

Colorado Limited Gaming Control Commission

Minutes of Public Session
May 26, 2016

Public Session

I. Call to Order

The May 26, 2016 meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman Roger Hutson at approximately 9:30 a.m. at the Division of Gaming office, 17301 W. Colfax Ave, #135, Golden, Colorado. Commissioners Jannine Mohr, Cynthia Mares, Don Wick, and Ryan Shirley were present and a quorum existed.

Officials & Administrators in Attendance

Roger Hutson, Chairman
Jannine Mohr, Vice-Chair
Cynthia Mares, Commissioner
Don Wick, Commissioner
Ryan Shirley, Commissioner
Ron Kammerzell, Senior Director, Enforcement Business Group
Lewis Koski, Deputy Senior Director, Enforcement Business Group
Flavio Quintana, Director
Kenya Collins, Director of Administration
Ceri Williams, Senior Assistant Attorney General
Vickie Floyd, Controller
Georgia McBride, Chief Technology Officer
Jill Vaughan, Budget Director
Debra Kunkel - Rose, Budget Analyst
Kirsten Gregg, Agent in Charge, Golden
Lad Sullivan, Agent in Charge, Central City
Chris Moore, Agent in Charge, Cripple Creek
Ronni Hunter, Rules Manager
Wendy Spaulding, Assistant to the Senior Director
Brenda Berens, Secretary to the Commission

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 (b) and 12-47.1-527(1) of the Colorado Revised Statutes to review confidential reports from the Division of Gaming and Colorado Bureau of Investigation.

Public Session (reconvened)

The May 26, 2016 Public Session of the Colorado Limited Gaming Control Commission came back to order at 9:43 am.

II. Opportunity for the Public to Address the Commission

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

III. Continuation of Hearing on Colorado Gaming Regulation 47.1-1401, Gaming Tax

The Commission voted unanimously to re-open the hearing on proposed amendments to Colorado Gaming Regulation 47.1-1401, Gaming Tax. Representatives of the cities and counties impacted by gaming provided the following information which was admitted into the rulemaking record:

Cripple Creek – Paul Harris, Finance Director, presented the City of Cripple Creek’s annual report and stated that Cripple Creek supports maintaining the current tax structure to help keep stability within the industry and city.

Gilpin County – County Commission Chairman, Linda Isenhart, presented Gilpin County’s annual report and stated that Gilpin County supports maintaining the current tax structure to help keep stability within the industry and the county.

Black Hawk – Kenya Collins, Director of Administration, Division of Gaming, submitted the annual report provided by the City of Black Hawk into the record, as a representative from the city was not in attendance to present the information. In its report, the city did not provide a recommendation for FY2017 gaming tax rates.

Central City – Kenya Collins, Director of Administration, Division of Gaming, submitted the report provided by the City of Central into the record, as a representative from the city was not in attendance to present the information. In its report, the city requested the tax rates remain unchanged for FY2017.

Advanced Industries Accelerator Program – Kenya Collins, Director of Administration, Division of Gaming, submitted the presentation provided by the Colorado Office of Economic Development & International Trade into the record, as a representative from the program was not in attendance to make the presentation. In its submitted materials, the program did not provide a recommendation for FY2017 gaming taxes.

Report from Colorado Office of Film, Television & Media - Kenya Collins, Director of Administration, Division of Gaming, submitted the presentation provided by the Colorado Office of Film, Television & Media into the record, as a representative from the program was not in attendance to make the presentation. In its submitted materials, the program did not provide a recommendation for FY2017 gaming taxes.

Department of Revenue – Jill Vaughan, Budget Director, and Debra Kunkel - Rose, Budget Analyst, presented the Division of Gaming’s FY 2016 and FY 2017 revenue projections of \$116,843,846.00. Director Vaughan stated that the projections show no ownership changes as of April 1, 2016. The FY2017 projections assume the continuation of the current tax rate structure and the Division revenue projections were developed using a casino by casino model as used previously.

Anton Collins Mitchell LLP – Stacey Hekkert, Managing Partner and Megan Livesay, Audit Manager, presented an overview of the Colorado gaming industry performance, gaming industry trends and compared the net revenues of the six tax tiers. Information was also provided regarding other components by tax tier including, AGP by device, average EBITDA, operating, payroll and marketing expenses and device fees.

Colorado Gaming Association (CGA) – Lois A. Rice, CAE, Executive Director and David Farahi, President of the Colorado Gaming Association and COO for Monarch Casino in Black Hawk presented the association’s position on the tax rate. President Farahi, also presented the CGA’s request to retain the current tax rate structure for Fiscal Year 2017.

The Chairman extended an opportunity for anyone from the public to address the Commission on Colorado Gaming Regulation 47.1-1401, Gaming Tax. No one came forward.

Certifications

The Commission certified that the following continuation budget requests for Fiscal Year 2017 were considered by the Commission in setting the gaming tax rate beginning July 1, 2016: Department of Local Affairs, Colorado Bureau of Investigation, Colorado State Patrol, Colorado Division of Fire Prevention and Control, and the Colorado Division of Gaming. The Commission certified that the state agency program impacts were being considered by the Commission in setting the gaming tax rate, starting July 1, 2016, and were deemed to be gaming-related.

Executive Session

The Chairman called for a motion to go into Executive Session pursuant to sections 24-6-402(3)(a)(II) and (III) and 12-47.1-527(1)(a) of the Colorado Revised Statutes to receive confidential data related to tax information of individual casinos, including a presentation from Anton Collins Mitchell, LLP and the Division of Gaming, and to receive legal advice if necessary.

Public Session (reconvened)

The May 26, 2016 Public Session of the Colorado Limited Gaming Control Commission came back to order at 10:34 am.

The Chairman extended an opportunity for anyone from the public to address the Commission on Colorado Gaming Regulation 47.1-1401, Gaming Tax. No one came forward.

The Commission voted unanimously to close the hearing on proposed amendments to Colorado Gaming Regulation 47.1-1401, 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, information received from limited gaming fund recipients, the testimony presented by the Colorado Gaming Association, and information received from Anton Collins Mitchell, LLP, regarding the current state of affairs in the Colorado gaming industry.

The Commission voted unanimously to retain the current gaming tax rates for FY2017.

IV. Consideration of Disciplinary Actions

Ceri Williams, Senior Assistant Attorney General, presented the Orders of Summary Suspension in Case No. DOG16000343, In the Matter of Erika Jan Crawford, Support License No. 44323, and Case No. DOG16001501, In the Matter of Lawrence Matthew Rees, Support License No. 45736

and the Stipulation and Agreement in Case No. DOG15004947, In the Matter of Rebecca Lynn Oliva, Support License No. 39992

The Commission voted to approve and authorize the Chairman to sign the disciplinary actions. Commissioner Wick voted in opposition of the approval of the Stipulation and Agreement in the Matter of Rebecca Lynn Oliva.

V. Consideration of Colorado Gaming Rule 3 – Applications, Investigations and Licensure

The Chairman called for a motion to open the hearing on Colorado Gaming Regulation, Rule 3, Applications, Investigations and Licensure.

Jill Vaughan, Budget Director, and Debra Kunkel-Rose, Budget Analyst, presented a rate analysis regarding Colorado Limited Gaming Regulation 47.1-303 for Fiscal Year 2017.

The public was given an opportunity to address the Commission on the proposed amendments; no one came forward.

The Commission voted unanimously to close the hearing on Colorado Gaming Regulations, Rule 3, and to adopt the new hourly background investigation rate of \$70, effective July 1, 2016, and to authorize the Chair to sign the Resolution Concerning Emergency Amendments to Colorado Limited Gaming Regulation 47.1-305, Investigative Fees.

Consideration of Emergency Amendment to Colorado Gaming Rule 12 – Gaming Devices and Equipment

The Commission voted unanimously to open the hearing on proposed emergency amendments to Colorado Limited Gaming Regulations, Rule 12, Gaming Devices and Equipment. Georgia McBride, Chief Technology Officer, presented the proposed changes to Colorado Limited Gaming Regulation 47.1-1257(1.5).

The Chair stated that a full Public Rule Making Hearing will be held regarding this amendment at the June 16, 2016 monthly Commission Meeting. The public was given an opportunity to address the Commission on the proposed emergency amendments; no one came forward.

The Commission voted unanimously to close the rulemaking hearing and to amend Colorado Limited Gaming Regulations, Rule 12 as presented, and to authorize the Chair to sign the Resolution Concerning Emergency Amendment to Colorado Limited Gaming Regulation 47.1-1257(1.5).

VI. Consideration of Request by Ariel Investments, LLC for an Exemption from Gaming Regulation 47.1-4.509(3).

The Commission voted unanimously to approve the request by Ariel Investments, LLC for an exemption from Gaming Regulation 47.1-4.509(3) not to exceed an aggregate holding and beneficial ownership of 20%, and to authorize the Chair to sign an approval letter to that effect.

VII. Consideration of Division Financial Statements for March 2016

Vickie Floyd, Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the nine (9) months ending March 31, 2016.

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

VIII. Consideration of Organizational Matters

Approval of Minutes – Minutes of the May 26, 2016 Public Session of the Colorado Limited Gaming Control Commission were approved as presented.

Directors' Update:

Ron Kammerzell – *Senior Director, Enforcement Business Group*, congratulated Commissioner Shirley, Mohr and Wick on their senate confirmation. Senior Director Kammerzell also welcomed Commissioner Mares to the Commission and congratulated her on the Governor's appointment.

Flavio Quintana – *Director, Division of Gaming*, introduced Cynthia Mares, the new Colorado Limited Gaming Control Commissioner appointed by Governor Hickenlooper.

Director Quintana noted his concerns with HB 16-1404 regarding the 18 year old age limit for participation in fantasy sports. The bill has been sent to the Governor.

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

Adjournment – The meeting was adjourned at approximately 11:22 a.m.

Brenda Berens, Secretary to the Colorado Limited Gaming Control Commission