

# Colorado Limited Gaming Control Commission

Minutes of Public Session  
May 16, 2019

## **Public Session**

### **I. Call to Order**

The May 16, 2019 meeting of the Colorado Limited Gaming Control Commission was called to order by Chair Jannine Mohr at approximately 9:20 a.m. at the Division of Gaming office, 17301 W. Colfax Avenue, Golden, Colorado. Commissioners Shirley and Blessman were present, Commissioner Mares appeared by telephone, and a quorum existed. Commissioner Carlson was excused for good cause.

#### **Officials & Administrators in Attendance**

Jannine Mohr, Chair  
Cynthia Mares, Vice-Chair (via phone)  
Ryan Shirley, Commissioner  
Kristen Blessman, Commissioner  
Heidi Humphreys, Deputy Executive Director, DOR  
Cory Amend, Senior Director, Enforcement Business Group  
Donia Amick, Director  
Kenya Collins, Director of Administration  
Kirsten Gregg, Chief of Investigations  
John Lizza, First Assistant Attorney General  
Ceri Williams, Senior Assistant Attorney General  
Vickie Floyd, Controller  
Paul Hogan, Chief Auditor  
John Madrugá, Agent in Charge, Background Unit  
Phil Spencer, Agent in Charge, Cripple Creek  
Jeremy Wolff, Agent in Charge, Central City  
Ramon Alvarado, Deputy Budget Director, DOR  
Joo Kang, Budget Manager, Enforcement Business Group  
Jenna Culver, Budget Analyst, Division of Gaming  
Wendy Spaulding, Secretary to the Commission

## **Executive Session**

The Commission voted unanimously to go into Executive Session pursuant to sections 24-6-402(3)(a)(III), 44-30-521(1)(a) and (b), and 44-30-526(1) of the Colorado Revised Statutes to review confidential reports from the Division of Gaming.

## **Public Session** (Reconvened)

### **II. Opportunity for the Public to Address the Commission**

The Chair extended an opportunity for the public in attendance to address the Commission on any topic not on the agenda; no one came forward.

### **III. Approval of Licensing Actions**

The Commission voted unanimously to approve the Renewal of the Retail Licenses for Ed and Shirley's, Inc. d/b/a The Wild Card Saloon and the Sasquatch Casino, LLC d/b/a Sasquatch Casino.

The licenses shall expire two years from the date of their current expirations.

### **IV. Fiscal Year 2020 Budget Requests**

Chair Mohr began by thanking the Commission's partners from DPS in working through the budget process. At the last meeting, Chair Mohr stated she would be sending written questions to the Department of Public Safety for response. Chair Mohr thanked the Directors of the three Divisions for submitting answers to the questions and she admitted the questions and answers into the public record. She asked the Division of Fire Prevention and Control (DFPC) to come forward to discuss its response to Question #1: "Do you have any statistics that show the number of hours spent inspecting the Gaming facilities?" The written response stated that DFPC did not complete any gaming facility inspections in the last fiscal year "as has been discussed with the Gaming Commission at length." Chair Mohr stated for the record that she did not recall those discussions and asked the other Commissioners if they recalled any mention of DFPC performing zero inspections, and they all confirmed that they had not. Chris Brunette, DFPC Chief, stated he recalled discussions with the Commission where he had advised that DFPC had been working with the Gaming Community on a plan and as such had dedicated their resources to doing that rather than doing the inspections. The Commissioners remembered the conversation regarding working with the Community, but not that DFPC performed zero inspections.

Commissioner Mohr stated that the Commission convened a special meeting Thursday, May 9, 2019 to discuss the Division of Gaming Performance Audit findings and State agency reporting requirements and to receive legal advice from the Attorney General's Office. In that meeting there were several issues identified and different proposed solutions discussed. The Chair requested a motion to discuss options on how to address the proposed FY2020 budgets for Colorado State Patrol, Colorado Bureau of Investigation and the Division of Fire Prevention and Control.

At the end of the discussion, the Chair stated that it appeared a consensus was reached for approving the proposed FY2020 budgets for the Divisions within Public Safety, with 20 percent being withheld contingent upon the Public Safety Divisions' participation in a Division of Gaming's working group, to arrive at performance measures and metrics that must be satisfactory to the Commission. If such performance measures and metrics are approved by the Working Group by June 30, 2019, and are satisfactory to the Commission, the Commission will vote to approve payment of the remaining 20 percent at the following Commission meeting.

The Commission voted unanimously to approve the Fiscal Year 2020 budget request of the Colorado State Patrol in the amount of \$3, 615,889, withholding payment of 20% (\$723,178) contingent upon the Working Group's approval of performance measures and metrics by June 30, 2019. If the Commission determines the measures and metrics are satisfactory, it will vote to approve the remaining 20 percent at the following meeting.

The Commission voted unanimously to approve the Fiscal Year 2020 budget request of the Colorado Bureau of Investigation in the amount of \$1,160,365, withholding payment of 20% (\$232,073) contingent upon the Working Group's approval of performance measures and metrics by June 30, 2019. If the Commission determines the measures and metrics are satisfactory, it will vote to approve the remaining 20 percent at the following meeting.

The Commission voted unanimously to approve the Fiscal Year 2020 budget request of the Division of Fire Prevention and Control in the amount of \$214,928, withholding payment of 20% (\$42,986) contingent upon the Working Group's approval of performance measures and metrics by June 30, 2019. If the Commission determines the measures and metrics are satisfactory, it will vote to approve the remaining 20 percent at the following meeting.

Executive Director Hilkey stated the Divisions within Public Safety would be in touch with Director Amick's office to coordinate logistics of the Working Group.

The Commission voted unanimously to approve the Fiscal Year 2020 budget request of the Colorado Division of Gaming in the amount of \$17,630,913.

#### **V. Continuation of Hearing on Colorado Gaming Regulation 30-1401, Gaming Tax**

The Commission voted unanimously to open the continued hearing on proposed amendments to Colorado Gaming Rule 14, Gaming Tax. Representatives of the cities and counties impacted by gaming provided the following information which was admitted into the rulemaking record.

*City of Cripple Creek* – Paul Harris, Finance Director, introduced the new City Attorney, Mr. Mark Campbell who joined the City in December 2018. (Commissioner Mares joined the meeting via phone at this time). Mr. Harris stated the biggest issue in revenue for City of Cripple Creek is the number of devices in town. However, they believe that will be helped by the number of hotel projects coming forward. The Triple Crown properties and the Wildwood Casino have both received approval from the City Council for expansion. Bronco Billy's and Century Casino both have hotel expansion projects moving forward. With these four big projects, it could add 500 additional rooms, convention center facilities along with other amenities. The City of Cripple Creek recommended keeping the tax structure at its current rate.

*Colorado Department of Local Affairs (DOLA)* - James McCoy, Finance Director, reviewed funding DOLA receives from the State Share of the Limited Gaming Fund. He stated that there are two funds, \$5.5 million allocated through the grant program for FY20 and \$112,000 allocated by the legislature for personal services and operations for one FTE.

*Paul Hogan, Chief Auditor*, reviewed the Statements of Gaming Impacts/Annual Reports and entered the following reports into record as the representatives from the entities were not present:

*Report from the City of Black Hawk*

*Report from the City of Central*

*Report from the County of Gilpin*

*Report from the Advanced Industries Accelerator Program*

*Report from Colorado Office of Film, Television & Media*

Department of Revenue – Ramon Alvarado, Deputy Budget Director, Department of Revenue and Joo Kang, Budget Manager, Enforcement Business Group, presented the Division of Gaming’s projected AGP proceeds as well as the gaming tax projections. Fiscal Year 2020 includes a projected AGP of \$861,977,466 and a projected tax of approximately \$129,119,082. The projected Fiscal Year 2019 AGP is \$847,152,301 resulting in a projected tax of \$126,310,528.

RubinBrown, LLP - Daniel Holmes, Gaming Partner and Cary Walker, Financial Analyst, presented the materials that were provided to the Commission regarding an analysis of the casino industry AGP and tax structure.

Colorado Gaming Association (CGA) - David Farahi, President of CGA and COO for Monarch Casino in Black Hawk and Peggi O’Keefe, Executive Director, CGA, presented the association’s position on the tax rate. President Farahi expressed CGA’s desire to retain the current tax rate structure for Fiscal Year 2020.

The Chair extended an opportunity for the public in attendance to address the Commission on Colorado Gaming Regulation 30-1401, Gaming Tax; no one came forward.

The Commission voted unanimously to certify that the budget requests approved earlier for Colorado State Patrol, Colorado Bureau of Investigation and the Department of Fire Prevention and Control, for fiscal year 2020, are being considered by the Commission in setting the gaming tax rate beginning July 1, 2019.

### **Executive Session**

The Commission voted unanimously to go into Executive Session pursuant to sections 24-6-402(3)(a)(II) and (III) and 44-30-526(1)(a) of the Colorado Revised Statutes to receive confidential tax information of individual casinos, including a presentation from RubinBrown, LLP and the Division of Gaming, and to receive legal advice if necessary.

### **Public Session** (Reconvened)

The Commission voted unanimously to close the hearing on proposed amendments to Colorado Gaming Regulation 30-1401, Gaming Tax. The Commission publicly deliberated on the information and testimony it had received in April and May from the various state and local agencies, the testimony presented by the Colorado Gaming Association, and information received from RubinBrown LLP, regarding the current state of affairs in the Colorado gaming industry. Each Commissioner expressed his and her thoughts and considerations of the issue.

The Commission voted unanimously to retain the current gaming tax rates.

## **VI. Consideration of Disciplinary Actions**

Ceri Williams, Senior Assistant Attorney General, presented a proposed Stipulation and Agreement in Case No. DOG 18003071, In the Matter of Interblock USA L.C., Manufacturer/Distributor License No. 14-63989-0002.

After much discussion and questioning of Interblock and Division personnel, the Commission voted unanimously to approve and authorize the Chair to sign the Stipulation and Agreement.

## **VII. Consideration of Amendments to Colorado Gaming Rule 3 - Applications, Investigations, and Licensure**

The Commission voted unanimously to open the hearing on Colorado Gaming Regulation, Rule 3 – Applications, Investigations and Licensure.

Ramon Alvarado, Deputy Budget Director, DOR and Joo Kang, Budget Manager, presented a License Fee Analysis regarding Colorado Limited Gaming Regulation 30-305 for Fiscal Year 2020 and recommended no changes for this period.

Mr. Alvarado then presented a rate analysis for the FY 2020 Background Investigation Hourly Rate. The analysis concluded the rate should be increased from \$73 to a rate of \$77 per hour.

The Chairman extended an opportunity for the public in attendance to address the Commission on Rule 3; no one came forward.

The Commission voted unanimously to close the hearing on Colorado Gaming Regulations, Rule 3, and to increase the hourly background investigation rate from \$73.00 to \$77.00, effective July 1, 2019.

## **VIII. Division Financial Statements**

Vickie Floyd, Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the nine (9) months ending March 31, 2019.

The Commission voted unanimously to approve the financial statement and authorize its distribution.

## **IX. Consideration of Organizational Matters**

Approval of Minutes – Minutes of the April 18, 2019 Public Session of the Colorado Limited Gaming Control Commission were approved as presented.

### Directors' Update:

*Heidi Humphreys, Deputy Executive Director*, was present but had no comment.

*Cory Amend, Senior Director, Enforcement*, stated he is looking forward to the working group and holding it before the end of June.

*Donia Amick, Director, Division of Gaming*, reported that the legislature modified language in the Marijuana Sunset Bill to allow licensed employees to hold both Marijuana and Gaming licenses. Director Amick then apprised the Commission that HB19-1327 regarding sports betting was approved by the General Assembly and is pending signature by the Governor. In closing, the Director explained that Chair Mohr's term on the Commission expires July 1, and that the Division will serve refreshments at the end of the June meeting and members of the public are welcome to attend.

The Chair extended an opportunity for the public in attendance to address the Commission before adjournment; no one came forward.

Adjournment – The meeting was adjourned at approximately 11:40 a.m.

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Wendy Spaulding, Secretary to the Colorado Limited Gaming Control Commission