

MINNESOTA GAMBLING CONTROL BOARD
BOARD ACTIONS
MAY 21, 2018

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 34511**, Lakes Center for Youth & Families., Forest Lake, \$1,455.42. Mistaken expenditures made on behalf of gambling account.
- **License 93215**, Centennial High School Football Boosters, Circle Pines, \$10,000.00. An emergency expenditure.

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 00125**, VFW Post 906, Hutchinson, \$36,250.00. Repair and replace parking lot used by other non-profits for their meetings and events free of charge.

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:

- **License 00048**, VFW Post 4114, Spring Valley, \$35,036.69. Cost to rebuild building damaged by fire, less insurance reimbursement or payments made to Post from other licensed organizations contributing lawful gambling funds.

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 00097**, American Legion Post 51, Pine City, \$4,000.00. A portion of the cost to erect a shed to store honor guard and medical equipment.
- **License 02926**, Anoka Area Ice Arena Association, Anoka, \$147,866.86. Acquire Zamboni and install sound systems at ice rinks used primarily for youth under 21.
- **License 02974**, North Country Trail Busters, Fort Ripley, \$11,322.74. Acquire Argo to groom and maintain snowmobile trails that are GIA or public use.
- **License 03836**, Reservoir Riders, Duluth, \$68,363.20. Acquire excavator with bucket to maintain snowmobile trails that are GIA or public use.
- **License 04992**, Steele County Snowmobile Trail Association, Hope, \$32,215.75. Improvements to insulate and heat storage facility used to store snowmobile trail grooming and maintenance equipment.
- **License 31160**, Lake of the Woods Drifters Snowmobile Club, Baudette, \$3,548.25. Acquire storage equipment container to maintain snowmobile trails that are GIA or public use.
- **License 34879**, Baxter Snowmobile Club, Baxter, \$12,500.00. Acquire drag to groom snowmobile trails that are GIA or public use.
- **License 92996**, Bagley Youth Hockey Association, Bagley, \$216,337.81. Erect additional areas to building to include 9 locker rooms, a referee room, shower rooms, weight room, Zamboni room, and restrooms used by youth under 21.

Exhibit J: Denied:

- **License 00097**, American Legion Post #51, Pine City, \$7,159.72. Portion of shed for Post equipment and storage.
- **License 02926**, Anoka Area Ice Arena Association, Anoka, \$235.00. Advertising racks on Zamboni.

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 00018**, VFW Post 5727, Zumbrota, \$500.00. Building made uninhabitable by fire.
TO: **License 00048**, VFW Post 4114, Spring Valley.

FROM: **License 00156**, VFW Post 1287, Winona, \$100.00. Building made uninhabitable by fire.
TO: **License 00048**, VFW Post 4114, Spring Valley.

FROM: **License 35149**, Ostrander Lions Club, Ostrander, \$5,000.00. Building made uninhabitable by fire.
TO: **License 00048**, VFW Post 4114, Spring Valley.

FROM: **License 01195**, American Legion Post 147, Big Lake, \$2,000.00. A contribution to a 501 (c)(3) organization.
TO: **License 04272**, Big Lake Spud Fest, Big Lake.

FROM: **License 02225**, Lake Elmo Jaycees, Lake Elmo, \$10,000.00. A contribution to a 501 (c)(3) organization.
TO: **License 02237**, Minnesota Jaycees Charitable Foundation, Golden Valley.

FROM: **License 02668**, Avon Lions Club, Avon, \$600.00. A contribution to a 501 (c)(3) organization.
TO: **License 00691**, Confidence Learning Center, East Gull Lake.

FROM: **License 04555**, Big Lake Knights of Columbus #9140, Big Lake, \$3,500.00. A contribution to a 501 (c)(3) organization.
TO: **License 04272**, Big Lake Spud Fest, Big Lake.

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

FROM: **License 00025**, VFW Post 4393, Northfield \$500.00. A contribution to a 501 (c)(3) organization.
TO: **License 05596**, Defeat of Jesse James Days, Northfield.

FROM: **License 00245**, Eagles Aerie 2334, Willmar, \$500.00. A contribution to a 501 (c)(3) organization.
TO: **License 00691**, Confidence Learning Center, East Gull Lake.

FROM: **License 00420**, Eagles Aerie 269, Mankato, \$500. A contribution to a 501 (c)(3) organization.
TO: **License 00691**, Confidence Learning Center, East Gull Lake.

FROM: **License 00627**, Eagles Aerie 287, Brainerd, \$500. A contribution to a 501 (c)(3) organization.
TO: **License 04215**, St. Mathias Parks & Recreation, Fort Ripley.

FROM: **License 00872**, Elks Lodge 1166, Faribault, \$100.00. A contribution to a 501 (c)(3) organization.
TO: **License 01795**, Bethlehem Academy, Faribault.

FROM: **License 01865**, Buffalo Lions Club, Buffalo, \$200.00. A contribution to a 501 (c)(3) organization.
TO: **License 00691**, Confidence Learning Center, East Gull Lake.

FROM: **License 34879**, Baxter Snowmobile Club, Baxter, \$500.00. Activities intended for persons under 21.
TO: **License 00529**, American Legion Post 255, Brainerd.

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 03762-005**, Farmington Youth Hockey Association, Farmington, \$8,721.00.

Exhibit N: Denied:

- **License 00466**, American Legion Post 2, Shakopee, \$2,054.00. Burglary. Lack of security over cash and inventory within the premises. The organization failed to maintain adequate safeguards over its gambling funds. Losing possession of and security over cash assets of the organization is a lack of acceptable control and accountability over organizational assets.
- **License 01875-005**, Dayton Lions Club, Dayton, \$2,265.00. Burglary. Lack of security over cash and inventory within the premises. The organization failed to maintain adequate safeguards over its gambling funds. Keeping money in locked drawers of box is not adequate security. A lock box is not a safe.

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 – None.

Exhibit R: Denied – None.

NEW GAMES SUBMITTED BY MANUFACTURERS:

Exhibit S: Approved: Attached.

Exhibit T: Denied – None.

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

Exhibit U: Approved:

- Application for manufacturer license renewal/ method of sale or transfer of electronic games to distributors:
 - **License MA004**, Douglas Press, Bellwood, Illinois
 - **License MA016**, Arrow International, Brooklyn, Ohio

- Application for distributor license renewal / method of sale or transfer of electronic games to organizations:
 - **License DI001**, Nordic Gaming LLC, Faribault, Minnesota
 - **License DI006**, M. Peters Enterprises, Inc., Waseca, Minnesota
 - **License DI014**, H & H Sales, Inc., Thief River Falls, Minnesota
 - **License DI017**, Three Diamond Corp., Shoreview, Minnesota
 - **License DI078**, Triple Crown Gaming, 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:

- June through December 2018 proposed Board meeting dates:
 - Monday, June 18, 2018
 - Monday, July 16, 2018
 - Monday, August 20, 2018
 - Monday, September 17, 2018
 - Monday, October 15, 2018
 - Monday, November 19, 2018
 - Monday, December 17, 2018

This concludes the summary of actions taken by the
Minnesota Gambling Control Board at its meeting of Monday, May 21, 2018.