

1 **Virginia Racing Commission**

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3 **COLONIAL DOWNS**

4 **Ballroom, 4th Floor**

5 **10515 COLONIAL DOWNS PARKWAY**

6 **NEW KENT, VA 23124**

7

8 **March 7, 2023 at 11:00 a.m.**

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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

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1 CHAIR NIXON: Good morning, everybody. We'll
2 go ahead and get started calling the meeting to
3 order. The first item is the minutes from December
4 14, 2022 that's included in your books, Tab One.
5 Any questions or changes? Everybody have time to
6 review it? Okay. Hearing none, I seek a motion to
7 approve the minutes.

8 COMMISSIONER SIEGEL: So moved.

9 CHAIR NIXON: Is there a second?

10 COMMISSIONER BRAND: Second.

11 CHAIR NIXON: All in favor?

12 NOTE: The Commission votes aye.

13 CHAIR NIXON: All opposed? Okay. Motion
14 approved.

15 Next on our agenda is the public comment
16 period. Please keep in mind it's a five minute
17 discussion. Anybody in the public have anything to
18 say? Mr. Berman.

19 MR. BERMAN: Thank you, Madam Chair. I want
20 to address the article that was in the paper two
21 weeks ago by Laura French about a woman that was
22 assaulted in the parking lot. Before we get
23 started, I just want to say I'm not a
24 Johnny-come-lately to this.

25 CHAIR NIXON: Can you use the microphone?

1 MR. BERMAN: Pardon me?

2 CHAIR NIXON: Can you use the microphone?

3 MR. BERMAN: My back is killing me. I was
4 hoping I could sit down.

5 COMMISSIONER SIEGEL: That's okay but we can't
6 hear you.

7 AUDIO TECH: We can bring it to you.

8 CHAIR NIXON: Not working?

9 MR. BERMAN: Well, I got a loud voice. I'll
10 just speak up.

11 COMMISSIONER SIEGEL: All right.

12 MR. BERMAN: Thank you.

13 CHAIR NIXON: There we go.

14 MR. BERMAN: I do want to say I'm not just
15 looking for a reason to come here and complain
16 about something. Four years ago when it was
17 announced that Colonial wanted to open up this
18 betting parlor on Midlothian Turnpike, I
19 immediately objected and I objected to the
20 Commission and I objected in the city council. But
21 as things go, it was all approved anyway.

22 I knew there was going to be problems. I
23 wrote a lengthy report indicating -- I don't know
24 if you guys have seen it, but I wrote a lengthy
25 report and posted it about all the issues that I

1 thought the betting parlor was gonna run in to and
2 customers were gonna run in to.

3 You know in the city, they break it up into
4 172 neighborhoods for crime and the time the
5 betting parlor was approved, that neighborhood was
6 number two in crime. I would imagine after the 688
7 police calls in the last three years, it's probably
8 ascended to number one, but we'd have to check on
9 that.

10 You know in 2019, May of 2019, if you look in
11 the transcripts, Colonial came up and made promises
12 that, quote, It will constantly be patrolled by
13 security. What you don't see here is we're
14 actually putting a security tower in the middle to
15 give guests a little extra assurance when they're
16 coming to visit us.

17 Well, as we know now, neither one of those
18 protocols were followed when that lady went to the
19 betting parlor on the day she was assaulted.

20 You know, another thing I'll say is Colonial
21 has always said their target audience is 55 and
22 older women and these women are probably going to
23 go to the betting parlor during the daytime hours.
24 You know, I would just think that if they were
25 truly, you know, if they truly wanted to make sure

1 these people were safe, they would have those
2 protocols during the day, especially to guard these
3 women that is their target audience.

4 Since the story broke, I have communicated my
5 concerns to others and the response I got is people
6 are trying to minimize this and trying to say
7 it's not that big a deal or it only happened once.
8 That's not what I want to hear, especially -- I've
9 heard that from people in this room and they know
10 who they are.

11 Again, that's not what I want to hear. I want
12 to hear this Commission tell us that they're taking
13 responsibility for their actions that could have
14 prevented this which is -- you know, I'm curious.

15 Has there been any kind of security protocol
16 reviews every year? Do we have a report where they
17 review these protocols? Dave told me the guys send
18 in a paper to them every year and say we're doing
19 this, we're doing that. But unless you're vigilant
20 and checking behind these people, you can't be sure
21 that they're actually implementing these protocols.

22 One of the suggestions I would have is to have
23 an annual review of the security measures from
24 every different betting parlor and it would be
25 presented at a Racing Committee meeting in the

1 future. That's one of my suggestions.

2 Here's something I wanna talk about. I've
3 given you a spreadsheet and initially I was told
4 that these 688 calls weren't a big deal. But let
5 me tell you something. I worked in the restaurant
6 business in the security end of it -- if you want
7 to call me a bouncer, that's fine -- for over 35
8 years in Richmond and I have a lot of contact with
9 police.

10 You'd have a fist fight or assault in the
11 club, you get these guys out and the police would
12 show up and the offended party, the victim, might
13 not want to press charges. So what they do is
14 they'll just, the cops will say, Okay. I'll take
15 them to jail for drunk in public and they'll keep
16 the guy in jail for -- How much time do I have?

17 CHAIR NIXON: You're done.

18 VICE CHAIR HUDGINS: You're done.

19 MR. BERMAN: well, I'm gonna need a couple
20 more minutes, if you don't mind.

21 CHAIR NIXON: well, let me tell you this. I
22 appreciate you bringing it up and your care and
23 concern that you put into it, but I believe some of
24 these questions are going to be answered at the end
25 of the meeting.

1 MR. BERMAN: I wanted to address that, too.

2 CHAIR NIXON: Okay. Well, your time is up.

3 Thank you very much. I appreciate it.

4 MR. BERMAN: You do want me to finish.

5 VICE CHAIR HUDGINS: We'll talk to you later.

6 CHAIR NIXON: Yes. Thank you. Any other
7 folks that need to get up and speak for the public
8 comment?

9 MR. SHORES: Yes. I would. My name is Hoppy
10 Shores. I've been your biggest race fan here since
11 the racetrack opened and I see most of you pretty
12 much daily, but I wanted to turn the page here a
13 little bit.

14 I was the first person to buy boxes at
15 Colonial Downs. In the first ten years, I think I
16 missed ten days and probably have only missed ten
17 days since, but I sort of want to be a voice for
18 the race fan.

19 Its become -- there's such a disconnect
20 between the marketing and the race fan. If the
21 typical race fan wants to buy seats, reserve seats,
22 buy a box, get a suite, I mean there's no one to
23 talk to. I mean you call, you get voice mails, you
24 get let me refer you to another, you know, other
25 people and you never get a call back.

1 I've been fortunate because I've at least
2 known people in the different positions that can
3 sort of help me navigate it, but for the average
4 person they just can't do that.

5 I've been trying to buy boxes for this year.
6 I keep leaving messages; I get nothing back. I
7 have corporate people call and say we'd like to put
8 on a -- reserve a suite for a function down here.
9 There's nowhere to lead them to. If you try to go
10 online to do it, they leave you one number and
11 there's no one there that can direct you anywhere.

12 There really needs to be some kind of
13 coordinated effort to help the marketing to the
14 average fan, whether they do that online, whether
15 there's a support group that they can call.

16 Once the average fan gets here on race day,
17 they have to navigate so many different obstacles
18 to get to where they want to go.

19 If it's someone coming in the side gate where
20 it's free to walk in, you come in with your kids.
21 One, they better know that there's the one place to
22 get their programs there, but once they get out on
23 the apron of the course and it's pretty hot, they
24 say we'd rather be upstairs in the shade somewhere.
25 where do we go?

1 well, you have to go back in the front lobby,
2 get in line and figure out what your options are.
3 If you have kids, you can't do that because they
4 can't walk through the casino to get to the front
5 lobby.

6 So I spend a lot of part of every day trying
7 to get people where they're trying to get to. If
8 you come in the front lobby there's one person who
9 if you have reserved seats, you're lucky enough to
10 do it, you wait in line and they get on the
11 computer and try to show you where your options
12 are, it's a 30 minute wait and you have to get, you
13 know, it's got to be a smooth experience for those
14 especially first time race fans who may be
15 traveling back and forth from the beach who just
16 want to come in and sit down.

17 I think there's -- like even if you go to the
18 third floor club, I think there's only six two-top
19 tables there and they come in and it's \$10 a seat.
20 well, they don't want four seats but they don't
21 have another option.

22 There has to be a one-stop shop for that fan
23 whether they come in the side gate, the front door
24 or even when they get onto the apron that they can
25 buy seats to go straight up and not have to stop

1 somewhere different everywhere they go.

2 If they come in the front, they don't even
3 have a program. So if they go up and sit down,
4 they go where do I go get my program? well, you
5 have to go back down, go over by the paddock. So
6 this needs to be a little bit more coordinated
7 effort on the marketing side to connect with the
8 average race fan.

9 CHAIR NIXON: Thank you, Hoppy. I appreciate
10 those comments. I have some of those as well.
11 Again, I believe Churchill will be able to answer
12 some of those later in the program. Thank you.

13 Any others? Okay. Hearing none, we'll go
14 ahead and move on. Let's see. First up is the
15 request for approval of a limited license for the
16 Virginia Gold Cup Association for 2023.

17 A staff report on the application submitted by
18 the Gold Cup is located behind Tab Two and I
19 believe Dr. Allison is here to speak on that.

20 DR. ALLISON: We have submitted our
21 application.

22 CHAIR NIXON: One second.

23 DR. ALLISON: We have submitted our
24 application and I think it is completed
25 satisfactorily and we anticipate a great day of

1 racing the first Saturday in May.

2 CHAIR NIXON: Thank you.

3 Dave, did you want to mention anything?

4 MR. LERMOND: Thank you, Madam Chair. One
5 thing I wanted to mention and Dr. Allison can maybe
6 talk a little more about it. It was my
7 understanding from our chief steward, Tad
8 Zimmerman, that the Gold Cup or the Gold Cup
9 Association has purchased a nice piece of equipment
10 that will improve the condition of the turf course.
11 Is that correct, Doctor?

12 DR. ALLISON: Yes.

13 MR. LERMOND: I thought the Commissioners
14 would be interested to hear that.

15 Dr. Allison is correct. The application they
16 submitted is thorough as always and I would seek a
17 motion to approve the limited license for the
18 Virginia Gold Cup for calendar year 2023, which
19 includes the two race dates they normally have; the
20 first Saturday in May and fourth Saturday in
21 October with the following condition.

22 That the horse racing with pari-mutuel
23 wagering shall be operated in accordance with all
24 representations, plans and specifications as
25 submitted in the application and as described in

1 the Virginia Racing Commission's March 7, 2023
2 meeting and the license shall not deviate
3 materially from these representations, plans and
4 specifications without the prior consent of the
5 Commission or its executive secretary.

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

11 CHAIR NIXON: Commissioners, do you have any
12 comments?

13 COMMISSIONER TANNER: I'd like to know more
14 about the equipment that's being purchased to
15 improve the condition of the course and how that
16 will happen and when that will happen.

17 DR. ALLISON: What was the question?

18 CHAIR NIXON: I'm sorry?

19 DR. ALLISON: Is this about the officials?

20 COMMISSIONER TANNER: No. This is about the
21 equipment.

22 DR. ALLISON: Oh, the equipment.

23 COMMISSIONER TANNER: And when that will be in
24 place.

25 DR. ALLISON: The equipment is an airification

1 [sic] and watering system which was needed very
2 much for our races because of the soil and we have
3 two types of soil; Blackjack on the south and the
4 north has clay. Both have different requirements
5 and we have to have the ability to water the week
6 before, even two weeks before a race. So this
7 watering equipment was essential for our success.

8 COMMISSIONER TANNER: Thank you.

9 CHAIR NIXON: Thank you, Dr. Allison. Any
10 other questions from the Commissioners?

11 VICE CHAIR HUDGINS: I do have a question.
12 I'm glad that you're getting that piece of
13 equipment because it's kind of essential for the
14 course. It's really hard to maintain without work
15 on it year round. Have you had anything before
16 that you used on the course? Is this the first
17 time you've gotten something?

18 DR. ALLISON: Yes. We had a machine.

19 VICE CHAIR HUDGINS: Not the aerator.

20 DR. ALLISON: Yeah. It's broken down and
21 can't be repaired so we needed new equipment.

22 VICE CHAIR HUDGINS: You definitely needed
23 that. Thank you very much.

24 CHAIR NIXON: Thank you. Any other questions?

25 Hearing none, I believe there's a motion to

1 approve.

2 COMMISSIONER SIEGEL: Second.

3 VICE CHAIR HUDGINS: Second.

4 COMMISSIONER SIEGEL: I'll move it and my
5 associate here will second.

6 COMMISSIONER TANNER: Second.

7 COMMISSIONER SIEGEL: I will move it.

8 CHAIR NIXON: All those in favor.

9 NOTE: The Commission votes aye.

10 CHAIR NIXON: All those opposed? Thank you.

11 So moved.

12 Next on the agenda is the request for approval
13 of racing officials for 2023 Virginia Gold Cup
14 races behind Tab Three and I believe, Dave, you're
15 going to be discussing this.

16 MR. LERMOND: Thank you, Madam Chair. The
17 list behind Tab Three of your notebooks has the
18 proposed racing officials for the 2023 Gold Cup
19 race.

20 It's nice that we have consistency each year.
21 We always have the same three stewards who are all
22 senior NSA stewards. Mr. Wayne VanSant is the
23 safety steward, which means he patrols the stable
24 area and makes sure things are going according to
25 plan and everybody is doing the right thing.

1 The rest of these people, as I said, have been
2 with the Gold Cup for many years. We have our
3 veterinarians on the list. They're all well vetted
4 by Dr. Caruthers and unless there's any other
5 questions, I fully support this list of racing
6 officials.

7 CHAIR NIXON: Thank you. Any questions from
8 the Commissioners? Okay. Hearing none, I seek a
9 motion for the approval. The motion should include
10 the authority for the executive secretary to
11 approve the to-be-determined and any other
12 changes, if necessary.

13 COMMISSIONER SIEGEL: I'll move it.

14 COMMISSIONER TANNER: Second.

15 CHAIR NIXON: All those in favor.

16 NOTE: The Commission votes aye.

17 CHAIR NIXON: All those opposed? Thank you.

18 Next is the request for approval of a limited
19 license for the Virginia Downs Foundation for 2023
20 and I believe Dave is going to present this item.

21 MR. LERMOND: I would be happy to, unless
22 Mr. Hannum would like to make any comments. You
23 don't have to.

24 MR. HANNUM: You go ahead.

25 MR. LERMOND: Okay. So in the code, it allows

1 a limited license to be issued for no more than 14
2 days, so the one we approved in December was for
3 the spring races and that was through the
4 Shenandoah County Agricultural Foundation. So the
5 14 days that will be raced in the fall is being
6 submitted by the Virginia Downs Association.
7 Right?

8 MR. HANNUM: Yes.

9 MR. LERMOND: So the applications were almost
10 identical. We will have the same procedures and we
11 will have to approve the racing officials. I know
12 it seems maybe silly, but because it's a separate
13 licensing, I think we should do that as well.

14 The staff report on the application is behind
15 Tab Four. Again, they have been doing this out
16 there for a number of years and the Commission is
17 always pleased with the way it's run and they
18 always invite Commissioners and other people to
19 attend the races, which I think is a nice thing.

20 Staff doesn't have any issues with it and I
21 would seek a motion to approve this with the same
22 two conditions: That horse racing with pari-mutuel
23 wagering shall be operated in accordance with all
24 representations, plans and specifications as
25 submitted in the application and also as described

1 at the Virginia Racing Commission's March 7 meeting
2 and that the licensee shall not deviate materially
3 from these representations, plans and
4 specifications without the prior consent of the
5 Commission or it's executive secretary.

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

11 CHAIR NIXON: Thank you, Dave. Any questions,
12 Commissioners? Hearing none, I seek a motion to
13 approve.

14 VICE CHAIR HUDGINS: so moved.

15 CHAIR NIXON: Second.

16 COMMISSIONER SIEGEL: Second.

17 CHAIR NIXON: All those in favor.

18 NOTE: The Commission votes aye.

19 CHAIR NIXON: All those opposed?

20 Next is the request for approval of racing
21 officials for the 2023 races at Shenandoah Downs
22 and I believe Dave is going to speak to this as
23 well.

24 MR. LERMOND: Thank you, Madam Chair. As I
25 said a few minutes ago, this list of racing

1 officials is identical to the one that was approved
2 for the spring races. Because it is a separate
3 license and a separate licensee, I think protocol
4 would dictate that we should approve this list as
5 well.

6 Staff has reviewed the list as we did with the
7 first one. We have no issues with anybody. I
8 would recommend approval of the list of racing
9 officials.

10 CHAIR NIXON: Thank you, Dave. Any questions,
11 Commissioners? Hearing none, I seek a motion to
12 approve.

13 COMMISSIONER SIEGEL: So moved.

14 CHAIR NIXON: Second.

15 VICE CHAIR HUDGINS: Second.

16 CHAIR NIXON: All those in favor.

17 NOTE: The Commission votes aye.

18 CHAIR NIXON: All those opposed? Thank you.

19 Next is the request for the approval of the
20 VHHA withdrawal of administrative costs from the
21 horsemen's purse account.

22 The Code of Virginia allows for the horsemen
23 to withdraw two percent of the amount in the prior
24 year's purse account for administrative costs. A
25 similar request was approved last year and staff

1 would recommend approval of this year's request for
2 \$44,639. I believe Debbie Warnick is here to
3 answer any questions.

4 MS. WARNICK: Are there any questions?

5 CHAIR NIXON: Any questions, Commissioners?

6 COMMISSIONER SIEGEL: Very quickly. Do you
7 always spend that entire amount, and if not, what
8 happens to the residue?

9 MS. WARNICK: We spend that and then some
10 more.

11 COMMISSIONER SIEGEL: More funds?

12 MS. WARNICK: Yeah.

13 CHAIR NIXON: Any other questions? Hearing
14 none, I seek a motion to approve.

15 COMMISSIONER TANNER: So moved.

16 COMMISSIONER SIEGEL: Second.

17 CHAIR NIXON: All those in favor.

18 NOTE: The Commission votes aye.

19 CHAIR NIXON: All those opposed?

20 Thank you, Debbie.

21 Next is the request for approval of the VHHA
22 benevolence budget for 2023 behind Tab Seven. The
23 VHHA is requesting 5500 to use from the benevolence
24 fund towards meals for the horsemen at Shenandoah
25 Downs this fall. The same request was approved in

1 December for the spring races and staff would
2 recommend this approval.

3 I believe Debbie is available if there's any
4 questions. Any Commissioners have any questions?
5 Hearing none, I seek a motion to approve.

6 COMMISSIONER SIEGEL: So moved.

7 CHAIR NIXON: Second.

8 COMMISSIONER BRAND: Second.

9 CHAIR NIXON: All those in favor.

10 NOTE: The Commission votes aye.

11 CHAIR NIXON: All those opposed? Thank you.

12 Next is the request for the approval of
13 additional expenditures from the Thoroughbred
14 portion of the Virginia Breeders Fund for 2023 and
15 I believe Dave is going to mention this.

16 MR. LERMOND: Thank you, Madam Chair. This is
17 some good news for today. Due to a budget
18 amendment starting July 1st of last year, a
19 percentage of HHR wagering has been given to the
20 Breeders Fund.

21 I have asked for additional appropriation.
22 The appropriation right now is \$1.5 million. The
23 additional \$1.5 million, which makes it \$3 million,
24 is in both of the proposed budgets that the
25 Governor has. I fully expect that this item will

1 be approved.

2 So part of my motion here is going to be that
3 these expenditures are contingent on that budget
4 bill passing and I cannot request the money until
5 that budget bill does pass, but we want to get that
6 money out as soon as we can, as soon as it passes
7 so it will fall in this fiscal year.

8 So based on recommendation of the VTA and its
9 Board of Directors, they would be requesting the
10 following additional expenditure for the
11 Thoroughbred portion of the Virginia Breeders Fund
12 due to the money from HHR.

13 First off would be \$750,000 for year-end
14 breeders awards and an additional 50,000 for the
15 year-end Stallion horse. These awards are going to
16 be based on the activity from 2022 as they are, so
17 this is really a bonus to those breeders and
18 Stallion owners because the money is in there and
19 once it's approved, I will be able to distribute
20 that money as soon as possible.

21 I think Debbie and her folks are very pleased
22 and I think it's a great thing that HHR is kicking
23 in some money and this will be a going forward
24 thing and we will have a much greater amount to
25 approve next year in December, but for the sake of

1 using this money, I think now I would recommend
2 approval of this with the condition that it cannot
3 be paid until the budget bill is passed, which
4 provides for the additional \$1.5 million in
5 appropriation. As I said, it's good news for
6 everybody, I think.

7 CHAIR NIXON: Yes. Thank you, Dave.
8 Commissioners have any questions? Seeking a motion
9 to approve.

10 VICE CHAIR HUDGINS: So moved.

11 COMMISSIONER SIEGEL: Second.

12 CHAIR NIXON: All those in favor?

13 NOTE: The Commission votes aye.

14 CHAIR NIXON: All those opposed? Thank you.

15 Next, moving to the request for the approval
16 of Lasix exemption. An email requesting Commission
17 approval for Lasix exemption request is included in
18 your notebooks from Dr. Caruthers.

19 We will need to have this in case the HISA
20 rules are actually implemented on March 27, 2023
21 and I believe Dr. Caruthers is here to answer any
22 questions that we may have on it and speak on it.
23 Explain it. Explain it to us all.

24 DR. CARUTHERS: All right. There you go. The
25 Horse Racing Integrity and Safety Act of 2020

1 allows the state Racing Commission to submit to the
2 Horse Racing Integrity and Safety Authority a
3 request for an exemption from the prohibition
4 against the use of Furosemide, also known as Lasix,
5 in covered horses, horse races other than for
6 two-year-old cover horses and stake races.

7 This exemption may be requested during some or
8 all of the three year period beginning on the
9 effective date of the Anti-doping and Medication
10 Control program. HISA has proposed to the Federal
11 Trade Commission that the ADMC program effective
12 date will be March 27th of this year.

13 So basically, we fill out this form and it
14 will allow us to continue using Lasix or Furosemide
15 on all horses other than two-year-olds and stakes
16 horses per our state regulations.

17 That's about the bottom line of it. Any
18 questions?

19 COMMISSIONER SIEGEL: Do they expect to pass
20 this regulation later this month? Anyone have
21 intelligence on that?

22 DR. CARUTHERS: I couldn't tell you that.
23 I don't know if anybody knows.

24 MS. MYERS: Madam Chair, if I might clarify.

25 CHAIR NIXON: Yes, please.

1 MS. MYERS: There is at the moment what's
2 called a circuit split. The Sixth Circuit has
3 found that HISA is an unconstitutional law. The
4 Fifth Circuit has recently deemed it to be
5 constitutional. This increases the likelihood that
6 it will be, that the constitutionality of the law
7 will be determined by the United States Supreme
8 Court.

9 Of course I cannot speak to when that might
10 happen or the procedure for which it might happen.
11 Likely, these different cases will be consolidated
12 and heard by the Supreme Court and I would be happy
13 to speak offline as to the answer to further
14 questions about that, but for now it's sort of in
15 limbo as to --

16 COMMISSIONER SIEGEL: So it's unlikely that
17 the action will be taken later this month that will
18 hold up anyway, but just curious about that.

19 You also mentioned that the exception includes
20 stakes races. So we have three stakes races coming
21 up this year. Four. I'm sorry.

22 DR. CARUTHERS: All stakes races.

23 COMMISSIONER SIEGEL: All stakes races and a
24 two-year-old. All stakes races and not limited to
25 any in particular?

1 DR. CARUTHERS: Right.

2 COMMISSIONER SIEGEL: Okay. Thanks.

3 CHAIR NIXON: Any other questions?

4 MR. LERMOND: Doctor, correct me if I'm wrong,
5 but the majority of the states have already
6 requested this?

7 DR. CARUTHERS: Correct.

8 MR. LERMOND: The form that she has to fill
9 out, it has a section where it wants to know when
10 it was approved by the Commission. So the
11 transcripts or minutes of this meeting, I would
12 assume we have to submit?

13 DR. CARUTHERS: We have to submit the minutes.

14 CHAIR NIXON: So once approved today?

15 MR. LERMOND: Yes.

16 CHAIR NIXON: Any other questions? Okay.

17 Hearing none, seek a motion to approve.

18 COMMISSIONER SIEGEL: So moved.

19 CHAIR NIXON: Second.

20 COMMISSIONER TANNER: Second.

21 CHAIR NIXON: All those in favor.

22 NOTE: The Commission votes aye.

23 CHAIR NIXON: All those opposed? Thank you,
24 Dr. Caruthers.

25 Next is the request for the approval for a

1 policy for remote participation of VRC members.
2 At the request of Commissioner Brand, our AG
3 representative, Liz Myers, drafted a policy for
4 remote participation by Commission members for the
5 VRC and I'm going to let her explain it a little
6 bit further.

7 MS. MYERS: Certainly. Thank you, Madam
8 Chair. The General Assembly -- as we all know, we
9 all became very accustomed to having virtual
10 meetings during the pandemic and the General
11 Assembly deemed it a good public policy to allow
12 the participation of members even outside of an
13 emergency, a declared emergency, to allow for
14 participation virtually.

15 Under prior law, a member could phone in,
16 could call in and listen to a meeting, perhaps even
17 participate in a meeting in a discussion, but they
18 could not vote.

19 This public policy requires the public body to
20 formalize a policy that is a public record that
21 sets out the requirements for the remote
22 participation.

23 A quorum of the public body must be assembled
24 in one physical location, arrangements need to be
25 made that members of the public can participate in

1 the meeting in the same form as a member of the
2 Commission that is participating.

3 There's a process to requesting remote
4 participation. I don't need to go, I won't read it
5 verbatim. It's in your packets. It's fairly
6 short.

7 Essentially, for emergency personal reasons or
8 if you live sixty miles from the meeting location,
9 you can participate virtually. Personal matters,
10 you are limited to participate in I believe it's
11 25 percent of the meetings held per calendar year.

12 All other reasons for remote participation,
13 there's no limit as to number of meetings in which
14 you can participate remotely.

15 I am happy to answer any questions, but short
16 of reading this verbatim, which I don't think
17 anyone wants, I think that essentially covers it.

18 CHAIR NIXON: Thank you, Liz. Does anybody
19 else have any questions pertaining to this? I
20 would just like to thank Commissioner Brand for
21 bringing this up and getting us all organized on
22 this. So thank you. Hearing no other questions, I
23 seek a motion to approve.

24 COMMISSIONER SIEGEL: So moved.

25 COMMISSIONER BRAND: Second.

1 CHAIR NIXON: All those in favor.

2 NOTE: The Commission votes aye.

3 CHAIR NIXON: All those opposed? Thank you.

4 Next is the request for the approval of an
5 independent testing laboratory for Historical Horse
6 Racing cabinets and software. Jeff Townsend, the
7 Senior Director of Gaming Operations, is requesting
8 the Commission to approve another independent
9 testing laboratory for Virginia.

10 Before any HHR hardware or software is shipped
11 or used in Virginia, it must be certified by an
12 approved independent testing laboratory to assure
13 compliance with the HHR regulations. BMM is very
14 well known and respected in the industry and it is
15 licensed in 460 separate jurisdictions. I believe
16 Mr. Townsend is here to address it. Thank you.

17 MR. TOWNSEND: Good morning. My name is Jeff
18 Townsend. I'm Senior Director of Gaming Operations
19 here in Virginia.

20 I have requested the approval of BMM Testlabs
21 for certification on all software and all cabinets.
22 It's very important that the reason for the
23 submission is that we have a lot of vendors that
24 are coming into Virginia right now that prefer to
25 use BMM as opposed to Gaming Laboratories, which is

1 already approved.

2 we have small manufacturers that it's
3 economically advantageous for them to use BMM. In
4 fact, there's one new one called Blueberry Gaming,
5 who has the number one game in America right now
6 which we cannot get without BMM.

7 CHAIR NIXON: Okay. Commissioners, do you
8 have any questions for Mr. Townsend?

9 COMMISSIONER SIEGEL: Do you expect this will
10 replace the existing laboratory or used in addition
11 to?

12 MR. TOWNSEND: It would go in addition to.

13 COMMISSIONER SIEGEL: Because there may be
14 occasions when it may be more efficient to use the
15 existing one. I just assume that.

16 MR. TOWNSEND: That's correct. A lot of
17 manufacturers, especially when we opened up, would
18 use Gaming Laboratories, but we're finding a lot of
19 new ones coming in like BMM, so it gives them the
20 option.

21 COMMISSIONER SIEGEL: Okay.

22 COMMISSIONER BRAND: So what is the existing
23 lab's capacity? Are they handling everything they
24 can handle? Is that part of the need or
25 expectation with the additional HHR units coming

1 that that is why there needs to be another one?

2 MR. TOWNSEND: No. I don't believe there's
3 any limitations to what the current gaming
4 companies are able to do. I think it's as far as
5 economically, some of the smaller companies would
6 rather work with the BMM Testlabs versus Gaming
7 Laboratories.

8 They both do a great job and are very
9 efficient and are well respected everywhere from
10 Virginia to Las Vegas and in between. The places
11 which use a certification company could use one or
12 the other and in certain cases, they could use
13 either or both.

14 COMMISSIONER BRAND: Thank you.

15 CHAIR NIXON: Thank you. Any other questions?
16 Hearing none, is there -- I seek a motion to
17 approve.

18 VICE CHAIR HUDGINS: So moved.

19 COMMISSIONER SIEGEL: Second.

20 CHAIR NIXON: All those favor.

21 NOTE: The Commission votes aye.

22 CHAIR NIXON: All those opposed? Thank you,
23 Mr. Townsend.

24 Next up is an update on a very special
25 anniversary of a special horse that was born here

1 in Virginia. I believe it's the 50th anniversary
2 of Secretariat winning the Triple Crown and I
3 believe Jill Byrne is going to get up and speak as
4 soon as she gets a microphone.

5 MS. BYRNE: Yes. Thank you very much. It is
6 great to be here and thank you all of the
7 Commissioners.

8 So as you may be aware, I have taken a new
9 position with the Virginia Equine Alliance as their
10 Vice President of Strategic Planning and part of
11 that will be to work on the five-year strategic
12 plan that all of the industry stake holders
13 represented, have put together, and a big piece of
14 that is marketing and promotions and what better
15 year than the 50th anniversary of Secretariat's
16 Triple Crown. Virginia's own Secretariat.

17 So we're working to claim back here in
18 Virginia and there's going to be a lot of very
19 exciting things happening around that 50th
20 anniversary.

21 One of those kicks off right here in Virginia
22 on his birthday on March 30 in Ashland. Kate
23 Tweedy and the Secretariat for Virginia group will
24 be bringing a second statue. There's a beautiful
25 statue that was made by Joycelin Russell of

1 Secretariat that sits in Lexington, Kentucky and a
2 second one was made and there is a great push to
3 get that statue here to the state of Virginia where
4 believe it or not there's not one statue of
5 Secretariat in his home state.

6 So this kicks off that weekend in Ashland and
7 part of it is to help bring awareness for the
8 statue to be brought here to Virginia, but also
9 awareness of the importance of Secretariat in the
10 history of Virginia and where Virginia is today in
11 the horse racing industry.

12 In line with that to raise money for that
13 statue, Churchill Downs, I reached out to them and
14 they are generously going to donate a racing
15 package to that auction for August 12th, which is
16 the Secretariat Stakes, the Million and the Beverly
17 D. A nice package for four people to come here and
18 enjoy a phenomenal event that's going to be on
19 August 12th. So that's one piece to the
20 Secretariat 50th anniversary.

21 Additionally, we are working in conjunction
22 with Churchill Downs as well as Matt Smolnik in New
23 Kent County to bring the National Racing Museum
24 Hall of Fame's exhibit on Secretariat to closing
25 weekend here at Colonial, which will be the 6th,

1 7th and 8th. No, the 7th, 8th and 9th. I should
2 know that. My daughter's getting married on the
3 9th.

4 This is an incredible exhibit that will be
5 going to all of the Triple Crown races about
6 Secretariat, but in addition, they are going to
7 have a permanent panel on this exhibit dedicated to
8 Virginia, the history of horse racing in Virginia
9 and all of the Hall of Fame horses that were bred
10 in Virginia.

11 So that will be a permanent part of the
12 exhibit which takes it from track to track starting
13 at Churchill Downs and then to the Preakness
14 and Belmont. Then it goes to Saratoga and they
15 have said that it would be available for us to have
16 here in Virginia right here at Colonial Downs for
17 closing weekend.

18 So we're working to make that happen, which I
19 think is just a phenomenal opportunity for us to
20 really promote people to come out here. Another
21 reason to come out to the races, but obviously, all
22 surrounding Secretariat and the history of
23 Virginia. So we have a lot of things in motion.

24 I'm actually working on putting together a 30
25 second television spot kind of infomercial that

1 will show the economic impact, agribusiness, jobs,
2 tourism, how important the entire Virginia horse
3 industry is and the strides that it has made in the
4 last few years and where we're going so people can
5 start getting more awareness of where we've been,
6 where we are today and where we're going forward
7 with that.

8 We've also got a very important horse called
9 Forte who is the favorite right now for the
10 Kentucky Derby who was bred by Virginia's own Amy
11 Moore and I have TVG now committed to do a big
12 story on Amy, Forte and Virginia and the horse
13 industry and they will actually be sending in a
14 camera crew next week to go shoot at her farm.

15 So a lot happening. It all kind of centers
16 around Big Red, Secretariat, the 50th anniversary,
17 but a phenomenal opportunity for us to utilize that
18 to really showcase the entire Virginia horse
19 industry, the importance of it, the history behind
20 it and again where we are now and where we're going
21 forward.

22 I'm also working with Darryl Wood and
23 Shenandoah to offer up any assistance as far as
24 marketing and promotions for the Shenandoah meet.
25 I can't wait to go up and drive as Debbie has

1 offered for me to do.

2 And then of course the Virginia Gold Cup.
3 Steeplechase racing is now starting in full force
4 here in Virginia.

5 Additionally, we are working with the First
6 Lady's team on helping promote youth recognition in
7 4H and I'm actually speaking at a youth recognition
8 event on March 17 to kind of show what's available
9 in the entire horse industry for our youth careers,
10 but really support that the VEA has put so much
11 support into a lot of these organizations, so it's
12 a great awareness program going on right now. I'm
13 really excited. This is a great year for Virginia.

14 CHAIR NIXON: Haven't you only been hired like
15 a couple weeks ago? Lord, have mercy. I can't
16 wait to hear what's going to happen in June. My
17 goodness. This is great. Thank you so much.

18 MS. BYRNE: It's very exciting. I couldn't be
19 more happy to show nationally as well as state how
20 important the Virginia horse industry is, not just
21 to all of us, but how far it reaches in the state
22 but also nationally. We're a big deal and
23 everybody needs to know it.

24 CHAIR NIXON: Absolutely. Absolutely. Thank
25 you, Jill, for that great report. Thank you.

1 VICE CHAIR HUDGINS: You're the person to tell
2 it, Jill.

3 CHAIR NIXON: Anybody else want to comment on
4 Jill's report?

5 COMMISSIONER SIEGEL: I want to congratulate
6 Jill for coming aboard and staying here in
7 Virginia. This particular role is ideal for you,
8 but I don't think we toot our horn enough in
9 Virginia and this is a great platform to do that
10 and to show off great things that are and will
11 happen in Virginia. This is a great start. Thank
12 you.

13 COMMISSIONER BRAND: I'd like to also
14 congratulate you for your new position. It has
15 gotten off with a big bang with all the things
16 going on. This is a great year to really push
17 things.

18 I would like to ask that at each of our board
19 meetings that we specifically get an update on the
20 strategic plan and perhaps even at the next meeting
21 if you time to breathe between now and then, the
22 goals you have in place so that we might support
23 that as well.

24 We had members, Commissioners on that planning
25 process and I think we need to be informed and

1 provide our support as well.

2 MS. BYRNE: Absolutely. I will be reaching
3 out to all of you for your expertise and knowledge
4 and support as well, because everybody, we're all
5 stake holders in this so we're working together for
6 the same goal.

7 COMMISSIONER BRAND: Absolutely.

8 CHAIR NIXON: Any other questions or comments?
9 Again, thank you.

10 Next is we have a report from the VP of
11 Operations, Jack Sours, on the additional security
12 measures that are planned for the Rosie's Richmond.

13 MR. SOURS: Thank you, Madam Chair.

14 CHAIR NIXON: Yes.

15 MR. SOURS: I appreciate the opportunity to
16 address this concern. So since Churchill Downs has
17 acquired the Rosie's properties, we have
18 prioritized the welfare, wellbeing and the safety
19 of our guests and our patrons.

20 Our records indicate that this was the first
21 incident of this nature since the property has
22 opened. So the property has been open over
23 three-and-a-half years. In that perspective, we
24 estimate 750,000 people come through the doors of
25 that property annually, so that's 2.25 million

1 people visiting that property. Again, our records
2 indicate this is the first incident of this nature,
3 so it's important to acknowledge that.

4 I also want to acknowledge that the Rosie's
5 team did a phenomenal job in helping the Richmond
6 PD apprehend this person. It was through the use
7 of our technology, through the use of our
8 surveillance cameras, our ID checks at the front
9 entrance that we were able to positively identify
10 the suspect within 48 hours, share that with
11 Richmond PD and they were able to apprehend the
12 suspect.

13 So again, I want to commend our team for the
14 effort they put forth in helping Richmond PD to
15 catch this person.

16 So at Churchill Downs, Incorporated, we're
17 always looking for ways to improve upon our
18 processes. At the Richmond properties, it's no
19 different with the security surveillance operation.

20 So looking forward, we plan on increasing the
21 officer staffing there by 40 percent. We're in the
22 process of hiring 40 percent more officers. Those
23 officers will be used directly to do foot patrols
24 in the parking lot. So that is a commitment that
25 we are in the process of doing. Until we're able

1 to staff that, we are offering overtime to all of
2 our officers. We do have more foot patrols in the
3 parking lot today.

4 I think it's also important to note that in
5 the news story, it was implied that we don't have
6 parking lot patrols; simply not true. There was a
7 parking lot patrol that occurred less than an
8 hour-and-a-half before this incident. Our records
9 indicate that we do do parking lot patrolling, but
10 with added staff we'll be able to increase that.

11 In addition to that, we are in the process of
12 paying our officers more. I think everybody is
13 well aware of the labor shortages that are
14 occurring across the country. We've increased the
15 pay for the officers, we've increased the pay for
16 the supervisors, we've increased the pay for the
17 management position. In addition to that, we've
18 added a Director of Security to the facility.
19 These are all efforts to again look for ways to
20 continuously improve upon our processes.

21 In addition to these measures, we are adding
22 signage to the parking lot. We commissioned 60 new
23 signs that will go up in the parking lot starting
24 today. These signs will indicate that the area is
25 under 24-hour surveillance, so that will be a large

1 deterrent for any would-be criminals when they come
2 in and they see these signs that say you're under
3 surveillance.

4 It's the same surveillance that allowed us to
5 apprehend this individual, so it will be a very
6 useful tool for us.

7 Finally, we are adding additional cameras to
8 the outside. As we sit here today, we have 20
9 outside cameras, twelve of which are focused on the
10 parking lot.

11 Again, those cameras were used in this
12 incident to catch this individual, but in addition
13 to that, we will add ten more through the course of
14 the year. So we will have better camera coverage
15 out in the parking lot.

16 I'll take the opportunity to address the
17 statistics that were quoted in the news story. We,
18 too, were very concerned when we heard those
19 statistics. They don't match anything that we have
20 in our records. We do feel it was a misuse of
21 data.

22 We inquired with Laura French, the reporter,
23 saying what information were you quoting. She told
24 us that she was using 911 calls. Okay. She went
25 on to say that they do not equate to police

1 reports. The 911 calls that do not equate to
2 police reports. It's important to understand that
3 these 911 calls originated in the area and
4 referenced our property. The caller referenced our
5 property.

6 I'm sure you're all very familiar with our
7 property. If you drive through, it's a landmark.
8 There's a giant sign on the road that says Rosie's.
9 The parking lot is lit up.

10 So if somebody is calling from across the
11 street, if they're walking past, if they're on the
12 side, they're going to reference Rosie's in the
13 call. It doesn't mean that incident occurred at
14 our property.

15 I want to also expand upon the fact there's a
16 homeless encampment that has existed in a vacant
17 lot next to the property for a number of years.
18 Unfortunately, the homeless people, there's a lot
19 of drug use, there's a lot of mental health issues,
20 so it's logical to assume a lot of those calls
21 originated from that referencing our property.

22 So again, there's no way to know for certain
23 where the caller was calling from. So we really
24 feel that those statistics were misapplied.

25 we did go back and look at actual police

1 reports. In 2016, there were 45 violent crimes
2 reported for that neighborhood. In 2016 before the
3 property opened. In 2021, there's 27. So in fact,
4 violent crimes in that neighborhood that we're in
5 have gone down over time since we've opened.

6 I think it's safe to say that Rosie's and
7 Churchill Downs are not contributing to violent
8 crime. If anything, we're probably a deterrent.
9 we have a big lit up parking lot with surveillance
10 with security that's a deterrent to crime. It's
11 not going to encourage crime.

12 The report also talked about it being a vacant
13 lot before the facility was open. So naturally,
14 again, if you're making a 911 call, you're not
15 going to reference I'm at the vacant lot. It's
16 just not logical. So we really feel like that
17 report misused those statistics.

18 So in summary, I'd like to say that again,
19 Churchill Downs is very committed to safety,
20 security and the wellbeing of our patrons.

21 The neighborhood is a well known hot spot for
22 crime. we feel that opening Rosie's has only
23 created a deterrent to that crime, again, because
24 we have a big lit up parking lot with a lot of
25 activity there. Criminals don't typically go where

1 there is a lot of activity where the parking lot is
2 lit up. we feel like these measures we've put in
3 place will only enhance our security posture at the
4 facility.

5 I want to say that we take pride in the fact
6 we're a good community partner. we do a lot of
7 donations in the communities that we operate in.
8 we do a lot of volunteering in the communities that
9 we operate in. we hire the individuals that live
10 in these communities. we pay taxes, for example.
11 we are a good community partner and we will
12 continue to do the right thing by the community.

13 with that, I'll be happy to take any questions
14 from the Commission.

15 CHAIR NIXON: Thank you. I believe some
16 Commissioners do have some questions, but thank you
17 for that.

18 VICE CHAIR HUDGINS: I have a question about
19 the police reports. I agree with you that that
20 tells us a lot more than 911 calls for sure. So
21 how many police calls did you have to that property
22 in the last couple of years? Do you know?

23 MR. SOURS: I do not have that information
24 with me, but I can certainly get that for you.

25 VICE CHAIR HUDGINS: Yes. I think that would

1 be interesting. I think that's relevant to what
2 we're discussing. Thank you.

3 MR. SOURS: Yes.

4 COMMISSIONER SIEGEL: I would just follow up.
5 I was thinking the same thing. It would be nice to
6 know the nature of those calls. Whether we made
7 them, in this case Rosie's made them, or it was
8 made by a customer and what kind of incidents would
9 cause a call to be made to the police.

10 I'm sure you have people that become
11 intoxicated maybe too much that need to be escorted
12 out or whatever. I don't know what those calls
13 would be, but I think it would be good to know
14 because all of the thousands of calls that
15 apparently came in, or hundreds of calls, many were
16 not related to Rosie's specifically as you pointed
17 out, but a fair amount of them may have been.

18 It would be interesting to know about those
19 police reports that come out of a call from
20 Rosie's, whether it be from staff or whether it be
21 from a customer and perhaps you can comment that up
22 maybe at the next meeting.

23 MR. SOURS: Yes. I can address some of that
24 now. To be clear, the 911 calls are not coming
25 from our staff. If we call PD, if we call the

1 police department, we're not calling 911. So those
2 calls were not.

3 COMMISSIONER SIEGEL: Okay.

4 MR. SOURS: Totally separate.

5 COMMISSIONER SIEGEL: Okay.

6 MR. SOURS: I do have a breakdown of what the
7 911 calls are and I can tell you just looking at
8 this that over 33 percent of them were not violent
9 in nature. They're car accidents, they're calls
10 for assistance, traffic sergeant, reference calls.
11 So these are not, clearly not associated with our
12 property if they're traffic accidents and traffic
13 happening in front of the property.

14 So we don't have good visibility. We talked
15 to Laura French and she told us, a direct quote
16 from her that, Though not necessarily made by
17 Rosie's Gaming Emporium, they did not search who
18 placed the calls because they can't; they're 911
19 calls and that they also did not equate to police
20 reports. There's not a direct correlation between
21 these 911 calls and police reports. Police might
22 not have even responded.

23 COMMISSIONER SIEGEL: Just one follow-up also.
24 Can we assume that these enhanced security measures
25 that you spoke about will be taking place in all

1 Rosie's locations to one extent or the other,
2 because obviously, you've identified this issue,
3 but it's probably likely that security enhancements
4 are needed elsewhere.

5 MR. SOURS: Yes. I appreciate that question.
6 That's a very good question. Every Rosie's has a
7 little bit of a different footprint, so yes, these
8 measures will be put in place where it's
9 applicable.

10 Some of the Rosie's are in shared parking
11 lots, for instance. Some of the Rosie's already
12 have surveillance from the local PD where they're
13 at. So we'll complement those things where
14 necessary.

15 VICE CHAIR HUDGINS: Can you tell me when you
16 anticipate having the full 40 percent increase in
17 officers in place?

18 MR. SOURS: Yes. That's a great question. We
19 did have them identified and hired. I believe,
20 don't quote me on this, but I believe three or
21 maybe four are waiting for licensing.

22 VICE CHAIR HUDGINS: Okay.

23 MR. SOURS: We did have them all hired as of
24 the end of last week.

25 VICE CHAIR HUDGINS: Very good. Can you tell

1 me when the other enhanced security measures will
2 be in place?

3 MR. SOURS: Yes. The pay increases have been
4 implemented. The signs are going up today.

5 VICE CHAIR HUDGINS: And cameras?

6 MR. SOURS: The cameras will take a little bit
7 of time. They have to do some trenching and some
8 work around --

9 VICE CHAIR HUDGINS: So you anticipate by
10 summer?

11 MR. SOURS: Oh, yes. Yes.

12 VICE CHAIR HUDGINS: Okay. Thank you.

13 COMMISSIONER BRAND: Thank you very much for
14 the report and letting us know the measures you're
15 taking in addition for security. I'm curious about
16 there was an incident. Is that individual okay?
17 You know, I don't want us to lose sight of a person
18 involved and just curious.

19 I don't need to hear any personal, private
20 medical information, but is that person okay?

21 MR. SOURS: Obviously it's a tragic situation
22 and the individual that committed this crime should
23 be punished to the full extent of the law. We
24 don't have direct visibility with the person. Our
25 sincere hope is that she's getting better and

1 healing and we certainly extend our hope that
2 that's happening, but we do not have direct contact
3 with her.

4 CHAIR NIXON: Any other questions? Thank you
5 for your report.

6 MR. SOURS: Thank you.

7 CHAIR NIXON: I appreciate it.

8 Next is the presentation of the regulation of
9 the Historical Horse Racing and I believe Dave,
10 you're going to --

11 MR. LERMOND: Is Mr. Sours going to introduce
12 Mr. Hopf?

13 CHAIR NIXON: I'm sorry. Mr. Sours, were you
14 going to introduce --

15 MR. LERMOND: Gary.

16 CHAIR NIXON: I mean Gary.

17 MR. PALMISANO: Thank you all. I didn't know
18 when the proper time to do that was. I do want to
19 take the opportunity to introduce Frank Hopf, who
20 is right here to our left.

21 Frank has recently been appointed the Senior
22 Director of Racing Operations for Colonial Downs.
23 We were able to get Frank and his family to
24 relocate here from Houston, Texas. Frank's here
25 meeting realtors and looking at properties around

1 the Virginia, Richmond, New Kent, area.

2 Really excited to have Frank on board. He
3 comes to us after a lengthy career at Sam Houston
4 Race Park. Started out as the director of the
5 mutuels there, senior director of mutuels, senior
6 director of racing operations. Most recently the
7 assistant general manager of Sam Houston.

8 Frank's background is extensive in the
9 industry. He wears a lot of hats at Sam Houston
10 from helping out with marketing, helping out with
11 mutuels, understanding the racing office and
12 working closely with the horsemen there to -- we
13 were discussing last night dorm rooms and things of
14 that nature all kind of will be under Frank's
15 purview here at Colonial Downs.

16 Frank will oversee all racing operations, all
17 mutuels departments, our track surfaces team, our
18 backside and maintenance group, going to work very
19 closely with Dave Zenner in the OTBs. So we're
20 very excited to have Frank on board here.

21 In conjunction with Frank, you'll see
22 Churchill Downs will put out a press release today
23 to the industry announcing not only Frank's role,
24 but also that Stanley Shina has been appointed as
25 Racing Secretary. Stanley has an over forty year

1 career in the racing industry. He is a 19 year
2 veteran in the racing office at Tampa Bay Downs.
3 He was also most recently the assistant racing
4 secretary here at Colonial Downs. So Stanley knows
5 the property, knows the horseemen, knows the
6 players.

7 Also, Stanley is an integral part of the Tampa
8 Bay racing office team, and as we all know,
9 numerous folks from Tampa come to Colonial to
10 operate our race meet, our assistant starters, our
11 valets, our outriders. All of those folks come
12 from Tampa, so it will be a natural, nice, easy
13 transition as Mr. Shina assumes the role as Racing
14 Secretary.

15 If I may just address Mr. Shores's comment
16 earlier. Our team at Colonial is working behind
17 the scenes on a number of different things; one
18 being integrating Ticketmaster with the property
19 here.

20 So folks will be able to purchase tickets on
21 Ticketmaster, use their phone to see your ticket
22 barcode to scan for access to the facility. If
23 you're here and you don't like the experience of
24 GA, you're able to easily upgrade your ticket via
25 Ticketmaster purchase on the website.

1 Nate and his team are rolling that out or are
2 in the process of building that with Ticketmaster
3 now with the hopes of rolling that out for sales
4 starting April 1st.

5 So we're in a little bit of a transition
6 period and I apologize for your troubles, but the
7 plan is to go forward with an April 1st launch of
8 the Colonial Downs season tickets and ability to
9 purchase tickets.

10 There is also a Director of Sales here at
11 Colonial Downs that handles group sales and suite
12 sales and things of that nature, so we'll make sure
13 that that name as well is communicated on the
14 website as well. I think Nate's already checking
15 to make sure that there's nothing wrong with the
16 phone line that was advertised on the website.

17 So the team here at Colonial is actively
18 engaging in kind of our pre-meet, the critical
19 path, checking boxes and making sure that things of
20 that nature are ready to be deployed in advance of
21 the Colonial meet.

22 Having Frank now on board here, Frank will
23 start next week being here, will be kind of a great
24 conduit to start pushing forward with all of our
25 policies, procedures, planning in advance of the

1 meet, so appreciate the opportunity to run through
2 that.

3 CHAIR NIXON: Thank you. Well, welcome to
4 Virginia.

5 MR. HOPF: Thank you very much. I look
6 forward to it.

7 CHAIR NIXON: While Churchill has the floor,
8 does anybody, any other Commissioners have any
9 questions or comments on what was mentioned?

10 COMMISSIONER TANNER: I have a couple. First
11 of all, Frank, you're going to love it. As a
12 fellow Texas exile, you're going to love Virginia.

13 MR. HOPF: I hope so.

14 COMMISSIONER TANNER: Is there any way to get
15 an announcement out? Something on the website that
16 says that tickets will be available for Secretariat
17 Day, April 1st. This is Ticketmaster. I don't
18 want another Taylor Swift meltdown on the 1st.

19 MR. PALMISANO: That would be a good problem
20 to have.

21 COMMISSIONER TANNER: I have a lot of children
22 I have to buy tickets for.

23 MR. PALMISANO: So Ticketmaster is the
24 platform that we use satellite just throughout the
25 racetrack to sell not only at our Kentucky Derby

1 and Victoria, but at our other racetracks as well,
2 so this is just a natural next extension of our
3 relationship with Ticketmaster. We use them at
4 fairgrounds, we use them at Churchill, we use them
5 at different facilities; Turfway.

6 So we have a great relationship with them and
7 we hope we have enough demand to crash the site.

8 COMMISSIONER BRAND: I have a follow-up
9 question though. Ticketmaster sounds like a great
10 alternative for most people and may solve some of
11 the problems that were brought up.

12 Are you all planning to do any kind of
13 circling back with individuals or surveying race
14 fans, giving them an obvious way to give feedback,
15 constructive feedback to make the experience
16 better?

17 MR. PALMISANO: Yes. I think that was a great
18 question and one that our team will take back and
19 do exactly what you're referencing. It was kind of
20 the first that I personally heard of issues that
21 you were experiencing.

22 So again, having Frank on board here, just
23 sort of being a boots-on-the-ground person to start
24 working through some of those challenges in
25 conjunction with the marketing team, I think you

1 will start to see kind of the engine start revving
2 up here for Colonial.

3 COMMISSIONER SIEGEL: It might be a good idea
4 for Frank to get with Hoppy at some point and
5 discuss it. I mean he's the guy that's probably
6 been to this racetrack more than any other
7 individual and a great supporter and some of his
8 thoughts you guys could talk about and perhaps
9 implement some changes.

10 VICE CHAIR HUDGINS: I have a question about
11 the infrastructure backside. I know that the usual
12 repair, maintenance, improvements, if possible, is
13 always going on, but there are a couple things I
14 just wanted to check on and see how far we've
15 gotten.

16 One is the dormitories; the new dormitories.
17 How is that going? Is that going to be ready this
18 year?

19 MR. PALMISANO: It will not be ready this
20 season. We are working closely with our
21 architecture firm, the HBPA, multiple building and
22 design groups on kind of planning out the
23 dormitory.

24 Sort of hit a few roadblocks in regards to
25 kind of the original dorms were built 20, 25 years

1 ago. Those are grandfathered in to certain things
2 that new dorms, new codes, new issues that are
3 going to require some extensive ground and earth
4 work to move pipes and move -- so we are actively
5 investigating exactly what it will take to
6 replicate one of those dorms. They look like small
7 cinderblock buildings, but as new-age things have
8 sort of uncovered themselves, we have a lot of work
9 to do to try to get a new build up to code, which
10 is going to be a bit of a challenge.

11 VICE CHAIR HUDGINS: I feel certain it is and
12 of course my concern always is the storm water
13 management and all that sort of thing as it relates
14 to those buildings and so forth.

15 That may be a larger project, longer term
16 project than we would like to see, but it will have
17 to be. But as long as we're going in that
18 direction and doing it right.

19 MR. PALMISANO: And looking at some
20 alternative options as well.

21 VICE CHAIR HUDGINS: Yes.

22 MR. PALMISANO: I understand the need and
23 we're contemplating an Extended Stay that's willing
24 to work with us, contemplating potentially
25 trailers, housing trailers, things of that nature.

1 we're looking at a bunch of different options as we
2 uncover the idea that the dorm is not going to be a
3 quick fix as we hoped.

4 VICE CHAIR HUDGINS: Right. The one that's
5 there is probably really not adequate anymore for
6 people to be staying any length of time in.

7 One of the things we on the Commission talked
8 about was the experience of people coming to the
9 track backside. I heard some issues such as repair
10 things and that sort of thing. Do we have
11 dedicated people year-round to work on those or do
12 we just have that during the racing season?

13 MR. PALMISANO: We're actually undergoing a
14 process right now of relooking at the work chart
15 and how facilities and backside maintenance sort of
16 work together.

17 VICE CHAIR HUDGINS: Okay.

18 MR. PALMISANO: There are at least one or two
19 employees right now that are focusing on backside
20 repairs as we get ready to ramp up for the race
21 meet.

22 Things like fixing wood in the stalls,
23 repainting bathroom floors. All the different
24 normal and kind of maintenance things that we would
25 look at going into a meet.

1 But as a part of Frank coming on board here,
2 he is going to sort of look at kind of how the
3 organizational chart is structured and are there
4 more opportunities for us to dedicate more
5 resources to the backside.

6 How can we vamp up in May and June as we
7 really get closer to the meet and then potentially
8 work on things in October, November, December that
9 won't create such a burden in the immediate ramp-up
10 to the race meet.

11 So we're just kind of coming into this thing
12 eyes wide open. We've spent some time kind of
13 listening to employees, trying to understand how
14 things have worked in the past, bringing in our
15 team to kind of reassess and reevaluate it and
16 start working forward.

17 VICE CHAIR HUDGINS: I mean the age of the
18 facility is what it is. It's not a whole lot that
19 you can do to change that, but where we can analyze
20 what's existing to go to the future that's fine,
21 but there are many opportunities and I hope we take
22 them to enhance the comfort and experience, good
23 experience back there.

24 You know, having simple things work like in
25 the wash racks and things like that. Manure

1 removal. Having a system that doesn't break down.
2 Anybody who has horses knows that is the worst
3 thing ever.

4 I would love for us to do long-term fixes as
5 opposed to Band-Aids which we have done in the past
6 through necessity.

7 I mean I'm not going to tell you how to run
8 your business, but it would be nice for us to have
9 a facility that is good for an extended period of
10 time going forward, instead of just making it from
11 year to year. It would make me happy.

12 MR. PALMISANO: Understood.

13 VICE CHAIR HUDGINS: Thank you. I like what
14 you're doing and I realize it can't all be done at
15 once.

16 MR. PALMISANO: Thank you.

17 CHAIR NIXON: Thank you, Commissioner Hudgins.
18 Anybody else have any questions at this time?

19 COMMISSIONER TANNER: I do have one.

20 CHAIR NIXON: Yes, sir.

21 COMMISSIONER TANNER: As we talked about HISA
22 earlier and whether or not that's approved for the
23 27th. I'm sure you'll be doing some sort of audit
24 or review of the horse safety issues. Is it
25 possible that we could get a report on that at our

1 next meeting?

2 MR. PALMISANO: Just a little bit about HISA,
3 I guess. As was mentioned earlier, we are in a bit
4 of a split court situation. The Sixth Circuit,
5 which is Kentucky, that sort of region, has ruled
6 it constitutional. The Fifth Circuit, which is
7 Texas, Louisiana and the southern states have ruled
8 it unconstitutional.

9 The Fifth Circuit ruled it unconstitutional
10 prior to the federal amendment change that happened
11 in late December, so this is all winding its way
12 into further higher courts.

13 I believe if you ask HISA right now, the only
14 places where HISA doesn't apply is within the Fifth
15 Circuit. So they are enjoying -- unable to operate
16 their rules within the Fifth Circuit. That does
17 not affect Kentucky, that does not affect Virginia,
18 that does not affect New York.

19 So when you ask HISA what their game plan is,
20 it is to move at full speed ahead to commence the
21 program on March 27th. What HISA is awaiting is
22 the FTC to stamp their approval on their current
23 ADMC medication rules.

24 The FTC punted it a little bit in January as
25 the Fifth Circuit ruling was very fresh. Now the

1 FTC has gone through their comment period and it is
2 believed if you ask HISA again that they will do
3 the stamping of approval somewhere in or around mid
4 March; March 25th, March 26th, which would allow
5 HISA to then begin operations on March 27th.

6 I think Virginia is in a lucky position where
7 you guys will not have any racing until mid July,
8 so it will allow HISA to get their feet underneath
9 them and understand operational challenges as the
10 jurisdictions that are operating racing on
11 March 27th will certainly feel the most immediate
12 burden.

13 So we do have the opportunity in Virginia to
14 kind of sit back and watch how things unfold and
15 we'll have the ability to make changes and work in
16 conjunction with HISA to make the process better in
17 Virginia.

18 Specifically related to your question, one of
19 HISA's -- it's a track accreditation program. So
20 every individual track in the country has to fill
21 out a 107 question questionnaire that speaks to a
22 number of different things from how are you
23 handling jockey health to what are you doing to
24 racetrack surfaces to do you have a safety
25 committee, is your state veterinarian a part of the

1 safety committee.

2 So we've put some questions and some answers,
3 but I think we are actively -- again, I keep --
4 Frank's going to be busier than Jill for the next
5 month, if that's possible.

6 One of Frank's immediate projects or tasks is
7 to work through that 107 questionnaire, which will
8 allow him to kind of understand exactly what
9 processes and programs are currently in place here
10 at Colonial in conjunction with the rest of the
11 racing team, Harrison and Company, and that will
12 allow us to give HISA kind of the answers that we
13 want to see done here at Colonial moving forward
14 and that will include again a review of past
15 practices in conjunction with Dr. Will Farmer, who
16 is our medical equine director, and the processes
17 that we have in place for horse safety at all of
18 our CDI properties.

19 So a lot of moving parts trying to fit in
20 where we can with the HISA model. Again, HISA's
21 goal and objective is to elevate all racing
22 jurisdictions to a national model and I'm confident
23 that what we're doing in Virginia will exceed the
24 national HISA method model.

25 COMMISSIONER TANNER: Thank you.

1 CHAIR NIXON: Any other questions? Thank you
2 very much.

3 MR. PALMISANO: Thank you.

4 CHAIR NIXON: Next, I believe, Dave is going
5 to introduce our presenters on the regulations of
6 Historical Horse Racing.

7 MR. LERMOND: Thank you, Madam Chair.

8 Before I get into our speakers, I wanted to
9 give the Commission a brief update on our hiring
10 process. I'm happy to report that we finally have
11 hired a person to be the pari-mutuel and licensing
12 coordinator.

13 It was not easy because with the labor
14 shortage, we had to repost this thing and I think
15 it was probably posted for two months or something.
16 That person's first day is this Friday.

17 We also have been posting for a full-time
18 Commission vet. Again, the labor shortage and
19 maybe a shortage of vets, we did not get a great
20 amount of applicants, but we have at least two that
21 we are going to interview. Those interviews will
22 also be held this Friday and that person should
23 start on March 27th, so they'll be in place before
24 the first day of Shenandoah Downs. I know Dr.
25 Caruthers is happy with that.

1 The third phase is a full-time investigator.
2 The investigator I think is going to have dual
3 roles because I'm pretty sure HISA is going to take
4 effect, so we'll need an investigator at least on
5 the three live days on the backside, patrolling the
6 backside looking for things, assisting the stewards
7 and those types of things.

8 We're also planning on cross-training this
9 person so that on the dark days, they can do
10 investigations of the HHR locations, which just
11 with that will take us from monthly inspections to
12 bi-weekly inspections and if we need to do more
13 than that we will address that. But the main thing
14 is to get this person in place.

15 We're finalizing a position description for
16 that person, so I would be surprised if at the June
17 meeting I don't have an announcement of that
18 position.

19 It hasn't been easy, but I know we've got a
20 good person for the pari-mutuel job and I think the
21 vet is going to be a great help, too. That will
22 take some of the pressure off Dr. Caruthers of
23 having to hire a bunch of part-time vets and
24 piecing people together so she will have someone
25 she can rely on.

1 Also, that person when we have overlapping
2 days of Shenandoah and Gold Cup, Ada will probably
3 go to the Gold Cup and then this person will be
4 able to stay at Shenandoah Downs and we'll be able
5 to fully regulate both places on the same day and
6 collecting samples as we normally do. I just
7 wanted to give that update.

8 CHAIR NIXON: Thank you.

9 MR. LERMOND: You're welcome.

10 I believe that it was probably four, maybe
11 more years ago where we had the same two people
12 come and talk and I think maybe Commissioner Siegel
13 and Chair Nixon were probably the only two that
14 were here at that time.

15 I think it's important because we have three
16 new commissioners that really want to learn a lot
17 about everything that goes on and questions as of
18 late as actually how we do regulate HHR, so I've
19 asked these two people to come and give
20 presentations.

21 The first one is going to be Mr. Joe Rudisill.
22 Joe has been with us from before the first Rosie's
23 opened up here at New Kent. He was very valuable
24 in setting up the way we regulate things, the
25 things that we required of Colonial Downs, in

1 addition to the regulations.

2 I don't want to give Joe's age away, but he
3 told me yesterday he's been -- started in Atlantic
4 City at Caesars in 1978, so 40-plus years
5 experience in gaming. So he's going to talk a
6 little bit about some of the recent things he did
7 which involved HHR setting up at different tracks
8 in Kentucky.

9 So Joe, if you're ready.

10 MR. RUDISILL: I'm ready.

11 MR. LERMOND: We'd love to hear from you.

12 MR. RUDISILL: Good morning, Ms. Chair and
13 fellow Commissioners. I just wanted to let you
14 know some of the efforts that we're taking and
15 doing to regulate HHR. I know there's some reports
16 out there that say we're not doing much, but you
17 know, I wanted to let you know what we actually do.

18 As Dave said, I've been in the gaming business
19 for 40-some years. I have HHR experience from
20 Kentucky. I opened Dallas Park as their General
21 Manager when they opened their 200 machine parlor
22 and I opened Red Mile in Lexington when we put 1000
23 machines in there in 2015.

24 I was hired by Dave in 2019 and most of the
25 Rosie's properties opened in 2019 starting right

1 here in New Kent.

2 Prior to opening each property six months out,
3 they submit certain documents and blueprints to us
4 for approval. The blueprints and plans for the
5 property include machine layout, the cage and count
6 room layout, surveillance camera locations and they
7 have to submit that all to the VRC and we approve
8 each of those.

9 We also request internal controls from each
10 Rosie's and Standard Operating Procedures, SOPs,
11 for security and all the department's safety
12 security surveillance cage and count rooms and the
13 HHR floor.

14 All HHR operations are based on (inaudible)
15 internals and SOPs. Violations of these controls
16 are signs that problems can occur up to and
17 including theft, other criminal activities, money
18 laundering and things like that. Before each
19 property opened, the VRC reviewed and approved all
20 of these documents.

21 We visited all of the construction sites,
22 monitored progress and attended each property
23 opening including Collinsville and Dumfries. We
24 attempted to visit each property at least
25 bi-monthly to check operations.

1 To continue monitoring separate properties, we
2 have developed a notification list with eight
3 serious incidents that require immediate VRC
4 notification and 11 incidents that require 24-hour
5 notification.

6 At Colonial Downs, we've also developed
7 various other standards for VRC approval, including
8 anti money laundering policies, responsible gaming
9 and underage gaming plans, responsible gaming
10 training. After COVID, they developed opening
11 procedures and safety procedures for all of the
12 Rosie's when they reopened.

13 I've opened two HHR facilities, as I said
14 before, in Kentucky and worked at Del Mar Park.
15 These states opened the HHR facilities and lottery
16 facilities with the same level of state oversight
17 and regulation as the VRC in Virginia.

18 In order to enhance or regulatory efforts, we
19 developed an inspection report now to be used at
20 all Rosie's locations on a monthly basis.

21 We're currently training staff and even some
22 of the Commissioners as of yesterday to -- well,
23 you don't have to go us with us for that, but we
24 did a pretty thorough report on it. We checked
25 security, we checked surveillance and we checked to

1 make sure that signage, proper signage is up for
2 compulsive gaming things. That's about it.
3 Anybody have any questions?

4 CHAIR NIXON: I would just like to thank you
5 for letting me tag along with you yesterday on the
6 inspection. I thought it was very educational and
7 thorough. So thank you for giving me the time to
8 do that.

9 MR. RUDISILL: Sure. It was our privilege.

10 MR. LERMOND: The checklist that he spoke
11 about is behind Tab 12 of your packets, along with
12 his résumé. Nothing else for Mr. Rudisill?

13 CHAIR NIXON: Do any other Commissioners have
14 any questions? Okay.

15 MR. LERMOND: We hope to get all of our
16 Commissioners to do the same thing that Stephanie
17 did yesterday.

18 CHAIR NIXON: Oh, yes. I believe Commissioner
19 Brand is going to go with Rhonda towards the end of
20 the month in Roanoke; is that correct?

21 COMMISSIONER BRAND: Vinton.

22 CHAIR NIXON: Vinton. I believe possibly
23 today Commissioner Tanner if he has time is going
24 to walk along with the location here; is that
25 correct?

1 MR. LERMOND: Or he may do Hampton tomorrow.

2 CHAIR NIXON: Hampton. All right. Thank you.

3 MR. RUDISILL: Thank you.

4 MR. LERMOND: Want to go?

5 VICE CHAIR HUDGINS: Yes, I would.

6 CHAIR NIXON: The more the merrier.

7 MR. LERMOND: The second speaker is Curtis
8 Linnell. Curtis is the Executive Vice President of
9 the Thoroughbred Racing and Protective Bureau. His
10 bio is behind Tab 13.

11 I consider myself a pretty good expert on
12 pari-mutuel wagering, but I can't hold a candle to
13 Curtis because he probably is one of the smartest
14 people when it comes to wagering in the industry
15 and we're very lucky to have his services and he's
16 going to go into more detail about what they do for
17 us, but we're lucky to have Curtis and I'm glad you
18 could be here today.

19 MR. LINNELL: Well, that's setting the speaker
20 up for disappointment.

21 MR. LERMOND: It is?

22 MR. LINNELL: Thank you very much. If you
23 ever want to make everyone want your presentation
24 to be short, do it well and into the lunch hour.
25 So we'll try to keep it as brief as possible.

1 Thank you, Chair Nixon, Executive Director
2 Lermond, members of the Commission and the staff
3 for the Virginia Racing Commission. The staff are
4 great to work with and I'll go in to that later.

5 I have a short presentation. I know there are
6 a number of Commissioners who, new Commissioners
7 who may not know about the TRPB.

8 The TRPB was formed, and I won't go into all
9 70 years of history given the time, but to protect
10 the integrity of Thoroughbred racing. That's our
11 motto. We were started in post WWII when
12 racetracks were thriving and criminals were
13 thriving. Especially organized crime.

14 So the owners of the Thoroughbred Racing
15 Association approached J. Edgar Hoover to ask him
16 to set up an organization and hence the TRPB was
17 born.

18 The first thing the TRPB did was identify
19 horses on an absolute basis because ringers were
20 being put into races. Races were being set up, so
21 the Thoroughbred racing TRPB lip tattoo program was
22 developed.

23 Seventy years that continued and just in the
24 year 2020, we have now migrated to digital
25 tattooing using high resolution photos for absolute

1 identification and some 50,000 Thoroughbreds are
2 now successfully digitally tattooed.

3 I will talk briefly about TRPB services and
4 get to Historical Horse Racing and that's the most
5 important in terms of our subject today.

6 So first of all, pari-mutuel wagering, I've
7 already talked about digital tattooing. The
8 wagering analysis and security platform is the
9 biggest project that the TRPB is involved in.

10 We take over 60 live race meets and we
11 database all wagering, every wager that's made,
12 every pool, every deduction that occurs for all of
13 those 60 live meets throughout the U.S. and Canada.
14 Each bet is databased and is time stamped.

15 We have recently moved all wagering data to
16 Amazon Web Services, so that information is now
17 available for query less than five minutes after a
18 race closes and in some cases a lot sooner. So
19 that's every wager on every track of our 70
20 racetracks in the U.S. and Canada. That's a
21 tremendously robust platform and we are very, very
22 proud that it's unparalleled anywhere in the world
23 to do analysis.

24 So we have four full-time betting analysts who
25 run all of this data through some independent

1 algorithms and we develop alerts and flags on each
2 one of those races and we can investigate on all
3 wagering abnormalities.

4 The second thing we do is advance deposit
5 wagering auditing and reporting. This brings us
6 closer to Virginia. The Virginia Racing Commission
7 utilizes our services for ADWs, as does a number of
8 jurisdictions across North America.

9 We have taken all of those -- we report on all
10 ADW activity monthly and we do that down to a zip
11 code level. So we summarize that information which
12 cannot be summarized in any other fashion and
13 report that to the Racing Commission with all
14 deductions.

15 Due diligence. We have a huge due diligence
16 program. It has taken us to almost every continent
17 in the world investigating companies that have
18 anything to do with horse racing, Thoroughbred
19 racing in North America. We have had over 70 due
20 diligence reports available to our members
21 and clients.

22 So we know what to look for. We spent a lot
23 of time doing that. We know where the secrets are.
24 We have been to book making companies and sports
25 betting companies and companies around the globe.

1 Okay. Last but not least, Historical Horse
2 Racing auditing, integrity testing and reporting.
3 The TRPB was involved right at the inception of
4 HHR. Oaklawn Jockey Club and former owners of
5 AmTote asked us to get involved to take a look at
6 this new product called HHR. They called it Insta
7 Racing at the time and we worked with them on
8 integrity measurements right from the start.

9 I always find it somewhat surprising when
10 an independent organization looks at HHR and says,
11 Hey, this looks like a slot machine. It should be
12 regulated like a slot machine. Well, it's supposed
13 to look like a slot machine. That's the intent.

14 What it is is Historical Horse Racing and a
15 tote and everything that occurs in horse racing
16 occurs in HHR and that's critical. It's a
17 pari-mutuel. It's a pari-mutuel event and series of
18 events that occur and have to be regulated as
19 pari-mutuel events.

20 The TRPB currently. We're the integrity
21 auditors. Not just for the Commonwealth of
22 Virginia, but also for the state of Louisiana and
23 the state of Wyoming and we're working with other
24 regulators who are looking at HHR in their
25 jurisdiction or have HHR in their jurisdiction.

1 Okay. A couple quick things. Obviously,
2 we're familiar with the growth of HHR in Virginia.
3 In the calendar year, we're over \$4 billion.

4 Part of where HHR is today is not just the
5 success of Historic Horse Racing and operators, but
6 it's also the success in regulation of HHR.
7 Without good regulation, you don't have the kind of
8 growth that we see in a regulated industry in this
9 environment. Good products, good regulation. Here
10 is the graph by location.

11 All this is available for the Commission. You
12 don't have to look at all of the small writing.
13 There is a .pdf for your review that Dave has.

14 Okay. HHR integrity. I'm going to mention
15 seven points that we do to make sure that Historic
16 Horse Racing has integrity.

17 The first thing we do, and this takes an
18 enormous amount of time and effort, is we collect
19 all source information from tote companies.

20 In Virginia there's two HHR totes. Sure there
21 are a lot of terminals at locations, but there's
22 two totes. There's Ainsworth Historical Horse
23 Racing tote and there's an Exacta Systems
24 Historical Horse Racing tote. We treat those tote
25 operators, even though there's a number of

1 different terminal manufacturers on the front end,
2 we treat that as tote and collect all information
3 from tote. We do that every day. We collect all
4 sorts of information, so it's not provided to us,
5 it's not voluntary. We bring it in directly from
6 those tote databases.

7 Okay. From that information, we do customized
8 reporting of handles, deductions, takeouts from
9 every pool, taxes attributable to every pool,
10 carryovers on every pool that's applicable and
11 payouts.

12 If this sounds like horse racing, it's not a
13 surprise because it is horse racing. All the
14 calculation engines of HHR are horse races and
15 racing and all of the betting is betting made on
16 pools.

17 We also document from all of the game files
18 the compliance for off hours. So we know when
19 every bet on every race on HHR is made when it's
20 outside operating hours that are posted by the
21 facility and approved by the Commission.

22 So if a technician, again, unlike gaming, in a
23 gaming slot environment, technicians can work on
24 video lottery terminals and have those offline or
25 in test mode.

1 In HHR those are live to the tote. So if a
2 technician goes at two a.m. or three a.m. or four
3 a.m. in the morning and does some plays into some
4 races on HHR, we grab that on an off-hours report.
5 Again, it's live on tote and it's 24 hours a day.

6 Various reporting on outliers is critical.
7 Historic Horse Racing libraries that the totes rely
8 on race results are thousands and thousands a race
9 and those race results produce statistical
10 determinants that we can measure.

11 We do that in statistical graphs called
12 probability and Chi-Square and we look at those
13 results over a period of time. Again, many
14 thousands of races are being played and we'll
15 measure and chart that looking for any strange
16 aberrations in the data.

17 We also have a couple tremendous resources
18 that consult with us. We have a full-time
19 statistician that we have under contract, Charlie
20 Vickery, who is brilliant and has helped us with
21 all wagering models for verification including HHR,
22 and we also have a consultant over the years who
23 used to run the mathematics department at Rutgers
24 called Dr. Trout and he's brilliant and we brought
25 him in to look at all of our various models.

1 On-site reporting. Unfortunately, in the last
2 couple years with COVID, we've been less than
3 diligent on our on-site reporting and we're ramping
4 that back up. On-site reporting from a tote racing
5 environment isn't as critical as daily results and
6 databasing, but is still important to do. The
7 reason it's important to do is because we measure
8 all of the handicapping features on every terminal.

9 Those customers may choose to play or utilize
10 or not utilize the handicapping features, but when
11 they choose not to utilize those, they have an
12 automatic handicapping program.

13 We verify that the automatic handicapping
14 program for their selections is in fact valid. We
15 look at the selections for auto handicapping and we
16 also look at the selections for manual handicapping
17 and we'll go and chart, grab all the charts from
18 those races to make sure that the order finish is
19 exactly what was posted and what was based on to
20 make sure that the horses in the race that were
21 available for selection are in fact those horses.
22 Again, if this sounds like horse racing, you're
23 right. It's all horse racing.

24 Review and report noncompliant races. So we
25 again through our auditing features on race

1 libraries, we look at any races that may have
2 escaped the purview of selection.

3 One tote vendor, Exacta Systems, uses races
4 for ten-horse fields and they only use races with
5 ten-horse fields. We make sure that all ten horses
6 have started in each one of those races that are
7 selected in an Exacta tote system.

8 We make sure that there isn't any post-race
9 disqualifications that affected the results as per
10 the order that they have. So we make sure that
11 those are identified and pulled into the library.

12 There's also unfortunately and occasionally
13 positive drug tests that affect horses and purse
14 distributions months and sometimes years after they
15 occur. If we come across a race in which that has
16 occurred from the library, we'll have the vendor
17 pull that from the available races to make sure
18 that there isn't any races in those libraries that
19 don't have an order of finish that's incorrect.

20 Possible instances of fraud and unusual
21 wagering patterns. Again, through our statistical
22 measures, through our results and through our
23 auditing, we investigate anything that occurs in
24 which an order of finish looks fraudulent or a
25 payout may appear suspicious. Again, it's an

1 alert.

2 HHR have had an incredible run of not having
3 someone create fraud on the system in terms of the
4 selections. We don't take that as a given. We're
5 TRPB. We're eternally suspicious of everyone and
6 everything, so we watch that with vigilance all the
7 time.

8 All right. I'm not going to go through the
9 various types of handicapping, but we look at the
10 handicapping a lot on our on-site measurements to
11 make sure that all of the handicapping tools that
12 are available to the customers in order to select
13 horses on their bets are available and if they
14 choose auto handicapping, to make sure that that's
15 selecting it in the mechanism and the manner that
16 that auto handicapper has reported.

17 Also bill pays. To make sure all of the bill
18 pays that appear on the screen that appear for the
19 customers are all compliant with what's actually
20 occurring in terms of the race and betting.

21 Let me just quickly conclude. I'm very proud
22 of the team we've assembled at TRPB. Our full-time
23 business analyst, Shuran Wright, comes to us with
24 15 years of experience with the California Racing
25 Management Systems and was their Director of

1 operations, supported by a full-time IT person who
2 has been with us for years, Tristan Panic, and our
3 IT resource, cloud-based field 365. We database
4 HHR in a SQL environment in terms of an edge
5 service, so we have a database administrator.
6 We spend a lot of time with data. It's a lot of
7 data.

8 We've also recently hired Julie Sorrell Jones
9 as a betting analyst. Julie -- and Joe mentioned
10 this when he started Red Mile. Julie was former
11 Chief Operations Manager at Red Mile and ran the
12 HHR facility in Lexington for a number of years.
13 She has now joined us full-time as a betting
14 analyst. I already mentioned Charlie Vickery, our
15 consultant, and we also have a SQL program under
16 contract.

17 So there's a team and what's really great
18 about this team is we can work with the team at the
19 Virginia Racing Commission and independently verify
20 results and information and compare each week and
21 each month to make sure that everything is
22 absolutely correct.

23 We record handle, commissions, payouts,
24 breakage and carryovers to the penny and that's the
25 measurement that we use for all products and the

1 Virginia Racing Commission has been excellent and
2 have assembled a team also and we see that and I
3 don't think that's reflected in the various reports
4 from the Virginia Lottery Corp, but it is without
5 compare.

6 we're involved with a lot of jurisdictions
7 and we're pleased and proud to be working with the
8 Virginia Racing Commission here. Thank you.

9 CHAIR NIXON: Thank you so much for that
10 detailed report. That was very informative.
11 Appreciate you going through that.

12 Any other Commissioners have any questions or
13 comments?

14 COMMISSIONER BRAND: I do have probably a
15 stupid question.

16 CHAIR NIXON: Those are the best ones.

17 COMMISSIONER BRAND: As you were talking, I
18 was curious to know if you have -- part of your
19 team also works on -- we all know the technology
20 field is changing probably as we speak, that it's
21 something different when we walk out the door.

22 I'm just curious. For example, the chat-bots.
23 I guess is how you say it.

24 MR. LINNELL: Right.

25 COMMISSIONER BRAND: Are you all factoring in

1 that kind of advancement and technology in
2 providing additional opportunities for someone to
3 conduct fraud?

4 MR. LINNELL: We haven't seen artificial
5 intelligence programs used on HHR basically. We do
6 gauge manual handicapping and because in manual
7 handicapping people are actually selecting, so we
8 look at manual handicapping races and payouts with
9 a tremendous amount of scrutiny. More than we use
10 for the auto handicapping variable.

11 We believe -- again as you just said,
12 technology is moving at rapid paces, but we believe
13 that the analysis of selections and payouts will
14 show us disproportionate effects of anyone using
15 anything that is beyond above board from what we
16 look at.

17 We're involved in the live racing business.
18 Each and every day, we handicap tens of thousands
19 of races a year; millions and millions of bets.
20 Some \$8 billion to \$9 billion. We run that through
21 programs all the time and we look for those kind of
22 patterns to see what customers are using that gives
23 them an advantage. So thank you.

24 COMMISSIONER BRAND: So actually, it's after
25 the fact instead of anticipating what could happen?

1 MR. LINNELL: Yes. The anticipation. Again,
2 the sky is the limit certainly for anticipation.
3 we look at actual results and do that as an auditor
4 typically would.

5 We're certainly always, because we have the
6 type of creative individuals who are involved in
7 technology, we're always speculating on what could
8 happen and always looking at what kind of tests,
9 statistical, pari-mutuel and otherwise could tell
10 us the results of that, but you are right. We do
11 look at the actual facts that occur and go from
12 there.

13 CHAIR NIXON: Thank you. Any other questions
14 from the Commissioners?

15 MR. LERMOND: Madam Chair.

16 CHAIR NIXON: Yes.

17 MR. LERMOND: Curtis, could you just take a
18 minute and explain why regulating HHR is different
19 from regulating a slot machine?

20 MR. LINNELL: Well, we don't regulate slot
21 machines, so I would only have a -- it would be an
22 asymmetrical comparison.

23 Historic Horse Racing is conceived, invented,
24 designed, bound on horse racing. That's where it
25 starts. That's where everything -- regardless of

1 what you see in entertainment factors and all those
2 things that compete in a video world, it is horse
3 racing.

4 So those terminals, terminals pay into pools.
5 Pools are held by tote. Pools are co-mingled with
6 each other. Customers are betting races to try to
7 win before other customers bet races and try to
8 win. So it's a very, very different environment.

9 When somebody looks at a video lottery
10 terminal and says, Hold up. HHR looks like that so
11 let's regulate it in the same way, they're ignoring
12 salient facts on what an HHR terminal is and that
13 is tote.

14 It would almost be like somebody looks at a
15 modern video lottery terminal and saying, Hey, this
16 looks like a lot of video games kids play. We
17 should get the video game industry to regulate
18 these VLTs and these slots because that's the
19 direct comparison. That wouldn't be valid. So
20 it's not valid to try to surmise the physical
21 appearance of HHR and say how it should be
22 regulated.

23 MR. LERMOND: Thank you.

24 MR. HANNUM: Madam Chairman?

25 CHAIR NIXON: Yes.

1 MR. HANNUM: With respect, I was wondering if
2 I could speak to this issue. At the last
3 Commission meeting, I spoke on HHR and I would just
4 appreciate the opportunity to make some comments.

5 CHAIR NIXON: Sure.

6 MR. HANNUM: Thank you. So I think it's a
7 good idea as these Commission meetings go forward
8 that we do have these discussions that go from
9 meeting to meeting.

10 As we all know, the HHR machines are the sole
11 responsibility of the Racing Commission and it is
12 my hope, I know I can speak for the horsemen, that
13 we want to see HHR remain under the Racing
14 Commission umbrella under your regulation.

15 In my conversations with Churchill Downs, it's
16 my understanding they want that to remain the case
17 as well. So we don't want to see HHR move to an
18 overarching gaming commission or the lottery or
19 some other organization.

20 Having said that, there is a problem out there
21 right now. So I've known Curtis a long time. He's
22 the best. He's an expert on gaming and gambling
23 issues; I'm not, but I do have an understanding of
24 the way the legislature sees the world.

25 JLARC issued a very damning report regarding

1 the oversight of HHR. Now, maybe they were
2 completely wrong or maybe they were 100 percent
3 correct. But the fact of the matter is that that
4 report is out there.

5 Mr. Rudisill, with all due respect, you said
6 some people have some criticism of how the machine
7 is regulated. JLARC is not some people. JLARC is
8 a highly respected think tank for the legislature.

9 So when their reports come out, the
10 legislature is briefed on their reports not once
11 and the report is put on a shelf, but multiple
12 times throughout the legislative session and
13 they're very highly respected and more often than
14 not, the legislature will act on the JLARC reports.

15 So I can't stress enough to the Commission the
16 importance of that JLARC report. Again, they may
17 be completely wrong, they may be completely
18 correct. I'm not going to speak to that, but the
19 perception is that there's a problem.

20 So in the spirit of wanting to keep HHR
21 machines under the Commission, I would highly
22 recommend that this Commission conduct an
23 independent review of the regulation and to be
24 proactive about it.

25 Now there's money right now that has been

1 proposed in the budget by Delegate Krizek that may
2 or may not be finalized and approved, but in some
3 ways it doesn't really matter because you can still
4 go forward and do an independent study. I would
5 highly recommend that.

6 I say that again in the spirit that HHR
7 machines were approved to bring racing back and
8 look at us all here today and look at the racing
9 program that we're going to have going forward.

10 We have our new partners in Churchill Downs
11 that we're so excited to work with and looking
12 forward to working with Frank and the whole team.
13 But without HHR being linked to racing, we're going
14 to lose something very important. So I would
15 stress to the Commission to give consideration to
16 an independent review. Thank you.

17 CHAIR NIXON: Thank you, Jeb. Dave, do you
18 have any comments?

19 MR. LERMOND: No. I think if the budget
20 amendment does pass and we do a study, then I
21 welcome that. JLARC, it's hard for them to be
22 specialists in all different areas. They went in,
23 they looked at Rosie's said, Oh, they're slot
24 machines. How do they regulate casinos in New
25 Jersey and they put those same requirements on us.

1 Curtis has read the JLARC report and we've had
2 this discussion where it's probably overdone and
3 there are differences in HHR which makes the
4 regulation not the same, so I mean if this doesn't
5 go through, I think the Commissioners and I will
6 talk about whether we want to do a study of our
7 own.

8 We would definitely want to hire somebody
9 that's knowledgeable about HHR and I believe we do
10 a good job. I know it has been criticized by the
11 JLARC committee, but I, too, want this to continue
12 and I think we're the right agency for it, but I
13 just think some more thought needs to be looked
14 into as to how much of JLARC said we should be
15 doing -- that we should actually be doing to
16 regulate it properly and protect the interests of
17 the Virginians and certainly the interest of the
18 stakeholders that will benefit from it.

19 CHAIR NIXON: I cannot speak for the other
20 Commissioners, but perhaps in our next meeting this
21 is an action item we can bring up and discuss.

22 How does everybody else feel about that?

23 VICE CHAIR HUDGINS: I support that
24 completely. I think this is long overdue. We've
25 known about this for some time and it's way past

1 time to get going on that.

2 COMMISSIONER BRAND: I, too, have concerns
3 about perceptions. I don't know enough about it to
4 know whether JLARC is correct or if we're doing
5 everything that we can, but certainly I think for
6 the Commission, for our credibility, for the work
7 that we're contracted with the oversight on these
8 HHR machines that this will clarify if we're doing
9 it correctly or if we need to make any additions
10 and I strongly suggest that we have something
11 prepared by the next meeting so we can take a
12 position on it.

13 COMMISSIONER TANNER: I agree.

14 COMMISSIONER SIEGEL: I agree.

15 CHAIR NIXON: Okay.

16 VICE CHAIR HUDGINS: I agree.

17 CHAIR NIXON: Okay. I believe we'll be
18 setting our next meeting date so we can have that
19 on the agenda. Thank you, everybody.

20 Next up is our Commissioner comments. I think
21 I will start with you.

22 VICE CHAIR HUDGINS: I have nothing but
23 positive things to say. Whenever anything negative
24 comes up, there's always a way to manage it or find
25 a way to manage it anyway.

1 I think we're on the verge of doing some very,
2 very, very good work and bringing back something
3 that's very important to the state of Virginia and
4 that's the horse industry.

5 I think what we do now is extraordinarily
6 important going forward and as many stakeholders as
7 there can be that benefit from this, we should tie
8 them to it because there's something here for
9 almost everyone in the state of Virginia some way,
10 somehow and the rising tide rises all boats, I
11 guess is the saying. So good job everybody out
12 there. The enthusiasm is infectious. Thank you.

13 CHAIR NIXON: Thank you. Commissioner Siegel.

14 COMMISSIONER SIEGEL: Thank you. It was a
15 great meeting. I think we heard a lot of good
16 information. I think we're headed in the right
17 direction.

18 On another note, I believe it worth mentioning
19 that the various horsemen's groups as well as this
20 Commission were concerned about the correspondence
21 that Churchill sent out to Rosie's database
22 lobbying their, asking they lobby their
23 legislatures for support of the casino referendum
24 in November. While I think we understand that
25 passage would be a major financial lift for

1 Churchill, in my view, this clearly creates a
2 conflict.

3 If a casino is created, it's a major loss of
4 revenue for Rosie's, particularly in Midlothian.
5 The big question is how would Churchill plan to
6 replace that significant loss.

7 Gary, I'd like to ask at our next meeting that
8 you present to this Commission a full and
9 comprehensive report outlining Churchill's
10 involvement and their relationship with Urban ONE
11 and further address if the Richmond casino is built
12 and approved, what will be the impact on Rosie's
13 and what Churchill might do to mitigate that to
14 Colonial.

15 CHAIR NIXON: Thank you, Commissioner Siegel.
16 Commissioner Tanner.

17 COMMISSIONER TANNER: Thank you. I have told
18 Stuart several times that was the question I was
19 going to ask. He goes and made the statement I was
20 going to make.

21 I do want to reiterate a couple of things.
22 One is I would like to have an update on an audit
23 of security measures for on-track safety for
24 horses, but I'd also like to have some idea of what
25 the plans are for Colonial for security for these

1 big days that are coming up in our next meeting.

2 I want to also reiterate, emphasize
3 Commissioner Brand's request for a marketing update
4 at our next meeting, but I think it's also
5 important, Jeb, that she asked for an update on the
6 strategic plan and its goals.

7 I don't think our next meeting is appropriate.
8 we haven't had enough time to implement a lot of
9 things and see change, but I would expect that to
10 happen at the meeting following.

11 Similar to that, there were some really good
12 arguments made from both our first public commenter
13 and by Jack on the security at Richmond Rosie's and
14 there were some claims made that are testable
15 hypotheses and so a plan has been presented, much
16 of it already implemented to improve security.

17 I would like to see a follow-up to that and
18 report outcomes and if in fact the Rosie's is
19 serving as a deterrent, then that's something we
20 should be able to observe in the data.

21 As a former higher education administrator
22 that had to deal with the Clery Act and reports of
23 police calls being attributed to the university
24 where I worked, I understand the frustration of
25 being tagged with police calls that really had

1 nothing to do with your location and I totally get
2 that, but I do think there's data that could
3 strengthen the argument and give us a better chance
4 to understand where you are in your security
5 process.

6 Then lastly, I'd like to -- I'm sure we'll
7 have a HISA update at our next meeting on our
8 agenda as well. Thank you.

9 CHAIR NIXON: Thank you, Commissioner Tanner.
10 Commissioner Brand.

11 COMMISSIONER BRAND: Yes. Thank you all very
12 much for being here and your input. Working
13 together is the only way we're going to keep making
14 improvements and a lot of follow-up items that we
15 need for the next meeting and I appreciate the
16 efforts that will go into the preparation for that.

17 Pretty much everybody has listed things I
18 have, but I did want to reiterate the efforts to
19 collaborate and enhance the race fan experience and
20 perhaps even expand that to the Rosie's experience.

21 I know that is not the Commission's
22 responsibility, but I think it does speak highly of
23 families and increasing attendance and success of
24 the venue, so I think there's some work that needs
25 to be done and some collaboration with fans and

1 make sure they have the opportunity.

2 I know I've taken people to the races and they
3 had no idea how things worked and in order to
4 promote the industry and promote racing, that needs
5 to be pretty transparent.

6 Next, I also support Mr. Siegel on the impact
7 of the casino, especially one in the Richmond area
8 would have on the Rosie's. My interest is the
9 overall impact, not how you're contacting people or
10 whatever.

11 I think the end result is how does that affect
12 the revenue for the horsemen and what is going to
13 be done to mitigate that and replace that revenue.

14 Then independent review on our HHR facilities
15 I think is very, very important. I think we need
16 to -- if we have nothing to hide, then we have no
17 fears of having an independent review and it's
18 worth the money that we have to spend whether it
19 comes from the state budget or whether it comes
20 from our budget. So thank you all.

21 CHAIR NIXON: Thank you, everyone. I'll just
22 wrap it up by thanking everyone for coming. Yes?

23 UNIDENTIFIED SPEAKER: I'm sorry. I didn't
24 know where to jump in here. I just want to thank
25 the Commissioner there for her remarks about the

1 backside. You're all familiar with the show
2 (inaudible). There's an orchestra pit down there
3 and if nobody is there, it's not much of a show.

4 The backside here is the orchestra pit for
5 this racetrack and we've heard a lot about
6 improvements back there and I don't want it to be
7 déjà vu all over again because we had those
8 promises before.

9 But a well-maintained and permanent
10 maintenance crew back there is absolutely
11 necessary, otherwise when Jill shows up there with
12 her crew from TVG, if the ice machines and air
13 conditioners aren't working, it's going to look
14 like a homeless shelter in Los Angeles because
15 everybody will be sitting outside on horse blocks.

16 So it's really necessary to pay attention to
17 the maintenance on the backside, not just this
18 side. It has got to be done. I'm part of that
19 trust but verify group. We will be watching
20 carefully. Thank you.

21 CHAIR NIXON: Thank you. I'll let you know
22 we've got two young ladies that will be going back
23 there after this meeting so they plan to give a
24 full report. So thank you. I appreciate it.

25 So I'll just wrap up by thanking everybody for

1 their time and commitment and I look forward to us
2 getting together at our next meeting.

3 Is there a reason for a closed session? I
4 don't think there is. I believe our next meeting
5 we're looking at June 6th. Is that good? At
6 eleven?

7 MR. LERMOND: Sure.

8 CHAIR NIXON: And here; is that correct?

9 MR. LERMOND: Unless anybody wants to move.
10 We're comfortable here.

11 CHAIR NIXON: Okay. If there are no other
12 matters concerning anything, I think we're done.
13 Thank you very much, everybody.

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

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 March 7,
6 2023, 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 15th day of April,
12 2023.

13
14 *Sandra G. Spinner*
15 _____

16 Sandra G. Spinner
17 Court Reporter
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