

MINNESOTA GAMBLING CONTROL BOARD
Board Actions – October 17, 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 00448**, American Legion Post 79, Montgomery, \$4,000.00. A start-up loan.
- **License 00615**, Felton Fire Relief Association, Felton, \$15,532.21. A start-up loan.
- **License 93641**, Garvin Fire Department, Garvin, \$20,300. A start-up loan and emergency expenditure.
- **License 93700**, Caring for the Kids Community, Aurora, \$15,724.10. A start-up loan. General funds in account.

EXHIBIT B: Denied:

- **License 00448**, American Legion Post 79, Montgomery, \$100. A start-up loan.

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 - None.

EXHIBIT D: Denied - None.

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.

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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 02876**, Searles Baseball Team, New Ulm, \$18,877. Acquire and install scoreboard at ball fields used by youth primarily under 21 (75%).

EXHIBIT J: Denied:

- **License 02876**, Searles Baseball Team, New Ulm, \$6,292.00. Acquire and install scoreboard used by adults (25%).

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 00765**, American Legion Post 580, Chanhassen, \$5,000.00. A contribution to a 501 (c)(3) organization.

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

FROM: **License 93034**, Richfield Lions Club, Richfield, \$3,000.00. A contribution to a 501 (c)(3) organization.

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

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

NONE

EXHIBIT L: Denied - None.

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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 92889**, Milan Fire Department, Milan, \$1,459.00. Burglary.

EXHIBIT N: Denied:

- **License 00151-002**, VFW Post 246, Minneapolis, \$16,100.00. Unknown cash theft. The organization failed to maintain and use internal control procedures that provide accountability over its cash assets at all times. The internal controls being used by the organization were insufficient to hold its own seller accountable for the loss. Law enforcement was not notified within 5 days of the discovery of the incident; therefore, the board cannot consider the request.
- **License 01854-003**, Sauk Centre Conservation Club, Sauk Centre, \$2,816.00. Burglary. Procedures were not followed to secure the funds. Internal controls were in place but not followed.

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 01633**, VFW Post 2980, Ivanhoe, \$0. Approve.
- **License 02807**, Hayfield Firemen's Relief Association, Hayfield, \$0. Approve.

EXHIBIT R: Denied – None.

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NEW GAMES SUBMITTED BY MANUFACTURERS.

EXHIBIT S: Approved: emailed to Board members 10/7/2016

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 – None.**
- **APPLICATION FOR DISTRIBUTOR LICENSE RENEWAL / METHOD OF SALE OR TRANSFER OF ELECTRONIC GAMES TO ORGANIZATIONS – None.**

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

- Board Rules Resolution

This concludes the summary of actions taken by
the Minnesota Gambling Control Board at its meeting of Monday October 17, 2016.