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INFORMAL FACT-FINDING CONFERENCE

In Re: Proposed Paradocks Satellite Wagering Facility

September 20, 2012

Virginia Racing Commission  
10700 Horsemen's Road  
New Kent, VA 23124

**COMMISSION MEMBERS:**

Stuart Siegel, Chairman  
J. Sargeant Reynolds, Jr., Vice Chairman  
Carol G. Dawson  
David C. Reynolds  
Stran L. Trout

**COMMISSION STAFF:**

Bernard J. Hettel, Executive Secretary (via telephone)  
David S. Lermond, Jr., Deputy Executive Secretary  
Kimberly M. Carter, Office Administrator  
Joseph M. Roney, Director of Security & Operations  
C. Richard Harden, DVM, Equine Medical Director  
George Hickman, Harness Judge

**ATTORNEY GENERAL'S OFFICE**

Joshua E. Laws, Esquire

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1           CHAIRMAN SIEGEL: Good morning, everyone.  
2           Prior to our meeting this morning, we are gonna hold  
3           an informal fact-finding conference to discuss an  
4           application by Colonial Downs to open an SWF.

5           I'd like to note before we get started that our  
6           executive secretary, Bernie Hettel, has taken what  
7           we hope to be a short leave of absence, due to the  
8           illness of his wife in Louisville. We wish her well  
9           and hope that Bernie is back shortly. Bernie is  
10          attending by phone here, if we can keep this thing  
11          working, and he will comment when he feels is  
12          appropriate.

13          MR. HETTEL: Mr. Chairman, I can hear you.  
14          Thank you.

15          CHAIRMAN SIEGEL: Thank you.

16          The applicant can present -- you know, when you  
17          read through the formality of the procedures, it  
18          calls for a much longer meeting than I think we  
19          probably need, but I think it would be appropriate  
20          for the applicant to introduce the project and give  
21          us the pertinent facts, and then we'll open it up  
22          for any discussion or questions that might come from  
23          the commissioners or from the public.

24          So, Jim, is that you?

25          MR. WEINBERG: Very good. Thank you.

1           We'll get started. I think we will begin with  
2           Jeanna Bouzek, describing the business operations  
3           and the proposal, and then I would just like to  
4           review briefly with the Commission how we believe  
5           we've satisfied the legal conditions for the  
6           granting of the license for this facility.

7           MS. BOUZEK: The mini OTB we're looking to go  
8           in to is in Chesapeake, Virginia. It's a restaurant  
9           called Paradocks, and we've got some pictures and a  
10          map here to show you.

11          It's in a very nice area of Chesapeake. If you  
12          know where the Greenbriar Mall is, there's a golf  
13          course close. It's a very successful restaurant;  
14          been there since 2005. The owner, his daughter is  
15          the general manager, and we find that usually, when  
16          the owner is on the premises, it's a more successful  
17          restaurant. We think that it's gonna run very  
18          similar to the Finn McCool's that we have.

19          We put in our application. We have between 150  
20          to 250,000 a month, and hopefully, that's on a very  
21          conservative side. They are very excited to have  
22          us.

23          One of those pictures is of one of the rooms in  
24          the restaurant, and we've got the back area.  
25          They've let us put up a wall so we can be back there

1 privately or also in the restaurant itself. We've  
2 got access to the whole facility, unlike Finn's. In  
3 Finn's, we're just in the back. Here, we're gonna  
4 be in the smoking and non-smoking, so they have  
5 given us full access to the whole facility.

6 CHAIRMAN SIEGEL: Okay.

7 MR. STUART: We think it's gonna be a success,  
8 and we're excited to do it. It's a nice area. It  
9 has a lot of people that come through that mall.  
10 It's a real nice restaurant with good operators.

11 MR. S. REYNOLDS: How close is it to the other  
12 one?

13 MS. BOUZEK: About four miles.

14 MR. S. REYNOLDS: Probably a totally different  
15 market?

16 MS. BOUZEK: It's a completely different  
17 market. You're gonna get more people from Virginia  
18 Beach, which we're not really getting at the other  
19 one. We've got more of a night crowd. There's a  
20 lot to bring you there at night, where there's not a  
21 lot at the Indian River shopping center at night, so  
22 we're gonna get a whole new different crowd there.

23 MR. S. REYNOLDS: Right across from the  
24 Greenbriar Mall, that's a great area.

25 CHAIRMAN SIEGEL: As I understand it, you have

1 closed one or two of these mini SWFs; is that right?

2 MS. BOUZEK: One, Mulligan's, because of the  
3 parking.

4 CHAIRMAN SIEGEL: Okay, and of course, you  
5 closed the SWF on Hull Street some time ago. Am I  
6 correct that this is replacing one of those, or it's  
7 coming under the -- it's not coming under one of the  
8 I guess ten that are allowed in the state regs, or  
9 it is?

10 MR. WEINBERG: This is. This will be the  
11 tenth. The Hull Street satellite facility is  
12 closed.

13 CHAIRMAN SIEGEL: So this will replace Hull  
14 Street in terms of the license and whatnot?

15 MR. WEINBERG: Correct.

16 CHAIRMAN SIEGEL: Okay. I'm clear on that.

17 MR. WEINBERG: I just wanted to review briefly  
18 for the record the criteria for the granting of the  
19 license and to confirm to you that Colonial has  
20 satisfied all legal conditions.

21 First, there needs to be a local referendum,  
22 and Chesapeake has passed such a referendum. You  
23 may recall the first license for a satellite  
24 wagering facility was granted in 1996 in Chesapeake,  
25 and therefore, confirms that jurisdiction as an

1 eligible jurisdiction thereafter.

2 The owner and operator of the facility is  
3 Colonial Downs and Stansley Racing Corp., which are  
4 the holders of the owner and operator license for an  
5 unlimited race track.

6 In the conditions set forth in the statute of  
7 the Leasing Act, Colonial Downs has satisfied all of  
8 those conditions. As I mentioned, it is the  
9 licensee to own a race track. It has entered into  
10 written agreements with each of Virginia's  
11 representatives of the recognized horsemen's groups,  
12 that being the Virginia Horsemen's Benevolent and  
13 Protective Association and the Virginia Harness  
14 Horsemen's Association.

15 We, of course, will abide by all of the  
16 commission's regulations, and all of the contracts  
17 involved with the SWF were submitted as part of the  
18 application process, and all the racing officials  
19 and other personnel of the facility will be  
20 permitted by the commission as required under the  
21 regulations.

22 I think you've heard the business rationale for  
23 this particular site and the model that we are  
24 following.

25 I'd also like to affirm that Colonial Downs

1 will abide by the commission, set forth in the  
2 commission staff report, which I think is very  
3 straight forward, but I'm happy to pause and answer  
4 any questions regarding the legal requirements and  
5 where I think we are.

6 MR. TROUT: I just have a couple of them. I  
7 believe the initial law talking about a referendum  
8 required that the facility be put in within five  
9 years. Is that the first facility within the  
10 jurisdiction, so that that has been satisfied as far  
11 as that's concerned, and no new referendum or  
12 anything like that should be necessary?

13 MR. WEINBERG: That's correct. Once a  
14 referendum is passed and a facility opens within  
15 that five-year period, that jurisdiction is eligible  
16 thereon after.

17 MR. TROUT: Actually, one other one that might  
18 not be quite a legal thing, but how old is the  
19 restaurant itself? How long has that been there?

20 MS. BOUZEK: They opened in 2005.

21 MR. TROUT: So it's an existing facility that  
22 would be moving to this part of the existing  
23 building, as opposed to an addition to the building?

24 MS. BOUZEK: Yes, sir.

25 MR. TROUT: It that about 500-some square feet?



1 MS. BOUZEK: Yes. We are talking about the  
2 back 500, but we will have machines in the other  
3 parts of the building, too.

4 MR. TROUT: Okay. Thank you.

5 CHAIRMAN SIEGEL: Other questions from the  
6 commissioners?

7 NOTE: There is no response.

8 CHAIRMAN SIEGEL: Would anyone in the public  
9 like to comment at all?

10 NOTE: There is no response.

11 CHAIRMAN SIEGEL: We will take -- anything else  
12 you have, Jim?

13 MR. WEINBERG: We don't.

14 CHAIRMAN SIEGEL: We will take formal action on  
15 this in our agenda, but if there's no other  
16 comments, this will conclude the fact-finding  
17 conference, and we'll also talk about the staff  
18 report at the time we bring this forward in the  
19 meeting.

20

21 NOTE: This concludes the Informal  
22 Fact-Finding Conference.

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## 1 CERTIFICATE OF COURT REPORTER

2  
3 I, Sandra Spinner, hereby certify that I,  
4 having been duly sworn, was the court reporter at  
5 the Colonial Downs Informal Fact-Finding Conference,  
6 on September 20, 2012, at the time of the hearing  
7 herein.

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

11 Given under my hand this 30th day of November,  
12 2012.

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17 **SANDRA G. SPINNER**

18 **COURT REPORTER**  
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