking up
19 people.

20 But again when it's seasonal and with so much
21 competition and right now the price of gas
22 and where we sit, yes, it is a struggle and a
23 challenge, but I'm confident on our end we are
24 doing everything to push out the message. We have
25 bonus incentives to hiring, so it's going.

1 COMMISSIONER HUDGINS: I struggle with the
2 same. I understand you completely. You know,
3 short of a miracle, I think none of us are going to
4 be fully staffed. How are we doing with training
5 tellers and new staff coming in?

6 MS. BYRNE: A lot of the tellers, as I
7 mentioned, are return employees or some come from
8 our other properties as well; the Rosie's OTBs to
9 help during live racing.

10 We will do five days of mutuel teller training
11 additionally leading up to live race day with our
12 track team that has been involved in mutuel and
13 simulcast for many, many years. So we're looking
14 very good there.

15 Same with security. They will be training
16 very early, especially at the stable security
17 position, which have to be responsible for a great
18 deal of the horses' paperwork coming in to make
19 sure all of their health records are where they
20 need to be. We're well-prepared on that. It's as
21 always trying to fill in these positions and
22 maintain them throughout the season.

23 We have a core group, as you have seen us all.
24 If somebody has to jump in and do it, they do it to
25 make it happen.

1 COMMISSIONER HUDGINS: You have such a good
2 team out there that in part, I think you compensate
3 say for some of the weaknesses in the spots, the
4 holes in the spots. You did a great job last year
5 with a lot less. So I mean this year it will be
6 easier for you all.

7 MS. BYRNE: Don't be surprised if you see me
8 on a tractor out there.

9 VICE CHAIRMAN SIEGEL: Great. Any other
10 comments or questions about Jill's report? Again,
11 very optimistic.

12 Next item on our agenda, I'd like to ask
13 former Chairman Sarge Reynolds to come forward. We
14 have a special presentation.

15 Sarge and I have been friends for a very long
16 time, probably more than we'd like to count,
17 and during his last 12 years on this Commission, we
18 have become even closer.

19 He's an outstanding individual apart from his
20 involvement here, but serves our community in so
21 many different ways. More than most in our
22 community could even aspire to, and he's added a
23 great deal to this Commission and to the return of
24 horse racing here in the Commonwealth. He was
25 around when horse racing stopped and again when it

1 started and was Chair the last several years as we
2 began to achieve success.

3 So I'd like to read this proclamation and then
4 present it to Sarge.

5 Be It Resolved that the Virginia Racing
6 Commission recognizes J. Sargeant Reynolds, Jr.,
7 for his many years of service as a member of this
8 Commission and for the effective leadership he has
9 demonstrated in dealing with a variety of important
10 issues during the formative history of the Virginia
11 native horse racing industry.

12 We as fellow Commissioners offer our sincere
13 gratitude and appreciation to Chairman Reynolds for
14 his many efforts, wisdom and his unfailing
15 dedication to successfully achieving our
16 Commission's mission and the rebirth of horse
17 racing in Virginia.

18 We know the Virginia horse racing industry is
19 in a tremendous position to grow and prosper as a
20 result of Chairman Reynolds' diligence, skills,
21 knowledge and love of the sport that mean so much
22 to all of us.

23 We hope that our paths cross in many ways as
24 we continue and wish him only the best in happiness
25 and success in years ahead.

1 Sarge. Here is the proclamation which I hope
2 you'll take that and your wife's portrait and put
3 that up.

4 CHAIRMAN REYNOLDS: Thank you all very, very
5 much. It is much appreciated, but it has been 12
6 long up and down years, but I think all of the
7 success that we're enjoying in the down years,
8 really I give credit to Dave Lermond's staff and
9 the horsemen. All three horsemen's groups.

10 It was a really, really rough go, but I would
11 say all of the credit goes to you all for being
12 patient, trying lots of different things to get to
13 where we needed.

14 I want to thank Peninsula Pacific for coming
15 in and doing such a great, great job and I've never
16 seen a horsemen's group and an ownership group work
17 so well together.

18 It's my hope and expectation and I'm very
19 confident that Churchill Downs will come in and do
20 an even better job, if that's even possible.

21 I'm really excited to put on my flip-flops,
22 shorts and hopefully not a tank top and see you
23 guys down here on July 11 on opening day. I've
24 made a lot of acquaintances, a lot of new friends
25 and I look forward to carrying that on down the

1 road.

2 You all have a great Commission here. I
3 welcome the new Commissioner, Bette, and I wish you
4 all nothing but the best. The last thing I'll say
5 is happy birthday, Marsha. Thank you all very
6 much.

7 VICE CHAIRMAN SIEGEL: It's now time to ask
8 for further Commissioner comments and I'll begin,
9 as Sarge took away the thunder, by wishing
10 Commissioner Hudgins a very happy birthday and ask
11 for Commissioners' comments.

12 COMMISSIONER HUDGINS: May we start with me so
13 we can get this over with?

14 VICE CHAIRMAN SIEGEL: Sure.

15 COMMISSIONER HUDGINS: First of all, I want to
16 say thank you so much, all of you, and particularly
17 Sarge, because when I first came as Commissioner, I
18 was clueless in terms of how this Commission worked
19 and what had been done.

20 I knew we had gone through some rough, rough
21 times and getting the detail and the support from
22 Sarge to give me the background and make me
23 understand how the dynamics worked, thank you.

24 You really supported the newbies and I can't
25 tell you -- that made me want to stay. At first it

1 was a little scary, but you really have given a lot
2 to the Commission so thank you for that.

3 CHAIRMAN REYNOLDS: Thank you.

4 COMMISSIONER HUDGINS: I'm very happy with the
5 way the Commission is now and I know all that came
6 before me certainly laid the groundwork for where
7 we are.

8 This did not happen -- I know that people that
9 are not involved in Commissions work don't
10 necessarily always know how much guys in the
11 background, how much education and learning and
12 solving and talking about problems and what has to
13 happen and there's a lot and it's a lot of pressure
14 to get it right and you guys did. So thank you.

15 VICE CHAIRMAN SIEGEL: Thank you, Marsha.
16 Commissioner Nixon.

17 COMMISSIONER NIXON: I have a comment. I
18 certainly haven't known you as long as Commissioner
19 Siegel here. I have been involved in horse racing
20 my whole life and first in the various horsemen's
21 boards and now here with the Commission and I
22 really appreciate the love and dedication you gave
23 to this board. I know there were years it was not
24 easy for you, but it has really shown how much you
25 care about horse racing and I appreciate that.

1 Thank you.

2 CHAIRMAN REYNOLDS: Thank you.

3 VICE CHAIRMAN SIEGEL: Jeff.

4 COMMISSIONER TANNER: I'd like to add my
5 thanks. When I got the opportunity to move from
6 Texas to Virginia, I was really excited. My wife
7 approved it because there was a track here and when
8 we got here, it was closed.

9 So I guess we were fortunate that we missed
10 all of the pain that Sarge went through and
11 everyone else when that happened, but I know that
12 he was the face of the Commission through all of
13 that and really bore a lot of the burden.

14 Now that I'm on the Commission, I really have
15 appreciated all that he has done to help me get
16 educated and able to serve. So Sarge, thank you
17 very much for all of your work.

18 CHAIRMAN REYNOLDS: Thank you.

19 COMMISSIONER TANNER: I would also like to
20 take a moment to welcome Bette to the Commission.
21 I'm no longer the shortest-serving member so I'm
22 glad of that and I look forward to what you will be
23 able to bring to the Commission.

24 One final thing is I just really want to
25 reiterate what I said earlier about the importance

1 of the agribusiness aspects because that is the
2 mission of the Commission and that is to promote
3 the agribusiness aspects of industry, the horse
4 racing industry across all of the types of racing
5 that we offer, and that is something that we take
6 very seriously and I look forward to learning from
7 Churchill about how we can strengthen our
8 agribusiness across the standards and the Gold Cup,
9 the Steeplechase and everything else. Thank you.

10 VICE CHAIRMAN SIEGEL: Bette.

11 COMMISSIONER BRAND: Sarge, thank you so much
12 for your leadership through what must have been
13 some very difficult times and then also bringing us
14 out to where we are today. That speaks a lot of
15 your leadership and your commitment and love of the
16 industry and for that I'm very appreciative to be
17 joining this Commission, especially when things
18 look so opportunistic with so many good things on
19 the horizon; the working relationship between the
20 track and the horsemen and the positive feeling
21 across the state.

22 So thank you very much for your long
23 dedication. That's a long time to serve and I
24 really appreciate that. I look forward to learning
25 maybe from you and others as I get up to speed and

1 serve my -- contributing equally as the rest of the
2 Commissioners. Thank you.

3 CHAIRMAN REYNOLDS: Thank you.

4 VICE CHAIRMAN SIEGEL: Well, I'll just close
5 by saying I agree with everything that has been
6 said. I'm optimistic about the future of racing
7 here. I think I'm personally glad to see that
8 we've started our five-year strategic plan,
9 restarted a new five-year plan with all of the
10 players at the table, including Churchill as well
11 as this Commission.

12 This Commission, as has been said, we serve
13 the Commonwealth. That's who we're responsible to,
14 but I view all of this as a partnership, an
15 important partnership. As long as we work together
16 towards the same goals, I think we'll do just
17 great.

18 We've been through all of the tough times and
19 hopefully there is nothing but a brighter future.
20 I really do believe that Virginia has an
21 opportunity to be a real showplace for horse racing
22 in this country and I thank everyone for everything
23 they continue to do towards that goal.

24 Particularly, welcome to Churchill. I'm sorry
25 John Marshall couldn't be here today, but he will

1 be here, of course, for our next meeting, but I
2 want to thank him and everybody at Colonial towards
3 making this transaction a reality and we will look
4 forward to only better things in the future.

5 I think that concludes the agenda. There's no
6 need for closed session, I don't believe, so we
7 will not go into closed session and I will again
8 wish Marsha a happy birthday and there are cupcakes
9 and coffee over there and thanks to Colonial for
10 putting that together.

11 with that, I will call this meeting adjourned.
12 Thank you.

13 NOTE: This meeting of the Virginia
14 Racing Commission is adjourned at 12:00 p.m.

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1 CERTIFICATE OF COURT REPORTER
2

3 I, Sandra G. Spinner, hereby certify that I,
4 having been duly sworn, was the court reporter for the
5 meeting of the Virginia Racing Commission on June 8,
6 2022, at the time of the meeting herein.

7 I further certify that the foregoing
8 transcript is, to the best of my ability, a true,
9 accurate and full record of the incidents of the meeting
10 herein.

11 Given under my hand this 29th day of
12 September, 2022.

13
14 *Sandra G. Spinner*
15 _____

16 Sandra G. Spinner
17 Court Reporter
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