

Colorado Limited Gaming Control Commission

Minutes of Public Session
May 21, 2020

PUBLIC SESSION

I. Call to Order

The May 21, 2020 meeting of the Colorado Limited Gaming Control Commission was called to order by Chair Kristen Blessman at approximately 9:17 a.m. via a Cisco Webex video conference. Commissioners Carlson, Coleman, Nathan and Davis were present via Cisco Webex and a quorum existed.

Officials & Administrators in Attendance

Kristen Blessman, Chair via Cisco Webex
Tim Carlson, Vice-Chair via Cisco Webex
Shawn Coleman, Commissioner via Cisco Webex
Richard Nathan, Commissioner via Cisco Webex
Justin Davis, Commissioner via Cisco Webex
Dan Hartman, Director
Kenya Collins, Director of Administration via Cisco Webex
Matt Heap, Chief of Investigations via Cisco Webex
John Lizza, First Assistant Attorney General, via Cisco Webex
Ceri Williams, Senior Assistant Attorney General via Cisco Webex
Torrey Samson, Assistant Attorney General via Cisco Webex
Suzanne Karrer, Communications Manager via Cisco Webex
Paul Hogan, Chief Auditor
Vickie Floyd, Controller
John Madruga, Agent in Charge, Background Unit
Brett Buckingham, Supervisory Investigator
Breanne Rodlin, Assistant to the Director, Secretary to the Commission

EXECUTIVE SESSION I

The Commission voted unanimously to go into the first Executive Session pursuant to sections 24-6-402(3)(a)(III), 44-30-521(1)(a), 44-30-526(1)(a), and 44-30-1507 of the Colorado Revised Statutes to review confidential reports from the Division of Gaming.

PUBLIC SESSION (reconvened at 9:41 a.m.)

II. Approval of Licensing Actions

The Commission voted unanimously to approve the renewal of the Retail License for G Investments, LLC d/b/a Colorado Grande Hotel and Casino. The license will expire two years from the date of its current expiration.

The Commission voted unanimously to approve the Temporary Vendor Major Licenses for Deck Prism Sports LLC, Banach Technology Limited, and Amelco UK Limited. The Temporary Vendor Major Licenses were issued, pending the final results of the Division's background investigations.

The Commission voted unanimously to approve the First Vendor Minor Licenses for Vig it Technologies LLC, XLMEDIA US Limited, Michael James Murphy d/b/a Murphy Marketing, Media Players US LLC, Xtremepush Limited, Equinix LLC d/b/a Equinix, Secure Trading Inc., Skrill USA, Inc., Fantasy Advantage Ltd., Catena Operations Limited, Optimove Inc., Huntington Press, Inc., SportsContentCO, LLC, PRIME TIME ODDS LLC, First Data Merchant Services LLC, TeleCheck Services, Inc., Sports Betting ST, LLC, Win Daily Inc., Intellr, Inc. d/b/a Intellr, LocationSmart GeoLocation LLC, The Trifect Group Pty Ltd., Sportsbet Media LLC d/b/a Sportsbet Magazine, Denver Sports Betting, LLC, CapWize, Inc. d/b/a CapWize, BetterThanYou Inc., Apps4 Web Media Limited, Genius Sports Media, Inc., Marzen Media LLC, Horseneck Media, LLC, Mark Knight, and Metric Gaming LLC. These Vendor Minor Licenses shall expire 2 years from the dates of issuance.

III. Opportunity for the Public to Address the Commission

The Chair extended an opportunity for the public to address the Commission. No members of the public came forward to address the Commission.

IV. Continuation of Hearing on Colorado Gaming Rule 14, Gaming Tax

The Commission voted unanimously to open the continued hearing on Colorado Gaming Rule 14, Gaming Tax.

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 Colorado Office of Film, Television, and Media

Letter from the Colorado Community College System

City of Cripple Creek - Paul Harris, Finance Director, gave a presentation outlining the impact of gaming taxes and revenues on Cripple Creek. Mr. Harris explained that due to the casino closures, the revenues from April 2020 were down seventy percent (70%) when compared to the revenues from April 2019 and that the tourism and restaurant industries have been severely impacted by the decrease of gaming visitors. Mr. Harris, on behalf of Cripple Creek City Council, requested that the Commission not change the tax rate for the upcoming Fiscal Year.

Gilpin County- Abel Montoya, County Manager, and Gail Watson, Gilpin County Commissioner, gave a presentation outlining the impact of gaming taxes and revenues on Gilpin County. County Commissioner Watson explained the dire situation Gilpin County was in due to the sharply decreased budget and revenues caused by casino closures. Commissioner Watson stated that if gaming taxes were decreased, most all non-statutory functions would have to be

discontinued and public safety would be jeopardized due to lack of funding for services. Mr. Montoya stated that most supplemental facilities and activities were closed to residents due to lack of funding. He stated that any reduction in staffing to departments vital to the function of the County, like the Department of Motor Vehicles, would be detrimental. Mr. Montoya stated that the current projections predict a loss of \$4,000,000 due to casino closures and reduced operation of gaming facilities. Both representatives requested that gaming tax rates should remain unchanged.

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) - Peggi O'Keefe, Executive Director, CGA, and Mark Grueskin, an attorney representing CGA, presented the association's position on the tax rate. Executive Director O'Keefe expressed CGA's desire to decrease the current tax rate structure for Fiscal Year 2021 to aid in the recovery of casinos from the closures due to COVID-19. Mr. Grueskin presented the CGA's position regarding the impact of TABOR on CGA's proposed changes to the tax structure.

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, and to receive legal advice if necessary.

Public Session (reconvened at 1:40 p.m.)

Advanced Industries Accelerator Program - Katie Woslager, Senior Manager, made a presentation regarding the functions of the Advanced Industries Accelerator Program and how gaming tax revenues aid in the funding of the program.

Chair Blessman extended an opportunity for the public in attendance to address the Commission on Colorado Gaming Rule 14, Gaming Tax; no public members came forward to testify.

The Commission voted unanimously to close the hearing on Colorado Gaming Rule 14, 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 make no change to the current gaming tax rates or structure.

IV. Consideration of Division Financial Statements for March 2020

Vickie Floyd, Controller for the Division of Gaming, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the nine months ending on March 31, 2020. She stated gaming tax revenues decreased by \$10,398,795.00 or 12% from March of last year, mostly due to casino closures from COVID-19. Discussion was had by the Commission regarding the report findings.

The Commission voted unanimously to approve the financial statement for February 2020 and authorize its distribution.

VI. Consideration of Organizational Matters

1. Adoption of Minutes for April 30, 2020

The Commission approved the minutes from the April 30, 2020 special meeting of the Colorado Limited Gaming Control Commission.

2. Directors' Update

Cory Amend, Senior Director, Enforcement Division, thanked the Commission for its thoughtfulness and guidance during the implementation of sports betting and he expressed that many comments had been made from other regulators that the State of Colorado's process was planned and executed well. He also thanked Director Hartman and the entire Gaming Staff for the hard work put into achieving the successful May 1st launch of sports betting.

Dan Hartman, Director, Division of Gaming, stated that there were currently 7 sports betting operators authorized in Colorado, with 6 of them currently operating. He explained that with current events and the decisions made during the meeting, there was an opportunity to use technology to bolster the recovery of the Colorado gaming industry. Director Hartman closed by stating he would work diligently to get a plan in place and in front of the Governor's Office and the Colorado Department of Public Health and Environment to reopen casinos as soon as possible.

Adjournment

The Commission voted unanimously to adjourn the May 21, 2020 meeting of the Colorado Limited Gaming Control Commission at 2:13 p.m.

Breanne Rodlin, Secretary to the Colorado Limited Gaming Control Commission