

BOARD MEMBERS PRESENT

NICK ALBERTI, BOARD MEMBER

JAMES SHORT, BOARD MEMBER

MIKE SILVERSTEIN, BOARD MEMBER

RUTHANNE MILLER, BOARD MEMBER

ALSO PRESENT:

STEPHEN O'BRIEN

GINGER FLESHER

MATTHEW MINOR

P R O C E E D I N G S

CHAIRPERSON ANDERSON: We're back on the record. This is a fact finding hearing for Escape Room Live, license #104030, and basically the purpose of this fact finding is an application for a new license and what needs to be talked about here today is whether or not the Escape Room is the proper license with a DX license and do they qualify as a DX, and that's basically, so we'd like you to provide us some background information about your business, your business model and for us to decide whether or not a DX license is the appropriate license. Please introduce yourself for the record.

MR. O'BRIEN: Stephen O'Brien with Matthew Minor for the applicant and on my left, your right, is Ginger Flesher, F-L-E-S-H-E-R, who is the managing member for the applicant.

CHAIRPERSON ANDERSON: So, who wants to --

MR. O'BRIEN: I will.

CHAIRPERSON ANDERSON: You want to start off?

MR. O'BRIEN: I'll start and we invite questions as we give the presentation so shoot the questions as they come. It's a class DX multi-purpose facility applicant. I believe, based on conversation with staff, that the question can be addressed as to whether, in fact, this business fits within the definition of a multi-purpose facility.

CHAIRPERSON ANDERSON: Thank you for clarifying that.

MR. O'BRIEN: Sure. And, we're here to demonstrate that it does. I have not personally been aware of the existence of businesses like this until Ginger came to see me. They are called escape rooms and she can describe in detail what they are, but I think it can be described as interactive theatre because in each room there's a moderator of some sort and it's problem solving, team building. They rely very heavily on tourism, tourist businesses, as we'll discuss as we go through the presentation, but essentially the facility will have five different

rooms within it and the rooms are themed rooms, and the patrons go into the rooms using no more than ten to a room with a moderator and they are presented with a problem to solve. Sometimes, a lot of times the problem is how does one escape from this room, find the secret passage type thing. The problem, Ginger told me, sometimes is to defuse a bomb might be a theme in another room but each room has its own separate theme. So, in theory one could go to this facility five nights in a row and have five totally different experiences.

The facility is open during the day and is used for mostly during the day, for what I would call corporate retreats, team building. The chair might one day want to send the ABRA staff over for this kind of experience. The board might want to. The facility runs one hour sessions in each room. The sessions start very promptly on time. If you have a 10:00 session and you show up at 10:02 you're not getting in, because that would just break the whole rhythm of

what is taking place, like joining a jury after deliberations started. Because of that, because one must be there at the appropriate time, all guests are encouraged to come a half hour early at minimum.

The reason I emphasize that is that's the first reason that a license If folks would arrive for say a 10:00 show -- performance at 9:30 and have a glass of wine or beer while they're waiting. I want to emphasize one thing here which I think is very significant.

When one enters the facility, the first thing that they encounter is a receptionist who does the paperwork and confirms the reservation and takes the credit card if they already haven't -- something like that. Then, and only then, do you move into a bigger area where you can sit down and, hopefully, with the grace of the board, order a glass of beer or wine. Like when is -- the alcohol service is not open to the general public walking in off the street, it's only there for guest who have reservations of four

performances. If I understand correctly (Ginger has explained it to me) almost all reservations are made in advance. People will come, that's groups, once again, at night might come with a group of friends that they put together for an event.

I did ask whether walk-ins at the last minute are entertained and if I understood Ginger correctly -- Ginger, correct me if I'm wrong, when one walks in -- a walk-in is very rare and they have to be careful, if you've got a group of eight people together, you don't want to put two strangers in the group, unless the group of eight somehow say it's okay. So, this is almost exclusively booked in advance, either corporate retreat during the day or for what I would call a la carte sessions in the evening.

I think at this point with one or two things we do have some promotional video that's only about two minutes long. Maybe this would be a good time for Matthew to put that up if you would, so you get a flavor of, at least, what a

room is like.

[Video played]

MS. FLESHER: That video has been adapted and -- a little bit and these are the rooms that are going in to the Georgetown location.

MR. O'BRIEN: Ginger mentioned that the Georgetown location, Ginger has a facility, an escape room, up and operating in Appletown, Alexandria. There's also a small one operating in Glover Park right now which may or may not continue, but this is not a new experience, and when I was watching the board while they were watching the video, I thought I saw Mr. Short's eyebrows go up when the words 'locked in a room' went by. Am I right? Did I pick up on that?

MR. SHORT: Locked in any room, yes.

MR. O'BRIEN: I thought I saw your eyebrows go like that.

MR. SHORT: Thank you, sir.

MR. O'BRIEN: I was paying attention. In any event, I asked Ginger about that. She says the rooms are never truly locked, it's just over way

out and the Alexandria fire marshal had surveyed their facilities exhaustively and is satisfied and allows them to operate.

MR. SHORT: Thank you.

MR. O'BRIEN: No one is truly locked in.

MR. SHORT: Locked in, okay.

MR. O'BRIEN: I describe this as interactive theatre, not just sitting here watching the show, it's participating in the show. One of the standards for whether something qualifies as a multi-purpose facility, one of the standards is tourists, promotes tourism. And I invite the board's attention to the handout that's inside the manila folder, can you pass that out? The business Escape Room is very heavily involved with Events D.C. and as you can see on the page that says "attractions" in color, and on the second page there's sponsored businesses, a museum, entertainment cruises which, of course, are boats on the river, and Escape Room Live, very heavily promoting tourism. There's a handout that doesn't have a heading. It's about

four or five pages where it doesn't have a heading. "Team building's specific reviews from Trip Advisor" -- I'm going to presume everyone knows what Trip Advisor is.

MR. SHORT: Yes.

MR. O'BRIEN: Okay. Noted on each page there is a reference to somebody's reviewing it from out of town. The first page, great group activity, somebody from Rumford, Rhode Island. On the second page at the top, "great surprise team building event, so much fun" from Cocoa Beach, Florida. Third page at the bottom, Scottsdale, Arizona. Fourth page, at the bottom, Bethlehem, Connecticut. I think -- those are just examples. On the very last page you've got reviews from Rumford, Rhode Island and California, Maryland. The point is, and Ginger can answer your questions about this, is that this is very heavily, this is very heavily dependent on the tourism business and is an attraction that is offered to visitors to be safe as something that they may want to do while

they're here. I do see a single page certificate of excellence from Trip Advisor which I understand means that it's the volume of reviews, favorable reviews.

And then the final handout is a little printout from the Washington Post with basically descriptions of that area. I did mention that the idea was that people -- that guests could sit down while they're waiting for their room to become available to start and have a beer or wine, also after the show. I don't know if show is the word Ginger wants to use. After the experience, to sit down and have a beer or wine and decompress.

The business would close no later than 1:00 a.m. every night, and that means as a practical matter, they couldn't schedule an experience starting later than about 11:30, where now people come out and maybe have a glass of beer or wine before they leave, that's fine. But, so it's clear of patrons no later than 1:00 a.m. seven days. That's my overview of what this business

is. It was a new one on me, I have to admit, but we constantly see, and the board sees all the time, business models evolve. Ginger, if you want to elaborate or just answer questions either way.

CHAIRPERSON ANDERSON: I'll ask some and maybe you can also tell us the difference between -- said that it's different from Virginia, so what's the difference between an established business that you have in Virginia. Do you serve alcohol in Virginia and, if so --

MS. FLESHER: We do not.

CHAIRPERSON ANDERSON: So, why is it that you're -- what's the difference here?

MS. FLESHER: The difference is that we noticed in our business in Virginia that a lot of people go out to eat before or after and have a drink. And we just thought that we would start to capitalize on that or it turns out that groups bring in their own outside caterer with alcohol included, so we just thought we could have that available to our guests, that would also make us

more appearing over the other escape rooms in the region which there are quite a few of, believe it or not, at least eight other businesses in the metro D.C. area that have started. So, we think this will help us stand out, you know, be able to have our visitors come on time and a little bit early so that we can keep on schedule because that is one of the biggest things -- one of the problems that we encounter is that people, because of D.C. traffic and parking, they just don't anticipate, don't give themselves enough time.

This way, guaranteed something to do while they're -- you know, come on in a little bit early and have a drink and relax. Some people are also very nervous about going in the room because they don't know what to expect and this would be very nice. I think we would put a one to two drink limit on them going beforehand because we have seen the strength that people exhibit after they've had a drink or two and go in the rooms and try to see how it's going. If

you have any questions.

CHAIRPERSON ANDERSON: Yes, Mr. Silverstein.

MR. SILVERSTEIN: Thank you very much for coming out. I think if we hold our fact findings here it wouldn't create a great environment. How long have you had this concept? Is this originally your concept?

MS. FLESHER: It is not. My husband and I were traveling in Europe for three months two summers ago and we noticed that it was the number one thing on Trip Advisor all across Europe in every major city and I really enjoyed doing them and I looked to see if there were any back in the United States and they were only in New York, Orlando and L.A. None in D.C. And I used to be an art teacher and loved interior design and puzzles and I just jumped on it and said I want to do this, let's do this in our home it's going to explode across the United States and it has -- there are over, I think, 3000 in the U.S. right now. Originally, there were maybe five when I opened up about two years ago.

MR. SILVERSTEIN: And how long have you been doing this? Three years?

MS. FLESHER: Two.

MR. SILVERSTEIN: Two years?

MS. FLESHER: Yep, October 15 will be two years.

MR. SILVERSTEIN: How many rooms do you have in there and how many groups can you handle at a time?

MS. FLESHER: First off, we will have five rooms, maximum ten people per room, but that's only if it's full, usually it's six to eight people per room and they run every hour.

MR. SILVERSTEIN: One hour?

MS. FLESHER: Yes, so 15 per hour.

MR. SILVERSTEIN: And what do you charge?

MS. FLESHER: Twenty-eight dollars per person. Private team-building events are actually more expensive because they get exclusive use of the [inaudible 1:29:02].

MR. SILVERSTEIN: Okay, no further questions.

CHAIRPERSON ANDERSON: Mr. Short.

MR. SHORT: Good afternoon, again.

MS. FLESHER: Hi.

MR. SHORT: Speaking of -- how many -- what area, what areas will they be drinking? Will it be one particular area, or drinking in all the rooms?

MS. FLESHER: No, just the one particular area. We actually have three rooms on the bottom level separated from the lounge and lobby area and reception area. So, the bar will be on the first level and then they would need to finish up and close out before they went on and did the escape rooms. It would be drinking in one area and that would be past the reception desk.

MR. SHORT: That's great. If the fire alarm goes off, then lights come on and everybody -- the games over and everything -- and everybody exits.

MS. FLESHER: Absolutely, yes.

MR. SHORT: Okay, all right, that's all I had, Mr. Chair. Thank you.

MS. FLESHER: Thank you.

MR. ALBERTI: As long as they met all the clues.

CHAIRPERSON ANDERSON: Do you have any other questions, Mr. Alberti?

MR. ALBERTI: No, I think that's all that I have too, you did a good job.

MR. O'BRIEN: We love the sense of urgency.

CHAIRPERSON ANDERSON: Ms. Miller.

MS. MILLER: Okay, you probably said this in your presentation but do you have a team builder employee in all of these rooms or just these random people do their own?

MS. FLESHER: Oh, no, each group has their own monitor from beginning to end.

MS. MILLER: Okay.

MS. FLESHER: And they work with them and they communicate with them, give them the instructions before they enter the room and the rules and, given the scenario. They put them in the room. They monitor on closed circuit television and they can communicate with them also. Then they have their assistant, and they

can pick up a phone or pick up a walkie talkie. It's different for each room. Wizards uses a magic mirror so we have messages come through the mirror. There are different methods to communicate but they are guided through the entire thing and then afterwards, if they don't conclude in time, because there is a time limit, there's a debrief on what they did successfully, what they missed, what they could have done better and that kind of thing. It's always guided by someone.

MS. MILLER: Okay, and do you cater to a certain age group?

MS. FLESHER: I do have to say that we don't target millennials, but we get a lot of millennials that come in, but for the team-building portion we find that it's usually 25 to 45-year-olds making the reservations -- finding us and making the reservations -- but all ages participate and it's really a nice activity for an event, you could be 65, you could be 82, everybody enjoys themselves. It's not physical,

what you have to do for an hour -- where you run around the city and do scavenger hunts -- so it's very nonphysical so it appeals to a lot of corporations.

MS. MILLER: Great, okay. Also, I think you said that in Virginia you didn't serve alcohol but you want to here, and have you done a survey or anything of all the other places in the United States, where they do sell alcohol, or they don't sell alcohol?

MS. FLESHER: I think there are only one or two. Only one or two do sell alcohol. They do - - there's one actually last July that was extremely successful and it has a bar area for decompressing [inaudible 1:32:30] people really enjoy it because they get to talk about the experience.

MS. MILLER: Some of them do they do just afterwards or some of them before and after?

MS. FLESHER: Not that I know of.

MS. MILLER: Okay, okay. Just one or two.

MS. FLESHER: Yeah, since people out there

are just trying to get their foot in the door at this point and that's an added test, I feel like because we're one of the originals we're ready to kind of branch out.

MS. MILLER: Who did you say has been selling alcohol, is it Australia?

MS. FLESHER: Yeah, Australia.

MS. MILLER: Like Sydney?

MS. FLESHER: Yeah.

MS. MILLER: And is there another place?

MS. FLESHER: There are a few over there that are just huge and do that. It's been two years since I looked because that's when I was doing my research.

MS. MILLER: Okay, and that's all. Thank you very much.

CHAIRPERSON ANDERSON: Are there any other questions by any other board members? Any final thoughts?

MR. O'BRIEN: I'd just like to say -- it's almost a non-sequitur, but I was surprised to learn when Ginger first came to me, I said, "are

you a franchise of this concept or something?" But it turns out apparently nobody owns the original property rights to it. Anybody can do it and that's why you see this proliferation of competing businesses.

MR. ALBERTI: There's this one up in another part of the city on 8th Street, I think.

MS. FLESHER: Mm hmm.

MR. O'BRIEN: Yep, I think you said -- there were how many listed?

MS. FLESHER: I think there are about eight. There's Escape Artist, Escape Lounge --

MR. ALBERTI: They all have different names

MS. FLESHER: -- The Great Escape Room.

MR. O'BRIEN: The one in Alexandria that exists for corporate events will have caterers come in and the caterers will serve alcohol, but they don't have the ability to do what we're seeking a license here for, which is immediately before and after the experience.

MR. ALBERTI: Yeah, I'll just interject that, for me, that one of the important things is that

do you have to be a participant to be served alcohol? That's what I'm -- am I correct in assuming that, that's what you're telling us, Mr. O'Brien?

MR. O'BRIEN: That's exactly what I'm saying.

MR. ALBERTI: That's really the biggie for me, a big factor for that this would be the appropriate license yeah.

MS. MILLER: I just want to --

CHAIRPERSON ANDERSON: Yes, Ms. Miller.

MS. MILLER: Can you clarify? Are you going to have caterers serve the food? Or are you going to serve the food, or -- a combination.

MS. FLESHER: Caterers.

MS. MILLER: Okay.

CHAIRPERSON ANDERSON: Any other questions? The board will take this under advisement and we'll issue a decision.

MR. O'BRIEN: I'm sorry, I couldn't hear over the --

CHAIRPERSON ANDERSON: I said we're going to see the [inaudible 1:35:44] and take it under

advisement.

MR. O'BRIEN: Thank you.

(Whereupon, the above-entitled matter was concluded.)