

MINNESOTA GAMBLING CONTROL BOARD
Board Actions – June 20, 2016

TRANSFER OF GAMBLING FUNDS TO ORGANIZATION ACCOUNT.

Minnesota Rules 7861.0320, subpart 4E. Gambling funds may not be transferred to the organization's general bank accounts for any expenditures without Board approval.

EXHIBIT A: Approved:

- **License 00012**, VFW Post 230, Columbia Heights, \$44,614.11. An emergency expenditure, general fund levies and excessive reimbursements to become compliant per a compliance review.
- **License 02482**, Hutchinson Hockey Association, Hutchinson, \$6,254.88. A start-up loan.

EXHIBIT B: Denied - None.

REPAIR, MAINTAIN OR IMPROVE REAL PROPERTY AND CAPITAL ASSETS USED EXTENSIVELY AS MEETING PLACE OR EVENT LOCATION OR USED TO BECOME COMPLIANT WITH ADA - REPLACEMENT BLDG (LG269).

Minnesota Statutes, section 349.12, subdivision 25(a)(22) An expenditure for the repair, maintenance, or improvement of real property and capital assets owned by an organization, or for the replacement of a capital asset that can no longer be repaired, with a fiscal year limit of five percent of gross profits from the previous fiscal year, with no carry forward of unused allowances. The fiscal year is July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit unless the **board has specifically approved the expenditures that exceed the limit due to extenuating circumstances beyond the organization's control.** An expansion of a building or bar-related expenditures are not allowed under this provision. (i) The expenditure must be related to the portion of the real property or capital asset that must be made available for use free of any charge to other nonprofit organizations, community groups, service groups, or is used for the organization's primary mission or headquarters. (ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act.

EXHIBIT C: Approved:

- **License 00060**, Eagles Aerie #2258, Albert Lea, \$10,000.00. Repair and improve restrooms used by other non-profits as part of their meeting place free of charge.
- **License 00291**, VFW Post 2735, Isanti, \$2,050.00. Replace irreparable HVAC unit that is used by other non-profits as part of their meeting place free of charge.
- **License 00357**, VFW Post 8731, Monticello, \$32,561.35. Repairs and improvements to restroom and meeting room facilities to meet code and handicap accessibility, used by other non- profits as part of their meeting place free of charge.
- **License 00411**, VFW Post 5462, Waconia, \$15,500.00. Repair and improve parking lot used by other non- profits as part of their meeting place free of charge.
- **License 04760**, Heather Curling Club, Mapleton, \$12,599.00. Repairs to rink compressor used by other non-profits free of charge.

EXHIBIT D: Denied:

- **License 00357**, VFW Post 8731, Monticello, \$13,039.71. Contingency costs and allowable expenses.

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FOR A BUILDING OWNED BY THE ORGANIZATION THAT WAS DESTROYED OR MADE UNINHABITABLE BY FIRE OR CATASTROPHE (LG262)

Minnesota Statutes 349.12, subdivision 25(a)(25) "With respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or catastrophe, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance."

EXHIBIT E: Approved - None.

EXHIBIT F: Denied - None.

REPLACEMENT OF BUILDING TAKEN OR SOLD UNDER EMINENT DOMAIN PROCEEDING (LG263)

Minnesota Statutes, section 349.12, subdivision 25(a)(25) An expenditure, including a mortgage payment or other debt service payment, for the erection or acquisition of a comparable building to replace an organization-owned building that was taken or sold under an eminent domain proceeding. The expenditure may be only for that part of the replacement cost not reimbursed by insurance or compensation not received from a governmental unit under the eminent domain proceeding, if the board has first specifically authorized the expenditure.

EXHIBIT G: Approved - None.

EXHIBIT H: Denied - None.

ACQUISITION OR IMPROVEMENT OF CAPITAL ASSETS OR ACQUISITION, ERECTION, EXPANSION, OR IMPROVEMENT OF REAL PROPERTY THAT WILL BE USED EXCLUSIVELY FOR LAWFUL PURPOSE (LG266)

Minnesota Statutes, Section 349.12, subdivision 25(a) (23) or (24)

(23) An expenditure for the acquisition or improvement of a capital asset with a cost greater than \$2,000, excluding real property, that will be used exclusively for lawful purposes under this section if the board has specifically approved the amount;

(24) an expenditure for the acquisition, erection, improvement, or expansion of real property, if the board has first specifically authorized the expenditure after finding that the real property will be used exclusively for lawful purpose under this section.

EXHIBIT I: Approved:

- **License 02415**, Hanover Athletic Association, Hanover, \$3,754.63. Acquire broom/drag to maintain infield and ballparks.
- **License 02876**, Searles Baseball Association, New Ulm, \$9,480.00. Acquire lawn tractor to maintain baseball fields.
- **License 02926**, Anoka Area Ice Arena Association, Anoka, \$30,000.00. Repair/improve parking lot.
- **License 05615**, Rush City Sno-Bugs, Rush City, \$2,524.37. Acquire float system for drag to groom and maintain snowmobile trails that are grant-in-aid or public use.

DIRECTOR: Delegated Approval:

- **License 05048**, Todd Area Trail Association, Browerville, \$10,240.53. To replace a 2007 6x6 Ranger with a new 2016 Polaris Ranger.

EXHIBIT J: Denied - None.

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CONTRIBUTION OF GAMBLING FUNDS TO ANOTHER LICENSED GAMBLING ORGANIZATION (LG270).

Minnesota Statutes, section 349.12, subdivision 25(a)(20). A contribution by a licensed organization to another licensed organization with prior board approval, with the contribution designated to be used for one or more of the follow lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25).

EXHIBIT K: Approved:

FROM: **License 00655**, Vadnais Heights Lions Club, Vadnais Heights, \$1,000.00. A contribution to a 501 (c)(3) organization.

TO: **License 00264**, Merrick Inc., Vadnais Heights.

FROM: **License 01745**, Carver Lions Club, Carver \$900.00. Recognition of military service or for active military personnel in need.

TO: **License 00319**, VFW Post 1791, Chaska.

FROM: **License 04882**, Cloquet Amateur Hockey Women's Auxiliary, Cloquet, \$2,000.00. A contribution to a 501 (c)(3) organization.

TO: **License 01224**, Cloquet Amateur Hockey Association.

DIRECTOR: Delegated Approvals for Request to Contribute Gambling Funds to Another Licensed Gambling Organization (LG270):

FROM: **License 00655**, Vadnais Heights Lions Club, Vadnais Heights, \$1,000.00. A contribution to a 501 (c)(3) organization.

TO: **License 4819**, MN Youth Athletic Services, Spring Lake Park.

FROM: **License 01875**, Dayton Lions Club, Dayton, \$500.00. A contribution to a 501 (c)(3) organization.

TO: **License 00691**, Confidence Learning Center, East Gull Lake.

FROM: **License 03011**, St. Joseph Jaycees, St. Joseph, \$250.00 A contribution to a 501 (c)(3) organization.

TO: **License 02337**, MN Jaycees Charitable Foundation, St. Louis Park.

EXHIBIT L: Denied - None.

FUND LOSS REQUEST (PROFIT CARRYOVER ADJUSTMENT) (LG250).

7861.0320 ORGANIZATION OPERATIONS, ACCOUNTS, AND REPORTS, Subp. 9. Fund loss report or request for a profit carryover adjustment due to fund loss. When an organization has a fund loss by questionable means of its inventory or cash, the organization must use the following procedures. A. The organization must file a report with local law enforcement authorities within (1) five days of discovering the loss; or(2) 24 hours of discovering a loss from a pull-tab dispensing device. B. The organization must submit one of the following to the board within 60 days of discovering the loss: (1) documentation that its gambling account was reimbursed for the amount of the fund loss from a source of nongambling funds and the date the loss was reported to the organization's membership; or (2) a request for a profit carryover adjustment due to a fund loss. If the organization does not submit the request within 60 days of discovering the loss, the board will not consider the request. E. If the board denies a request for a profit carryover adjustment due to a fund loss, the organization must reimburse its gambling account for the amount of the fund loss. The organization must submit proof of reimbursement to the board within 90 days of the board's final determination.

EXHIBIT M: Approved:

- **License 00584-001**, Spring Lake Park Lions Club, Spring Lake Park, \$3,033.00. Robbery.
- **License 01042-009**, West St. Paul Commercial Club, Eagan, \$8,192.00. Burglary.

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- **License 01042-009**, West St. Paul Commercial Club, Eagan, \$1,600.00. Burglary.
- **License 02716-008**, Harding Lastrup Snodusters, Hillman, \$2,377.00. Burglary/Suspicious Circumstances.
- **License 05844-013**, MN Fishing Museum, Sauk Rapids, \$1,600.00. Robbery.

EXHIBIT N: Denied:

- **License 02163-001**, Cuyuna Fire Department, Aitkin, \$100. Counterfeit bill. The organization did not use pen to detect possible counterfeit currency.
- **License 02467-006**, Sibley Hockey Booster Club, West St. Paul, \$1,431.00. Unknown cash theft. The internal control procedures were not satisfactory. The organization failed to maintain and use internal control procedures that provide accountability over cash assets at all times. The internal controls being used by the organization were insufficient to hold its own seller accountable for the loss. The organization failed to maintain adequate safeguards over its gambling funds.
- **License 02775-005**, Waconia Fire Relief Department, Waconia, \$3,408.00. Shortages/Theft. Internal control procedures were not satisfactory. The organization failed to maintain and use internal control procedures that provide accountability over its cash assets at all times.
- **License 04018-001**, Montevideo Lions Club, Montevideo, \$1,462.00. Burglary. The organization failed to use internal control procedures that provided adequate safeguards over assets at all times.

TO APPLY APPROVED AMOUNT FOR THE REPAIR, MAINTENANCE, OR IMPROVEMENT OF REAL PROPERTY TOWARD A REPLACEMENT BUILDING THAT IS ADA COMPLIANT (LG268).

Minnesota Statutes 349.12, subdivision 25(a)(22)(ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act. (iii) An organization may apply the amount that is allowed under item (ii) to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act if the board has specifically approved the amount. The cost of the erection or acquisition of a replacement building may not be made from gambling proceeds, except for the portion allowed under this item.

EXHIBIT O: Approved - None.

EXHIBIT P: Denied – None.

LICENSE TERMINATION PLANS.

Minnesota Statutes 349.19, subdivision 8 upon termination of a license, a licensed organization must notify the board in writing within 30 calendar days of the license termination date of its plan for disposal of registered gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.

EXHIBIT Q: Approved:

- **License 01098**, Moose Lodge 1259, International Falls, \$2,063.02. Approve.
- **License 36010**, Rainy Lake Sportsfishing Club, International Falls, \$25,312.46. Approve with modified profit carryover variance language, inventory language, and completion of consent order requirements language.

EXHIBIT R: Denied – None.

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NEW GAMES SUBMITTED BY MANUFACTURERS.

EXHIBIT S: Approved: emailed to Board members 6/8/2016

EXHIBIT T: Denied - None.

LICENSES FOR DISTRIBUTORS, MANUFACTURERS, AND LINKED BINGO GAME PROVIDERS.

EXHIBIT U: Approved - None.

- **APPLICATION FOR LINKED BINGO GAME PROVIDER LICENSE - None.**
- **APPLICATION FOR MANUFACTURER LICENSE RENEWAL/ METHOD OF SALE OR TRANSFER OF ELECTRONIC GAMES TO DISTRIBUTORS:**
 - **License MA064**, Pilot Games, St. Paul, MN.
- **APPLICATION FOR DISTRIBUTOR LICENSE RENEWAL / METHOD OF SALE OR TRANSFER OF ELECTRONIC GAMES TO ORGANIZATIONS:**
 - **License DI001**, Nordic Gaming LLC, Faribault, Minnesota
 - **License DI084**, Central Gaming Services, St. Cloud, Minnesota

EXHIBIT V: Denied – None.

RULE VARIANCE REQUEST (LG251)

EXHIBIT W: Approved – None.

EXHIBIT X: Denied – None.

REQUEST FOR ALTERNATIVE METHOD OF SELECTING RAFFLE WINNERS

EXHIBIT Y: Approved – None.

EXHIBIT Z: Denied - None.

NEW BUSINESS

July through December 2016 proposed Board Meeting Dates:

- Monday July 18, 2016
- Monday August 15, 2016
- Monday September 19, 2016
- Monday October 17, 2016
- Friday November 18, 2016 (In conjunction with ACM convention)
- Monday December 19, 2016

This concludes the summary of actions taken by
the Minnesota Gambling Control Board at its meeting of Monday June 20, 2016.