

Colorado Limited Gaming Control Commission

Minutes of Public Session
April 20, 2017

Public Session

I. Call to Order

The April 20, 2017 meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman pro tem Jannine Mohr at approximately 9:15 a.m. at the Division of Gaming office, 17301 W. Colfax Ave, Suite 135, Golden, Colorado. Chairman Hutson appeared by telephone and Commissioners Cynthia Mares, Don Wick and Ryan Shirley were present and a quorum existed.

Officials & Administrators in Attendance

Roger Hutson, Chairman (via telephone)
Jannine Mohr, Vice Chairman
Don Wick, Commissioner
Ryan Shirley, Commissioner
Cynthia Mares, Commissioner
Ron Kammerzell, Senior Director, Enforcement
Flavio Quintana, Director
Kenya Collins, Director of Administration
Doug Darr, Chief of Investigations
Ceri Williams, Senior Assistant Attorney General
Paul Hogan, Chief Auditor
Vickie Floyd, Controller
Amanda Karger, Budget Director, Department of Revenue
Chris Moore, Agent In Charge, Cripple Creek
Lad Sullivan, Agent In Charge, Central City
Kirsten Gregg, Agent In Charge, Background Unit

Executive Session

The Commission voted unanimously to go into Executive Session pursuant to sections 24-6-402(3)(a)(III), 12-47.1-522(1)(a), and 12-47.1-527(1) of the Colorado Revised Statutes to review confidential reports from the Division of Gaming and to review a request for the release of confidential information.

Public Session (reconvened)

II. Opportunity for the Public to Address the Commission

The Chairman pro tem extended an opportunity for the public in attendance to address the Commission on any topic not on the agenda. No one came forward.

III. Consideration of Licensing Actions

The Commission voted unanimously to approve the First Licensing of the Retail license for Gregory Gaming, LLC d/b/a Reserve Casino Hotel. The license shall expire two years from the date of its issuance and is subject to the standard conditions for a retail license.

The Commission voted unanimously to approve the renewal of the Retail licenses for The Gilpin Casino, LLC d/b/a The Gilpin Hotel Casino, Ed & Shirley's, Inc. d/b/a The Wild Card Saloon, and Sasquatch Casino, LLC d/b/a Sasquatch Casino. The Commission also voted unanimously to renew the Retail and Manufacturer/Distributor licenses for The Lodge Casino, LLC d/b/a The Lodge Casino at Black Hawk. The licenses shall expire two years from the date of their current expirations.

The Commission voted unanimously to approve the Change of Ownership for the Manufacturer/Distributor license of IOC-Black Hawk Distribution Company, LLC, the Change of Ownership for the Retail and Operator licenses for CCSC/Blackhawk, Inc. d/b/a Lady Luck Casino Black Hawk, and the Change of Ownership for the Retail license of Isle of Capri Black Hawk, LLC d/b/a Isle Casino Hotel Black Hawk.

Ed Smith, owner of the Wild Card and Sasquatch Casinos, thanked the Commission for the renewal of both retail licenses.

IV. Consideration of the Release of Confidential Information

The Commission voted unanimously to approve the limited release of the requested confidential information only to the party in interest and such party's attorney for submission to the requested tribunal, pursuant to a protective order prohibiting the further release or dissemination to any third party, and authorized the Chairman to sign a letter order to that effect.

V. Consideration of Disciplinary Actions

Ceri Williams, Senior Assistant Attorney General, presented the Stipulation and Agreements in Case No. 16003183B, In the Matter of Merit Cripple Creek, LLC, Operator License No. 14-52410-0001 and Case No. 16003183A, In the Matter of American Gaming Group, LLC DBA Wildwood Casino in Cripple Creek, Retail License No. 14-52409-0001; and the Orders of Summary Suspension in Case No. 16004698, In the Matter of Desaraee Ann O'Dell, Support License No. 41125 and in Case No. 17000391, In the Matter of Dale Ardell Bittner, Key License No. 23975.

The Commission voted unanimously to approve and authorize the Chairman to sign the disciplinary actions.

VI. Fiscal Year 2017 Budget Requests

Presentation by the Colorado Department of Public Safety – Stan Hilkey, Executive Director, made introductions and remained available for comments during the respective presentations of the budget requests for the three CDPS divisions that receive gaming funds.

- *Colorado Bureau of Investigation* – Mike Rankin, Division Director, presented the FY2018 budget request in the amount of \$1,063,488. The Commission voted unanimously to approve the request as presented.

- *Colorado State Patrol* – Deputy Chief Mark Savage presented the FY2018 budget request in the amount of \$3,476,928 and also provided detailed statistics and handouts concerning CSP activities in the gaming areas. The Commission voted unanimously to approve the request as presented.
- *Division of Fire Prevention and Control* – Rob Geislinger, Chief of Fire and Life Safety, presented the FY2018 budget request in the amount of \$193,504. The Commission voted unanimously to approve the request as presented.
- *Presentation by the Colorado Department of Local Affairs* – Stacy Romero, Grant Manger, James McCoy, Budget Director and Tamra Norton – Financial Assistance Manager, Local Government Limited Gaming Impact Program, presented the FY2018 budget request in the amount of \$164,060 for the Local Government Limited Gaming Impact Program, which is within the Colorado Department of Local Affairs. The Commission voted unanimously to approve the request as presented.
- *Presentation by the Colorado Division of Gaming* – Amanda Karger, Budget Director, Department of Revenue, presented the FY2018 budget request for the Colorado Division of Gaming in the amount of \$12,027,569. The Commission voted unanimously to approve the request as presented.

VII. Rulemaking Hearing on Colorado Gaming Regulation 47.1-1401, Gaming Tax

The Commission voted unanimously to open the hearing on Colorado Gaming Regulation 47.1-1401, Gaming Tax.

Kenya Collins, Director of Administration, presented an overview of the methodology used in the process of setting tax rates for each fiscal year. In April, tax hearings are held to receive projections of the costs related to gaming from the State Judicial Department, State Community College System and History Colorado. The entities scheduled to provide testimony in May include the Cities of Black Hawk, Central and Cripple Creek, Gilpin and Teller Counties, State Share Recipients, Anton Collins Mitchell (contract CPA firm), the Division of Gaming, and the Colorado Gaming Association. Public testimony is received following the scheduled testimony at each meeting.

The following presentations were then made:

- *Colorado State Judicial Branch* – Kenya Collins, Director of Administration provided the Commission with a letter from the Office of the State Court Administrator, which contained projections for FY2018 costs related to the impacts of legalized gaming. The impacts involve the workload of court clerks and judgeships in Gilpin and Teller Counties.
- *State Historical Society* – Steve Turner, Deputy Executive Director, History Colorado, and Cynthia Niev, Deputy Director, Historical Fund, presented an overview of projects that are funded by gaming revenue and requested that the Commission make no change to the current tax structure. Mr. Turner stated that although they were able to get out of a financial hole, his agency was still at a place where any setbacks could have a dramatic impact. In 2011 when the tax rate was reduced, the transfer in 2012 to History Colorado was reduced by over a million dollars. With the passage of Amendment 50, History Colorado could only grow its funding by 3.5 % per year. Mr. Turner testified that just last year, History Colorado finally got back to the

level of support it had in 2011 and stated that any reduction in funding could be catastrophic and could take a long time for History Colorado to recover from.

The Chairman pro tem extended an opportunity for the public to testify on Regulation 47.1-1401, Gaming Tax.

Mark Grueskin, attorney for the Colorado Gaming Association (CGA), addressed the Commission about a proposal the CGA wished to make regarding the taxation of promotional coupons and credits. Mr. Grueskin also stated that he could not be present at the May 18, 2017 Commission meeting as scheduled to make the presentation and neither could the President of the CGA. He asked that the Commission extend the gaming tax hearings to the June Commission meeting to allow the CGA to make its presentation then.

A discussion was had among the Commission, Division and Mr. Grueskin regarding the possibility of finding another date in May.

Director Quintana stated his concern that there be transparency and ample opportunity for the recipients to have the necessary information and be able to digest it so they can make a decision based on an actual written finite proposal. He also stated operational challenges may exist regarding the CGA's proposal because changes would have to be made to the tax collecting system including programming. The Division would need to get a cost estimate and consider impacts on the Division's budget including FTE impacts. Director Quintana also stated that the Division's independent accounting firm and the entire Commission would need to be available for this kind of matter.

Chairman Hutson stated he was not opposed to a different date in May or going into June, but wanted to ensure that the Division receives all of the information and has the opportunity to evaluate what sort of impacts there may be on the Division, and that all parties be informed and be given the ability to react. Chairman Hutson then asked Mr. Grueskin when he could supply Director Quintana all the information associated with the CGA's proposal, whereupon Mr. Grueskin stated he had it in his pocket and submitted the copy to the Commission. Mr. Grueskin committed to provide everything the Division needed regarding the proposal.

Ron Kammerzell, Senior Director of Enforcement, asked whether the proposed rule could be taken up at another time outside of the gaming tax hearings. Senior Assistant Attorney General Ceri Williams responded that pursuant to C.R.S. §12-47.1-601(1.5), the proposal was properly heard during the gaming tax hearings because it was a rule affecting an attribute or policy relating to the application of the gaming tax.

Regarding a June meeting date, a discussion was had regarding the possibility of adopting a rule as an emergency rule if it needed to be in effect on July 1st.

Mr. Grueskin agreed to try and find some additional dates in May.

The Chairman pro tem extended an opportunity for the public in attendance to testify on Regulation 47.1-1401 – Gaming Tax. No one came forward.

The Commission voted unanimously to close the hearing on Colorado Gaming Regulation 47.1-1401, Gaming Tax, and continue the hearing to a date that the Division determines will work for the interested parties.

VIII. Division Financial Statement

Vickie Floyd, Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the eight (8) months ending February 28, 2017.

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

IX. Consideration of Organizational Matters

Approval of Minutes – Minutes of the March 16, 2017 Public Session of the Colorado Limited Gaming Control Commission were approved as presented.

Directors' Update:

Ron Kammerzell – Senior Director, Enforcement Business Group, stated there were twenty days left in the Legislative session and that pieces of legislation that are still alive could have a potential impact on the Gaming Division relating to rule reviews and regulatory process. The legislation has moved out of the Senate and on to the House. The legislation could place a burden on all State agencies because it requires the agencies to review, adopt and promulgate rules on a three-year cycle versus the current five-year cycle. Currently, each of the divisions reviews 20% of their rules every year so that over a five year period, all rules have been reviewed. The legislation would compress the three year cycle and will place more work on the agencies. Fiscal notes have been attached as appropriate. The Department will watch the legislation closely and keep the Commission updated. There is no legislation relating specifically to the Division of Gaming.

The Chairman pro tem extended an opportunity for the public to address the Commission before it adjourned.

Joe Behm, Director of Marketing for the Reserve Casino Hotel, thanked the Commission for approving the Retail license for the Reserve Casino. He said their team is very excited and enthused, and is looking forward to getting back into the business. Mr. Behm stated it is a family business and thanked the Commission on behalf of the family.

Adjournment – The meeting was adjourned at approximately 11:33 a.m.

Brenda Berens, Secretary to the Colorado Limited Gaming Control Commission