

1 **Virginia Racing Commission**

2

3 **COLONIAL DOWNS**

4 **Ballroom, 4th Floor**

5 **10515 COLONIAL DOWNS PARKWAY**

6 **NEW KENT, VA 23124**

7

8 **December 14, 2022 at 11:00 a.m.**

9

10

11

12

13 **COMMISSION MEMBERS:**

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

19 **Commission Staff:**

20 David S. Lermond, Jr., Executive Secretary
21 Kimberly C. Mackey, Director of Operations
22 Dr. Ada Caruthers, Equine Medical Director

23 **Attorney General's Office:**

24 Elizabeth B. Myers, Esquire

25

I N D E X

	<u>PAGE</u>
1. Call to Order	4
2. Election of Chair and Vice-Chair	4
3. Approval of the June 8, 2022 Meeting Minutes	5
4. Public Comment Period	5
5. New Business:	
a. Request for Approval of a Significant Infrastructure Limited License and Thoroughbred Race Days for 2023 Submitted by Colonial Downs Group, LLC	8
b. Request for Approval of Licenses to Conduct Pari-Mutuel Wagering on Historical Horse Racing at Rosie's New Kent; Rosies's Richmond; Rosie's Vinton; Rosie's Hampton; Rosie's Dumfries; Rosie's Collinsville for 2023 Submitted by Colonial Downs Group, LLC	33
c. Request for the Extension of the Current Thoroughbred Horsemen's Contract Through January 31, 2023	40
d. Request for Approval of a Limited License for Shenandoah County Agricultural Foundation for Spring 2023 at Shenandoah Downs	41
e. Request for Approval of Racing Officials at Shenandoah Downs for 2023	43
f. 2023 ADW License Renewals	44
i. Twinspires	
ii. TVG	
iii. Xpressbet	
iv. NYRAbets	
g. Request for Approval of the VEA Operating Budget for 2023	45
h. Request for Approval of the VTA Breeders Fund Administration Budget for 2023	56
i. Request for Approval of the 2022 Thoroughbred Breeder and Stallion Award Totals	66
j. Request for Approval of the VHHA Breeders Fund Administration Budget for 2023	67
k. Request for Approval of the VHHA Benevolence Budget for 2023	69
6. Report on Thoroughbred Racing at Colonial Downs in 2022	70
7. Report on Harness Racing at Shenandoah Downs in 2022	76
8. Report on Steeplechase Racing at Great Meadow in 2022	81

I N D E X (Continued)PAGE

9.	Presentation of the Virginia Horse Industry Strategic Planning Committee Report	83
10.	Update on the Hiring of New VRC Staff Members	90
11.	Closed Session (if necessary)	101
12.	Set Date for Next Meeting	101
13.	Adjournment	103

1 CHAIRMAN SIEGEL: Good morning, everyone, and
2 welcome to the December meeting of the Virginia
3 Racing Commission. I'll call the meeting to order.

4 Our first order of business today is to elect
5 a new chairman and a vice chairman and I will now
6 entertain a motion to elect our chairman.

7 COMMISSIONER BRAND: Yes. I'd like to
8 nominate Stephanie Nixon.

9 CHAIRMAN SIEGEL: Thank you. Stephanie Nixon
10 has been nominated. Are there any other
11 nominations? If not, I'll ask the Commission to
12 vote. All in favor of Stephanie Nixon being our
13 next chairman, say aye.

14 NOTE: The Commission votes aye.

15 CHAIRMAN SIEGEL: That's all of us.
16 Congratulations.

17 CHAIRMAN NIXON: Thank you very much. I
18 appreciate it.

19 COMMISSIONER SIEGEL: All right. I'll now
20 turn the meeting over to you.

21 CHAIRMAN NIXON: Thank you. My first order of
22 business will be to nominate a vice chair. Do I
23 hear any nominations?

24 COMMISSIONER TANNER: I'd like to nominate
25 Marsha Hudgins.

1 CHAIRMAN NIXON: Any others? Hearing none,
2 motion to approve?

3 COMMISSIONER SIEGEL: So moved.

4 CHAIRMAN NIXON: Second. Any others? All in
5 favor, say aye.

6 NOTE: The Commission votes aye.

7 CHAIRMAN NIXON: Opposed? Congratulations.
8 There she is.

9 VICE CHAIR HUDGINS: Same to you.

10 CHAIRMAN NIXON: Before moving on to approving
11 our minutes, I would like to congratulate
12 Commissioner Tanner on his reappointment. So
13 congratulations.

14 COMMISSIONER TANNER: Thank you.

15 CHAIRMAN NIXON: All right. My first order is
16 the approval of the June 8 meeting minutes located
17 behind Tab One. Has everyone had time to review
18 them?

19 COMMISSIONER SIEGEL: Move they be approved.

20 VICE CHAIR HUDGINS: Seconded.

21 CHAIRMAN NIXON: All in favor?

22 NOTE: The Commission votes aye.

23 CHAIRMAN NIXON: Any opposed? So moved and
24 motion approved.

25 Next up is our open public comment period.

1 I ask if there's any member of the public that
2 wants to speak to just try and keep it to five
3 minutes. Sorry. I didn't see you. Yes.

4 MR. MARSHALL: Thank you. John Marshall,
5 12412 North Lake Place, Henrico, Virginia 23233.
6 Thank you. Good morning. I'm here today not to
7 present a new Rosie's location or not to talk about
8 a race meet, but as a Virginian tying up a couple
9 of loose ends.

10 First, I want to bid a proper fairwell to this
11 Commission and to these horsemen in the VEA and all
12 of the horse groups in Virginia as I move on to
13 new endeavors.

14 Second, I'd like to congratulate everyone in
15 this room on the most successful race meet in the
16 history of the Commonwealth, in the history of
17 Colonial Downs certainly.

18 I had the pleasure a few weeks ago to share
19 the revival of Virginia racing, the story, with
20 students at the University of Kentucky. They were
21 astonished at what you've all accomplished and very
22 impressed with how collegial you approached it
23 and the outcome of things for Virginia.

24 So with that, it's no secret that I'm a very
25 big advocate of this Governor, his administration,

1 this Commission, these horsemen and Colonial Downs.
2 This season, I will be in the stands with all of
3 you rooting on Colonial Downs' new ownership
4 because I'm very assured that you're in good hands
5 and Colonial Downs will take great leaps and bounds
6 forward and upward.

7 Thank you all. Merry Christmas.

8 CHAIRMAN NIXON: Thank you. John, I just want
9 to tell you working with you over the last years,
10 you and your team really set the bar high and I
11 want to thank you for all of the hard work that you
12 and everyone have done and I want to wish you the
13 best. Thank you.

14 MR. MARSHALL: Thank you, Chairman.

15 VICE CHAIR HUDGINS: I will second that.
16 John, you were there for us when we went to you and
17 said, hey, we have some things we need to talk
18 about and you made that scenario change by your
19 confidence in us and your support of us. So I
20 personally want to say thank you for all that
21 you've done for Colonial Downs and I wish you well.

22 MR. MARSHALL: You're welcome, Commissioner.
23 Thank you.

24 CHAIRMAN NIXON: Any others? Thank you.
25 Anybody else like to speak? Okay. All right.

1 First under new business is the request for
2 approval of a significant infrastructure limited
3 license and Thoroughbred race days in 2023,
4 submitted by Colonial Downs Group, LLC. My staff
5 report is behind Tab Two recommending approval. I
6 believe that Mr. Jack Sours -- am I pronouncing
7 that correctly?

8 MR. SOURS: Yes, ma'am.

9 CHAIRMAN NIXON: The new president of Colonial
10 Downs will present this application and answer any
11 questions.

12 MR. SOURS: Madam Chairman, congratulations on
13 your new appointment.

14 CHAIRMAN NIXON: Thank you.

15 MR. SOURS: So I'm Jack Sours. I'm the Vice
16 President of Operations at Churchill Downs and I'm
17 stationed and responsible for the Virginia
18 operations and with me today I've got Gary
19 Palmisano, who is our Executive Director of Racing
20 with Churchill Downs as well.

21 So we're here today to present our significant
22 infrastructure license application and talk about
23 the race days in the application.

24 I'm sure you had a chance to look at the
25 application. We're proposing 27 race dates. Those

1 dates will include Thursdays, Fridays and Saturdays
2 beginning July 13, 2023 through September 9, 2023,
3 with the post times of 1:30 on all three days.

4 We understand these race dates do not conflict
5 with any other Virginia meets, and as such would
6 not be harmful to the license issued by the
7 Virginia Racing Commission.

8 Prior to the application, we have actively
9 engaged with numerous stake holders in the racing
10 industry here in Virginia and considered several
11 options before arriving at these dates and our
12 schedule. I'd like to talk to our process as we
13 went through this.

14 First, I want to state that Churchill Downs'
15 goal is to offer weekend racing here at Colonial
16 Downs. That is our goal. We feel racing on
17 Thursdays, Fridays and Saturdays is a good first
18 step towards that goal.

19 The long-term goal is to race on weekends.
20 Make sure that's clear. Offering weekends will
21 allow more fans to enjoy the Colonial Downs race
22 meet and of course this will allow us to run the
23 Virginia Derby on a Saturday.

24 So going to a few of the details as to why we
25 selected these dates and these times. The first

1 thing we considered is consistency of post times.
2 As we move into this more competitive schedule, we
3 think it's important for the guests to know and
4 have consistency of post times so they can find our
5 signal.

6 Secondly, as you all are aware, we have a lot
7 of ship-ins from Maryland and other areas, so by
8 having a consistent matinee post time, it's easier
9 for them to ship in and out. If we go from matinee
10 to evening back to matinee, it becomes more
11 difficult for those ship-ins.

12 The other consideration is the operations.
13 Moving into a busier time from a Monday, Tuesday,
14 Wednesday to a Thursday, Friday, Saturday will
15 require a lot of resources, a lot of human
16 resources, so we have to basically staff the place
17 for heavier volumes during those times. That will
18 not be an easy challenge.

19 I'm sure you're all very aware of the
20 challenges with the workforce and the economy
21 today. So that will be a challenge of ours. We
22 are committed to overcome that challenge, but will
23 need some time to staff up and find those
24 resources.

25 There's also logistics, so we have to figure

1 out the logistics of how this will all flow. So we
2 feel starting with Thursday, Friday, Saturday is a
3 good first step to allow us to get our feet on the
4 ground and understand how this is all going to work
5 and then we can come back with further adjustments
6 in future years.

7 The final consideration is on Thursdays and
8 Fridays, we feel that there's an opportunity for
9 corporate groups, corporate outings, so we feel
10 that we can market the place -- and we've had
11 success at other venues doing this -- to market to
12 corporate outings. So bringing people in on
13 Thursdays and Fridays will expose the track,
14 increase attendance on those days and get us better
15 visibility in the community. We feel that's an
16 opportunity.

17 We already have a full-time group sales
18 coordinator here to assist with that. So these are
19 some of the considerations that we went through as
20 we settled on these dates.

21 So with that, I'd like to turn it back over
22 and see if you have any additional questions on the
23 application.

24 CHAIRMAN NIXON: Thank you. Commissioners,
25 I'll start to my left and ask do you have any

1 questions?

2 COMMISSIONER BRAND: Yes. I guess maybe more
3 of a comment for starters. I appreciate the
4 efforts and the improvement in racing days. From a
5 fan base, I think it reaches -- gets closer to the
6 goal of making it more available to people that
7 live and work and have families and school in the
8 middle of the week on a week day.

9 I guess my question is for future plans. What
10 is the timeline or the commitment to progress and
11 work with the horsemen to make sure we have the
12 animals to race to progress to that weekend or
13 maybe evening racing or becoming more of a
14 destination instead of an event that maybe is a
15 second opportunity for someone racing? What is the
16 timeline for that? Is there a commitment to move
17 to something different in 2024 or what are your
18 plans for that?

19 MR. SOURS: Sure. Thank you for the question.
20 You know, as you're all aware, with the statute as
21 we introduce more HHRs, we have to add race dates
22 and we have plans to introduce more HHRs in 2023,
23 which will naturally allow us to consider more race
24 dates in 2024. So as that progression happens,
25 we'll be adding races. Our goal, our long-term

1 goal, is to race all weekend so that would
2 naturally lead to a Sunday race date.

3 As far as getting from matinees to evenings,
4 again, we really have to work towards that. Again,
5 there's a lot of logistics, a lot of resources that
6 have to go in to that, so we have to see how this
7 goes. We have to understand the operation.

8 Please appreciate we're the new owners and we
9 have to work through what that means, but it is our
10 goal and I want to be clear it is our goal to race
11 all weekend and to increase attendance. We all
12 have the same shared goal, so that is our stated
13 goal.

14 COMMISSIONER BRAND: Thank you.

15 CHAIRMAN NIXON: Commissioner Tanner.

16 COMMISSIONER TANNER: So with that, I actually
17 have a number of questions. Like Commissioner
18 Brand, I'm glad to see it move towards the
19 weekends.

20 One issue for us is always for safety and one
21 of the things I'd like you to address. We've had a
22 very well-kept track that has had an enviable
23 record for safety and I'd like you to speak a
24 little bit about managing that going forward.
25 There wasn't anything in the application -- it's

1 not required -- but I would like to hear a little
2 bit about that going forward.

3 MR. PALMISANO: Yes, sir. Thank you,
4 Commissioner Tanner.

5 Our track team, led by Harrison Young, who is
6 here today, in conjunction with Ken Brown and Kelly
7 Jackson, are all here again and we've all had
8 numerous conversations. We sat down with Harrison
9 and Kelly last week and went through what their
10 list of needs are, what their challenges are.

11 We heard loud and clear that their challenges
12 are staffing, just like anywhere else. Harrison
13 made pretty clear that a couple more bodies would
14 really help him and really allow us to do more and
15 allow for those guys to be able to do the things
16 they want to do. So we heard that feedback loud
17 and clear and look to address that.

18 So I think you're spot-on that the track is
19 extremely safe and the crew that will be
20 maintaining that track is not going to change and
21 we only hope to provide them with more resources to
22 do more and do better things. That's the goal
23 here, is to continue to maintain what we have going
24 and make it as best as we can make it.

25 I think I'd add to Jack's point that the

1 vision of Churchill Downs is what we have for
2 Colonial; to make Saturday racing here a really big
3 thing. Jack mentioned running the Virginia Derby
4 on Saturday. That will actually be Saturday,
5 September 9, which is closing day. That alone will
6 allow thousands of Virginians to come out here and
7 join that day.

8 The American Graded Stakes Committee today is
9 having their annual meeting and they are
10 considering a request from Churchill Downs and
11 Colonial to move the Arlington Million, the Beverly
12 D and Secretariat Stakes to Colonial Downs. Those
13 are three historically important horse races.

14 The Arlington Million being a Grade 1, the
15 Beverly D being a Grade 1, the Secretariat Stakes
16 being a Grade 2. We all know this is the 50th
17 anniversary of Secretariat's Kentucky Derby win and
18 we think that is a natural play to get. Again,
19 another day to get thousands of Virginians out here
20 on Saturday.

21 Our request for the Graded Stakes Committee is
22 to move that to August 12, 2023, which we think
23 will be a landmark day for Virginia racing. A day
24 that could be on national television, as some of
25 these races are breeders cup winners, which comes

1 with NBC television programming and the ability to
2 make that day one of the biggest days in Virginia
3 racing history. That's, again, another vision of
4 ours.

5 We need help from this committee to allow us
6 to do that. We've reached out and tried to get as
7 much support as we can. We've pointed out that
8 there are no Grade 1 races anywhere in this area
9 after the Preakness stakes and after that weekend
10 in Maryland.

11 So we feel like that would really put Colonial
12 on the map to have an actually recognized Grade 1
13 stakes race here on a Saturday in Virginia and
14 would really move the needle.

15 In advance of that, we would have other
16 Saturdays featured in Virginia-bred race days which
17 is always toward the beginning of the meet.

18 We've talked to folks about family days and
19 promotions that we can do here and ways to get
20 people to the track. So that's the goal.

21 I think our vision for this year is to blow up
22 Saturdays, try to make them as big and as best as
23 we can make them, catch our breath on Sunday, try
24 to learn this operation, try to understand and move
25 forward from there.

1 I understand the evening racing piece. I
2 think we need to talk to our horsemen and try to
3 understand how that works out.

4 When you consider a place like Fair Hill ships
5 over 150 horses here, that a four-and-a-half or a
6 five-hour ride. So turning those horsemen around
7 at nine o'clock at night to send them back to their
8 Maryland base to turn around again and ask them to
9 show up here at noon the next morning felt like a
10 challenge to us, so I just want to understand that.

11 I want to hear from them. I don't want to
12 jump in to that conclusion that that is something
13 they can easily pull off.

14 We have a lot of ship-in horsemen that come
15 from all around this area and that back and forth
16 might be a challenge, it might not.

17 I think our goal is to run at 1:30 on
18 Thursday, Friday and Saturday. We feel like that
19 post time fits very well. Saratoga post time is at
20 1:05. They're traditionally three or four minutes
21 late in their post, so we'd slot right in around
22 Saratoga, which is obviously the premiere signal
23 during that time period.

24 We have a relationship with TVG, which I know
25 Colonial did as well, so that will give us exposure

1 on TVG for the broadcast standpoint. I'll be
2 honest. I don't know how we think this is going to
3 go.

4 We could have hit the easy button and ran on
5 Monday, Tuesday and Wednesday like every person
6 we've talked to has told us to do. I think folks
7 think we're crazy taking this task on.

8 We're going to lose 15 or so people from
9 Maryland that were starting gate crew that were
10 valets that were racing officials that we're going
11 to have to replace, so we understand this challenge
12 and we just want to learn more about it and ask for
13 a year for us to try to navigate through this
14 process and make this the best we can make it and
15 let's reassess and move forward.

16 Jack was spot on. My directive as the
17 corporate racing director is to have racing here on
18 weekends where Virginians can be here and enjoy it.
19 That's what we're going to do and we're going to
20 dip our toe in the water on Saturdays and we're
21 going to make the best of it that we can and we're
22 going to go from there.

23 Is that a fair answer to your question?

24 COMMISSIONER TANNER: That took my next two
25 questions, so I appreciate you preempting some of

1 those questions.

2 My next question was going to be about the
3 valets and gate starting staff and so on. What
4 plans do you have for recruiting since you're going
5 to have to replace them?

6 MR. PALMISANO: So we did some work into it.
7 It looks like there's four valets, seven assistant
8 starters, one racing official, one clocker. So
9 it's just going to take money ultimately. We're
10 going to have to throw some dollars at folks to get
11 them here.

12 Fortunately, we have other race tracks,
13 Turfway Park, that runs in the winter. We have
14 Fairgrounds that runs during the winter. We know
15 these people. We have relationships with workers
16 that do this trade, so we can start there,
17 absolutely, with recruiting our own folks at our
18 own places.

19 You know, I wish I could tell you that it's
20 going to be easy, but we're just going to have to
21 cross that bridge. We provided living stipends for
22 folks that came last year. I don't see any reason
23 why we wouldn't do that again. Probably have to up
24 those stipends again as everything costs more than
25 it did last year and it's going to take just more

1 resources and more recruitment efforts.

2 Fortunately, as I mentioned, we have a base of
3 employees that do these jobs so we're going to
4 start there and if we need more, we're going to
5 just actively make the best of it. There's no
6 other way around it. We want this to work.

7 Any way you slice it or dice it, if we ran
8 Sundays or Wednesdays or whatever, we'd have to
9 find this same subset crew of people to come and
10 work for us and we want to have people that are
11 committed to Colonial 27 days a year in 2023 and
12 potentially be on.

13 So we're ripping the Band Aid off and we're
14 going. We're diving into the deep end with
15 Thursday, Friday and Saturday and we have to make
16 it happen.

17 COMMISSIONER TANNER: So another question that
18 I have was I was going to ask you about the stakes
19 schedule and I appreciate that.

20 But related to that is purse structure
21 and providing a purse for those stakes versus the
22 purse structure that we had last year that
23 attracted full fields every day.

24 MR. PALMISANO: I've had multiple
25 conversations with Frank regarding the purse

1 structure. You'll see today the VEA is going to
2 present their numbers and tell us exactly what we
3 have to spend for next year. The Horsemen's
4 agreement speaks to sitting down with Frank right
5 after the first of the year and mapping that out
6 and we totally agree.

7 We want not only big stakes races that are
8 going to be on national TV, but we want to support
9 the bread and butter horsemen that have always
10 supported Colonial and you're going to see \$600,000
11 a day purses here again as they were last year and
12 you're going to see nothing but purse growth here
13 in Colonial as more and more machines are added
14 here.

15 Absolutely, I think this is a situation where
16 people are going to follow the purse money and we
17 understand that. We know that. There's a lot of
18 places for people to run horses and there's lots of
19 horses to actually do the running, so the
20 competitive advantage that we have here at Colonial
21 is a great racing surface, a great turf course
22 and a great purse structure. I don't see any
23 reason why we would change any of those three
24 things.

25 COMMISSIONER TANNER: One last question; that

1 is, capital improvements. You've had a chance and
2 I know that priorities are going to change on the
3 basis of the Horsemen's agreement and other things
4 as you find them, but have you got any plans for
5 capital improvements in the coming year?

6 MR. PALMISANO: Our team was here last week
7 assessing the property. We're going to sit down
8 with the Horsemen's group. My vision is we put a
9 prioritization list together and they put a
10 prioritization list together and we'll see where
11 they overlap and we'll see what we can do.

12 We're a publically traded company, so any
13 capital investment has to be approved by the Board,
14 has to go through the voting process, has to be
15 quoted by multiple people, has to kind of go
16 through the formal process, so it's not a chance
17 for us to make a real commitment.

18 But my commitment to you is that we're going
19 to sit down with the folks that live on the back
20 side, that work on the back side and let them tell
21 us what are the things that are needed the most and
22 see with what we agree and see what we can do.

23 COMMISSIONER TANNER: So we can get a clearer
24 picture by the March board meeting?

25 MR. PALMISANO: I would say we would have a

1 good understanding of what we're going to do for
2 this year by that meeting for sure.

3 COMMISSIONER TANNER: Great. Thank you.

4 MR. PALMISANO: Yep.

5 CHAIRMAN NIXON: Thank you, Commissioner
6 Tanner. Commissioner Siegel.

7 COMMISSIONER SIEGEL: I just want to add my
8 welcome to Churchill. We're all very optimistic
9 about the future. I think what you two have said
10 and what we heard from your CEO in the spring gives
11 us great optimism.

12 The folks at Colonial have done a great job.
13 They put on a great show. I think that you guys
14 have the potential and the resources to put on even
15 a better show, so we're really excited about that.

16 It has been well stated by the majority of
17 this Commission that weekend racing or twilight
18 racing is preferred, but it's our role to give you
19 this opportunity to get it right and get it done
20 and to draw fans and to build the race base here
21 which is a big part of our mandate as
22 Commissioners.

23 You and I have exchanged some conversation,
24 some emails about our thoughts about weekend and
25 evening racing and I think we owe you the

1 opportunity to do it your way.

2 I think you're solving at least a third of the
3 problem by racing on Saturdays, but it would be at
4 least this Commissioner's expectation that in 2024,
5 you would have racing on Saturday and Sunday or
6 twilight racing one night so half or more of the
7 race dates or at least two-thirds of the race dates
8 would give the opportunity for more fans to come
9 out.

10 Thursdays and Fridays may be better than
11 Monday and Tuesday, as we discussed earlier, but
12 we'll have to see and see whether we really can get
13 the job done in a way that our mandate requires and
14 I think all the horsemen would support. So again,
15 welcome and we look forward to working with you.

16 MR. PALMISANO: Thank you.

17 VICE CHAIR HUDGINS: I don't have a whole lot
18 of questions left, thanks to Commissioner Tanner,
19 but he asked everything that I wanted to know.

20 I want to make one comment and that's that as
21 a business person, your open admission that things
22 don't always turn out the way you originally plan
23 them and the best thing to do is to do things in
24 steps so you can adjust as you go.

25 There will be events that won't work out the

1 way any of us think it's going to and some of us
2 are pretty darn sure that we know how it's going to
3 be. I've fallen on my face on that one way too
4 many times to make that assumption here.

5 Honestly, it's an up and down process to make
6 change and I love that you, frankly, say that out
7 loud and don't make promises that it's all going to
8 be perfect and yes by 2024 this is what we will do.
9 we might end up with something very different than
10 we think we're going to have, but it will be better
11 than we think it's going to be. So thank you for
12 being open.

13 The only thing I ask is that you do update us
14 honestly, transparently with the problems that are
15 coming up because as a business owner, there always
16 are and your willingness to tackle them, it's
17 important to identify them and verbalize them as a
18 first step to solving them and we will work with
19 you in any way, shape or form we can because I
20 think we are all on the same page. But we will
21 kind of check in periodically and just catch up.
22 So thanks.

23 MR. PALMISANO: I appreciate that and we agree
24 there and look forward to staying in close contact
25 with all of you and Mr. Lermond in making this the

1 best we can make it and by the March meeting, we
2 certainly should have updates on stakes schedules
3 and we'll figure out how this graded stakes
4 committee rules and what that day might look like.
5 we'll know a lot more and we'll have three more
6 months to figure out where to get people to come
7 work from.

8 VICE CHAIR HUDGINS: Well, good luck with
9 that. I struggle with that one for my business all
10 the time and I don't think it's an easy fix and
11 it's not going to be a quick fix. It's going to be
12 an ongoing process that we will all have to just
13 deal with, but you've got resources and that's what
14 counts.

15 MR. PALMISANO: Thank you.

16 VICE CHAIR HUDGINS: Thanks.

17 CHAIRMAN NIXON: Thank you, Commissioners.
18 You all have asked all of the questions that I had.
19 Mr. Lermond, do you have anything to add to this?

20 MR. LERMOND: Thank you, Madam Chair. That
21 sounds good, doesn't it? I would just like to say
22 that the application that was submitted by the
23 Colonial Downs Group as always was well organized
24 and contained all of the required information that
25 we need to make this decision.

1 I would seek a motion to approve a significant
2 infrastructure limited license including
3 Thoroughbred race days for 2023 as submitted by
4 Colonial Downs Group, LLC, with the following two
5 conditions.

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

19 MR. PETRAMALO: May I be heard on behalf of
20 the horsemen?

21 CHAIRMAN NIXON: I'm sorry?

22 MR. PETRAMALO: I say may I be heard on behalf
23 of the horsemen?

24 CHAIRMAN NIXON: Sure.

25 MR. PETRAMALO: It's tradition. For the

1 record, my name is Frank Petramalo. I'm the
2 executive director and general counsel of the
3 Virginia HBPA. We represent the owners and
4 trainers who race at Colonial Downs.

5 Let me quickly say that we agree with the
6 request to run 27 days three days a week. We do
7 not agree with the notion of running Thursdays,
8 Fridays and Saturdays. We think weekend racing is
9 a good idea, but not next year. Let me go through
10 some things to I think correct some
11 misapprehensions about what Virginia racing is all
12 about. It certainly is important to have fans at
13 the track, but Virginia racing is not simply about
14 Virginians.

15 Take a look at who supports Virginia racing.
16 Here's your own data. This is a list of the owners
17 and trainers that you licensed for 2022. There are
18 about 2300. That's probably a record number. It
19 usually was around 1500 to 1800.

20 Now, of that, 230 are Virginia residents. Ten
21 percent only are Virginia residents who race at
22 Colonial Downs. The other two-thirds come from
23 Florida, Maryland, Kentucky, Pennsylvania, New
24 York, New Jersey. It's a regional market that we
25 deal with. It's not simply Virginians.

1 That also is reflected in the handle
2 out-of-state on our racing. We originally started
3 out in 2019 racing Thursday, Friday, Saturday and
4 the handle out-of-state was 1.1 million on average
5 daily. The management then switched to Monday,
6 Tuesday, Wednesday and we went off the charts.

7 In 2021, the average handle was 2.2 million
8 daily. This year it was 2.8. Both of those are
9 records for Colonial Downs.

10 So the new management struck upon a very
11 successful economic business plan as well as a fan
12 base, because let's not kid ourselves. We are in
13 the digital age and have been for years.

14 Most racing is watched on TV and on the
15 internet and that's reflected in the people who are
16 wagering. Though it's nice to have folks at the
17 racetrack, but let's be realistic here. What is a
18 smart business plan?

19 Now, you may say, well, we'll adjust. We'll
20 run on Saturday and adjust our dates so we don't
21 conflict with Saratoga. Don't kid yourselves. If
22 racing fans have got the choice between watching
23 the Saratoga card or the Colonial card, I'm sorry.
24 It's going to be the Saratoga card that they watch.

25 I would suggest -- well, let me give you some

1 of your own numbers again. Well, skip it. I would
2 suggest we run next year Sunday, Monday, Tuesday.
3 It is crazy to give up our Monday, Tuesday market.

4 We've established ourselves in that market and
5 we're beating everybody else. Monmouth is not
6 going to be running on Monday next year, nor is
7 Indiana Grand. We've got the whole market to
8 ourselves. Now to just throw it out and say let's
9 go back to Thursday, Friday and Saturday where we
10 did half of the business that we did on Monday,
11 Tuesday is crazy. Why in the world would you do
12 that? Why in the world would you do that?

13 So my point is I agree with Gary and John that
14 we will in the future have to expand and I'm
15 looking to 2024 and if their plans for expanding
16 HHR occur in 2023, in 2024 we're going to be
17 looking at a minimum of 38 days. We're going to
18 have to go four days a week.

19 Sure, that might be a good time to add in a
20 Saturday. So you run Saturday, Sunday, Monday,
21 Tuesday. All I'm saying is let's not make
22 decisions based on beliefs and wishful thinking.
23 Let's look at the data and let's look to see what
24 makes sense based on that. Thank you.

25 CHAIRMAN NIXON: Thank you, Mr. Petramalo.

1 I appreciate you going through everything with us.

2 Dave, did you have anything else to continue
3 on with?

4 MR. LERMOND: Well, the motion that I
5 suggested is still out there.

6 CHAIRMAN NIXON: Okay.

7 MR. LERMOND: The one thing I would say is
8 that while Frank is right about the out-of-state
9 handle, when we did run Thursday, Friday and
10 Saturday, the on-track handle and the attendance
11 was almost double what it was when they went to
12 Monday, Tuesday, Wednesday, so you have to ask
13 yourself what's more important; the signal sales,
14 whether on-track or some combination.

15 MR. PETRAMALO: Let's talk about that. The
16 on-track handle, \$65,000. The off-track handle,
17 \$2.8 million. Which one do you think makes more
18 sense?

19 VICE CHAIR HUDGINS: Frank, I don't want to
20 interrupt you here, but this could go on for quite
21 a long time.

22 MR. PETRAMALO: Well, I've been a lawyer for
23 45 years. I just can't keep my mouth shut.

24 CHAIRMAN NIXON: Okay. There's a motion on
25 the table. Is there a second?

1 COMMISSIONER SIEGEL: So moved.

2 CHAIRMAN NIXON: Any other discussion from the
3 Commissioners?

4 MR. LERMOND: Stephanie, one of you has to
5 make the motion.

6 CHAIRMAN NIXON: I'm sorry.

7 COMMISSIONER SIEGEL: I'll make the motion.

8 VICE CHAIR HUDGINS: May I make a comment just
9 before we do this?

10 CHAIRMAN NIXON: Yes. Absolutely.

11 VICE CHAIR HUDGINS: What I'd like to say is
12 this really has been looked at very thoroughly,
13 Frank, and I know you have a set of data in front
14 of you; however, there's many different sets of
15 data and how you long at it depends on your
16 long-term goal and what you're after.

17 Sometimes you step back to step forward and in
18 this case, I think we know very well what you're
19 saying. We've all considered that, but I think
20 general opinion here which we will see at the vote,
21 is that or certainly mine is that I'm willing to
22 take a step back to give this company a chance to
23 put us to a place that we've never been before and
24 that's my comment. No more. We're done. I'm
25 sorry.

1 CHAIRMAN NIXON: Okay. So step back. There
2 was a motion from Mr. Siegel.

3 COMMISSIONER SIEGEL: Yes.

4 CHAIRMAN NIXON: Second?

5 VICE CHAIR HUDGINS: I second it.

6 CHAIRMAN NIXON: Any other discussions? All
7 those in favor?

8 NOTE: The Commission votes aye.

9 CHAIRMAN NIXON: Opposed? Thank you. The
10 motion passes.

11 All right. Moving on. Let's see. We have
12 request for approval of licenses to conduct
13 pari-mutuel wagering on historical racing at
14 Rosie's New Kent, Rosie's Richmond, Rosie's Vinton,
15 Rosie's Hampton and Rosie's Dumfries and Rosie's
16 Collinsville for 2023 submitted by Colonial Downs
17 Group, LLC.

18 The staff report is behind each location, Tab
19 Three recommending for approval. I believe
20 Mr. Jack Sours is going to talk about this.

21 MR. SOURS: Sure. So just looking at the
22 performance from last year, we're on pace to do
23 \$3.9 billion in handle from the HHRs that are
24 deployed today, so that's an increase of 25 percent
25 over prior years. It is obviously ascending. All

1 the locations are doing very well.

2 we'll have competition in 2023 down in the
3 Hampton Roads area with the Class Three coming on,
4 but that's the only impact I would see in 2023 from
5 competition.

6 As we've talked about before, we are planning
7 on opening Emporia, which would be another 150
8 units in 2023 and then the Rose, which is the
9 bigger project in Dumfries, is also on schedule to
10 open in 2023. Obviously, that's a much bigger
11 facility with a lot more logistics and
12 complications associated with it, so the timeline
13 is more subjective than the Emporia one. Make that
14 clear. Those are projections at this point in
15 time. With those added machines coming on in 2023,
16 obviously, we'll be doing more handle, more
17 revenue.

18 I'll give you some details about the Rose.
19 I'm sure you're very familiar with the project, but
20 I'll just go through the details briefly.

21 Phase One will consist of 1150 HHRs, over
22 50,000 square feet of gaming facility, eight
23 restaurants and bars, 15,000 square feet of event
24 space and 102 hotel rooms. So quite an expansive
25 project. We're excited about it. It should do

1 very well for us.

2 Then with the Emporia project, that's 25,000
3 square feet of gaming space, the R Burger signature
4 restaurant and 150 HHRs. So with that, if you have
5 any questions, I'll be happy to answer them.

6 CHAIRMAN NIXON: Commissioner Brand, any
7 questions?

8 COMMISSIONER BRAND: I'm going to defer right
9 now and let Jeff ask some questions. We've had
10 some discussion and I'll let him do that. Thank
11 you.

12 COMMISSIONER TANNER: So my only question
13 really is, you're currently at 2606 machines,
14 correct?

15 MR. SOURS: It's 2686.

16 COMMISSIONER TANNER: Okay, 2686. So that
17 will take you over 3900 if you meet your
18 projections?

19 MR. SOURS: Yes. That's correct.

20 COMMISSIONER TANNER: That was my question.

21 CHAIRMAN NIXON: Mr. Siegel.

22 COMMISSIONER SIEGEL: I think it's pretty
23 clear. I don't have any further questions.

24 CHAIRMAN NIXON: Commissioner Hudgins?

25 VICE CHAIR HUDGINS: I have no questions.

1 CHAIRMAN NIXON: I don't as well.

2 Mr. Lermond, is there anything to add to this?

3 MR. LERMOND: First of all, I'd like to
4 correct. For the record, there are 2606 terminals,
5 not 2686. We get an email every month from Jeff
6 Tanner that shows how many terminals are at each
7 location, who the manufacturers are.

8 MR. SOURS: Fair enough.

9 COMMISSIONER TANNER: I don't send that email,
10 Dave.

11 MR. LERMOND: Jeff Townsend. Sorry.

12 COMMISSIONER TANNER: Thank you.

13 MR. LERMOND: I said Jeff Tanner. I'm sorry.
14 But I mean that's not a significant difference.

15 MR. PETRAMALO: Is that installed or
16 operating?

17 MR. LERMOND: They are operating right now
18 currently.

19 MR. PETRAMALO: So there may be more
20 installed.

21 COMMISSIONER SIEGEL: Can you be more specific
22 about the dates of these two openings? I know it's
23 a projection. I'm just wondering about
24 construction.

25 MR. SOURS: Yes. Our current projection would

1 be September 1st for both.

2 COMMISSIONER SIEGEL: Simultaneously, more or
3 less?

4 MR. SOURS: Yes. That's correct. I do think
5 it is 2686 installed and probably 2606 or any given
6 day there could be some offline, so I think that's
7 the --

8 MR. LERMOND: Maybe if they're in storage.

9 MR. PETRAMALO: I mention that because the
10 statute refers to installed, not operating.

11 MR. LERMOND: That's true. I was also
12 informed not too long ago that they thought that
13 this Rose might not be open until the first quarter
14 of 2024.

15 MR. SOURS: Again, it's a very complex project
16 and there's a lot of moving parts to it.

17 COMMISSIONER SIEGEL: But it is a big
18 difference from the 1st of September to the 1st of
19 January. Are you on schedule now?

20 MR. SOURS: I'm being told we are on schedule.
21 I'm not part of the construction team.

22 COMMISSIONER SIEGEL: Those dates would have a
23 bearing on how many race dates are required.

24 MR. SOURS: Yes. As we talked about, labor
25 issues, supply chains. That project is very

1 complex, the details of it. I'm being told as we
2 sit here right now it's September 1st.

3 MR. PETRAMALO: Jack is talking about Phase
4 One by September 1st.

5 MR. SOURS: Yes.

6 COMMISSIONER SIEGEL: That includes the
7 machines, Phase One.

8 MR. PETRAMALO: Yes. That's correct. Phase
9 Two may come in to 2024.

10 COMMISSIONER SIEGEL: I don't think we care
11 about hotel rooms, for example.

12 MR. PETRAMALO: Well, I know that.

13 COMMISSIONER SIEGEL: Okay.

14 MR. LERMOND: Okay. Nonetheless, we're
15 talking about the current Rosies right now that are
16 in operation. We did receive license applications
17 for all six locations. Staff as always has
18 reviewed it. The application was, again, well
19 presented and contained all of the information that
20 we require.

21 Based on that, I would seek a motion to
22 approve the licenses -- and I'm sorry. In previous
23 years we've done this all as one motion in
24 accordance with our counsel.

25 I would like to seek a motion for the approval

1 of licenses to conduct pari-mutuel wagering on
2 Historical Horse Racing at Rosie's New Kent,
3 Rosie's Richmond, Rosie's Vinton, Rosie's Hampton,
4 Rosie's Dumfries and Rosie's Collinsville for 2023
5 with the following two conditions.

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

20 CHAIRMAN NIXON: Is there a motion?

21 COMMISSIONER BRAND: So move.

22 CHAIRMAN NIXON: Second?

23 COMMISSIONER TANNER: Second.

24 CHAIRMAN NIXON: Any other discussions? All
25 those in favor.

1 NOTE: The Commission votes aye.

2 CHAIRMAN NIXON: Opposed? Hearing none, the
3 motion passes.

4 MR. SOURS: Thank you, Commissioners.

5 CHAIRMAN NIXON: Next up, we have the request
6 for the extension of the current Thoroughbred
7 Horsemen's contract through January 31st, 2023, and
8 I believe it's an amendment signed by the parties
9 located behind Tab Four and Mr. Petramalo will be
10 speaking about this.

11 MR. PETRAMALO: Sure. We've exchanged written
12 proposals for the new contract and I'm ever the
13 optimist. I think we'll be able to have a complete
14 contract by January 31st.

15 CHAIRMAN NIXON: Before I ask for a motion, is
16 there any -- I'd like to add for the motion that
17 the motion to extend the contract would also give
18 Executive Secretary Lermond authority to approve
19 the new contract on behalf of the Commission once
20 it is finalized and agreed to by both parties. Do
21 I hear a motion?

22 VICE CHAIR HUDGINS: So moved.

23 COMMISSIONER TANNER: Second.

24 CHAIRMAN NIXON: Any other questions or
25 comments?

1 COMMISSIONER SIEGEL: I would just suggest if
2 there are material differences that we should be
3 made aware of, Mr. Lermond will do so, I take it?

4 MR. LERMOND: Yes, sir. I will.

5 CHAIRMAN NIXON: All those in favor?

6 NOTE: The Commission votes aye.

7 CHAIRMAN NIXON: Opposed? Motion passes.

8 Next up is the request for the approval of a
9 limited license for Shenandoah County Agricultural
10 Foundation for spring 2023 at Shenandoah Downs.
11 The staff report is located behind Tab Five
12 recommending approval. I believe Mr. Jeb Hannum is
13 going to report.

14 MR. HANNUM: Thank you, Commissioners. So
15 this application is for the first spring meet that
16 we will have out at Woodstock, so this represents
17 our desire to expand harness racing. There will be
18 a subsequent application before the Commission in
19 2023 for the traditional fall meet.

20 So I just wanted you all to understand this is
21 not in replacement to the fall meet, but in
22 addition to the fall meet. So I just wanted to
23 mention that.

24 So Darryl Wood and Debbie Warnick have put
25 this application together. If there are any

1 specifics, I'll refer to Darryl and Debbie.

2 CHAIRMAN NIXON: Thank you. Commissioner
3 Brand, any questions?

4 COMMISSIONER BRAND: No.

5 CHAIRMAN NIXON: Commissioner Tanner?

6 COMMISSIONER TANNER: No.

7 CHAIRMAN NIXON: Siegel?

8 COMMISSIONER SIEGEL: No, ma'am.

9 CHAIRMAN NIXON: Commissioner Hudgins?

10 VICE CHAIR HUDGINS: No questions.

11 CHAIRMAN NIXON: Mr. Lermond, do you have
12 anything to add to this?

13 MR. LERMOND: I hate to sound like a broken
14 record, but I will say that the application was
15 received, contained all of the required information
16 and as a result, I would seek an approval for the
17 limited license application for Shenandoah Downs
18 located in Woodstock, Virginia which was submitted
19 by the Shenandoah County Agricultural Foundation
20 with the following two conditions.

21 Horse racing with pari-mutuel wagering shall
22 be operated in accordance with all representations,
23 plans and specifications as submitted in the
24 application and as described at the Virginia Racing
25 Commission's December 14th meeting and licensee

1 shall not deviate materially from these
2 representations, plans and specifications without
3 the prior consent of the Commission or its
4 executive secretary; and second, the horse racing
5 with pari-mutuel wagering shall be operated in
6 accordance with all applicable state and federal
7 statutes and regulations, including regulations of
8 the Commission and local ordinances.

9 CHAIRMAN NIXON: Okay. Hearing a motion?

10 VICE CHAIR HUDGINS: So made.

11 CHAIRMAN NIXON: Second?

12 COMMISSIONER BRAND: Second.

13 CHAIRMAN NIXON: Any other discussion? All
14 those in favor?

15 NOTE: The Commissioners vote aye.

16 CHAIRMAN NIXON: Opposed? Hearing none, the
17 motion passes.

18 Next up is the request for the approval of
19 racing officials at Shenandoah Downs for 2023. I
20 believe a list of the racing officials is located
21 behind Tab Six. Staff has reviewed the list and
22 recommend approval. If we have any questions,
23 Mr. Hannum can answer them. Any questions? Any
24 questions?

25 Okay. Seek a motion to approve.

1 VICE CHAIR HUDGINS: So moved.

2 CHAIRMAN NIXON: Second?

3 COMMISSIONER TANNER: Second.

4 CHAIRMAN NIXON: All those in favor?

5 NOTE: The Commission votes aye.

6 CHAIRMAN NIXON: All those opposed? Thank
7 you. Motion passes.

8 Next up is the ADW license renewal for 2023.
9 These four ADW companies have been licensed in
10 Virginia for many years and I will address this
11 item to Mr. Lermond.

12 MR. LERMOND: Thank you, Madam Chair.

13 As you said, these same four ADW companies
14 have been operating for a long time in Virginia.
15 They are, I would say, the top four if you are
16 looking at ADW companies as far as handle and
17 account holders. We are happy to report we have
18 not had any instances at all with any of them.

19 Therefore, I would seek a motion to approve
20 with the following conditions. Okay. The horse
21 racing with pari-mutuel wagering through advance
22 deposit wagering shall be operated in accordance
23 with all representations, plans and specifications
24 as submitted in the application and as described at
25 the Virginia Racing Commission's December 14th

1 meeting and shall not deviate materially from these
2 representations, plans, specifications without
3 prior consent of the Commission or its executive
4 secretary.

5 Secondly, horse racing with pari-mutuel
6 wagering through advance deposit wagering shall be
7 operated in accordance with all applicable state
8 and federal statutes and regulations, the
9 regulations of the Commission and all local
10 ordinances.

11 CHAIRMAN NIXON: Okay. Thank you. Motion to
12 approve.

13 COMMISSIONER SIEGEL: So moved.

14 CHAIRMAN NIXON: Second?

15 VICE CHAIR HUDGINS: Second.

16 CHAIRMAN NIXON: Thank you. Any other
17 discussions? All those in favor?

18 NOTE: The Commission votes aye.

19 CHAIRMAN NIXON: All those opposed? Hearing
20 none, the motion passes.

21 Next is the request for the approval of the
22 VEA operating budget for 2023. The proposed VEA
23 budget is located behind Tab Seven and I believe
24 Mr. Hannum will present the budget and answer any
25 questions.

1 MR. HANNUM: Great. Thank you, Madam Chair.
2 So if it would be helpful, Commissioners, I can
3 explain the broad concept of how we do our budget
4 and then highlight some of the details and then
5 take any questions. So would you like me to speak
6 to that?

7 CHAIRMAN NIXON: Yes.

8 MR. HANNUM: So as I explained last year and I
9 think there may be a new commissioner who has not
10 seen this before, in looking at the VEA budget,
11 it's important to remember that the VEA exists to
12 promote and expand and advance the interests of all
13 of our members. So that's the harness racing,
14 steeplechase racing, flat racing and the breeders.

15 So since the inception of the VEA, the Board
16 has always taken the view there should not be a
17 hard and fast number percentage of any group, but
18 the budget should reflect the needs of the
19 respective organizations how they can best serve
20 their respective missions and I think the Board has
21 been true to that and has served all the different
22 aspects of the industry well since our inception.

23 So the budget that I'll go through, we sort of
24 talk about it internally as the top end and the
25 bottom end. So the top of the budget which I'll

1 get to includes the administrative expenses and
2 things for Shenandoah, et cetera.

3 Then we have an internal formula whereby after
4 all the expenses are taken out at the top end, the
5 money left over is then split on a specific
6 percentage for the two Horsemen's groups for purses
7 and I'll get to that as we go through the numbers.

8 But I just wanted to just reiterate that the
9 mission of the VEA is to support all the different
10 groups, not simply to hold purse money for Colonial
11 Downs.

12 So what I'm looking at is in the very middle
13 of the page where it says Approved Budget 12/31/23
14 approved by the VEA Board. So on the revenue side,
15 if you go down to Line Five, you'll see \$2.5
16 million. I'm just going to hit the highlights
17 here.

18 So that \$2.5 million number is important
19 because it's going away. So that number represents
20 the last full payment from Colonial for the OTB
21 licenses that were acquired by the track when we
22 did the original contract and so there's a partial
23 payment next year, but that number disappears.

24 So if you look at Line Eight, Net Revenue,
25 that gives us a little over \$29 million that

1 we're estimating for net revenue in 2023.

2 If you go down to Race Day Expenses, the VEA
3 puts on the racing at Woodstock and we pay all of
4 the expenses. You'll see that on Line Ten, that's
5 almost \$1 million for 2023. That's a big jump from
6 2022 and that's because we're going to go to two
7 meets. So we will have the spring meet and then
8 pending your approval the fall meet.

9 It's an expensive endeavor to put these races
10 on out at Shenandoah and I believe all of you have
11 been out there if not once many times and we
12 appreciate your support, but the fairgrounds are
13 great to work with. They're really good partners,
14 but it's an older facility and it's just a lot of
15 effort and expense to get it turned into a
16 racetrack two times a year.

17 If go you down to Line 15, Steeplechase
18 Infrastructure, there is a new item that we have in
19 the budget, 300,000. Later on in today's meeting,
20 I'll talk about the five-year plan that we went
21 through, but one of the things that we recognize
22 this year in putting our budget together is the
23 steeplechase meets need help with what they have;
24 infrastructure needs which vary from new road
25 and fences, but really more to the IT to enhanced

1 broadband capacity, fiberoptic cable for
2 transmitting the races to people to see here in the
3 states and abroad. So we're looking to try to help
4 the steeplechase meets with their IT needs.

5 I will mention quickly on Line 18, you will
6 see that's zeroed out, but we spent about \$300,000
7 this year on a new pad site at Shenandoah which has
8 been a really great investment and very important.

9 So that's enabled us to have a level site for
10 all of the temporary stalls and has made it much
11 safer for horses and much it's much easier for the
12 horsemen to work, so that was a one-off budget
13 item.

14 Lines 22, 23 and 24, this is the money for the
15 respective Certified programs for Thoroughbred
16 and harness and these numbers are set per our
17 internal agreement; four million for Thoroughbred
18 and one million for Standardbred.

19 Line 26, Salaries. We have a jump there. We
20 are looking to potentially add a new employee to
21 the VEA. I think based on all of the things the
22 VEA does, we're a pretty small organization. We
23 only have three full-time employees.

24 One of the things we need to look at is
25 somebody that can come in and help us with

1 marketing and social media looking at the five-year
2 plan that we put together and helping us carry out
3 and implement some of the objectives there. So
4 this is something that we are looking at for next
5 year.

6 Coming down to Line 39, this is Marketing
7 Money. Again, this gets into the five-year plan
8 which I will speak to later, but we want to work
9 with Colonial Downs on trying to market the races
10 to the best of our abilities and we want to be a
11 partner there.

12 The last couple of items, 40 through 43,
13 that's support for the Point-to-Points and horse
14 retirement. The Point-to-Points are like the farm
15 league for the steeplechase meets and we want to
16 continue to support those races.

17 So that takes you to Line 46; a little over
18 nine million for expenses and then Line 47 is the
19 funds left over which we estimate at 19.1 for next
20 year.

21 So if you look at your page and you come up to
22 the very top on the right, you'll see that 19.1
23 again under 2023 budget. And then we take out 250
24 just sort of as a set-aside for the VEA and then
25 that leaves a little. That's 18.9 million left

1 over.

2 Per our internal agreement, we split that
3 18.9, 80 percent, to the Thoroughbred horsemen and
4 20 percent to the Standardbred horsemen and that's
5 how that works.

6 So it's also important when you see those
7 numbers, that's money that will be available for
8 purses in 2024 and so that's how the budget works.

9 So I'll pause there if there are any questions
10 about the budget for next year or expenditures that
11 we made this year.

12 CHAIRMAN NIXON: Any questions, Commissioners?

13 COMMISSIONER SIEGEL: Jeb, the Projected
14 column; is that the projection for this current
15 year that ends in a few weeks?

16 MR. HANNUM: Are you looking at 2022 or 2023?

17 COMMISSIONER SIEGEL: Well, it's showing 2022
18 here under Projected. The budget also shows the
19 same date as does the approved budget.

20 MR. HANNUM: Right. So the first column -- so
21 on the left-hand side, projected is where we
22 anticipate coming out at the end of this year.

23 COMMISSIONER SIEGEL: The end of this month
24 showing the whole year?

25 MR. HANNUM: Yes. The middle column which

1 shows budget 12/21/2022, that was our original
2 budget for 2022.

3 COMMISSIONER SIEGEL: Exactly, but the
4 approved budget says the same date as well. It
5 shouldn't.

6 MR. HANNUM: No. Not on my sheet.

7 COMMISSIONER SIEGEL: Well, I guess that's for
8 the full year. So we're talking about the existing
9 budget in the first two columns; projected as well
10 as the budget itself?

11 MR. HANNUM: So the first two columns on the
12 left would be where we anticipate coming out. The
13 middle column was our approved budget for 2022. So
14 those two columns compare 2022.

15 The middle line for 2023, those are the
16 numbers I just spoke to. That's our budget for
17 next year.

18 COMMISSIONER SIEGEL: Yes. That's my mistake.
19 But these percentage changes, I'm not sure I
20 understand the changes, but 100 percent typically
21 means it doubles, right?

22 MR. HANNUM: Well, so we're saying that on --
23 so for Line Eight, that revenue, we are -- sorry.
24 The light in here isn't great. So we're at 28.6
25 million where we're expecting to come in for this

1 year and we budgeted -- our estimate for this year
2 was 26.4, so the 109 percent represents that we're
3 nine percent --

4 COMMISSIONER SIEGEL: So it's actually a nine
5 percent increase?

6 MR. HANNUM: Nine percent above. Yes.

7 COMMISSIONER SIEGEL: I would think the
8 percentage changes to show the increase and not
9 100 percent plus the increase.

10 MR. HANNUM: Okay. Good point.

11 VICE CHAIR HUDGINS: Agreed.

12 CHAIRMAN NIXON: Any other questions? Any
13 other questions at this point?

14 COMMISSIONER BRAND: Yes. Thank you for going
15 into the detail. This is my first round of going
16 through this particular budget. It's not my first
17 round of looking at budgets, so I appreciate the
18 information.

19 I do have a question on the track maintenance,
20 17 through 21.

21 MR. HANNUM: Yes.

22 COMMISSIONER BRAND: Just out of curiosity,
23 what would be the average spent on an annual basis
24 in that column over the past years?

25 MR. HANNUM: So I don't know what we've done

1 over the past five years, for example. We can
2 certainly get that for you, Commissioner.

3 So just a little history with the track, which
4 I think helps. So when we came to Woodstock six,
5 seven years ago, there was a track there. They had
6 been racing for 100 years and we literally ripped
7 the whole thing out, completely rebuilt it on the
8 oval that existed and essentially put in a new
9 track on the same footprint. So the track is
10 relatively new, so our maintenance costs are not
11 exorbitant but we still have to maintain it on an
12 annual basis.

13 The big thing we're looking at for next year
14 you can see is we have to get a new water truck.
15 We'll be adding the gravel composition this year
16 like we do every year, but in terms of what we're
17 spending, what we've done on an annual basis over
18 the last couple of years, I can get that to you,
19 but the numbers sort of reflect we do about \$50,000
20 a year on general maintenance on the track.

21 COMMISSIONER BRAND: Thank you.

22 CHAIRMAN NIXON: Any other questions?

23 MR. LERMOND: Madam Chair?

24 CHAIRMAN NIXON: Yes.

25 MR. LERMOND: I would just like to point out I

1 know it says approved budget, but that means
2 approved by your Board, right? You're not assuming
3 that we're --

4 MR. HANNUM: Correct. That's why I said in
5 the beginning the VEA Board approved this middle
6 column.

7 MR. LERMOND: Thank you.

8 COMMISSIONER TANNER: I do have a question to
9 follow along with Commissioner Brand on the
10 maintenance. It was much higher than was budgeted
11 at Shenandoah this year. Was there deferred
12 maintenance that was picked up on the track itself
13 or the back side?

14 MR. HANNUM: Yes. I'm going to pause for a
15 second and look over at my colleague, Darryl, if he
16 can remember what we did.

17 MR. LERMOND: I think it's the pad site.

18 COMMISSIONER TANNER: The pad site is listed
19 as a separate item.

20 MR. WOOD: I know J.D. had to do some digs and
21 put in an extra stove. They had a water problem
22 and washout problem the year before they had to
23 deal with.

24 MR. HANNUM: Yes.

25 COMMISSIONER TANNER: Okay. Thank you.

1 CHAIRMAN NIXON: Any other questions?

2 MR. HANNUM: With the track, we feel we need
3 to spend what we need to spend to make it safe
4 and certainly, the Board is going to go over
5 budget. We hope that our colleagues on the flat
6 race side would do the same thing to make sure the
7 track is safe.

8 CHAIRMAN NIXON: Okay. Thank you. Do you
9 want to continue on? Is that everything?

10 MR. HANNUM: That's everything.

11 CHAIRMAN NIXON: Okay. That's everything.
12 All right. Do I have a motion to approve?

13 COMMISSIONER BRAND: So moved.

14 CHAIRMAN NIXON: Second?

15 COMMISSIONER SIEGEL: Second.

16 CHAIRMAN NIXON: Any other discussion? All
17 those in favor?

18 NOTE: The Commission votes aye.

19 CHAIRMAN NIXON: All those opposed? For the
20 record, I will be abstaining on this vote.

21 MR. HANNUM: Thank you.

22 CHAIRMAN NIXON: All right. Next motion.
23 Request for the approval of the VTA Breeders Fund
24 administration budget for 2023. The VTA's proposed
25 budget to administer the Thoroughbred portion of

1 the Virginia Breeders Fund is located behind Tab
2 Eight.

3 This appears to be the same amount as it has
4 been in prior years. Debbie Easter will present
5 this and answer any questions.

6 MS. EASTER: Thank you, Madam Chairman. Just
7 a little history for new Commissioners, our new
8 Commissioner. Our yearly Breeders Fund is roughly
9 about \$1.2 million, the Thoroughbred portion these
10 days. Still makes this one of the smallest if not
11 the smallest in the region.

12 When Colonial turned in its license, we had
13 been prior to that, the Breeders Fund had been
14 roughly about that amount, but it actually dipped
15 to around \$500,00 once all the revenue streams had
16 been cut off. So the positive thing is we've built
17 ourselves back up this way.

18 The second positive thing is that last year
19 there was a budget amendment that took care of the
20 eleven groups that were left out in the original
21 HHR legislation. So that includes the vet school,
22 the Horse Industry Board, the Horse Center and the
23 Breeders Fund.

24 So we do expect the Breeders Fund to grow over
25 the next couple of years, possibly double plus. So

1 that's good news for us.

2 So to speak to the budget, the other thing you
3 should know is of that \$1.2 million, every year, I
4 don't know for how long, Dave, but it has been a
5 long time, we request \$190,000 of the Breeders
6 Fund.

7 To administer it, we do that on your behalf
8 and to promote the Breeders Fund. So typically,
9 that breaks out that \$190,000. It breaks out that
10 \$87,000 there is used to pay us to administer it
11 and \$103,000 is used to promote the fund.

12 Obviously, the Virginia Thoroughbred
13 Association is all about breeders and promotion, so
14 this is just a microburst of our entire budget, but
15 it's what is required for you all.

16 So if you start on the left-hand column of
17 2022 Projection, just like Jeb said, that
18 projection is what we project we'll spend by the
19 end of the year. So a little over \$225,000. We're
20 required to spend 196,000. The money you give us
21 plus whatever we get in registrations.

22 Here is your approved budget next to it that
23 you all approved last year. You can see that we
24 have spent more than you all asked us to spend. We
25 spent 225,000 versus 188,000.

1 The '23 draft is on the right-hand side. It
2 has been approved by our Board and our breeder's
3 committee and we'll ask for your approval.

4 I guess if I want to talk about highlights,
5 there's three places that we spend promotion money.
6 Advertising. We do our year-end awards, our yearly
7 futurity and then our website that has a lot of
8 information about Virginia-breds running and
9 winning and that.

10 So the one thing that's a significant change,
11 we had radio advertising included in our budget
12 last year and that has just gotten significantly
13 more expensive. It's not going away.

14 It's just we used to split it with the VEA and
15 we can't afford to do it so the VEA will probably
16 take over the entire amount of that radio
17 advertising and support in the past, but that's the
18 main difference.

19 Any questions?

20 CHAIRMAN NIXON: Thank you, Debbie. Any
21 questions?

22 VICE CHAIR HUDGINS: I have a question,
23 Debbie.

24 MS. EASTER: Sure.

25 VICE CHAIR HUDGINS: Did Mid-Atlantic

1 Thoroughbred go up in pricing?

2 MS. EASTER: No. I'll tell you what has
3 happened. So we run a monthly ad promoting what's
4 happening in Virginia, our Breeders Fund or
5 whatever, but with all of our added programs
6 and trying to track horses here and to Colonial
7 Downs through our Certified program, what's going
8 on good about the Breeders program, there are so
9 many of these programs around the country.

10 So I started running a half-page ad also that
11 just said what happens in Virginia. What is a
12 Breeders Fund? What do you get if you're a
13 breeder? What if you're an owner? What if you
14 play in the Certified program? So it's mainly
15 an addition of a half-page ad.

16 VICE CHAIR HUDGINS: Sounds smart. Thank you.

17 COMMISSIONER TANNER: I have a question.

18 CHAIRMAN NIXON: Sure.

19 COMMISSIONER TANNER: There's a pretty
20 significant increase in breeders' registration day
21 base expense. What's happening there?

22 MS. EASTER: So what happened is we rely on
23 reports from the Jockey Club to give us information
24 about winners across the nation. They hadn't been
25 billing us for a couple of years and they all of a

1 sudden found out they weren't billing us, so we're
2 getting a \$750 charge we weren't getting per month
3 from now on. So that was the increase in that. We
4 got a lot of free data for a while.

5 COMMISSIONER BRAND: They didn't make it
6 retroactive, did they?

7 MS. EASTER: They didn't. They charged me two
8 months retroactive, but they had been giving us
9 free data for a few years.

10 CHAIRMAN NIXON: That's good. Any other
11 questions for Debbie?

12 MR. LERMOND: Madam Chair?

13 CHAIRMAN NIXON: Yes.

14 MR. LERMOND: Just a comment. As Debbie said,
15 this budget amount has been the same for as long as
16 I can remember. What I'm saying also would apply
17 to the budget of the VHHA of 50,000. Also as
18 Debbie said, the budget amendment that took effect
19 July 1st will funnel more money to the Breeders
20 Fund.

21 We've asked for additional appropriation which
22 will cover that. I'm not a Commissioner, but next
23 year, I would advocate since there will be more
24 money available in the Breeders Fund that maybe we
25 could consider upping these amounts and maybe that

1 extra money could be used for promotion of the
2 respective breeds. Just something to think about.

3 CHAIRMAN NIXON: Good thought, Dave.

4 VICE CHAIR HUDGINS: I think that's worth
5 discussing, and I'm sure Debbie will have some
6 areas, too, where she will want to see some
7 increases.

8 MS. EASTER: So further updates, I'll just
9 tell you that I think that's something we should
10 look at. I do think that you all should be aware
11 that we have accrued from July when this budget
12 amendment took place until December, end of
13 December, we've accrued an additional maybe
14 \$400,000 in the Breeders Fund that will not be
15 available when we pay out to Breeders awards in
16 February but will be available later around June,
17 so we will be making two payments for 2022 winners
18 this year.

19 Going forward, the money will be available at
20 the end of the year like it's supposed to be.

21 The other thing that you all should be aware
22 of, hopefully you're familiar, but we pay breeders
23 awards for horses that win a race anywhere in North
24 America and that creates a breeder's incentive for
25 somebody to want to hopefully breed again or for a

1 stallion owner if his get wins anywhere in North
2 America.

3 We put in a piece of legislation sponsored by
4 Delegate Mike webber that will allow us to pay for
5 first, second or third anywhere in North America
6 and we feel fairly confident we can still keep our
7 percentages of awards high and increase the number
8 of checks that go out because of this increase in
9 the Breeders Fund and we think that will be real
10 helpful, hopefully attracting people to come to
11 Virginia to breed horses.

12 I know that Commissioner Brand asked me to
13 talk about the foal crop and about what's happening
14 with breeders. I don't know if you all want to
15 take your vote and vote on the budget first and I
16 go to that or you want me to shut up. You all tell
17 me.

18 CHAIRMAN NIXON: Go ahead. I think now is a
19 good time if you want to mention it.

20 MS. EASTER: So I think Commissioner Brand
21 just asked me to talk about what's been happening
22 with Virginia breeding in general. I think that if
23 we go all the way back to maybe the 60s, Virginia
24 was in the top five breeding states in the country.

25 I think that when other states went and

1 approved racing and pari-mutuel gaming and we never
2 had that in Virginia, that probably hurt us going
3 forward in the long term.

4 Catch up to the days of Colonial when the
5 original license for Colonial came. We had
6 an uptick in breeding back then. Maybe we were
7 breeding around 700 horses a year at that point,
8 but as Colonial, the original Colonial went on, I
9 think people got to understand that not a full-time
10 year-round meet did not create a breeding industry
11 where take for example, Pennsylvania, Maryland, New
12 York could have year-round racing to help create
13 and build a better breeding industry.

14 So what has happened the last 20 years here in
15 Virginia, in 2000 we probably bred about 500
16 horses. I'd say the majority of those farm owners
17 that we still even though Virginia wasn't one of
18 the largest foaling states in the country, we still
19 have a lot of quality.

20 As those older owners have disappeared, we
21 haven't replaced those farm owners. The Jockey
22 Club's 2020 statistics say we foal about 100
23 Thoroughbred foals here a year.

24 Obviously, I think not having year-round
25 racing, having one of the smallest funds in the

1 Mid-Atlantic area probably didn't help us at all.
2 Not having a race for a while didn't.

3 I do think we'll start to see an uptick in
4 that. What happens, unfortunately, is we don't get
5 good stats. They're two years away because people
6 are slow about registering their horses.

7 I think on a percentage increase we'll start
8 to see an increase, but we definitely know after
9 Colonial turned in its license we started to lose
10 infrastructure around the state of Virginia very
11 quickly.

12 As you all know on the Commission, that has
13 been the benefit of the Certified program is to
14 build farms and keep that infrastructure that was
15 disappearing.

16 So Betty and I were talking. One of the big
17 problems we realized is that just having farms to
18 foal, when people want to call me and want to come
19 from out-of-state, having Thoroughbred farms that
20 want to foal horses is an issue here right now. We
21 just don't have that infrastructure that we used
22 to.

23 So those are all things that we're working on.
24 We're hoping that things have been going well and
25 with these new incentives we're going to increase

1 the foal crop here, but it's definitely an issue we
2 have to work on.

3 CHAIRMAN NIXON: Thank you for taking the time
4 to explain that, Debbie. Any other questions?

5 Do I have a motion to approve?

6 COMMISSIONER TANNER: So move.

7 CHAIRMAN NIXON: Second?

8 COMMISSIONER BRAND: Second.

9 CHAIRMAN NIXON: All those in favor?

10 NOTE: The Commission votes aye.

11 CHAIRMAN NIXON: Motion passes.

12 MS. EASTER: Thank you very much.

13 CHAIRMAN NIXON: Thank you.

14 Next is the request for the approval of the
15 2022 Thoroughbred breeder and Stallion award
16 totals. The VTA request for breeder and Stallion
17 awards based on 2022 performance is located behind
18 Tab Nine. These are the same amounts that were
19 awarded in the prior years. Debbie again.

20 MS. EASTER: I'll keep it short. I think I
21 spoke to it. In February, we're going to award the
22 same amount of Stallion and breeders awards like we
23 did last year. Come June, we'll reissue an
24 additional 400,000 split by the same percentage
25 because that will be the new accrued money we're

1 getting from our new budget amendment. So that's
2 what we're asking you to approve.

3 CHAIRMAN NIXON: Thank you. Any questions?
4 Can I have a motion to approve?

5 COMMISSIONER SIEGEL: So moved.

6 CHAIRMAN NIXON: Second?

7 COMMISSIONER BRAND: Second.

8 CHAIRMAN NIXON: All those in favor?

9 NOTE: The Commission votes aye.

10 CHAIRMAN NIXON: All those opposed? Thank
11 you. Motion passes.

12 Next is the request for approval of VHHA
13 Breeders Fund administration budget for 2023. The
14 VTA's proposed budget to administer the
15 Standardbred portion of the Virginia Breeders Fund
16 is located behind Tab 10. Debbie Warnick will
17 present this and answer questions.

18 MS. WARNICK: The budget that we're proposing
19 is the same budget amount that we've had since I
20 took over six years ago. Nothing has changed with
21 it. I don't know if you have any questions.

22 CHAIRMAN NIXON: It's 50,000?

23 MS. WARNICK: 50,000. Yes.

24 CHAIRMAN NIXON: Commissioners, do you have
25 any questions?

1 VICE CHAIR HUDGINS: You have discussed
2 wanting to grow racing. Do you see a need,
3 increased need coming up for an expanded budget and
4 have a plan for increasing those racing options?

5 MS. WARNICK: Yes, ma'am. We have several
6 things that we're working on. There's Stallion
7 programs and breeding programs sort of by
8 residency. At some point in time, we spend way
9 more money than what's in this budget on the
10 breeding and stuff like that.

11 Now it comes out of our operating budget, so
12 as the funds increase and it becomes available, it
13 would be nice to get a larger budget so that that
14 doesn't come out of our operating income.

15 VICE CHAIR HUDGINS: Understood. Do you have
16 any forward plans, idea when that might be?
17 Looking forward for all of us, are you anticipating
18 an increased need for this any time soon? The next
19 couple of years or what are your thoughts?

20 MS. WARNICK: I guess the only answer I have
21 is that as the funds are available for us to get an
22 increase and we would welcome that increase.

23 VICE CHAIR HUDGINS: So you don't have a plan
24 first?

25 MS. WARNICK: Well, I mean we already spend,

1 like I said, a lot more than what this budget gives
2 us.

3 VICE CHAIR HUDGINS: Thank you.

4 CHAIRMAN NIXON: Any other questions for
5 Debbie? Do I have a motion to approve?

6 COMMISSIONER SIEGEL: So moved.

7 CHAIRMAN NIXON: Second?

8 COMMISSIONER BRAND: Second.

9 CHAIRMAN NIXON: All those in favor?

10 NOTE: The Commission votes aye.

11 CHAIRMAN NIXON: All those opposed? Hearing
12 none, motion passes.

13 Next is a request for approval of the VHHA
14 benevolence budget for 2023. A request for this is
15 to use some of the breakage money for the spring
16 race meet at Shenandoah Downs. It's located behind
17 Tab 11 and again, Debbie Warnick will present this
18 request and answer any questions.

19 MS. WARNICK: Thank you. We are requesting to
20 be allowed to spend \$5500 from our benevolent fund
21 for the 2023 spring race meet that will start in
22 April. This money will be used as it has in the
23 past and it's the same amount as requested before.

24 To do a weekly meal for all horsemen and meal
25 tickets for the horsemen that need extra help and

1 they get money from the food vendor. I'm sorry.
2 They use it to get food from the food vendor during
3 the race meet.

4 CHAIRMAN NIXON: Commissioners, do you have
5 any questions? Do I have a motion to approve?

6 VICE CHAIR HUDGINS: So moved.

7 CHAIRMAN NIXON: Second?

8 COMMISSIONER TANNER: Second.

9 CHAIRMAN NIXON: All those in favor?

10 NOTE: The Commission votes aye.

11 CHAIRMAN NIXON: All those opposed? Hearing
12 none, motion passes.

13 I believe that is all of that. Next, we will
14 hear the report on the Thoroughbred racing at
15 Colonial Downs in 2022. I believe that Mr. Sours
16 is going to give the report on this year's live
17 meet and answer any questions that we may have.

18 MR. SOURS: Thank you, Chairman.

19 So as it has been discussed, we did have a
20 record meet, record year. The live race meet
21 generated almost \$75 million in all-source handle,
22 a 38 percent increase in previous handle, a 29
23 percent increase in daily handle over the year.

24 The top two handle days in history were in
25 2022 as well. So that's the Virginia Derby at \$6.5

1 million in handle and closing day was \$6.1 million
2 in handle.

3 The average of 612,000 daily per-day purses.
4 Let me say that again. Average of 612,000 per-day
5 purses in 2022. Total of 1,382 individual horses
6 representing 321 trainers made a combined 2,179
7 starts in 2022.

8 Our attendance -- our estimated attendance.
9 We don't actually keep attendance, but we estimate
10 from other indicators, was almost 40,000 attendants
11 for the race meet. That's a substantial increase
12 over the prior year. Again, a record number.

13 Colonial Downs' signal reached over 60 million
14 homes, TVG and FanDuel. Starts per race was 8.35
15 versus a national average of 7.17. So a very
16 strong start per week. We were able to generate
17 \$32,685 for the Thoroughbred Aftercare Alliance.
18 Those are some highlights.

19 I think it's safe to say that Virginia racing
20 is as strong as it has ever been. We have an elite
21 product here. Very proud of the facility that we
22 have inherited.

23 As we discussed, we look forward to great
24 things to come; strong races, stronger races,
25 bigger races, nationally televised races. So we

1 have a very bright future for the facility and the
2 industry.

3 I do want to take a moment to thank all of the
4 supporters in the 2022 race. I want to thank the
5 horsemen. I also want to thank the team members.
6 The Colonial Downs team members that put on the
7 race. A lot of effort on their part and they do a
8 tremendous job, so I want to take the opportunity
9 to commend them as well. I will answer questions.

10 CHAIRMAN NIXON: Thank you. Commissioners, do
11 have you have any questions or comments?

12 COMMISSIONER BRAND: I have one question;
13 perhaps a comment. Going forward to this year's
14 racing season, are you doing anything to poll the
15 experience that maybe fans had at the season,
16 things like that that could maybe impact and
17 provide you some insight on what could make a
18 difference for the 2023 season?

19 MR. SOURS: Sure. Thank you for the question.
20 I did see in the minutes from previous years that's
21 something we have done in the past, so I will be
22 looking in to that and get you an answer hopefully
23 before for the next meeting, if not sooner.

24 CHAIRMAN NIXON: Any other questions or
25 comments?

1 COMMISSIONER TANNER: I'd like to make one
2 observation and that is that my experience with the
3 staff this year was the best it has ever been. The
4 staff, the cashiers operating the windows were well
5 trained from day one and that's great to see
6 because it's hard to do and Jill and the way that
7 she jumped in and took care of VIPs and just
8 regular important people when needed was really
9 spectacular.

10 I can speak from personal experience in
11 particular. There was a disabled young man who
12 lost his mobility in a horse accident and was here
13 for the first time and the way that the staff took
14 care of him and his family, I think created some
15 fans for life for us and for the sport in general
16 and that was a real caring opportunity that Jill
17 and the team took advantage of and I look forward
18 to that kind of thing continuing at the track.

19 It does make a huge difference for everybody's
20 involvement and many of you may have been brought
21 up back side; I was not. But it takes those kinds
22 of moments and invitations from friends to create
23 those lifetime fans and I think they have done a
24 great job of doing that.

25 I think the data will show that, but I would

1 like to see that was well, but the anecdotal
2 evidence from horsemen is this is a good place to
3 bring your horses and I hope that continues.

4 MR. SOURS: Thank you very much for the
5 comments. I couldn't agree more. I think the team
6 here does a wonderful job and we look forward to
7 again continuing that tradition.

8 CHAIRMAN NIXON: Any other Commissioner's
9 comments or questions?

10 VICE CHAIR HUDGINS: I would just back up what
11 Jeff said. I met the young man and those
12 opportunities don't fall in your hands often, but
13 when they do and they're handled so well and so
14 naturally, it speaks to the heart of the
15 organization, the heart of the horsemen that are
16 here working. So thank you for that.

17 CHAIRMAN NIXON: I would also like to add I'm
18 usually down here most days during the race season
19 and last year it was just a great meet. Jill,
20 everyone, the full fields, the type of horses. The
21 service here on the fourth floor was very well, you
22 know, staffed.

23 One thing that I did want to mention and maybe
24 you could allude to it. To make sure that you on
25 big days of racing when we do have a lot of fans

1 here, that there is enough staff and food, you
2 know, to go around to be able to feed these people.

3 when we have these guys, folks here, it's nice
4 to be able for them to have a great experience
5 especially on those big days and to show our
6 product.

7 That would be my only recommendation, but
8 other than that, the meet was just the best it has
9 ever been and I've been coming here since the
10 original and I think it was one of the best meets
11 we've ever had.

12 MR. SOURS: Great. Thank you again. As we
13 discussed, we are hyper-focused, laser-focused on
14 staffing and getting the staff here so that will be
15 our challenge.

16 CHAIRMAN NIXON: Thank you. I'm sorry, Frank.
17 I didn't see you over there.

18 MR. PETRAMALO: Just a quick comment. I'd
19 like to second everything that has been said
20 because the meet was fantastic. But I'd like to
21 single out two people; Jill Byrne, the vice
22 President of Racing and Allison DeLuca, the racing
23 secretary.

24 In 22 years in my experience they've proved to
25 be the two best racing executives that I have

1 worked with and I'm very disappointed that they
2 won't be returning next year for the 2023 meet.
3 Thank you.

4 CHAIRMAN NIXON: Thank you, Frank. Anybody
5 else like to comment or question? Okay. Thank you
6 very much.

7 MR. SOURS: Thank you.

8 CHAIRMAN NIXON: Next is the report on harness
9 racing at Shenandoah Downs in 2022. I believe
10 Debbie Warnick will give this report on this year's
11 live meet and answer any questions.

12 MS. WARNICK: On November 6th, Shenandoah
13 Downs wrapped up the 2022 harness racing meet with
14 16 days spread over the eight weeks. This was the
15 longest meet that we held at Shenandoah. With the
16 exception of one weekend, it was a near wash out
17 from the passing hurricane, the fall weather in the
18 Shenandoah valley was very favorable, with sunny
19 skies and mild temperatures.

20 This enabled us to have a total of 216 race
21 days featuring 322 different horses, with 80
22 different trainers that traveled from 17 states
23 and Canada, including California, Delaware,
24 Florida, Illinois, Indiana, Kentucky, Louisiana,
25 Maryland, Michigan, Minnesota, Missouri, North

1 Carolina, New Jersey, New York, Ohio, Pennsylvania
2 and of course Virginia.

3 There were a total of 52 different drivers
4 that also traveled to Virginia to compete. All of
5 these races, I'm happy to say were raced with no
6 equine incidents or accidents, which is always a
7 wonderful thing to report.

8 We distributed over \$2 million in purse money,
9 including a record 739,000 that was given out on
10 our closing day when the 25th Virginia Breeders
11 Fund championships took place.

12 We also established two signature races; Blue
13 Ridge Pace and the Allegheny Trot, which we named
14 for the two mountain ranges that surround
15 Shenandoah Downs. Each of these races featured a
16 \$25,000 purse and drew some horses from out of
17 state to race them. We plan to continue on an
18 annual basis and hope to increase the purses as
19 funds permit.

20 This was the first year that we were able to
21 video stream our signal to the four major ADW
22 companies; TVG, XpressBet, TwinSpires and NYRAbets.
23 This led to a lot of expanded interest in
24 Shenandoah Downs racing from the fans that were
25 able to see and bet on our racing for the first

1 time.

2 An average daily on-track handle of \$12,853
3 and an average daily ADW handle was \$16,618. This
4 combined for a total track handle for the meet of
5 \$412,600.

6 The VHHA once again sponsored four separate
7 Own A Horse For A Day promotions that gave 32
8 different fans a chance to own a horse on a
9 specific afternoon.

10 This is a very popular promotion with the fans
11 and it gives them a chance -- we take them back to
12 the paddock area. They get to meet their trainers,
13 drivers, horses.

14 They hang out back there for a while, ask a
15 lot of questions, get the pictures taken, then they
16 go up to the track, watch the horses race, they go
17 to the winner's circle and each of the 32 gets to
18 keep the purse money the horse earns in that race.

19 One of last year's winners, we're happy to
20 report, formed a relationship during that process
21 with his trainer, ended up going with him as a
22 groom and traveling to different tracks in Maryland
23 and Delaware and he now has purchased a few horses
24 of his own and competed at Shenandoah this fall.
25 So we're very happy with that.

1 One major change to the back stretch as
2 reported in the budget was the \$300,000 pad site
3 has provided a much safer and more pleasant barn
4 area to house the temporary stalls that we put up
5 for the meet.

6 In the past years, this area was an undulating
7 grass area that didn't drain if there was rain,
8 making for a sloppy, muddy mess. This investment
9 was greatly appreciated by the horsemen,
10 particularly when the hurricane came.

11 I'm also happy to report that in 2022, we
12 launched a Virginia-sired stakes program. This
13 program will feature racing for two and
14 three-year-olds sired by stallions standing in
15 Virginia.

16 In 2022, we had 13 stallions that stood in
17 Virginia. Ten of these were stallions that moved
18 from other states to come be part of our program.

19 In 2023, we have 16 stallions that have
20 registered to stand in our program. Interest in
21 this program has been so great, we've actually had
22 to turn away a few stallions this year as there are
23 no farms that can stand them, which is something
24 Debbie had alluded to that we hope to be able to
25 help people get the breeding farms and the stallion

1 farms back up.

2 Then with the addition of our second 14 day
3 race meet in the spring of 2023, harness racing is
4 continuing to grow and thrive in Virginia and we
5 look forward to this continuance in the future.

6 I would like to thank all of you who came out
7 and spent the day with us. Everyone was out at the
8 track at some point in time and we enjoyed having
9 you out.

10 CHAIRMAN NIXON: I have to say I enjoyed my
11 time up there, and especially getting a picture
12 with Foiled Again. Can you give me the stats again
13 on that horse? How many times it has won and how
14 much money it served?

15 MS. WARNICK: He raced for 14 years, which
16 mandatory retirement for Standardbreds is 14 years.
17 He won 109 races. His 104th career win was at
18 Shenandoah and I don't know if he raced in
19 September or October of that year, but in his final
20 year of racing and he won just over \$7 million in
21 purses in his career and he's just an unbelievable
22 horse.

23 He is such a ham. He loves the attention. We
24 bring him out there and the fans still come, even
25 though he hasn't raced in three years, I believe,

1 since he retired.

2 We had twice that he comes. The Burke stable
3 owns him and they send him around to different
4 tracks and fans come from all over the place to get
5 their pictures taken and to hang out with him. We
6 walk him and he hangs out with the folks.

7 Particularly a fan favorite were the college
8 girls that were there this year. They all love to
9 have a picture taken with him. He just loves the
10 attention. He will stand for hours.

11 CHAIRMAN NIXON: Thank you very much.
12 Appreciate that. Any other questions or comments?
13 Thank you. I appreciate it.

14 MS. WARNICK: Thank you.

15 CHAIRMAN NIXON: It looks like our dear
16 friend, Dr. William Allison, is going to report.

17 DR. ALLISON: Madam Chairman.

18 CHAIRMAN NIXON: How are you, sir?

19 DR. ALLISON: I am pleased to report that
20 Virginia Gold Cup had two very successful races
21 this spring and fall. This spring was held in a
22 driving rainstorm, but even so, we had loyal fans
23 and loyal trainers and riders who performed
24 beautifully.

25 I do want to mention there are five other

1 recognized steeplechase races in Virginia and they
2 all had very successful weeks and large attendance.
3 Almost all meets had maximum attendance.

4 Montpelier had over 17,000, which was great
5 for them. I do want to acknowledge and you heard
6 the report from the VEA, their support for
7 steeplechase racing and they deserve a lot of the
8 credit of the success we're having in this race
9 forum.

10 I want to point out that we hope to improve
11 and one thing that has been a handicap is the wi-fi
12 and our cell phones have not been working. People
13 cannot wager from their cell phones and we hope to
14 improve that in the coming spring race.

15 Another thing, we have always used traditional
16 advertising; television, radio and the print, but
17 we know we're missing the 20- to 40-year-olds.
18 Finally, we have found a company that specializes
19 in race meets that help manage online your
20 advertising. So we are going to put that in effect
21 this year. The first time we've had it available.

22 Just to give you a few numbers for our Gold
23 Cup races. In the spring, 46 horses went off.
24 Purse structure was 340,000 and wagering was
25 67,000. It was cut down by the heavy rains.

1 For the fall meet, we had 57 horses, purse
2 structure of 290,000 and we had almost \$50,000 in
3 wagering, which was a new high for our fall meet.
4 So we're looking forward to a great 2023 and we
5 hope we have all the Commissioners come join us.
6 Thank you.

7 CHAIRMAN NIXON: Thank you, Dr. Allison. Any
8 questions or comments for him?

9 I have to say I was there in the spring and it
10 was cold, but it was a beautiful, beautiful venue
11 as always and the food and everything. It's always
12 a pleasure to attend there. Thank you.

13 DR. ALLISON: Thank you.

14 CHAIRMAN NIXON: Okay. Next is the
15 presentation of the Virginia Horse Industry's
16 strategic planning committee report. The final
17 version of the plan is located behind Tab 12 and I
18 believe that Jeb and Debbie are going to present
19 this together and answer any questions.

20 MR. HANNUM: Thank you. So this was the
21 second undertaking for the five-year plan, so we
22 did one that wrapped up in 2017 when the
23 environment here was very different and we
24 presented that report to the Commission and amongst
25 the number of different recommendations, it called

1 out the need for an alternative form of gambling to
2 support live racing.

3 Subsequently the following year, the HHR
4 machines were approved and so the report I think
5 was very helpful as we were making our case to the
6 legislature.

7 So based on the success of that document and
8 the ability to achieve a number of the
9 recommendations that we laid out in the previous
10 report, the feeling was it would be a good exercise
11 to go through this again and so I just want to
12 acknowledge Commissioner Tanner, who was the
13 co-chair with me for this process. I want to
14 acknowledge Preston Bryant with McGuireWoods. I
15 believe Preston is here. He facilitated the
16 meetings and it was a big undertaking.

17 We met five times in Richmond over the course
18 of about six months going through a number of
19 different subjects which I'll mention.

20 Obviously, the announcement about Churchill
21 Downs had been made but obviously the deal hadn't
22 been finalized, but I wanted to acknowledge that
23 Bill Mudd and Mike Ziegler from Churchill attended
24 all the meetings and participated. Gary was there,
25 Jack was there. I think there were some other

1 folks from the corporate office that came in and
2 out.

3 One of the benefits of it was I think it was a
4 really good learning process for Churchill Downs in
5 terms of understanding how we do things in Virginia
6 and why certain things are done as they are. So it
7 was sort of a crash course in Virginia racing
8 looking at things over the last sort of six, seven
9 years and more. So that was one of the sort of
10 side benefits of the process.

11 But we looked at a number of categories.
12 Marketing. We looked at how we can develop a joint
13 coordination with Churchill on our government
14 relations. Plan. We looked at a traditional
15 marketing plan that we can work together with at
16 focusing on some big days. Gary talked about that
17 earlier.

18 We looked at a second category, which was just
19 racing. How we can expand harness racing at
20 Shenandoah. I talked to the budget about
21 supporting the steeplechase meets. We looked at
22 moving the racing schedule to pick up a weekend for
23 just doing more to get more people out at the
24 track.

25 We looked at wagering issues. How we can roll

1 out to 5,000 HHR machines as quickly as possible.

2 One of the things we spent some time talking
3 about was how we can get pari-mutuel on the sports
4 wagering platforms. Frank and I and Doug Daniels
5 and Jill and I think some others in the room were
6 out at the racing conference in Arizona last week
7 and this was really one of the key subjects that
8 was discussed, is how do we get racing on the new
9 sports wagering platforms?

10 How do we elevate the profile of racing? How
11 do we get people that are betting on different
12 sports to bet on racing? So that was an important
13 theme for us in the meetings and it's an important
14 theme nationally for the industry.

15 We had discussion about our incentive
16 programs. Debbie mentioned that with the Breeders
17 Fund we have legislation in now that will look to
18 go from paying just on first to first, second
19 and third.

20 The Certified program which is, you know, so
21 important to so many farms in Virginia. It has
22 been such a resounding success. We looked at how
23 we can make changes to that program so it is
24 sustainable. Debbie is already working on that and
25 has a committee in place to make some tweaks to the

1 program.

2 Then lastly, we looked at infrastructure. How
3 can we maintain Colonial as a first-in-class
4 facility and we talked about trying to identify a
5 site for a new harness track. We want to remain at
6 Woodstock. We have a great relationship there, but
7 as I mentioned, you know, there's a limited ability
8 to expand there just based on the age of the
9 facility, so we talked at some length about
10 identifying a site for a new harness track.

11 So those are just some of the highlights of
12 the report. It's something that is ongoing and I
13 know Commissioner Tanner wants to say a few things
14 about that, but just wanted to thank everybody that
15 participated. It was a big lift and I hope it will
16 serve us well over the next couple of years. So
17 I'll turn this over to my co-chair for the report.

18 COMMISSIONER TANNER: Thank you, Jeb. I got
19 to tell you there's nothing better, at least for
20 me, than sitting in a room talking with a lot of
21 people that are very passionate about horses
22 and horse racing and thinking about the next five
23 years. When I say passionate, I mean we saw the
24 passion come out at times. It was a great
25 opportunity to get to know each other better and

1 share our hopes and dreams for the future.

2 If you look at the appendices, which are the
3 schedule of action items, you will see that some of
4 them include things like develop a plan. So in
5 some respects, you could say this is a plan to
6 plan.

7 I think a big part of the plan is the
8 priorities that it set out are really important for
9 the growth of the industry. It's also a dynamic
10 plan.

11 By that, I mean it's not going to sit on a
12 shelf and be trotted out for the General Assembly
13 or anyone else on an annual basis; but rather, it
14 has laid out a process for moving forward that are
15 going to result in other plans and enable us as
16 an industry to pivot when conditions require.

17 So I really want to close by saying thank you
18 to everybody who participated. It was truly a
19 labor of love for everybody, but real work is now
20 beginning and that is making sure that it comes
21 true. Thank you.

22 MS. EASTER: Thank you. I want to thank
23 everybody for their hard work. I want to ditto
24 what Commissioner Tanner just said. I think the
25 importance of this, the first plan we were in

1 crisis mode and we had to produce. There's a lot
2 going on here in the next year or so, but I think
3 we need to concentrate, all of us, on making sure
4 that this goes forward.

5 I think David Ross said it very well when he
6 was talking to us the other day. If we all keep in
7 our mind if we do the right thing for Virginia's
8 industry, it will work out well for all of us. If
9 we just keep that in mind and move forward, I think
10 it will all work well. So thank you and thank you
11 for all your hard work.

12 CHAIRMAN NIXON: Thank you, Debbie. I want to
13 say the same thing. I think part of the reason why
14 we have all had such success here is all of the
15 parties working together has made a big difference.
16 So thank you very much for working on that and
17 thank you. I appreciate that.

18 Any other questions or comments about this?

19 COMMISSIONER BRAND: Yes. I'd just like to
20 say that I would like to take the schedule of
21 action items and have a report at each of our
22 meetings and have an update on what has been done
23 and certainly encourage however that needs to be
24 structured. Regular meetings with the Commission
25 with the others involved so that the plan to plan

1 does become a plan and specific action items are
2 identified and updates are given so we can see the
3 progress.

4 There's a lot of hard work and a lot of good
5 ideas in here that need to be implemented and it
6 won't happen unless we work together to get it
7 done.

8 CHAIRMAN NIXON: I agree.

9 VICE CHAIR HUDGINS: I agree also, Betty. I
10 think the dreaming is one thing and the big picture
11 is one thing, but implementation is actually a
12 harder step and that's where we are now.

13 We do have this laid out. Communication was
14 great. We hashed a lot out, but we coalesced on
15 this plan and I think that having action items and
16 accountability going forward is going to be key to
17 making sure that all of this work was not done for
18 nothing. It was done to actually get someplace.

19 So Betty, I think that you're going to be the
20 one to keep an eye on this every single time we
21 meet, I hope. I would leave it at that. Thank
22 you.

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

25 Okay. Next is the update on the hiring of

1 new Virginia Racing Commission staff members. I
2 believe Dave Lermond will be reporting on this in
3 an update to plan to hire three new full-time
4 member positions in 2023. Dave.

5 MR. LERMOND: Thank you, Madam Chair. Before
6 I go over the plans for hiring new staff members, I
7 would certainly be remiss if I didn't mention the
8 current three full-time staff members we have;
9 Kimberly Mackey, Rhonda Davis and Dr. Caruthers for
10 their dedication and hard work this year. It was a
11 challenging year and I just want them to know how
12 thankful and proud I am of them for everything they
13 do.

14 with that being said, we're going to try to
15 hire some people to kind of give them some help,
16 which is definitely warranted.

17 The first position will be the pari-mutuel
18 licensing -- pari-mutuels and licensing
19 coordinator. Rhonda Davis is our director of
20 pari-mutuels and licensing, but she really needs a
21 full-time assistant. She has so many things that
22 she does and one of ancillary benefits of that is
23 that hopefully it will free up some of Rhonda's
24 time. She is certainly capable of helping me with
25 some of the things that I do and I'm hoping that

1 will be the case.

2 The job was posted on the state website on
3 Monday. We are going to post it until filled.
4 That way, we can wait until we get a good number of
5 applicants.

6 Plus with the Christmas holidays, you're not
7 going to get a whole lot of people applying. But
8 the goal is to definitely have this person in place
9 by the end of January.

10 In addition to the state website, we're also
11 going to advertise on the Association of Racing
12 Commissioners International's site and I think
13 we're going to send a notice to the University of
14 Arizona racetrack program to post with them as well
15 because we want to cast a wide net to get somebody
16 that's going to be good for the future and will
17 assist in what we do.

18 The second one is a full-time Commission
19 veterinarian. Again, this will take hopefully some
20 of the pressure off Dr. Caruthers, our equine
21 medical director.

22 It's important that when somebody like Dr.
23 Caruthers has a position, we need to have some kind
24 of a back-up because if something were to happen,
25 and I don't want to think about it, but we need to

1 have somebody step in and the same goes for the
2 position that I just mentioned.

3 This also should enable us to be able to
4 handle pari-mutuel wagering on Kentucky Derby day,
5 not only at the Great Meadow race course, but also
6 at the harness track. The main thing is we need
7 two really solid vets. We've got extra centrifuges
8 and things like that.

9 We plan on posting that February 1st or
10 possibly a little bit sooner. Dr. Caruthers and I
11 are still discussing it, but the goal is to have
12 that have that person in place by March 1st, which
13 is a full month before Shenandoah will start on
14 April 1st.

15 In addition to posting that on the state
16 website, we're also going to go through the AAEP,
17 which is the American Association of Equine
18 Practitioners. Again, that's another resource that
19 we can throw that posting out there.

20 We do have a few vets that worked part-time
21 for us last year that have maybe indicated that
22 they would like to do a full-time position with us.
23 But again, we're going to see all the applicants we
24 get and pick the best one for us.

25 The third position is an investigator. Before

1 when we had a lot of racing, we did have an
2 investigator, although he kind of helped with
3 licensing as well.

4 Some of the things an investigator would do is
5 to review criminal histories when we license
6 people; not only horsemen, but employees of
7 Colonial Downs. We do fingerprints and we get
8 reports back on their fingerprints and they're very
9 confusing and sometimes hard to read and that's one
10 of the things that Rhonda does now, but again, by
11 having him doing this, that will take a little heat
12 off of her.

13 Also, this person will, if the stewards have
14 probable cause and they want to search somebody's
15 barn, you want somebody that has the experience to
16 do that kind of thing.

17 Not only that, but just have him drive around
18 on the back side every day and not looking for
19 trouble, but just it's that boots-on-the-ground
20 thing that we would like us to have on a daily
21 basis. I know Stephanie does a good job of that,
22 but she shouldn't have to do that.

23 That one, the plan is to have that person in
24 place by July 1st. We probably don't have any need
25 for it for the harness meet because there's not

1 that much going on and the three judges could
2 handle this kind of thing.

3 Also, if the HISA authority, if they deem that
4 that is constitutional, and that's certainly kind
5 of up in the air right now, we are required to have
6 an investigator so I want to have that person so I
7 can put that down as the investigator.

8 So those are our plans. Thankfully, we
9 received additional appropriation which started in
10 this biennium, FY2023 and FY2024, which will enable
11 us to easily cover these expenses and also expenses
12 that we're going to incur from increased race days,
13 more drug testing, more part-time people, travel,
14 all of those things.

15 So I'm happy with the plan. I think it's
16 going to be a really good step for us and I'd be
17 happy to answer any questions of my Commissioners.

18 CHAIRMAN NIXON: Commissioners, do you have
19 any questions for Dave?

20 COMMISSIONER BRAND: Yes. I do have a
21 question. After these positions are filled, have
22 you identified any other positions or gaps that we
23 need to consider?

24 MR. LERMOND: That's a great question. I am
25 going to consider in the fall after seeing how all

1 of this works out if it might be a good idea to try
2 to get me some help, too, like an assistant
3 director.

4 Again, I just have to wait and see how much
5 Rhonda can help me and also what will happen with
6 the HHR regulations because regulating HHR does
7 take up a good deal of my time and if I didn't have
8 to do that for some reason, that would free up some
9 time. But it's certainly in the thought process.
10 I know you guys care about me and want me to have
11 some help and I certainly appreciate that.

12 COMMISSIONER SIEGEL: Also David, the outcome
13 of the JLARC study is uncertain at this point, but
14 once that becomes a certainty, then it may change
15 your staffing needs.

16 MR. LERMOND: That's a great point. Yes.
17 Somebody is going to have to pick that up and have
18 a bill to follow the recommendations by the JLARC
19 and we'll just have to wait and see how that plays
20 out.

21 CHAIRMAN NIXON: Mr. Hannum.

22 MR. HANNUM: So is it all right if I ask a
23 question?

24 CHAIRMAN NIXON: Sure.

25 MR. HANNUM: So picking that up from the JLARC

1 report. So the JLARC report is pretty clear that
2 they felt that there should be more people looking
3 at HHR. I'm not an expert on that so I can't speak
4 to whether it should be one or person or a dozen
5 more people.

6 I'm just curious why you wouldn't go out and
7 get some more people to help regulate the HHR,
8 particularly because there's not a foregone
9 conclusion that anything will happen legislatively.

10 Sort of on the same note, we'd like to see HHR
11 stay under the Commission, so why not go out and
12 hire, you know, why not staff up on the HHR side if
13 legislature doesn't go through, then maybe that
14 would be helpful to the Commission to make the
15 argument to keep the HHR regulation coming into a
16 future legislative session.

17 MR. LERMOND: I would have two comments for
18 that. One is, and I don't want to be critical of
19 JLARC, but they saw these Rosie's places and
20 immediately assumed that the Commission had to do
21 the same type of regulation that is done by the
22 Bristol casino, the one that will open in
23 Portsmouth.

24 There are no stable games, which is really one
25 of the biggest things that you need to look out

1 for. The HHR terminals are in a closed-loop
2 environment. They're not taxed on the net revenue;
3 they're taxed on the gross money that goes into the
4 machines which is very easy to regulate and we have
5 an independent party that runs a separate set of
6 reports and we always make sure that we match up.

7 I guess right now if something did go through,
8 it would take effect July 1 and I don't want to
9 hire two or three people and then have to turn
10 around and tell them I'm sorry I don't have any
11 work for you. But it's a great point and a lot of
12 it will depend on what happens with HHR.

13 COMMISSIONER SIEGEL: You'll have to answer by
14 the end of February as to whether or not there will
15 be legislation?

16 MR. LERMOND: We will know if someone has
17 submitted a bill. Correct.

18 MR. HANNUM: You'll know in the first week of
19 January if someone submitted a bill.

20 MR. LERMOND: Yeah.

21 MR. HANNUM: You'll know by the end of
22 February the percentage likelihood of it going
23 through.

24 COMMISSIONER SIEGEL: It's a short session
25 this year.

1 MR. LERMOND: Right.

2 COMMISSIONER SIEGEL: To your point and to
3 mine, by mid to late February you'll know whether
4 any legislation was adopted and then you can make
5 those decisions, Jeb, to your point.

6 MR. LERMOND: Right.

7 COMMISSIONER SIEGEL: It's only 60 days away.

8 MR. LERMOND: I just think at this point, I
9 think it makes sense to wait the two months to know
10 absolutely what we're going to be dealing with.

11 MR. PETRAMALO: May I make a suggestion?

12 MR. LERMOND: Sure.

13 MR. PETRAMALO: I think it would be good to
14 consider hiring some type of auditor to look at the
15 HHR revenue streams online. Excuse me, online
16 wagering, live handle, et cetera, because it's
17 getting very broad and very complicated.

18 You remember under the old Colonial Downs
19 before 2013, I believe you had a CPA on staff,
20 Marvin Snagon or something like that. You know,
21 who looked at all the numbers.

22 MR. LERMOND: And it was nowhere near as
23 involved as it is now.

24 MR. PETRAMALO: Right.

25 MR. LERMOND: Rhonda Davis does all of that.

1 MR. PETRAMALO: Well, I'm talking about doing
2 a professional audit on a regular basis or in an
3 ongoing, real time basis. You've got I think Jack
4 mentioned this year almost \$4 billion going through
5 these machines. Don't you think it would be nice
6 to have somebody on this side of the table taking a
7 look at that?

8 MR. LERMOND: In reality, we audit those
9 numbers every day.

10 MR. PETRAMALO: How do you do that?

11 MR. LERMOND: Because we have an independent
12 third party source that gets the raw data from
13 Exacta Systems; Curtis Linnell from TRPB, and he
14 produces a separate report that actually is on the
15 website.

16 MR. PETRAMALO: On your website?

17 MR. LERMOND: Yeah.

18 MR. PETRAMALO: I was not aware.

19 MR. LERMOND: There are HHR reports on there.

20 MR. PETRAMALO: He's a vendor to the VRC?

21 MR. LERMOND: Yes.

22 MR. PETRAMALO: That's good to know.

23 MR. LERMOND: You know Curtis. He's a really
24 sharp guy.

25 MR. PETRAMALO: Yeah. I wasn't aware of the

1 relationship.

2 MR. LERMOND: Right.

3 MR. PETRAMALO: Okay.

4 MR. LERMOND: Thank you for your comment.

5 CHAIRMAN NIXON: Any other questions, comments
6 for Dave? Okay. Thank you, Dave. I appreciate it
7 and I know it was a lot to get through today and I
8 appreciate you and your staff getting the agenda
9 together. Thank you very much.

10 MR. LERMOND: You are very welcome. You did a
11 great job as your first time as Madam Chair.

12 CHAIRMAN NIXON: Thank you. Hopefully I'll
13 improve with time. Thank you.

14 There's no need for closed session, I believe.
15 Before we move on for adjournment, I'd like to go
16 ahead and see if we can go ahead and get a next
17 meeting set. I was looking at March 7th, if the
18 Commissioners could look at their calendars. I
19 believe that's a Tuesday, I reckon.

20 COMMISSIONER BRAND: Okay.

21 CHAIRMAN NIXON: I have two here that said
22 that's good.

23 COMMISSIONER TANNER: Okay.

24 VICE CHAIR HUDGINS: That's good.

25 CHAIRMAN NIXON: Can we go ahead and get that

1 down, Dave? March 7th, the next meeting.

2 MR. LERMOND: Yes.

3 CHAIRMAN NIXON: Thank you. Eleven o'clock.

4 MR. LERMOND: Eleven o'clock.

5 CHAIRMAN NIXON: You'll let us know if it's
6 here or assuming --

7 MR. LERMOND: Yes. We keep checking with the
8 courtroom we used to go to in Richmond.

9 CHAIRMAN NIXON: Right.

10 MR. LERMOND: When it started with COVID, they
11 didn't do anything and I tried to get a meeting for
12 this one, but all of the rooms that were big enough
13 to accommodate us were already booked.

14 Now that we have a future date in advance,
15 kimberly will work with them and see. But it's up
16 to you if you're more comfortable here or.

17 CHAIRMAN NIXON: I like here, especially if we
18 have them during racing.

19 MR. LERMOND: I also have to thank Colonial
20 Downs Group because every meeting we've had here
21 they've set it up great for us. We've got the
22 Rosie's doughnuts.

23 CHAIRMAN NIXON: I believe Charlotte does all
24 that and she does a great job.

25 MR. LERMOND: She does.

1 CHAIRMAN NIXON: Wherever she is, she does a
2 great job.

3 MR. LERMOND: I wish she was here so she could
4 hear that, but you are correct.

5 CHAIRMAN NIXON: All right. If that's
6 everything, we need a motion or adjournment then.
7 Do I have a motion?

8 COMMISSIONER SIEGEL: So moved.

9 CHAIRMAN NIXON: Second?

10 COMMISSIONER BRAND: Second.

11 CHAIRMAN NIXON: All those in favor?

12 NOTE: The Commission votes aye.

13 CHAIRMAN NIXON: Thank you very much.

14 NOTE: The meeting of the Virginia Racing
15 Commission is adjourned at 1:14 p.m.

16
17
18
19
20
21
22
23
24
25

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 December
6 14, 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 3rd day of February,
12 2023.

13
14 *Sandra G. Spinner*
15 _____

16 Sandra G. Spinner
17 Court Reporter
18
19
20
21
22
23
24
25