

# Commission Meeting Minutes

**APPROVED**

## Location of Meeting:

Grand Mound Great Wolf Lodge  
20500 Old Highway 99 SW  
Grand Mound, WA 98531  
(360) 273-7718

## Date and Time of Meeting

Thursday, October 8, 2015  
11:00 a.m.

✓ **Indicates Commissioners and Ex Officio Members Present.**

### Commissioners

- ✓ Chris Stearns, Chair
- ✓ Bud Sizemore, Vice Chair
- ✓ Kelsey Gray, Ph.D.  
Julia Patterson
- ✓ Ed Troyer

### Ex Officio Members

- ✓ Senator Steve Conway
- Senator Mike Hewitt
- Representative Christopher Hurst
- ✓ Representative Brandon Vick

### Staff

David Trujillo, Director  
Amy B. Hunter, Deputy Director  
Tina Griffin, Assistant Director – Licensing Operations  
Mark Harris, Agent in Charge – Field Operations  
Julie Lies, Tribal Liaison  
Matt Kernutt, Assistant Attorney General  
Michelle Rancour, Acting Executive Assistant

## **- PUBLIC MEETING -**

**Please note agenda items may be taken out of sequence at the discretion of the Chair.**

**Welcome (11:00 a.m.)**

*Chris Stearns, Commission Chair*

**Commission Chair, Chris Stearns** called the meeting to order at 11:00 a.m. and immediately went into Executive Session working lunch. Executive Session to Discuss Pending Investigations, Tribal Negotiations, and Litigation.

Working Lunch (11:05 a.m. – 12:30 p.m.)

**Chair Stearns** called the public meeting to order at 12:35p.m. and introduced the members present. He welcomed our newest ex officio member Representative Brandon Vick from the 18<sup>th</sup> District in Clark County.

**Director's Report** *presented by David Trujillo, Director*

**Director Trujillo** pointed out the recap of last month's Strategic Issues Discussion, which was in the Commissioners' packet.

**Chair Stearns** talked about attending the Global Gamin Expo (G2E) last week and also mentioned the recent news about fantasy sports about employees having information and using it to win fantasy sports.

Special Agent Tyson Wilson and Special Agent Dan Frey (our fantasy sports experts) will be making a report to the Commissioners at their November meeting. Senator Conway said he was interested in what staff recommend for legislation, that he really feels the Commission should be making recommendations in this area.

### **Cost Allocation Update**

*presented by Julie Lies, Tribal Liaison*

Tribal Liaison Julie Lies explained the differences between the Commission's current ("old") cost allocation model and the new model, which staff plan to implement after notice was given to Tribes, as required by Compact.

Miller & Miller, P.S. was hired to make recommendations to our cost allocation model.

Major differences:

"Old" Model v. New Model

In the old model the Agent in Charge did not bill their time. The three district supervisors and fifteen Special Agents billed their hours. In the new model the Agent in Charge as well as the three district supervisors will not bill their time. Dividing costs by fewer billed hours will increase the rate per hour however, the overall cost per tribe should be the same with either model.

The old model allocated indirect costs based on FTE (percentage of staff) or percent of use and used a multiple tier allocation. The new model uses only percentage of staff as a basis for allocating indirect costs. This change resulted in reducing the pages of calculations from approximately 20 pages to about 5 pages.

Cost centers were reduced from five in the old model to three. The new model cost centers are Tribal Gaming Unit; Electronic Gaming Lab; and Licensing, Regulation, and Enforcement.

Implementation:

Rates for non-tribal will begin on October 1, 2015. Because of notice requirements in the Tribal-State Compacts, Director Trujillo and Tribal Liaison Julie Lies met members of Washington Indian Gaming Associations (WIGA) to give an overview of the plan, will meet with them again next week to provide more details, and formal notice to Tribal leaders will go out November 1<sup>st</sup>.

## **- ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS -**

**Program Review - 40 et 8, Vancouver.** *Presented by Julie Sullivan, Special Agent*

**Special Agent Julie Sullivan** introduced Carla Bean and Barbara Louckes from 40 et 8 Bingo Parlor located in Vancouver, WA. Their chapter was established in 1983 and they have been licensed since 1997. Agents did an on-site qualifications review.

**Carla Bean, Treasurer** reported that over half of donations went to nursing scholarships. They are in the eighth year of membership. Most of the funds from gambling receipts were given back to the community in Clark and other counties.

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Their name comes from the means of transportation used in France. A box car held 40 men or 8 horses.

**Commissioner Troyer** made the motion to approve.

**Vice Chair Sizemore** seconded the motion.

**Motion Passed 4:0**

### **Rule Up for Final Action**

**Petition from Bally, Licensed Manufacturer: Connecting card game progressive jackpots within a card room.** *Presented by Agent in Charge Mark Harris*

*Filed 5/26/2015 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #15-12-031. Proposed Rule Making (CR-102) under WSR #15-17-105 with a published date of 5/18/2015.*

- o Amended Section: WAC 230-15-685 Restrictions on progressive jackpots.

Agent-In-Charge Mark Harris explained

**Vice-Chair Sizemore** moved approval with an amendment. The amendment comes from comments he made at previous meeting about exclusivity and are we curtailing innovation with technology. Vice Chair Sizemore attended G2E and said he found the language as proposed would prevent two manufacturers (ex: DEQ & Bally) from joining for a progressive jackpot. He worked with staff on an amendment; staff felt it was important interoperability be included if there were two manufacturers.

**Vice-Chair Sizemore** proposed eliminating the sentence “Progressive jackpots can only be connected by equipment from the same manufacturer” and adding subsection (7): “When gambling equipment will allow a progressive jackpot between different manufacturers, the gambling equipment must be submitted for testing for interoperability in accordance with WAC 230-06-050.” **Commissioner Troyer** seconded the motion and asked whether an amendment could be made at this point. **AAG Matt Kernutt** explained yes, APA does allow for amendments & can act on as long as change isn’t “substantially different” from issues involved in the published rule, so believe it can be acted upon immediately. He also believe staff already have the authority to require testing. This language just makes it very clear.

**Mark Hannah**, Bally representative testified, and said as long as the amendment did not change things for them, they were okay with the amendment.

**Vice Chair Sizemore** moved to approve the rule with an amendment.

**Commissioner Troyer** seconded the motion.

**Approved 4:0.**

### **Rules Up for Discussion and Possible Filing**

**Petition from Harmon Consulting, Licensed Services Supplier: Enhanced card games.**

*Presented by Agent In Charge Mark Harris*

*Filed 8/05/2015 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #15-16-133. New Section: WAC 230-15-042 Requirements for authorized card games for enhanced table games.*

- o Amended Sections:
- o WAC 230-15-040 Requirements for authorized card games for non-enhanced table games.
- o WAC 230-15-055 Limit on number of players at each table.

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- WAC 230-15-110 Standards for chips.
- WAC 230-15-115 Standards for cards.
- WAC 230-15-140 Wagering limits for house-banked card games.
- WAC 230-15-465 Dealing all house-banked card games from a dealing shoe.
- WAC 230-05-025 Commercial stimulant fees.
- WAC 230-06-031 Using wheels in promotional contests of chance, fund-raising events, or gambling activities.

**Agent-In-Charge Mark Harris** explained the timeline and rules that Mr. Monty Harmon had presented for change.

**Monty Harmon**, Petitioner, having been at G2E believes state is behind industry in what table games should be allowed. He hopes Commissioners will direct staff to assist industry. He understands that staff has a lot of work to do with fewer staff.

He further explained, as a licensed service supplier, he developed a game called Safari 21, which was approved in 2005. Had a table layout and pointed out there are 13 places to spread your \$300 bet, based on first card that came out. Mr. Harmon had been through Rules Simplification Process, and referred to a 2012 letter. He also explained there were now 146 games, some had to be withdrawn, but you can see where things were changed based on letter. Until now he had not come forward with a rule change, because he was busy as president of four house-banked card rooms.

**Mr. Harmon** requested an open discussion with staff and work to have rules transformed. He would like to have it filed and come back to the Commission each month to report on the progress.

**Chair Stearns** asked if Mr. Harmon saw things in Nevada that could enhance card rooms.

**Mr. Harmon** replied he saw Roulette and Craps games that were new and exciting, but also includes an increase in license fees for “enhanced card games.” He spoke about a shuffler he viewed at G2E which may have looked like a wheel. It was a combined craps and roulette game. This is excitement and what licensees need in our industry. **Chair Stearns** said he saw the game at G2E and it was interesting.

**Mr. Harmon** commented he heard Recreational Gaming Association’s report in March about industry being flat at \$220 million.

**Chair Stearns** asked if there was a motion to file. There was none. Chair Stearns said the petition would die for lack of action.

**AAG Kernutt and Deputy Director Amy Hunter** explained that under the APA, this would be considered a denial of a petition; therefore, reasons needed to be given, which could be those staff stated in the rule summary. Commissioner Troyer said those would be that the rule changes included undefined terms, ambiguous language, lack of criteria and insufficient details.

**New Licenses and Class III Employees**     *Presented by Tina Griffin, Assistant Director*

**AD Griffin** explained there are currently 48 licensed house-banked card rooms. Staff received a new application for Fortune Casino in Tukwila. Fortune Casino currently has 12 tables, and purchased assets from a previously licensed facility.

Approvals were done in two motions, so Chair Stearns would not be voting on any actions involving the Snoqualmie Tribe (the law firm he is of counsel to represents the Snoqualmie Tribe now)

No Snoqualmie Tribe Class III Employees included in first batch.

**Vice Chair Sizemore** made a motion to approve.

**Commissioner Gray** seconded the motion.

**Approved 4:0.**

For vote on Snoqualmie Tribe only list, Vice-Chair Sizemore chaired the meeting.

**Commissioner Gray** moved for approval.

**Commissioner Troyer** seconded the motion.

**Approved 3:0** (Chair Stearns did not vote).

**- PUBLIC MEETING -**

**Approval of Minutes – August 13, 2015 Commission Meeting**

**Commissioner Gray** moved to approve the August minutes.

**Vice-Chair Sizemore** seconded the motion.

**Approved 4:0.**

**Other Business/General Discussion/Comments from the Public**

**Senator Conway** commented on the correspondence about 50/50 electronic raffles, and asked who was reviewing it.

**AAG Kernutt** responded it was the legislature. The review was not delegated to an agency.

**Adjourn**

Chair Stearns adjourned the meeting at 1:42 p.m.