

Colorado Limited Gaming Control Commission

Minutes of Public Session

January 19, 2006

Call to Order

The January 19, 2005 meeting of the Colorado Limited Gaming Control Commission was called to order by Commission Chair Natalie Meyer at 9:07 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. Chairman Meyer noted for the record that all five commissioners were present.

Officials & Administrators in Attendance

Natalie Meyer, Commission Chair
Robert Millman, Commission Vice Chair
Barbara A. Jenkins, Commissioner
James Alderden, Commissioner
Florence Hunt, Commissioner
Dave Dechant, Senior Director, Enforcement
Brenda Davis, Director of Administration
Laura Manning, Chief of Investigations
Ceri Williams, Assistant Attorney General
Janet Ford, Controller
Georgine Zalesky, Chief Auditor
Ray Cherhoniak, Manager of Emerging Technologies
Mark Distel, Licensing & Training Manager
Flavio Quintana, Agent in Charge, Lakewood
Phil Dinan, Agent in Charge, Central City/Black Hawk
Gary Watada, Agent in Charge, Cripple Creek
Don Burmania, Director of Communications/Acting Secretary to Commission

Executive Session

The Commission voted unanimously to go into executive session to review reports from the Division of Gaming and the Colorado Bureau of Investigation.

Public Session

The public session reconvened at 10:30 a.m.

General

The Chair announced Director Mark Wilson was not present because of the death of his mother-in-law and offered sympathies on behalf of the Commission.

The Chair announced the Commission would be holding its first workshop session involving in-depth discussions with Division staff in the afternoon, followed by another session the following Thursday.

The Chair moved that the Commission secretary be replaced through immediate posting, and in the interim by a contract secretary interviewed by the Gaming Director and a Commission representative and to begin working by January 25. The motion was unanimously approved.

Senior Director Dechant pointed out that the Department of Revenue does not recognize the Commission's authority over personnel.

The Vice Chair moved, pursuant to C.R.S. 24-31-101(1)(c)(e), as well as the authority given to the Commission by a letter to the Chair by Chief Deputy Attorney General Cynthia Coffman, to give the Chair the authority to seek, interview, and hire outside private counsel to represent the Commission in any litigation the Commission may decide to pursue regarding authority over the budget and the Division's authority over personnel. The motion was unanimously approved.

Approval of Licensing Actions

The Commission voted unanimously to renew the retail licenses for Minter Holdings, LLC d/b/a Johnny Nolon's Casino, Golden Mardi Gras, Inc. d/b/a Mardi Gras Casino, Golden Mardi Gras, Inc. d/b/a Golden Gates Casino, and Golden Mardi Gras, Inc. d/b/a Golden Gulch Casino; to renew the operator licenses for Golden Mardi Gras, Inc. d/b/a Mardi Gras Casino, Golden Mardi Gras, Inc. d/b/a Golden Gates Casino, and Golden Mardi Gras, Inc. d/b/a Golden Gulch Casino; to approve the changes of ownership (retail) for Minter Holdings, LLC d/b/a Johnny Nolon's Casino, Black Hawk/Jacobs Entertainment, LLC d/b/a The Lodge Casino at Black Hawk, Gilpin Hotel Venture d/b/a The Gilpin Hotel Casino, Ltd., Pioneer Group, Inc. d/b/a Bronco Billy's Sports Bar & Casino, and Pioneer Group, Inc. d/b/a Buffalo Billy's Casino; to approve the change of ownership (manufacturer/distributor) for Black Hawk/Jacobs Entertainment, LLC d/b/a The Lodge Casino at Black Hawk; and to issue its first operator license to Legends Gaming, LLC. The license renewals shall expire one year from the date of their current expirations, and the first license for Legends Gaming, LLC is issued for the term of one year. Further, the Golden Mardi Gras, Inc. licenses shall continue the following condition: The licensee, its owners, and all associated businesses shall not enter into any further business relationships with FEI or any of its owners and trustees.

Disciplinary Actions

Ceri Williams, assistant attorney general, presented an order to show cause, case # SC 06-02, in the matter of Buddy D. Smith, support license # 30133. The Commission voted unanimously to approve and authorize the Chair to sign the order.

Ms. Williams presented an order of summary suspension, case # SS 06-001, in the matter of Jonathan Patrick Benson, support license # 29442. The Commission voted unanimously to approve and authorize the Chair to sign the order.

Ms. Williams presented an order of summary suspension, case # SS 06-002, in the matter of Bryan Robert Lawlor, Support License # 19213. The Commission voted unanimously to approve and authorize the Chair to sign the order.

Presentation of Division Financial Statements for November 2005

Janet Ford, controller, presented the statement of gaming revenues, gaming taxes, and expenditures (unaudited) for the five months ending November 30, 2005. The Commission voted unanimously to approve the report and authorize its distribution.

Commissioner Jenkins moved that all audit, financial reporting and communications functions of the Division of Gaming continue to be conducted and supervised by the Division and the director of the Division and report directly to the director of the Division of Gaming, and secondarily, to the Gaming Commission. The Department of Revenue will maintain the statutory requirement of collecting gaming taxes only. The motion was unanimously approved.

Rulemaking

Don Burmania, director of communications, presented amendments to Colorado gaming regulations 47.1-424 and 47.1-1304. The Commission voted unanimously to approve the changes.

Emerging Technologies Report

Ray Cherhoniak, manager of emerging technologies, presented the emerging technologies quarterly report.

Commissioner Alderden moved to approve the addition of four FTEs – two compliance investigator I positions, one general professional III and one general professional IV – for the remainder of this fiscal year to be funded by the approximate vacancy savings of \$200,000 and to amend the current submitted budget to the legislature to add those four FTEs for all future years, including FY 2007, with the Emerging Technologies Section continuing to report directly to the Director of the Division of Gaming. The motion was unanimously approved.

Training Report

Mark Distel, licensing & training manager, presented the quarterly training report.

Organizational Matters

Minutes of the December 15, 2005 meeting were unanimously approved by the Commission.

Minutes of the December 29, 2005 meeting were unanimously approved by the Commission.

Swearing in of New Investigator

Gary Watada, agent in charge, introduced Cindy Ragan, a new investigator in the Cripple Creek office. The Chair administered the oath of office and presented Ms. Ragan with a certificate of appointment.

Executive Session

The Commission voted unanimously to go into executive session to review written legal advice subject to confidential attorney-client privilege under sections 13-90-107(1)(b) and 24-6-402(3)(a)(III), C.R.S. (2005).

Adjournment

The Chair adjourned the meeting at 11:56 a.m.

Don Burmania, Acting Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session

February 16, 2006

Call to Order

The February 16, 2006 meeting of the Colorado Limited Gaming Control Commission was called to order by Acting Chairman James Alderden at 9:30 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. It was noted for the record that Commissioner William Hybl was unable to attend due to unexpected obstacles in his travel arrangements.

Officials & Administrators in Attendance

James Alderden, Commission Chairman Protem
Florence Hunt, Commission Vice Chairman Protem
Patty Imhoff, Commissioner
Meyer Saltzman, Commissioner
M. Michael Cooke, Executive Director, Department of Revenue
David Dechant, Senior Director, Enforcement Division
Ron Kammerzell, Director, Division of Gaming
Laura Manning, Chief of Investigations
Ceri Williams, Assistant Attorney General
Janet Ford, Controller
Don Burmania, Director of Communications
Georgine Zalesky, Chief Auditor
Ray Cherhoniak, Manager of Emerging Technologies
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Phil Dinan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

Public Session

Acting Chairman James Alderden relinquished the floor to Assistant Attorney General Ceri Williams to conduct the election of officers of the Colorado Limited Gaming Control Commission for the remainder of Fiscal Year 2006. Because all of the commissioners were not present, it was decided to elect temporary officers to serve until all five commissioners could be present to participate in the election. James Alderden was elected Chairman Protem, and Florence Hunt was elected Vice Chairman Protem.

Executive Session

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming.

Public Session

The Public Session reconvened at approximately 10:00 a.m.

Approval of Licensing Actions

Manufacturer/Distributor license renewals were unanimously approved for WMS Gaming, Inc.; Novomatic Colorado, Inc.; and Atronic Americas, LLC; as was the Operator license renewal for WMS Gaming, Inc. The license renewals shall expire one year from the date of their current expirations.

A Change of Ownership for Operator and Retail licenses for Centaur Colorado, LLC d/b/a Fortune Valley Hotel and Casino was approved unanimously.

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.

Disciplinary Actions

Ceri Williams, Assistant Attorney General, presented an Order to Show Cause/Notice of Default – Findings, Conclusions and Order in Case No. SC 05-03, In the Matter of Melissa Hope Cogley, Support License No. 25363. The Commission voted unanimously to authorize the Chairman to sign the Order, which revoked the Respondent's license effective February 16, 2006.

Ms. Williams presented a series of Orders to Show Cause, and the Commission voted unanimously to approve and authorize the Chairman to sign them. The Orders were for the following:

- Case No. SC 06-03, In the Matter of Francesca Ashley Turner, Support License No. 30119
- Case No. SC 06-04, In the Matter of Maria Luz Rico, Support License No. 26944
- Case No. SC 06-07, In the Matter of Daniel Foster, Support License No. 30638
- Case No. SC 06-08, In the Matter of Lori Ann Peterson, Support License No. 30350
- Case No. SC 06-09, In the Matter of Brian Michael Mayer, Support License No. 24393
- Case No. SC 06-10, In the Matter of Nicky Joe Macaluso, Support License No. 30351

Presentation of Division Financial Statements for December 2005

Janet Ford, former Division Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the sixth month ending December 31, 2005. The Commission voted unanimously to approve the report and authorize its distribution.

Organizational Matters

Minutes of the January 19, 2006 meeting were approved as presented.

Director Ron Kammerzell expressed his pleasure at returning to the Division of Gaming and shared his thoughts for managing an efficient, streamlined agency.

Adjournment

The meeting was adjourned at 10:35 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session

March 16, 2006

Public Session – Call to Order

The March 16, 2006 meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman Pro Tem James Alderden at 9:11 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. It was noted for the record that Commissioner Patty Imhoff was not present. The members agreed that the Commission officers who were elected on February 16, 2006 to serve in a pro tem capacity will continue in those positions until all five commissioners are present. At that time, they will elect permanent officers to serve until the end of the current fiscal year (June 30, 2006).

Officials & Administrators in Attendance

James Alderden, Commission Chairman Pro Tem
Florence Hunt, Commission Vice Chairman Pro Tem
Meyer Saltzman, Commissioner
William Hybl, Commissioner
M. Michael Cooke, Executive Director, Department of Revenue
David Dechant, Senior Director, Enforcement Division
Ron Kammerzell, Director, Division of Gaming
Laura Manning, Chief of Investigations
Brenda Davis, Director of Administration
Ceri Williams, Assistant Attorney General
Vickie Floyd, Acting Controller
Don Burmania, Director of Communications
Georgine Zalesky, Chief Auditor
Ray Cherhoniak, Manager of Emerging Technologies
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Phil Dinan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

Executive Session

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming and the Colorado Bureau of Investigation.

Public Session

The Public Session reconvened at 9:38 a.m.

Approval of Licensing Actions

The Commission voted unanimously to grant renewals of Retail licenses to Penn Bullwhackers, Inc. d/b/a Bullwhackers Casino; Penn Silver Hawk, Inc. d/b/a Silver Hawk Casino; and Penn

Bullpen, Inc. d/b/a Bullpen Sports Casino. The license renewals shall expire one year from the date of their current expirations.

A first Operator license for Atronic Americas, LLC was approved unanimously.

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. Tom Burke, General Manager of Bullwhackers Casino thanked the Commission on behalf of the three Penn National properties for renewing their Retail licenses.

Disciplinary Actions

Ceri Williams, Assistant Attorney General, presented two Orders of Summary Suspension: Case No. SS 06-03, In the Matter of Melissa Sue Atkinson, Support License No. 30834, and Case No. SS 06-04, In the Matter of William Joseph MacMichael, Support License No. 00905. The Commission unanimously approved the Orders and authorized the Chairman Pro Tem to sign them.

Ms. Williams presented two Orders to Show Cause: Case No. SC 06-11, In the Matter of Anna Heidi-Marie Tallon, Support License No. 24413, and Case No. SC 06-12, In the Matter of DEC, Inc. d/b/a The Eureka! Ltd., Retail License No. 15-006048-0001. The Commission unanimously approved the Orders and authorized the Chairman Pro Tem to sign them.

Ms. Williams presented Order to Show Cause, Case No. SC 06-01, In the Matter of Virgin Mule d/b/a The Virgin Mule, Retail License No. L15-05836-0001. For the benefit of the new commissioners, she provided background information pertaining to the case. In December 2005, a Stipulation and Agreement, Case No. SA 05-04, was agreed to by Director Mark Wilson of the Division of Gaming and Adla Maberry of The Virgin Mule, and it was approved as to form by Ms. Williams. Issues involved in the case included giving a set of restricted slot keys to a patron who did not have a gaming license, allowing the patron to repair slot machines, improper drops, incomplete paperwork and using false dates and times on slot access cards. The Stipulation and Agreement was presented to the Gaming Commission at its December 15, 2005 meeting. The Commission chose not to accept the action and, instead, requested that an Order to Show Cause be issued in the matter. The Order, Case No. SC 06-01, was approved by the Commission at its January 19, 2006 meeting. Negotiations between Gaming Division officials and owners of The Virgin Mule resulted in Stipulation and Agreement, Case No. 06-01, which the Commission accepted by unanimous vote and authorized Chairman Pro Tem Alderden to sign.

Rulemaking

Brenda Davis, Director of Administration, presented proposed changes to Rule 12 of the Colorado Limited Gaming Regulations for the Commission's consideration and approval. She stated that the proposed changes are the result of more than a year spent by Division personnel analyzing the issue and conducting research and inquiries with gaming operators, game manufacturers and regulators from other jurisdictions across the country. The proposed amendments to Rule 12, which is entitled Slot Machine Inspection and Approval Process, will allow the Division to concentrate on and conduct unscheduled, random testing of machines, which the Division feels will be more of a deterrent for noncompliance in the industry. The

proposed amendments also make changes to sections covering progressive slot machines and provide clarifications in other areas of Rule 12.

Commissioner Hybl asked if inspections are uniform throughout the country. Ms. Davis stated that they are not and explained that Colorado follows the lead of Nevada, because it seems to have the most up-to-date and advanced procedures for handling compliance issues. Director Kammerzell mentioned that in the case of riverboat gambling, the auditors and investigators are actually located on the boats. He also stated that the amendments will be a better and more timely regulatory model.

When the public was invited to comment on the proposed changes, Bob Fiore, Regional Vice President for the Isle of Capri casinos, stated that he appreciates the rule change and believes it will allow quicker changes and make Colorado more competitive. Mike Shubic, Vice President of Operations for Jacobs Entertainment, said that the regulation will be helpful to the industry and the state, and it adds a level of controls that will allow time for the Division to focus on other issues.

The Commission voted unanimously to amend Colorado Limited Gaming Regulation Rule 12 as proposed.

Presentation of Division Financial Statements for January 2006

Vickie Floyd, Acting Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the seventh month ending January 31, 2006. The Commission voted unanimously to approve the report and authorize its distribution.

Tax Methodology

Brenda Davis, Director of Administration, presented the tax methodology followed by the Division and explained the state agency budget requests and tax hearings that will take place on April 20th and May 30th. She pointed out that the latter date does not fall on the Commission's customary meeting day (the third Thursday of each month). Commissioner Saltzman requested information on the statutory distribution formula for Gaming revenue, which Ms. Davis provided. She stated that the Division will supply more details and the amounts distributed in past years during the tax hearings.

Organizational Matters

Minutes of the February 16, 2006 meeting were approved as presented.

Director Kammerzell mentioned that the Department of Revenue is currently conducting a space planning study as part of an effort to consolidate all of the Department of Revenue's agencies located in the metro area into one location in response to a 2003 executive order from the Governor to look at space needs and logistical concerns. Director Kammerzell referenced the ongoing plan to address the system audit backlog. He said potential auditors will be interviewed next week and that the Division continues to evaluate alternatives to improve the auditing functions and make the process more efficient. He stated that Senior Director Dechant and he will be attending an April 27th industry meeting hosted by the Colorado Gaming Association. He recognized the staff efforts connected to the Rule 12 amendments, and, finally, he said that the

compressed tax hearings will carry over to June if necessary to be certain all of the stakeholders' needs are met.

Executive Director Michael Cooke also spoke about the Department of Personnel & Administration's study that is currently being conducted by all state agencies. The purpose of the space study is to look into consolidating the business units of the Department into one facility. It will look at efficiencies and co-location so that the Department will have had some preliminary discussions in the event that an opportunity comes up in the future. The primary facilities involved are the Pierce Street agencies (not including the driver license facilities), the downtown Annex which houses most of the tax functions, the Lottery offices currently located on South Colorado Blvd. and the Tax Field Audit Section located in another building on South Colorado Blvd. The Department's field offices, including the Divisions offices in Central City and Cripple Creek, would not be affected.

Ray Cherhoniak, Manager of the Division's Emerging Technologies Section, expressed his appreciation to Director Kammerzell and Director of Administration Davis for their support and help with the changes proposed for Rule 12, and he introduced Jeff Marone, a device specialist with the Division, and recognized his efforts on behalf of the changes.

Adjournment

The meeting was adjourned at 10:23 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session

April 20, 2006

Public Session – Call to Order

The April 20, 2006 meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman Pro Tem James Alderden at 9:05 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado.

Officials & Administrators in Attendance

James Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Meyer Saltzman, Commissioner
Patty Imhoff, Commissioner
William Hybl, Commissioner
M. Michael Cooke, Executive Director, Department of Revenue
David Dechant, Senior Director, Enforcement Division
Ron Kammerzell, Director, Division of Gaming
Brenda Davis, Director of Administration
Ceri Williams, Assistant Attorney General
Vickie Floyd, Acting Controller
Don Burmania, Director of Communications
Georgine Zalesky, Chief Auditor
Ray Cherhoniak, Manager of Emerging Technologies
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Phil Dinan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

Executive Session

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming and the Colorado Bureau of Investigation.

Public Session

The Public Session reconvened at 9:35 a.m.

Election of Officers

Ceri Williams, Assistant Attorney General, conducted the election of Commission officers to serve out the terms of Chairman and Vice Chairman for the remainder of FY 2006, which ends June 30, 2006. Commissioners James Alderden and Florence Hunt were elected Chairman and Vice Chairman, respectively, by unanimous vote.

Approval of Licensing Actions

The Commission voted unanimously to grant the following licenses: renewals of Retail licenses to Pioneer Group, Inc. d/b/a Bronco Billy's Sports Bar & Casino; Pioneer Group, Inc. d/b/a Buffalo Billy's Casino; Centaur Colorado, LLC d/b/a Fortune Valley Hotel and Casino; Black Hawk/Jacobs Entertainment, LLC d/b/a The Lodge Casino at Black Hawk; Gilpin Hotel Venture d/b/a The Gilpin Hotel Casino, Ltd.; Red Dolly, Inc. d/b/a Red Dolly Casino, Inc.; Virgin Mule, Inc. d/b/a Virgin Mule Casino; Ed and Shirley's, Inc. d/b/a The Wild Card Saloon; and Shirley & Ed's, Inc. d/b/a Black Hawk Station; to grant renewals of Manufacturer/Distributor licenses to Atlantic City Coin & Slot Service Company, Inc., and to Black Hawk/Jacobs Entertainment, LLC d/b/a The Lodge Casino at Black Hawk; to grant renewals of Operator licenses to Atlantic City Coin & Slot Service Company, Inc. and to Centaur Colorado, LLC d/b/a Fortune Valley Hotel and Casino; and to grant first Retail licenses to CC Tollgate, LLC d/b/a Century Casino, and Riley and Associates, Inc. d/b/a O'Riley's Poker Parlor, and a first Operator license to Century Casinos Management, Inc. The license renewals shall expire one year from the date of their current expirations, with the exception of Red Dolly, Inc. d/b/a Red Dolly Casino, Inc., which has requested that its renewed Retail license expire on November 17, 2006 to coincide with the expiration of its Operator license. The new retail licenses shall expire one year from the date of approval and shall be subject to the standard conditions for a retail license.

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. Flavio Quintana, Agent in Charge in Lakewood, introduced several casino officials who were present, and each of them thanked the Commission for granting new or renewal licenses to their casinos. Several of them praised investigators and other Division employees for their assistance, cooperation and professionalism during the application process. Present were David Riley, owner, and Kathleen John, general manager, of O'Riley's Poker Parlor; Dave Aker, Centaur Colorado; Steve Roark, Jacobs Entertainment; and Craig Ramirez, Red Dolly.

Disciplinary Actions

Ceri Williams, Assistant Attorney General, presented two Orders to Show Cause: Case No. SC 06-13, In the Matter of Pamela Kidwell, Support License No. 30484, and Case No. SC 06-16, In the Matter of Albert Smale, Support License No. 22663. The Commission unanimously approved the Orders and authorized the Chairman to sign them.

Ms. Williams presented Findings, Conclusions and Orders for four Orders to Show Cause. The licensees in the four cases failed to respond to the Orders to Show Cause issued by the Commission at its meeting on February 16, 2006 and to the Notices of Default issued by the Division on March 21, 2006. The Findings, Conclusions and Orders officially revoke the Respondents' licenses. The Commission voted unanimously to issue the Findings, Conclusions and Orders and to have the Chairman sign the Orders in the following cases: SC 06-03, In the Matter of Francesca Ashley Turner, Support License No. 30119; SC 06-07, In the Matter of Daniel Foster, Support License No. 30638; SC 06-08, In the Matter of Lori Ann Peterson, Support License No. 30350; and SC 06-10, In the Matter of Nicky Joe Macaluso, Support License No. 30351.

Fiscal Year 2007 Budget Requests

Three State departments – Local Affairs, Public Safety and Revenue – presented their annual budget requests for funding to cover their gaming-related costs. The Commission voted unanimously to approve each of the requests.

➤ Department of Local Affairs – Local Government Limited Gaming Impact Fund

Eric Bergman, Director of the Office of Smart Growth, provided DOLA's 2007 budget request to the Commission. He introduced others from his Department who were present, including Gloria Ortega, Smart Growth; Matthew Blackman, Budget Director; and Charlie Unseld, Acting Deputy Director.

The 2007 budget request from DOLA is \$131,410, an overall increase over the 2006 request of 7.4% or \$9,039. It is primarily a continuation budget for administering the Fund. Mr. Bergman explained that the Fund provides grant money to local governments (counties, cities, special districts and private nonprofit agencies) that are impacted by gaming. There are 13 counties eligible for grants, including those affected by Indian gaming in the southwestern part of the state. There is one grant cycle each year, and the total amount awarded exceeds \$6 million. The total awarded in 2005 was \$6,301,517, with the majority going to transportation, human services and law enforcement areas.

➤ Department of Public Safety – Overview by Executive Director Joe Morales

Executive Director Joe Morales announced that the total budget request for the Department of Public Safety for FY 2007 is \$2,556,908, which includes 27.7 FTE. He presented highlights of FY 2005 services performed by DPS personnel. There were 35 criminal investigations, 39 related arrests and 604 crashes on gaming roads investigated.

Erick Scheminske, DPS Budget Director, reported that their budget request for FY 2007 is generally a continuation of the FY 2006 request. He said the DPS request has common elements with requests from other departments. Among these are slight decreases in the rate for short-term disability policies; measurable increases in health, life and dental insurance; salary survey increases of 3% for civilian employees and 5.1% for troopers; employer increases to PERA; and small increases in indirect costs driven by workers compensation and risk management, which are calculated on actual expenditures of the last fiscal year.

Colorado Bureau of Investigation – Deputy Director Pete Mang presented CBI's FY 2007 budget request of \$797,943. He explained that the request is an overall increase of \$43,119 over the FY 2006 budget. The CBI Gaming Unit consists of seven FTE (five investigators, one intelligence analyst and one administrative assistant) and includes five vehicles.

Colorado State Patrol – Chief Mark Trostel presented his agency's FY 2007 budget request of \$1,594,960, an increase of \$10,299 over FY 2006. The State Patrol provides traffic enforcement in the areas of the three gaming towns. The Unit consists of 15 FTE – 14 uniformed staff and one civilian.

Division of Fire Safety – Director Paul Cooke presented the Division's FY 2007 budget request of \$164,005, an overall increase of \$2,745 over FY 2006. There are 2.0 FTE in the unit. Director Cooke stated that he believes Colorado's casinos are the safest in the country in

the areas of code enforcement and the genuine interest of the operators. Practice drills have shown that their major concern is to convince patrons to leave the facilities.

➤ Department of Revenue – Division of Gaming

Janet Ford from the Department's Revenue Accounting Office presented the Division's FY 2007 budget request of \$7,522,118, a 5.3% increase over FY 2006. The continuation budget includes 72 FTE. It is based on the FY 2006 budget, and it follows guidelines established by the Governor's Office of State Planning and Budgeting. The Division's direct and indirect costs are projected to increase and decrease in a manner similar to the statewide changes in the other state agencies' requests. Employees of the Division will receive pay increases consistent with the salary survey percentages recommended for their respective job groups. The Division's budget request in FY 2006 represented 6.8% of projected Gaming revenues, while the request in FY 2007 is estimated to be 9.2%.

Lunch Recess

The Commission recessed for lunch at 11:45 a.m. and reconvened at approximately 12:35 p.m.

Tax Methodology

Brenda Davis, Director of Administration, presented an overview of the agenda items related to the tax setting process that will occur on April 20 and May 30, 2006. In summaries of the Budget Request Schedule and the Tax Hearing Schedule, she provided statutory cites requiring the actions of the Commission.

Opening of Hearings for Proposed Amendments to Rule 1401, Gaming Tax

Several state agencies or programs that are impacted by gaming presented the Commission with information concerning the funding they will be requesting from the Joint Budget Committee for FY 2008.

➤ Colorado Judicial Branch – Office of the State Court Administrator

Brenda Davis presented a letter from the Office of the State Court Administrator that outlined expenses relating to the impact of limited gaming in Colorado. It stated that workloads have increased and the number of gaming-related case filings has grown. The Office's request for FY 2007 totals \$315,147 for 7.0 Court Clerks and .55 Judgeships.

➤ Colorado Department of Public Health & Environment – Consumer Protection Division, Air Quality Control Division and Water Quality Control Division

Brenda Davis presented the Commission with information from the three areas of CDPHE that are impacted by gaming. The Consumer Protection Division evaluates the impact of gaming activities related to food safety in retail food establishments in Teller and Gilpin Counties. The Division projects its FY 2007 request to be \$36,506 for 277 inspections in Teller and \$20,576 for 129 inspections in Gilpin. The Air Quality Control Division provides support to the operator of a PM10 particulate monitoring site and technical support and consultation to the officials in Cripple Creek. In past years the Division has spent a considerable amount of time helping to identify sources of particulate matter and its risk to public health. Most local business complaints focused on emissions from idling tour buses. Based on its FY 2006 request, the Division projects its FY 2007 total to be \$11,702. The Water Quality Division has been involved with wastewater inspections, drinking water

inspections, facility and stormwater permits, and other related activities that result from the growth of gaming in the counties. The Division estimated its FY 2006 costs to be \$5,542.

- Colorado Historical Society – Colorado Historical Fund
Georgianna Contiguglia, President of the Colorado Historical Society, and Mark Wolfe, Director of the State Historical Funds, discussed the grant program that they administer in order to foster heritage preservation. They issue grants for three types of projects: Acquisition and Development, Education, and Survey and Planning. In FY 2005, there were 191 grants awarded, totaling approximately \$161.3 million or about 28% of the gaming revenue. An overview of recent projects funded by gaming revenue included major repairs to the State Capitol Building, numerous preservation projects in cities and counties throughout Colorado and the development of heritage tourism sites.
- Colorado Department of Transportation
Bruce Nilemo from the Office of Financial Management & Budget presented CDOT's request for gaming funds – \$14,292,757. He explained that CDOT has not received funding in recent years because of the State's ongoing fiscal crisis, but it now hopes to benefit from passage of Referendum C, the 2005 ballot measure allowing the State to use excess TABOR funds for five years in order to backfill areas that have suffered from inadequate funding – education, health care and transportation. Gaming impacts are addressed by safety improvements, road widening, drainage improvements, highway maintenance, designing, surveying and other activities. CDOT defines the impacted areas as three regions: Black Hawk/Central City, Cripple Creek and Southwest Colorado. Amounts requested for each of them, respectively, are approximately \$10.3 million, \$1.6 million and \$2.4 million for FY 2008.
- Opportunity for the public to address the Commission on proposed amendments to Rule 1401
Mark Sievers, an economist and attorney living in Teller County, addressed the Commission on his own behalf. He said he has no financial interest in the gaming industry but wanted to share some observations. He suggested that the gaming taxes should be reduced because he believes they are not competitive with other states' tax rates. He questioned why investors would choose to invest in a casino in Colorado with a tax rate of 20% when the comparable figure for a casino in Mississippi would be 8%. He recommended that the Commission establish advisory committees in the gaming communities to advise the Commission on local issues.

Ed Smith from the Wild Card Saloon and the Black Hawk Station said he and his wife are small casino operators, the first in Black Hawk and that they were doing all right in a growing market. He stated that raising taxes would be very detrimental to the economy, and he believes a decrease in any level of the taxes would help him because it would bring more people into Black Hawk.

- Close of Tax Hearings
The Commission voted unanimously to close the tax hearings at this point and to continue them on May 30, 2006 at 10:00 a.m.

Presentation of Williams Gaming, Inc. (WMS) Powerball Progressive System

Ray Cherhoniak, Manager of Emerging Technologies, presented a new wide area progressive (WAP) multi-link system to the Commission. He explained the testing phases involved in the approval process and stated that the Division is requesting approval for the system by the Commission. He introduced representatives from WMS Gaming, Inc., who were available to answer any questions about the system. Present were Lisa DeJesus from Williams-Reno; Randy Brown, WAP compliance officer; and Richard Krumbein, local legal counsel for WMS Gaming. The Commission voted unanimously to approve the Powerball Progressive System.

Presentation of Division Supplemental Budget Request for FY 2006

Vickie Floyd, Acting Controller, presented the Commission with a Supplemental Budget Request for the Division for FY 2006, which resulted from passage of HB 06-1231, the JBC's adjustment to the Department of Revenue's 2006 budget appropriation. An adjustment in the Division's share of the Department of Revenue's Centralized Appropriation in the Executive Director's Office (the spending authority) has resulted in an overall reduction in the Division's budget in the amount of \$40,384. The Division's Supplemental Budget Request for the negative appropriation was approved unanimously by the Commission.

Presentation of Division Financial Statements for February 2006

Vickie Floyd presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the eight months ended February 28, 2006. The Commission voted unanimously to approve the report and authorize its distribution.

Organizational Matters

Minutes of the March 16, 2006 meeting were approved as presented.

Director Kammerzell echoed previous congratulations to Commissioner Hybl, who was recently inducted into the Colorado Sports Hall of Fame. He updated the commissioners on vacancies and relocations of Division personnel and discussed the ongoing renovations to the Division's office in Central City. The City of Central has requested that a chain link fence surrounding the parking area for that location be removed to make it more in line with the historic appearance of the property, and the Division is studying the situation. Finally, Director Kammerzell stated that discussions are continuing with the Department's Tax Audit & Compliance Office concerning a trial program wherein that Office will perform gaming revenue audits. It currently conducts sales and use tax audits on casino properties on a scheduled basis, and the trial program could potentially be a beneficial arrangement.

Adjournment

The meeting was adjourned at approximately 2:00 p.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session

May 30, 2006

Public Session – Call to Order

The May 30, 2006, meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman James Alderden at 9:03 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. The Chairman announced that Commissioner Meyer Saltzman was not present and that his absence had been excused.

Officials & Administrators in Attendance

James Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Patty Imhoff, Commissioner
William Hybl, Commissioner
M. Michael Cooke, Executive Director, Department of Revenue
Ron Kammerzell, Director, Division of Gaming
Brenda Davis, Director of Administration
Laura Manning, Chief of Investigations
Ceri Williams, Assistant Attorney General
Vickie Floyd, Controller
Don Burmania, Director of Communications
Georgine Zalesky, Chief Auditor
Ray Cherhoniak, Manager of Emerging Technologies
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Phil Dinan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

Executive Session

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming.

Public Session

The Public Session reconvened at 9:30 a.m.

Approval of Licensing Actions

The Commission voted unanimously to renew the Manufacturer/Distributor license of Western Money Systems, Inc.; to renew the Manufacturer/Distributor license and approve the Change of Ownership for PDS Gaming Corporation-Colorado; and to renew the Retail license and approve the Change of Ownership for Imperial Gaming Corporation d/b/a Imperial Hotel & Casino Corp. The license renewals shall expire one year from the date of their current expirations.

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.

Disciplinary Actions

Ceri Williams, Assistant Attorney General, presented proposed *Findings, Conclusions and Order* in Case No. SC 06-11, In the Matter of Anna Heide-Marie Tallon, Support License No. 24413. The licensee failed to respond to the Order to Show Cause issued by the Commission at its meeting on March 15, 2006, and to the Notice of Default issued by the Division on May 9, 2006. The Commission voted unanimously to issue the Findings, Conclusions and Order and to have the Chairman sign the Order revoking the Respondent's license.

Ms. Williams presented an *Order of Summary Suspension* in Case No. OSS 06-05, In the Matter of Slobodan Markovic, Support License No. 30842. The Commission voted unanimously to approve the Order and authorize the Chairman to sign it.

Ms. Williams presented three *Orders to Show Cause*: Case No. SC 06-14, In the Matter of Jesse Logan Alberts, Support License No. 30717; Case No. SC 06-17, In the Matter of Luis Manuel Olivarez, Support License No. 30862; and Case No. SC 06-18, In the Matter of Ernest T. Boudreaux, Support License No. 13701. The Commission voted unanimously to approve the Orders and authorize the Chairman to sign them.

Opening of Hearings for Proposed Amendments to Rule 1401, Gaming Tax

The Commission voted unanimously to open and continue the hearings on proposed amendments to Colorado Gaming Regulation 47.1-1401, Gaming Tax. Along with written reports, oral presentations were given on behalf of the three gaming towns, the counties in which they are located, an independent accounting firm, the Division of Gaming and the Colorado Gaming Association.

➤ City of Central

Buddy Schmalz, Mayor of the City of Central, stated that since the Central City Parkway opened, traffic volume has increased by approximately 60%, and Central City has seen a substantial revenue increase. He added that Central City maintains the control and safety of the Parkway and that City officers have a cooperative working relationship with the Colorado State Patrol. Revenues have paid for needed infrastructure improvements and provided grants for residential, commercial and not-for-profit entities to repair and restore historic structures. Mayor Schmalz stated that it makes economic sense for Central City and for the industry that the gaming taxes remain at the same levels for FY 2007.

➤ City of Black Hawk

Richard Lessner, City Manager, stated that the City of Black Hawk spends the greatest percentage of its revenue on infrastructure improvements, increasingly focusing on the water situation. He said the bus system currently serves both Black Hawk and Central City, and it has been a successful venture. Mr. Lessner stated that the City of Black Hawk supports leaving the tax structure as it is for FY 2007.

- *City of Cripple Creek*

Kyle Fenner, Economic Development Director for the City of Cripple Creek, spoke about efforts to diversify the City's revenue sources to include industries other than gaming. The future will include a focus on heritage tourism. The Pikes Peak Heritage Center is opening in September, and the City plans to add re-creations of the area's historic events to encourage tourists to visit Cripple Creek. An effort to attract more permanent residents includes investment in infrastructure and improved services. A DOLA grant has made it possible to pursue construction of a medical building which will house a full-time doctor, pharmacy, physical/occupational therapies and part-time eye and dental care. The City of Cripple Creek feels that the economy is stable, and it recommends that the tax structure remain the same.
- *Gilpin County*

Roger Baker, County Manager, speaking on behalf of Gilpin County, stated that by any measure, Gilpin County government has grown substantially since the beginning of gaming. The County is in the fortunate position of being able to provide a greatly improved quality of life and service to its citizens because of gaming revenue. County officials do have concerns about the trend to earmark portions of the gaming tax revenues that would otherwise go to the state's general fund toward specific programs. Gilpin County recommends that the tax rates remain the same.
- *Teller County*

County Commissioners Robert W. Campbell and William G. Buckhanan delivered the presentation for Teller County and said that many impacts outweigh the gaming revenues. Costs to social service agencies are difficult to track, they stated, but increases for law enforcement and the district attorney's office due to gaming are clear. Calls for service and County prisoner counts continue to sustain increases above 500% as compared to pre-gaming statistics. Teller County recommends leaving the tax rates the same as they currently are.
- *Anton Collins Mitchell LLP*

Stacey E. Hekkert and Tom Hughes, CPAs with Anton Collins Mitchell LLP, an independent accounting firm, presented their analysis of statistical information provided to them by the casinos. AGP growth in all areas was slightly slower during the last calendar year, and there was some movement between tiers. They mentioned that the 13 smallest casinos, the total in Tiers 1 and 2, continue to struggle, while the 13 largest casinos, which make up Tier 6, contribute 93% of the total tax revenue from all of the tiers. A significant amount of money, \$185 million, is spent for marketing, \$151 million of the amount coming from the Tier 6 casinos.
- *Division of Gaming*

Janet Ford, Central Systems Controller in the Revenue Accounting Section of the Department of Revenue, presented the FY 2007 revenue projections for the Division. She stated that estimated tax revenues for FY 2006 are just under \$106 million, with projections for FY 2007 reaching over \$109 million, an increase of approximately 3.33%. Estimated AGP for FY 2006 is just over \$763 million, and projections for FY 2007 reach nearly \$790 million, an approximate increase of 3.47%.

➤ Colorado Gaming Association

Mark Grueskin, legal counsel for the Colorado Gaming Association, accompanied by Jim Oberkirsch of The Innovation Group, presented an analysis comparing Colorado's gaming tax structure to that of several other states. They stated that Colorado's regulatory scheme is unique in the country, its tax environment is stable, and its tax rate is reasonable.

Reinvestment by the industry has been substantial – roughly \$600 million over the last six years or approximately 2/3 of industry operating profit. Among the benefits resulting from the reinvestment are more hotel rooms, entertainment and parking, along with the long-term viability of the market. They stated that Colorado's current gaming tax rates promote industry diversification, and they recommended keeping the rates the same.

Executive Session

Following the testimony concerning tax rates, the Commission went into Executive Session to review and discuss confidential tax information from individual casinos.

Public Session

- Mark A. Rodman, Executive Director of Colorado Preservation, Inc., requested an opportunity to speak on behalf of that organization, which is a recipient of grants for historical preservation from the State Historical Fund. He provided an overview of the broad range of activities and entities the organization supports and announced that Colorado Mountain College will be offering an AA degree in Historical Preservation. Students will have the opportunity for hands-on experience at Hayden Ranch in Lake County, where Colorado Preservation, Inc., has 36.5 acres that include 16 historic buildings.

Close of Tax Hearings and Determination of Tax Rates for FY 2007

The Commission voted unanimously to close the tax hearings. Each commissioner was given an opportunity to share his/her thoughts about the tax rates. They voted unanimously to retain the current tax structure for FY 2007.

Supplemental Budget Request for Legal Services – FY 2006

Janet Ford requested that the Commission reverse the decision it made at the April 20, 2006, meeting concerning a reduction of Indirect Costs paid to the Department of Revenue for Legal Services in the amount of (\$5,046). Budget discussions since that decision showed that the reduction should not have occurred. The Commission voted unanimously to reverse the decision.

Presentation of Division Financial Statements for March 2006

Vickie Floyd presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the nine months ended March 31, 2006. The Commission voted unanimously to approve the report and authorize its distribution.

Organizational Matters

Minutes of the April 20, 2006, meeting were approved as presented.

Director Kammerzell updated the Commission concerning office space for the Cripple Creek office and structural roof repairs necessary for the Central City office. He explained that some staff locations would be changing under the Division's reorganization plan, and he described

events that occurred during Employee Appreciation Week at all three offices. Finally, he thanked the industry and local government officials for the thoughtful presentations they had prepared for the tax hearings.

Adjournment

The meeting was adjourned at approximately 12:54 p.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session

June 15, 2006

Public Session – Call to Order

The June 15, 2006, meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman James Alderden at 9:02 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. The Chairman announced that Commissioners Meyer Saltzman and William Hybl were not present and that their absences had been excused.

Officials & Administrators in Attendance

James Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Patty Imhoff, Commissioner
David Dechant, Senior Director of Enforcement
Ron Kammerzell, Director, Division of Gaming
Laura Manning, Chief of Investigations
Ceri Williams, Assistant Attorney General
Vickie Floyd, Controller
Ray Cherhoniak, Manager of Emerging Technologies
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Phil Dinan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

Executive Session

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming and from the Colorado Bureau of Investigation.

Public Session

The Public Session reconvened at 9:32 a.m.

Approval of Licensing Actions

The Commission voted unanimously to renew the Retail licenses of Casino Holdings, Inc. d/b/a Brass Ass Casino; Holland Ventures, Inc. d/b/a J.P. McGill's Hotel & Casino; Midnight Rose Hotel & Casino, Inc. d/b/a Midnight Rose Hotel & Casino; Gold Creek Ventures, LLC d/b/a Gold Creek Casino; Double Eagle Resorts, Inc. d/b/a Double Eagle Hotel & Casino; Colorado Grande Enterprises, Inc. d/b/a Colorado Grande Casino; Creeker's, Inc. d/b/a Creeker's Casino; WMCK Acquisition Corp. d/b/a Womacks Casino; Century Casinos Cripple Creek, Inc. d/b/a Legends Casino; and Richman Properties, LLC d/b/a Richman Casino; to renew the Operator license of Colorado Casino Resorts, Inc.; to approve the Change of Ownership – Retail for Centaur Colorado, LLC d/b/a Fortune Valley Hotel and Casino; to approve the Change of Ownership – Operator for Centaur Colorado, LLC d/b/a Fortune Valley Hotel and Casino; and to approve the Change of Ownership – Manufacturer/Distributor for PDS Gaming Corporation-Colorado. The license renewals shall expire one year from the date of their current expirations.

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. Caryl Dobbert, Compliance Officer for both Womacks and Legends Casinos, thanked the Commission for its approval of their Retail license renewals. She also expressed her appreciation for the professional manner in which the licensing investigations are conducted by Division personnel.

Disciplinary Actions

Ceri Williams, Assistant Attorney General, presented proposed *Findings, Conclusions and Orders* in Cases No. SC 06-13, In the Matter of Pamela A. Kidwell, Support License No. 30484, and No. SC 06-16, In the Matter of Albert Smale, Support License No. 22663. Neither of the licensees responded to the Orders to Show Cause issued by the Commission at its meeting on April 20, 2006, nor to the Notices of Default issued by the Division on May 23, 2006. The Commission voted unanimously to issue the Findings, Conclusions and Orders and to have the Chairman sign the Orders revoking the Respondents' licenses.

Ms. Williams presented two *Orders to Show Cause*: Case No. SC 06-19, In the Matter of Alex Hughes Kendall, Support License No. 30841, and Case No. SC 06-20, In the Matter of Jennifer L. Falardeau, Support License No. 31105. The Commission voted unanimously to approve the Orders and authorize the Chairman to sign them.

Consideration of Gaming Regulations 47.1-303 and 47.1-305

The Commission voted unanimously to open the hearings on proposed amendments to Colorado Gaming Regulations, Rule 3 – 47.1-303 and 47.1-305, *Applications, Investigations and Licensure*.

47.1-303 License and Application Fees Mark Distel, Licensing & Training Manager, stated that the Division of Gaming recommends the current license fees for new and renewal support and key licenses be retained for FY 2007.

A general discussion concerning licensing fees took place between the commissioners and directors. One issue centered on whether a correlation exists between lower licensing fees and a higher number of applications not meeting licensure requirements. Director Kammerzell agreed to compile data to make a determination.

47.1-305 Background Investigation Hourly Rate Mr. Distel reviewed the Commission's fee policy passed on May 15, 1995, which states:

The cost incurred to deliver the service associated with conducting background investigations shall not be less than the total amount of the direct cost and shall not exceed the total amount of the direct costs plus indirect costs.

In order to comply with the fee policy, the Division recommended that the current hourly rate of \$59.00 be raised to \$63.00. The increase is primarily attributed to salary increases for the upcoming year. The hourly rate for FY 2006 was set at \$59.00 because of a high turnover rate in the background investigations unit and a lower percentage of Division time devoted to licensing during the previous fiscal year. Members of the public were given an opportunity to address the Commission on proposed amendments to Rule 3, but no one came forward.

The Commission voted unanimously to change the hourly investigation fee to \$63.00 and amend Colorado Gaming Regulation 47.1-305 to reflect the \$63.00 per hour rate in place of the current \$59.00 per hour rate.

The Commission voted unanimously to adopt the findings contained in and authorize the Chair to sign the Resolution Concerning Emergency Amendments to Colorado Gaming Regulation 47.1-305.

Consideration of Colorado Gaming Regulation 47.1-1017.34

The Commission voted unanimously to open hearings on Colorado Gaming Regulation, Rule 10 – Boston 5 Stud Poker. Ray Cherhoniak, Manager of Emerging Technologies, presented the proposed rule change to the Commission and explained that it had been submitted by the game's owner, John Feola, through the Division's Table Games Committee. The change will modify the betting strategy so as to allow the game to be more profitable in Colorado. The Division recommended that the regulation be changed as the game owner requested. Members of the public were given an opportunity to address the Commission on the proposed rule change, but no one came forward.

The Commission voted unanimously to approve the rule change as presented.

Division Financial Requests

Vickie Floyd, Controller, presented the Utility Appropriation Transfer Request for FY 2006. She explained that a transfer from operating appropriation code R03 in the amount of \$6,000 to utility appropriation code R15 is necessary, and the Commission voted unanimously to approve the transfer.

Ms. Floyd presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the ten months ended April 30, 2006. The Commission voted unanimously to approve the report and authorize its distribution.

Organizational Matters

Minutes of the May 30, 2006, meeting were approved as presented.

Director Kammerzell updated the Commission concerning staff vacancies. He indicated that several Audit Section vacancies would be filled soon. He explained that the Division has been examining audit programs and the allocation of resources and will be reassigning staff to system audits to improve efficiencies in this area.

Commissioner Alderden presented a certificate of appreciation from the Commission to Agent in Charge Phil Dinan, who is retiring from the Division on June 30.

Adjournment

The meeting was adjourned at 10:19 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session
July 20, 2006

PUBLIC SESSION

I. Call to Order

The July 20, 2006, meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman James Alderden at 9:02 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. All of the commissioners were present.

Officials & Administrators in Attendance

James Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Patty Imhoff, Commissioner
William Hybl, Commissioner
Meyer Saltzman, Commissioner
David Dechant, Senior Director of Enforcement
Ron Kammerzell, Director, Division of Gaming
Brenda Davis, Director of Administration
Laura Manning, Chief of Investigations
Ceri Williams, Assistant Attorney General
Don Burmania, Director of Communications
Georgine Zalesky, Chief Auditor
Vickie Floyd, Controller
Ray Cherhoniak, Manager of Emerging Technologies
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Lad Sullivan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

EXECUTIVE SESSION

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming and the Colorado Bureau of Investigation and to discuss financial audit information with the State Auditor's Office.

PUBLIC SESSION

The Public Session reconvened at 9:49 a.m.

II. Election of Commission Officers

Assistant Attorney General Ceri Williams presided over the election of chairman and vice chairman for the Colorado Limited Gaming Control Commission. The officers will serve through FY 2007 (ending in June 2007). Commissioner Jim Alderden was elected to serve as chairman, and Commissioner Florence Hunt was elected to serve as vice chairman. Both votes were unanimous.

III. Approval of Licensing Actions

The Commission voted unanimously to renew the Manufacturer/Distributor licenses of Aristocrat Technologies, Inc.; Bally Gaming, Inc. d/b/a Bally Gaming and Systems; IGT; and Royal Bell, Ltd. d/b/a Mills Bell-O-Matic Sales Company; and to renew the Operator licenses of Aristocrat Technologies, Inc.; Bally Gaming, Inc. d/b/a Bally Gaming and Systems; and IGT. The license renewals shall expire one year from the date of their current expirations.

IV. 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. Karin Dittrick-Nathan, president of the Problem Gambling Coalition of Colorado, requested time to present awards to acknowledge the support given to PGCC by industry and community entities. An award was given to Director Kammerzell for the Division of Gaming's contribution to PGCC. The Division and the Colorado Lottery share the cost of an 800 telephone line, which Ms. Dittrick-Nathan described as "a lifeline for problem gamblers."

Other award recipients and the individuals accepting them were: Ameristar Casino Black Hawk, Justin Volk; Isle of Capri Casinos, Inc., Gina Fuerst; Golden Mardi Gras, Inc., Tonie Kerekes; Riviera Casino Black Hawk, Brian Brammer; and the Colorado Gaming Association, Lois Rice.

Lori Peterson, an individual whose gaming license had been revoked, came forward and asked to address the Commission about her situation. In her position as counsel to the Division, Ceri Williams instructed the commissioners that they should not permit Ms. Peterson to discuss her case before them. If Ms. Peterson were to request a hearing in the future, one or more of the panel would be involved as hearing officers, and it would prejudice the case to hear Ms. Peterson at this time. Ms. Peterson was advised that she should follow normal procedures and reapply for a license. She did not present her case to the commissioners.

Chief Auditor Georgine Zalesky introduced Dawn Culhane to the commissioners. Ms. Culhane was recently hired as a compliance and revenue auditor, and she will be assigned to the Central City office.

V. Disciplinary Actions

Ceri Williams presented proposed *Findings, Conclusions and Orders* in Case No. SC 06-14, In the Matter of Jesse Logan Alberts, Support License No. 30717; Case No. SC 06-17, In the Matter of Luis Manuel Olivarez, Support License No. 30862; and Case No. SC 06-18, In the Matter of Ernest T. Boudreaux, Support License No. 13701. None of the licensees responded to the Orders to Show Cause issued by the Commission at its meeting on May 30, 2006, nor to the Notices of

Default issued by the Division on July 6, 2006. The Commission voted unanimously to issue the Findings, Conclusions and Orders and to have the Chairman sign the Orders revoking the Respondents' licenses.

Ms. Williams presented six *Orders to Show Cause*: Case No. SC 06-22, In the Matter of Robert Fox; Case No. SC 06-23, In the Matter of Emily Mary Decaro; Case No. SC 06-24, In the Matter of Bryan J. Devonshire; Case No. 06-25, In the Matter of Brenda A. Abeyta; Case No. 06-26, In the Matter of Richard Lee Yancy; and Case No. SC 06-27, In the Matter of Daniel Thomas Sarmiento. The Commission voted unanimously to approve the Orders and authorize the Chairman to sign them.

VI. Consideration of Amendments to Rules 1, 12 and 16

The Chairman announced that hearings for amendments to Rules 1, 12, and 16, which were noticed for the meeting, have been continued to the August 17, 2006, meeting.

VII. Consideration of Division Financial Documents

Vickie Floyd, Controller, presented the Legal Services Appropriation Transfer Request for FY 2007, which requested an increase of \$128,879 to the Indirect appropriation code R10 and a decrease of the same amount to the Legal Services appropriation code R04. Ms. Floyd also presented the Pierce Building Over Expenditure for FY 2006 and FY 2007 Impact and requested Commission approval to over expend the FY 2006 appropriation by \$1,140 and to decrease the FY 2007 appropriation by the same amount. The Commission voted unanimously to approve both actions.

Ms. Floyd presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the eleven months ended May 31, 2006. The Commission voted unanimously to approve the report and authorize its distribution.

Ms. Floyd introduced a new Accounting employee, Marina Krasny, to the Commission.

Commissioner Saltzman asked if revenues at this point were on target for FY 2006 as compared to those in FY 2005. Ms. Floyd said that the final amount for the FY 2006 distribution is not yet known, but she estimated that it will be approximately \$100 million. The amount distributed in FY 2005 was \$92 million.

VIII. Update on License and Application Fee Analysis

Don Burmania, Communications Director, presented an analysis of license and application fees for a follow-up discussion from the previous meeting. A question had been raised concerning whether a correlation might exist between the amounts charged for license and application fees and the number of problem applicants. Mr. Burmania said the analysis does not support the assumption that the two areas are connected.

There was discussion about how indirect costs are determined and allocated. The Commission asked for a more complete analysis of the indirect costs.

IX. Organizational Matters

Minutes of the June 15, 2006, meeting were approved as presented.

Director Kammerzell introduced Lad Sullivan, who has been appointed Agent in Charge at the Central City office.

He reported about a visit he and Don Burmania had recently made to the Southern Ute gaming area and announced that the tribe will be completing a new 300,000 sq. ft. project near Ignacio in 2008. It will include hotel facilities, a convention center, a Native American museum and a casino.

He mentioned that the first of several training sessions will follow the August Commission meeting. Commissioners will receive instruction for table games provided by Division personnel.

A site for the Cripple Creek office will be selected soon. The lease at its current location expires in 2007. The Commission will be asked to approve the lease agreement for the new site.

He stated that because the General Assembly has recently placed some additional distributions of Gaming revenues in the statutes, he expects there may be more scrutiny paid to how the Division spends its money. More groups may look at Gaming revenue as a potential funding source in the future.

Senior Director Dechant announced that the Department is studying the bills that were passed during the legislature's recent special session to determine whether any part of the Division's licensing process will need to be changed to be in compliance.

The meeting was adjourned at 10:54 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session
August 17, 2006

PUBLIC SESSION

I. Call to Order

The August 17, 2006, meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman James Alderden at 9:02 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. All of the members of the Commission were present.

Officials & Administrators in Attendance

James Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Patty Imhoff, Commissioner
William Hybl, Commissioner
Meyer Saltzman, Commissioner
Michael Cooke, Executive Director, Department of Revenue
David Dechant, Senior Director, Enforcement Unit
Ron Kammerzell, Director, Division of Gaming
Brenda Davis, Director of Administration
Laura Manning, Chief of Investigations
Ceri Williams, Assistant Attorney General
Don Burmania, Director of Communications
Georgine Zalesky, Chief Auditor
Vickie Floyd, Controller
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Lad Sullivan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

EXECUTIVE SESSION

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming and the Colorado Bureau of Investigation.

PUBLIC SESSION

The Public Session reconvened at 9:37 a.m.

Chairman Alderden announced that due to continuing scheduling conflicts, Commissioner Hybl has submitted to the Governor a letter of resignation from the Gaming Commission effective September 1, 2006. Commissioner Hybl stated that it has been an honor to serve on the

Commission, and he regrets having to leave. He thanked the other commissioners, the directors and the staff for their support during his term.

II. Approval of Licensing Actions

The Commission voted unanimously to renew the Operator and Manufacturer/Distributor licenses of Rocky Mountain Gaming Equipment, Inc. d/b/a Mountain Gaming Distributors and the Retail license of the Gold Vein Limited Liability Co. d/b/a Black Diamond Casino and to approve the Change of Ownership of the Operator license for Legends Gaming, LLC. The license renewals shall expire one year from the date of their current expirations.

III. 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. Amy McHale and Bruce Lowder introduced themselves as the new general manager and assistant general manager of Bullwhackers Casino in Black Hawk.

IV. Disciplinary Actions

Ceri Williams presented two *Stipulation and Agreements*: Case No. SA 06-01, In the Matter of Double Eagle Resorts, Inc. DBA Double Eagle Hotel & Casino, Retailer Licensee No. 14-42414-0001, and Case No. SA 06-02, In the Matter of Riviera Black Hawk, Inc. DBA Riviera Black Hawk Casino, Retailer Licensee No. 14-32678-0001. Both of the cases involved the use of revoked software to operate slot machines. The casinos agreed to pay fines of \$4,500 and \$3,000, respectively. The Commission voted unanimously to approve the terms of the *Stipulation and Agreements*.

Ms. Williams presented proposed *Findings, Conclusions and Orders* in Case No. SC 06-19, In the Matter of Alex Hughes Kendall, Licensee No. 30841, and in Case No. SC 06-20, In the Matter of Jennifer L. Falardeau, Licensee No. 31105. Neither of the licensees responded to the Orders to Show Cause issued by the Commission at its meeting on June 15, 2006, nor to the Notices of Default issued by the Division on July 21, 2006. The Commission voted unanimously to issue the *Findings, Conclusions and Orders* and to have the Chairman sign the Orders revoking the Respondents' licenses.

Ms. Williams presented six *Orders to Show Cause*: Case No. SC 06-28, In the Matter of Matthew J. Doyle, Support License No. 30947; Case No. SC 06-29, In the Matter of Tristan Whatley, Support License No. 28333; Case No. 06-30, In the Matter of John Finley, Support License No. 28500; Case No. SC 06-31, In the Matter of Donna S. Griffin, Support License No. 30785; Case No. SC 06-33, In the Matter of Pamela S. Mistach, Support License No. 31074; and Case No. SC 06-36, In the Matter of Ronald Anthony Lewis, Support License No. 01704. The Commission voted unanimously to approve the Orders and authorize the Chairman to sign them.

V. Consideration of Division Financial Statement

Vickie Floyd, Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the twelve months ended June 30, 2006.

The Commission voted unanimously to approve the financial statement and to authorize its distribution. Commissioner Saltzman complimented the Division for controlling expenses and for completing FY 2006 under budget.

VI. Certification of Fiscal Year 2006 Distribution

Vickie Floyd presented a slide show detailing the distribution of Gaming revenues for FY 2006. Charts showed five-year comparisons for the Gaming cities and counties, the Colorado Historical Society, the Local Government Limited Gaming Impact Distribution, the Colorado Travel & Tourism Promotion Fund and the General Fund. The total funds available for distribution for FY 2006 were \$100.15 million, an 8% increase over the distribution for FY 2005.

Roger Baker, Gilpin County Manager, was in attendance, and Chairman Alderden presented him the County's distribution check of \$9.6 million.

VII. Organizational Matters

Minutes of the July 20, 2006, meeting were approved as presented.

Director Kammerzell spoke briefly about HB 06S-1023, which was passed by the legislature during its recent special session and became effective August 1. He recognized the staff for conducting a seamless transition to the new licensing procedures necessary for the Division to be in full compliance with the legislation.

He mentioned that the TITO (Ticket In Ticket Out) systems that have required a large amount of the Auditing Section's time have also presented challenges for investigators in the field offices. Patrons leave slot machines with credits on the machines and others go cash out the credits. The Division is putting together brochures to educate the public.

The Division has submitted a letter of intent for a property that could serve as the Cripple Creek office. The division is waiting for a response from the property owner.

Director Kammerzell stated that he expects the system audit backlog and the system and TITO audits to be completed by the end of August. A new methodology for revenue audits is being developed.

He announced that Flavio Quintana, Agent in Charge at the Lakewood office, was recently named Employee of the Month for the Department of Revenue. He also announced that the Licensing Section has a new member, Summer Jackson, who is serving as the receptionist at the front desk.

Executive Director Cooke pointed out the Formal Opinion of Attorney General John W Suthers that was included in the Commission packets. She reviewed the circumstances which prompted the Governor to request the Opinion concerning whether the Department of Revenue or the Gaming Commission has the authority over the budget and personnel in the Division of Gaming. The Attorney General's Opinion stated that the Department controls both. The Commission must approve the budget, but "preparation of and final authority for that budget rests with (the) Department acting on the Governor's behalf." Ms. Cooke stated that the Department and Division have been operating with that belief, and they will continue to do so.

The meeting was adjourned at 10:20 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session
September 28, 2006

PUBLIC SESSION

I. Call to Order

The September 28, 2006, meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman Jim Alderden at 9:00 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. There were four commissioners present. The fifth seat is currently vacant.

Officials & Administrators in Attendance

Jim Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Patty Imhoff, Commissioner
Meyer Saltzman, Commissioner
David Dechant, Senior Director, Enforcement Unit
Ron Kammerzell, Director, Division of Gaming
Laura Manning, Chief of Investigations
Ceri Williams, Assistant Attorney General
Don Burmania, Director of Communications
Vickie Floyd, Controller
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Lad Sullivan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

EXECUTIVE SESSION

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming and the Colorado Bureau of Investigation.

PUBLIC SESSION

The Public Session reconvened at 9:16 a.m.

II. Approval of Licensing Actions

The Commission voted unanimously to renew the Retail licenses of Casinos U.S.A., Inc. d/b/a Bull Durham Saloon & Casino; Doc Holliday Casino, LLC; Dostal Alley, Inc. d/b/a Dostal Alley; CCSC/Blackhawk, Inc. d/b/a Colorado Central Station Casino, Inc.; Isle of Capri Black Hawk, LLC d/b/a Isle of Capri Casino; and Barden Colorado Gaming, LLC d/b/a Fitzgeralds

Casino; to renew the Operator licenses of CCSC/Blackhawk, Inc. d/b/a Colorado Central Station Casino, Inc., and Barden Colorado Gaming, LLC d/b/a Fitzgeralds Casino; to renew the Manufacturer/Distributor license of IOC-Black Hawk Distribution Company, LLC; and to approve the Change of Ownership of the Retail and Operator licenses of Barden Colorado Gaming, LLC d/b/a Fitzgeralds Casino.

The license renewals shall expire one year from the date of their current expirations. Further, the Bull Durham retailer license shall be conditioned upon the following: Global Casinos, Inc., shall not interfere with nor attempt to influence the operations of Casinos U.S.A., Inc., d/b/a Bull Durham Saloon & Casino.

III. 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. Chris McKenney, General Manager of Fitzgeralds Casino, thanked the Commission for renewing the licenses and for approving the change of ownership for Fitzgeralds.

IV. Disciplinary Actions

Ceri Williams presented five *Stipulation and Agreements*: Case No. SA 06-03, In the Matter of DEC, Inc. d/b/a The Eureka! Ltd., Retailer Licensee No. 15-06048-0001; Case No. SA 06-04, In the Matter of Isle of Capri Black Hawk LLC, d/b/a Isle of Capri Casino, Retailer Licensee No. 14-32448-0001 (\$1,200 fine); Case No. SA 06-05, In the Matter of CCSC/Blackhawk, Inc., d/b/a Colorado Central Station Casino, Inc., Retailer Licensee No. 14-45827-0001 (\$15,000 fine); Case No. 06-06, In the Matter of Century Casinos Management, Inc., Operator Licensee No. 14-52389-0001 (\$62,500 fine); and Case No. 06-07, In the Matter of CC Tollgate, LLC, d/b/a Century Casino, Retailer Licensee No. 14-52390-0001 (\$25,000 fine). The Commission voted unanimously to approve the terms of the *Stipulation and Agreements*.

Ms. Williams presented proposed *Findings, Conclusions and Orders* in Case No. SC 06-22, In the Matter of Robert Fox, Support License No. 31008; Case No. SC 06-23, In the Matter of Emily Mary Decaro, Support License No. 14590; Case No. SC 06-24, In the Matter of Bryan J. Devonshire, Support License No. 28201; and Case No. SC 06-26, In the Matter of Richard Lee Yancy, Support License No. 29830. The Commission voted unanimously to issue the *Findings, Conclusions and Orders* and to have the Chairman sign the Orders revoking the Respondents' licenses.

Ms. Williams presented three *Orders to Show Cause*: Case No. SC 06-34, In the Matter of Joseph Nsenge, Support License No. 31047; Case No. SC 06-37, In the Matter of William Dailen Martin, Support License No. 31106; and Case No. SC 06-40, In the Matter of Bruce Hockenberry, Support License No. 31430. The Commission voted unanimously to approve the Orders and authorize the Chairman to sign them.

Ms. Williams presented one *Order of Summary Suspension*, Case No. OSS 06-07, In the Matter of Johnna Martina Handboy, Support License No. 30966. The Commission voted unanimously to approve the Order and authorize the Chairman to sign it.

The Commission determined the process it will follow to consider an appeal to the Initial Decision in Case No. SC 06-09, In the Matter of Brian Michael Mayer, Support License No. 24393. Chairman Alderden recused himself from the discussion of the appeal and will remain recused in any further matters related to the issue. The remaining commissioners determined and ordered a Briefing Schedule in which the Respondent will file a written brief, not to exceed five (5) written pages, of why he seeks to appeal the Initial Decision. He is to file his brief on or before October 9, 2006. The Division of Gaming may file a written response, not to exceed five (5) pages, by October 12, 2006. The matter will be scheduled for consideration by the Commission on October 19, 2006, at its regularly scheduled meeting. No additional evidence or oral argument may be presented or considered.

V. Consideration of Rulemaking

Don Burmania, Communications Director, presented amendments for Gaming Rule 1 – General Rules and Regulations (47.1-106 Definitions); Rule 8 – Rules of Blackjack (47.1-809 Wagering rules); Rule 10 – Rules for Poker (47.1-1017.14 Let It Ride and Let It Ride Bonus, 47.1-1017.24 Three Card Poker and 47.1-1017.40 Champion Poker); and Rule 16 – Accounting Regulations (47.1-1602 Accounting and financial records, 47.1-1603 Adjusted gross proceeds computations, 47.1-1607 Records retention – noncompliance, 47.1-1608 Commission examination procedures, 47.1-1613 Promotional items, 47.1-1614 Free play coupons and 47.1-1615 Match play coupons). Members of the public were given an opportunity to testify on the proposed amendments, but no one came forward. The Commission voted unanimously to amend each of the Gaming Rules, as presented.

VI. Division Financial Statement

Vickie Floyd, Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the first month ended July 31, 2006. The Commission voted unanimously to approve the financial statement and to authorize its distribution.

VII. Organizational Matters

Minutes of the August 17, 2006, meeting were approved as presented.

Director Kammerzell informed the Commission that he and other executive staff members will make a trip to southwestern Colorado in the first week of October to meet with leaders of the Ute Mountain Ute and Southern Ute Tribes in compliance with their compacts. He said the meetings are beneficial to the Division, as well as to the tribal gaming officials.

The Director announced that the Audit Section has completely eliminated the backlog of system audits. The team effort included help from investigators in Central City/Black Hawk and Cripple Creek who assisted with compliance checks while the auditors completed the backlog of audits. He stated that the Audit Section is being reorganized and that some of the Lakewood office space has been restructured to accommodate reassignment of some Audit staff to Lakewood. A new employee, Shannon Voth, has been hired for the vacant tax examiner position.

He said that the Division is planning to schedule a disciplinary hearing to take place before the entire Commission at the November meeting. He stated that training programs for the commissioners will begin in January 2007.

The meeting was adjourned at 10:12 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session
October 19, 2006

PUBLIC SESSION

I. Call to Order

The October 19, 2006, meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman Jim Alderden at 9:03 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. He noted that all four commissioners were present. The fifth seat is currently vacant.

Officials & Administrators in Attendance

Jim Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Patty Imhoff, Commissioner
Meyer Saltzman, Commissioner
David Dechant, Senior Director, Enforcement Unit
Ron Kammerzell, Director, Division of Gaming
Brenda Davis, Director of Administration
Laura Manning, Chief of Investigations
Ceri Williams, Assistant Attorney General
Don Burmania, Director of Communications
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Lad Sullivan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

EXECUTIVE SESSION

The Commission voted unanimously to go into Executive Session to review confidential reports from the Division of Gaming and the Colorado Bureau of Investigation.

PUBLIC SESSION

The Public Session reconvened at 9:45 a.m.

II. Consideration of Petition to Commence Rulemaking

Pursuant to the provisions of § 24-4-103(7), C.R.S., which permits any person to petition a regulatory agency to commence a rulemaking proceeding, Penn Bullwhackers, Inc. (d/b/a Bullwhackers Casino), as a retail licensee, submitted a petition to the Commission to begin the rulemaking process to address rules relating to ATM functionality on a ticket redemption kiosk. Mark Grueskin, attorney for Penn Bullwhackers, Inc., and Bruce Lowder, assistant general manager of Bullwhackers Casino in Black Hawk, presented the petition to the Commission. Ceri

Williams, Assistant Attorney General for the Division of Gaming, presented the Division's Response to the Petition to Commence Rulemaking.

The Commission accepted the petition and asked that the Division arrange for the rulemaking to take place expeditiously.

III. Approval of Licensing Actions

The Commission voted unanimously to renew the Retail licenses of DEC, Inc. d/b/a The Eureka! Ltd.; G. F. Gaming Corporation d/b/a The Famous Bonanza Casino Corp.; G. F. Gaming Corporation d/b/a Easy Street Casino; and Riviera Black Hawk, Inc. d/b/a Riviera Black Hawk Casino; and to renew the Manufacturer/Distributor license of NRT Technology Corporation. The license renewals shall expire one year from the date of their current expirations.

IV. 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.

V. Disciplinary Actions

Ceri Williams presented proposed *Findings, Conclusions and Orders* in Case No. SC 06-28, In the Matter of Matthew J. Doyle, Support License No. 30947; Case No. SC 06-29, In the Matter of Tristan Whatley, Support License No. 28333; Case No. SC 06-30, In the Matter of John Finley, Support License No. 28500; Case No. SC 06-31, In the Matter of Donna S. Griffin, Support License No. 30785; Case No. SC 06-33, In the Matter of Pamela S. Mistach, Support License No. 31074; and Case No. SC 06-36, In the Matter of Ronald Anthony Lewis, Support License No. 01704. The Commission voted unanimously to issue the *Findings, Conclusions and Orders* and to have the Chairman sign the Orders revoking the Respondents' licenses.

Ms. Williams presented two *Orders to Show Cause*: Case No. SC 06-38, In the Matter of Inez Marie Sanchez, Support License No. 24271, and Case No. SC 06-42, In the Matter of Trung D. Tran, Support License No. 31419. The Commission voted unanimously to approve the Orders and authorize the Chairman to sign them.

VI. Division Financial Statement

Marina Krasny, Accountant, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the two (2) months ended August 31, 2006. The Commission voted unanimously to approve the financial statement and to authorize its distribution.

VII. Organizational Matters

Minutes of the September 28, 2006, meeting were approved as presented.

Director Kammerzell updated the Commission about the trip to southwestern Colorado that he and other executive staff members made in the first week of October. They met with leaders of

the Ute Mountain Ute and Southern Ute Tribes in compliance with their compacts. He said the meetings went well, and there were no issues or concerns brought forward. Both tribes are interested in new technology, and the Division may coordinate some training for them.

The Director announced that the Emerging Technologies Section continues to find violations in the use of unapproved software in some casinos and will be bringing additional disciplinary actions related to the issue to the Commission. He said that the TITO audit process has been made more efficient and that the Division has begun conducting revenue audits again.

VIII. Consideration of Initial Decision in Case No. SC 06-09

Because he was the hearing officer who issued the Initial Decision in Case No. SC 06-09, in the Matter of Brian Michael Mayer, Support License No. 24393, Chairman Alderden recused himself from this agenda item and turned the Chair over to Vice Chairman Florence Hunt. The Commission voted unanimously to go into an executive session to confer with its counsel, to receive legal advice and to consider the Exceptions to the Initial Decision in the pending disciplinary action.

EXECUTIVE SESSION

The Commission entered into executive session at 10:16 a.m.

Based upon the recommendation of Assistant Attorney General Linda S. Comer, Counsel for the Commission, pursuant to C.R.S. § 24-6-402(d.5)(I)(B), no record was kept of the discussion of agenda item VIII in executive session because the discussion constituted a privileged attorney-client communication.

The discussion in executive session on agenda item VIII that was not recorded was confined to the topics authorized for discussion in an executive session under C.R.S. § 24-6-402(3)(a)(II).

Linda S. Comer, Assistant Attorney General

Florence Hunt, Vice Chairman, Colorado
Limited Gaming Control Commission

PUBLIC SESSION

The public session reconvened at 10:39 a.m.

The Commission voted unanimously to accept the Initial Decision in the matter of Brian Michael Mayer. Ms. Comer was instructed to prepare the Final Agency Order.

Vice Chairman Hunt adjourned the meeting at 10:40 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session

November 16, 2006

PUBLIC SESSION

I. Call to Order

The November 16, 2006, meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman Jim Alderden at 9:00 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. Four commissioners were present. The fifth seat is currently vacant.

Officials & Administrators in Attendance

Jim Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Patty Imhoff, Commissioner
Meyer Saltzman, Commissioner
David Dechant, Senior Director, Enforcement Unit
Ron Kammerzell, Director, Division of Gaming
Brenda Davis, Director of Administration
Ceri Williams, Assistant Attorney General
Georgine Zalesky, Chief Auditor
Vickie Floyd, Controller
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Lad Sullivan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

EXECUTIVE SESSION

The Commission voted unanimously to go into Executive Session to review confidential auditing procedures and reports from the Division of Gaming and the Colorado Bureau of Investigation.

PUBLIC SESSION

The Public Session reconvened at 10:06 a.m.

II. Approval of Licensing Actions

The Commission voted unanimously to renew the Retail licenses of Red Dolly, Inc. d/b/a Red Dolly Casino, Inc.; Horseshoe Casino, LLC d/b/a Canyon Casino; Horseshoe Casino, LLC d/b/a Grand Plateau Casino; and Ameristar Casino Black Hawk, Inc. d/b/a Ameristar Casino Black Hawk; to renew the Operator licenses of Luna Gaming – Red Dolly LLC; Vista Gaming Corporation; and Ameristar Casino Black Hawk, Inc. d/b/a Ameristar Casino Black Hawk; to renew the Manufacturer/Distributor licenses of Vista Gaming Corporation and American

Gaming & Electronics, Inc.; and to approve the Change of Ownership for the Retail and Operator licenses of Centaur Colorado, LLC d/b/a Fortune Valley Hotel and Casino. The license renewals shall expire one year from the date of their current expirations.

III. 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.

IV. Disciplinary Actions

Ceri Williams presented proposed *Findings, Conclusions and Orders* in Case No. SC 06-34, In the Matter of Joseph Nsenge, Support License No. 31047; Case No. SC 06-37, In the Matter of William Dailen Martin, Support License No. 31106; and Case No. SC 06-40, In the Matter of Bruce Hockenberry, Support License No. 31430. The Commission voted unanimously to issue the *Findings, Conclusions and Orders* and to have the Chairman sign the Orders revoking the Respondents' licenses.

Ms. Williams presented *Stipulation and Agreements* in Case No. SA 06-08, In the Matter of Pioneer Group Inc., d/b/a Bronco Billy's Sports Bar & Casino; Case No. SA 06-09, In the Matter of Red Dolly Inc., d/b/a Red Dolly Casino Inc.; Case No. SA 06-10, In the Matter of Creeker's Inc. d/b/a Creeker's Casino; Case No. SA 06-11, In the Matter of GF Gaming Corp. d/b/a Easy Street Casino; Case No. SA 06-12, In the Matter of GF Gaming Corp. d/b/a The Famous Bonanza Casino Corp.; Case No. SA 06-13, In the Matter of Century Casinos Cripple Creek Inc. d/b/a Legends Casino; Case No. SA 06-14, In the Matter of Penn Silver Hawk Inc. d/b/a Silver Hawk Casino; Case No. SA 06-15, In the Matter of Casinos USA Inc. d/b/a Bull Durham Saloon & Casino; Case No. SA 06-16, In the Matter of Golden Mardi Gras Inc. d/b/a Golden Gulch Casino; Case No. SA 06-17, In the Matter of CC Tollgate, LLC d/b/a Century Casino; Case No. SA 06-18, In the Matter of William D. Aker, Key License No. K-11791; and Case No. SA 06-19, In the Matter of Michael A. Massengill, Key License No. K-21589. The Commission voted unanimously to approve and authorize the Chairman to sign the *Stipulation and Agreements*.

Ms. Williams presented *Orders to Show Cause* in Case No. SC 06-39, In the Matter of Christopher Gordon Graff, Support License No. 31603; Case No. SC 06-43, In the Matter of Virgin Mule; Case No. SC 06-44, In the Matter of Thamina A. Shalhout, Key Associate License No. 03490; Case No. SC 06-46, In the Matter of Adla S. Maberry, Key Associate License No. 03491; and Case No. SC 06-47, In the Matter of Jack L. Maberry, Key Associate License No. 17161; and an *Order of Summary Suspension*, Case No. OSS 06-08, In the Matter of Mohammed Gamal Shalhout, Key Associate License No. 07237. The Commission voted unanimously to approve the Orders and authorize the Chairman to sign them.

V. Rulemaking – Consideration of Rule 12.

The Chairman announced that due to a technical matter, testimony on the proposed amendments to Rule 12 would not be taken at the meeting, as scheduled. It will occur at the December Commission meeting. The Commission voted unanimously to open the hearings on the proposed amendments and continued the hearings until the next Commission meeting.

VI. Division Financial Statement

Vickie Floyd, Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the third month ended September 30, 2006. The Commission voted unanimously to approve the financial statement and to authorize its distribution.

VII. Organizational Matters

Minutes of the October 19, 2006, meeting were approved as presented.

Director Kammerzell announced that the audit reengineering process has been completed, and plans to streamline other areas, including background investigations, are underway. He stated that Don Burmania, Communications Director, and employees who work in the Emerging Technologies Section are currently attending the Global Gaming Expo.

The meeting was adjourned at 10:58 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission

Colorado Limited Gaming Control Commission

Minutes of Public Session
December 19, 2006

PUBLIC SESSION

I. Call to Order

The December 19, 2006, meeting of the Colorado Limited Gaming Control Commission was called to order by Chairman Jim Alderden at 9:02 a.m. at the Division of Gaming, 1881 Pierce Street, Lakewood, Colorado. Four commissioners were present. The fifth seat is currently vacant.

Officials & Administrators in Attendance

Jim Alderden, Commission Chairman
Florence Hunt, Commission Vice Chairman
Patty Imhoff, Commissioner
Meyer Saltzman, Commissioner
David Dechant, Senior Director, Enforcement Unit
Ron Kammerzell, Director, Division of Gaming
Brenda Davis, Director of Administration
Don Burmania, Director of Communications
Ceri Williams, Assistant Attorney General
Georgine Zalesky, Chief Auditor
Vickie Floyd, Controller
Flavio Quintana, Agent in Charge, Lakewood
Gary Watada, Agent in Charge, Cripple Creek
Lad Sullivan, Agent in Charge, Black Hawk/Central City
Marilyn Davis, Secretary to the Commission

EXECUTIVE SESSION

The Commission voted unanimously to go into Executive Session to review reports from the Division of Gaming and the Colorado Bureau of Investigation.

PUBLIC SESSION

The Public Session reconvened at 10:03 a.m.

II. Approval of Licensing Actions

The Commission voted unanimously to renew the Retail licenses of Southwest Casino and Hotel Corporation d/b/a Uncle Sam's Casino; Gold Rush I, LLC d/b/a Gold Rush Hotel and Casino; Gold Rush I, LLC d/b/a Gold Digger's Casino; and Wild Horse Investment Partners, LLC d/b/a Wild Horse Casino; to renew the Operator license of Legends Gaming, LLC; to renew the Manufacturer/Distributor licenses of MGC, Inc., and Universal Gaming Resources, LLC; and to

issue a new Operator license to Universal Gaming Resources, LLC. The license renewals shall expire one year from the date of their current expirations, except for the Universal Gaming Resources, LLC renewal, which shall expire on December 19, 2007. The new Operator license issued to Universal Gaming Resources, LLC shall expire one year from the date of approval.

III. 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. Mike Hirsch, general manager of Uncle Sam's Casino, Gold Rush Hotel and Casino and Gold Digger's Casino, thanked the Commission for renewing the Retail licenses of the three casinos.

IV. Disciplinary Actions

Ceri Williams presented *Orders to Show Cause* in Case No. 06-41, In the Matter of Noel Marie Edwards, Support License No. 21055; Case No. 06-50, In the Matter of Angela Faith Burns, Support License No. 32451; and Case No. SC 06-51, In the Matter of Ronald Scott Williams, Key License No. 14942; and an *Order of Summary Suspension* in Case No. OSS 06-09, In the Matter of Catherine M. Fry, Support License No. 28900. The Commission voted unanimously to issue the *Orders* and to authorize the Chairman sign them.

V. Presentation by Colorado State Patrol

Colonel Mike Trostel, Chief of the Colorado State Patrol, presented background information concerning a budget request that the State Patrol will be making to the Governor's Office of State Planning and Budgeting. The request will be for a total of four additional troopers, two in the unit serving Central City and Black Hawk and two in the unit serving Cripple Creek. Colonel Trostel stated that additional troopers are needed to retain the quality of life and safe environment for people using the highways. He said that traffic on the highways leading to the gaming towns has quadrupled since 1992, while the number of troopers assigned to the areas has increased from 10 to 14. The request would result in a total of 18 troopers with nine assigned to each of the areas. The cost of the Gaming Unit for FY 2007 is approximately \$1.6 million, and if the request is granted, the cost will be about \$2 million in FY 2008.

VI. Rulemaking

Georgine Zalesky, Chief Auditor, presented proposed amendments to *Rule 12 – Gaming Devices and Equipment*. No one from the public testified. The Commission voted unanimously to accept the amendments as presented.

Don Burmania, Director of Communications, presented emergency amendments to *Rule 3 – Applications, Investigations and Licensure*. No one from the public testified. The Commission voted unanimously to accept the amendments as presented and to approve a resolution authorizing the rules to be approved on an emergency basis.

VII. Division Financial Statement

Vickie Floyd, Controller, presented the Statement of Gaming Revenues, Gaming Taxes, and Expenditures (unaudited) for the fourth month ended October 31, 2006. The Commission voted unanimously to approve the financial statement and to authorize its distribution.

VIII. Organizational Matters

Minutes of the November 16, 2006, meeting were approved as presented.

Director Kammerzell announced that the Division is fairly close to developing a lease contract for a new modular facility to serve as its Cripple Creek office. He announced that the Division has recently hired a new systems audit manager. He informed the Commission that former Chairman Natalie Meyer's husband had passed away. He commended Investigators Brad Nelson and Phil Spencer who recently aided the Cripple Creek Police Department in apprehending suspects in two separate cases.

Senior Director Dechant stated that the new executive director of the Department of Revenue will be named early in January.

The meeting was adjourned at 10:48 a.m.

Marilyn Davis, Secretary to the Colorado Limited Gaming Control Commission