

April 30, 2002

Mayor Philip Owen  
City of Vancouver  
453 West 12th Avenue  
VANCOUVER, BC V5Y 1V4

Dear Mayor Owen:

**Re: Relocation of Community Casinos**

On January 16, 2002, the Provincial Government at its open Cabinet meeting decided upon the operational definition of no gaming expansion. While this Cabinet decision reaffirmed the Government's commitment to ending gaming expansion, it also recognized that a small number of casino service providers have acted on the previous government's policy and have taken significant steps or have made substantial investments to relocate or expand capacity.

To this end, four community casinos have been deemed eligible for relocation by Government. These four eligible community casinos may be relocated to, or relocate/expand within, a willing host local government, and may acquire slot machines (to a maximum of 300) as part of the relocation. Any such casino relocations or expansions may only take place with the support and approval of the host local government.

I am writing to inform you that two of the four eligible casinos currently are in the City of Vancouver; these being the Royal Diamond Casino and the Grand Casino. As such, these two casinos are eligible to relocate/expand within the City of Vancouver or may relocate to another willing host local government for the purpose of acquiring slot machines with approval of the host local government.

Over the next few months, the Corporation will be initiating and managing the relocation of the Royal Diamond and Grand Casinos. Our business objective is to relocate both the Royal Diamond and Grand Casinos to high quality casino facilities, which offer full service casino gaming, including slot machines, within a willing host local government.

The Corporation acknowledges and respects that the City of Vancouver has established a longstanding policy of not allowing slot machines in casinos within the City of Vancouver. However, over the past year or so, a number of municipalities have chosen to revisit their policy positions on casino gaming given more information and experience with the casino gaming model in British Columbia. Therefore, prior to initiating the relocation of both the Royal Diamond and Grand Casinos, the Corporation is requesting that the City of Vancouver advise the Corporation of its policy in respect to slot machines within casinos.

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If it is the City of Vancouver's position to maintain their current policy on prohibiting slot machines in casinos, then that policy will continue to be respected by the Corporation, and these two casinos will, in all likelihood relocate to another jurisdiction. However, if the City of Vancouver wishes to revisit their current policy, the Corporation would be pleased to assist in providing updated information in respect to casino gaming in British Columbia.

In order to be in a position to make the appropriate business decisions, the Corporation will need confirmation of the City of Vancouver's position by June 30, 2002 at the latest.

Yours truly,

A handwritten signature in black ink, appearing to read "Vic Poleschuk", written in a cursive style.

Vic Poleschuk  
President

fmm

cc: Judy Rogers – City Manager