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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AGENDA

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CHAIRMAN SIEGEL: Good morning, everyone.

Prior to our meeting this morning, we are gonna hold an informal fact-finding conference to discuss an application by Colonial Downs to open an SWF.

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

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

CHAIRMAN SIEGEL: Thank you.

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

So, Jim, is that you?

MR. WEINBERG: Very good. Thank you.
We'll get started. I think we will begin with Jeanna Bouzek, describing the business operations and the proposal, and then I would just like to review briefly with the Commission how we believe we've satisfied the legal conditions for the granting of the license for this facility.

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

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

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

One of those pictures is of one of the rooms in the restaurant, and we've got the back area. They've let us put up a wall so we can be back there
privately or also in the restaurant itself. We've
got access to the whole facility, unlike Finn's. In
Finn's, we're just in the back. Here, we're gonna
be in the smoking and non-smoking, so they have
given us full access to the whole facility.

CHAIRMAN SIEGEL: Okay.

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

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

MS. BOUZEK: About four miles.

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

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

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

CHAIRMAN SIEGEL: As I understand it, you have
closed one or two of these mini SWFs; is that right?

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

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

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

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

MR. WEINBERG: Correct.

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

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

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

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

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

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

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

I'd also like to affirm that Colonial Downs
will abide by the commission, set forth in the
commission staff report, which I think is very
straight forward, but I'm happy to pause and answer
any questions regarding the legal requirements and
where I think we are.

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

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

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

MS. BOUZEK: They opened in 2005.

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

MS. BOUZEK: Yes, sir.

MR. TROUT: It that about 500-some square feet?
MS. BOUZEK: Yes. We are talking about the back 500, but we will have machines in the other parts of the building, too.

MR. TROUT: Okay. Thank you.

CHAIRMAN SIEGEL: Other questions from the commissioners?

NOTE: There is no response.

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

NOTE: There is no response.

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

MR. WEINBERG: We don't.

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

NOTE: This concludes the Informal Fact-Finding Conference.
CERTIFICATE OF COURT REPORTER

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

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

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

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SANDRA G. SPINNER
COURT REPORTER