

Good day, Honorable Chairman Angel Bolques Jr., Chairperson of the Committee on Culture, Youth, and Sports, Parks and Recreation of the 35th Legislature of the Virgin Islands of the United States, Honorable Senators, Central Staff, and the Listening and Viewing Audience, I am Calvert White, Commissioner of the Department of Sports, Parks, and Recreation, here to provide updates on the current and future state of horse racing, including the status of our facilities.

Preparing for the May 3rd races was an extraordinary effort, far beyond a typical race day. With the track out of operation for over seven years and lacking infrastructure, we essentially started from scratch. We addressed the mangroves, which had grown to over 12 feet tall and obstructed visibility around the track. With a permit from the Department of Planning and Natural Resources (DPNR), we were able to trim them back to the regulated 4 feet, restoring full visibility.

The running surface, also unused since the 2017 storms, required significant work. DSPR procured and purchased a conditioner and harrow, essential equipment for grooming the surface. About a month before the races, we applied approximately 200 tons of sand to specific areas of the track. We used a John Deere tractor and a beach barber to smooth the surface, and our own water truck with a pump attachment was employed daily to ensure proper watering of the surface.

In planning the first race in seven years, it was always the intention of DSPR to enhance the community experience. The new grandstands are three times the size of the original structure, standing at an elevated height of 10 feet to provide excellent visibility from every seat. We transformed the concrete slab in front of the bleachers into a VIP area accommodating approximately 150 people, featuring its own bar, hors d'oeuvres, high tables, and a lounge area under a tent.

For fans who preferred being close to the action, we designated standing room to the left of the Winner's Circle for viewing the race gate side. The facility also featured six remote bars, and a concession stand located below the grandstand. Numerous vendors offered a variety of food options, from handheld snacks to hot meals.

I would like to express my gratitude to the Virgin Islands Police Department, the VI National Guard, and our private security personnel for their hard work and dedication. Their efforts were crucial in ensuring a safe and incident-free event, with metal detectors and scanners at the gates further enhancing security.

For the first time, we offered payment via the Eventbrite app, streamlining the collection of funds and providing an additional option for credit card payments. This innovation reduced cash handling and expedited entry through QR code scanning. For those who preferred cash, an alternate line was available to improve traffic flow. Entry fees were \$5 for children under twelve, \$25 for general admission, and an additional \$25 for parking. The grandstands now feature comfortable folded seating options available for \$40, which could be reserved via our online ticketing application. Additionally, the bleachers were named to represent our islands: St. Thomas, St. John, St. Croix, and Water Island.



With the success of the May 3rd races, we were excited to announce that the next race was June 30, 2024. This race day also featured seven competitive races and saw approximately 2,500 spectators. To reduce costs, security was downsized, and the large LED screen in the infield was not used. The race card highlighted the Lieutenant Governor's Race as the main event.

Due to damage to the running surface, as a result of TS Ernesto a decision was made to postpone the third scheduled race for September 2nd. It is important to clarify that promoting horse racing long-term has never been the intention of DSPR. Since the Government of the Virgin Islands (GVI) struck a deal with Virgin Islands Gaming Limited (VIGL) in 2016, our department has not received appropriations for horse racing. Fortunately, we were able to access funds from the Horse Racing Improvement Fund, with the approval of the Horse Racing Commission, to make these races possible.

As it pertains to the Clinton Phipps Memorial Racetrack ongoing construction, I am pleased to report that the grandstands, accessory rooms, vet quarters, and jockey locker rooms are ready for their final certificate of occupancy. The isolation barns, pony barns, and equipment storage are approximately 90 percent complete. The secondary barns are about 60 percent finished. Remaining tasks include completing the perimeter fencing, the full parking lot, and the main barns. This project is scheduled for completion by the end of the year, although I am hopeful it will be finished sooner.

I have communicated to the Horse Racing Commission the urgent need to identify a temporary promoter as soon as possible. The resources needed to continue providing quality race days are beyond DSPR current capacity. The department, in collaboration with the St. Thomas/St. John Horse Racing Commission, has been working on a comprehensive plan to solicit a permanent promoter. Dr. Luara Palminteri has taken the lead in this effort, working with Property and Procurement to create the RFQ document.

This undertaking has been challenging, and it would not have been possible without the support of Southland Gaming VI, the Virgin Islands Police Department, Private Security, the St. Thomas/St. John Horse Racing Commission, the horse owners, trainers and jockeys, DSPR staff, the members of the 35th Legislature and of course the racing fans in the territory and abroad.

I also appreciate the opportunity to provide an update on the ongoing issues concerning VIGL Operations, LLC ("VIGL") and their non-compliance with the Franchise Agreement related to the St. Croix Racetrack project. The following points summarize the status, breaches of the agreement, and steps taken to address these issues:

After multiple emails, notices, and attempts to advance the project, on May 28, 2024, legal counsel for the Governor of the Virgin Islands issued a formal Notice to Cure to Mr. Andrew Debuque of VIGL, indicating that VIGL is in default of the executed Franchise Agreement, as amended, with the Government of the Virgin Islands (GVI). The key breaches identified are as follows:



Violation I: Building/Demolition Permit Bond Requirement

Section 6.3 of the Franchise Agreement requires VIGL to post a performance bond or letter of credit, in a form and amount acceptable to the GVI, totaling EIGHT MILLION DOLLARS (\$8,000,000) within thirty (30) days after the issuance of any building/demolition permit with respect to the St. Croix Racetrack. The Department of Planning and Natural Resources (DPNR) issued the first Building Permit for Phase I on September 13, 2023. VIGL was required to post the bond or letter of credit and provide evidence to the GVI by October 13, 2023. VIGL has not met this requirement, thus breaching the Agreement.

Violation II: Groundbreaking

Section 6 of the Second Amendment to the Franchise Agreement, executed on September 15, 2022, mandates that VIGL break ground within 15 days of receiving the building or demolition permits. With the permit issued on September 13, 2023, the groundbreaking deadline was September 28, 2023. VIGL was notified of this deadline on September 27, 2023, yet claimed the need for an additional SWPPP Permit. Although this permit was issued on November 16, 2023, VIGL did not commence construction. They further argued that a license from the Casino Control Commission (CCC) was necessary, despite the GVI's stance that this was not a requirement. If that reasoning had been accepted, the CCC approved VIGL's license on April 18, 2024, with the resolution delivered on April 30, 2024, extending the groundbreaking deadline to May 15, 2024. To date, VIGL has not met this extended deadline or provided any evidence of compliance.

Violation III: Initial Investment

Under Section 8.2, subsection (B) of the amended Agreement, VIGL was required to begin improvements and work at the Randall "Doc" James Racetrack upon approval of the First Amendment to the Franchise Agreement, achieving 40% completion within twenty-four (24) months, and reaching substantial completion within forty-two (42) months. By July 6, 2023, VIGL was expected to complete 40% of the project. However, VIGL has not commenced construction, which constitutes another breach of the Agreement.

Violation IV: Permit Filings

According to Section 6 of the Second Amendment, VIGL was required to apply for all necessary permits and amendments within 60 days of plan approval, and not delay more than 10 days between subsequent permit applications. The Building Permit for Phase I was issued on September 13, 2023, but VIGL only filed for this phase and did not apply for the complete project, with no agreement from the GVI on partial filings. Despite requests to address this default, VIGL has not provided evidence of completed filings for all required permits or filed subsequent permits within the stipulated timeframe. This is also a breach of the Franchise Agreement. Pursuant to Section 10 of the Agreement, which addresses Franchise Violations and Revocation of Franchise, VIGL was given 30 days to cure these material breaches. The GVI requested evidence by providing:

A copy of the performance bond or letter of credit in the amount of EIGHT MILLION DOLLARS (\$8,000,000).

Evidence of actual groundbreaking and ongoing work, including subcontractor details and executed contracts. Reports, photos, plans, and financial documents showing 40% completion of the project.



Copies of all remaining building permits for the project, including all phases identified by VIGL in the plan, and confirmed as complete by DPNR.

VIGL failed to respond within the 30-day period. Consequently, on June 28, 2024, legal counsel for the Governor sent a formal request, pursuant to Section 10 of the Franchise Agreement, to Dodson James, Chair of the St. Croix Horse Racing Commission and Chair of the VI Horse Racing Committee, to schedule a hearing to determine the appropriate sanctions for VIGL's failure to cure the defaults. The Chair has reached out to the Department of Justice (DOJ) for guidance, and although discussions about scheduling a hearing have been circulating, as of today, the hearing has not yet been scheduled. On September 13, 2024, the Governor, through legal counsel, sent a Second Request for Hearing to Chairman James. Mr Chair as stated in my testimony we have tried to move this project forward. There is absolutely nothing on the GVI side stopping this project from starting. With that I stand ready to answer any questions you may have.

