

From: Tracy Langheinrich

Sent: Monday, March 15, 2010 3:45 PM

To: Paul Jackson; 'Tara Amrhein'; 'Al Velasco'; 'Brian Charchenko'; 'Dan Johnson'; 'Dave Scholle'; 'Jon Hinze'; 'Julie Ecklund'; 'Paul Jackson'; 'Scot Joynt'; 'Tara Amrhein'; 'Tom Whalen'; Treacy Welch

Subject: RE: Fundraising Update- Pull tabs specific

Treacy & I met with the owners of Cuzzies on Feb 25th. They are under contract with the lions. The Lions currently have machines in the establishment. They were very nice about educating us on all things under the Minnesota Charitable Gambling. In all cases, a state issued license is needed. Treacy is looking into what it will take to get a license. You should be aware that the CCHA had a license many years ago and it was revoked. **This is not a fundraising idea that should be thought of as "easy".** Treacy and I will continue to gather information and will present a complete report once we are finished. In the mean time, you should all understand that we did not "miss out" on an opportunity. The owners of Cuzzies would be happy to listen to a proposal once we have a valid license and are fully ready to talk.

Things you should be aware of regarding Charitable Gambling:

1. Pulltabs:
 - a. Lease the space from the establishment; there are 2 options- Booth or Machine
 - i. Booth:
 1. Must be staffed the hours of the establishment
 2. If you(CCHA) supply the staff, then you pay up to 10% of the gross profit to establishment
 3. If establishment supplies the employees, you pay up to 30% of the profit to the establishment
 4. Games need to be reviewed everyday
 5. \$ needs to be counted, winnings kitty replenished, bank deposits etc... everyday
 - ii. Machine:
 1. Purchase the machine or lease
 2. NO need to staff
 3. Lower revenue profile for machines because they are "just another game" in the establishment
 4. Pay up to 20% of the gross profit to establishment
 5. Games need to be reviewed everyday
 6. \$ needs to be counted, winnings kitty replenished, bank deposits etc... everyday
 - iii. Comments:
 1. They believe in order to be very successful, a booth is the way to go; however,
 2. Then you are faced with the staffing issues
 3. Even with machines, it is a full time job checking in EVERYDAY
 4. Multiple establishments with multiple machines or booths is what drives significant revenue. A one off is not manageable nor worth the investment.
 - a. Roulette wheel style
 - b. Sell raffle tickets the night of the event
 - c. Give Gift certificates to the appropriate meat vendor or have meat on hand
 - d. Every wheel spin, you make estimated \$10 = \$300 per raffle.
 - e. Multiple meat raffles makes it worthwhile to do
2. Meat Raffles:
 - a. Roulette wheel style
 - b. Sell raffle tickets the night of the event
 - c. Give Gift certificates to the appropriate meat vendor or have meat on hand
 - d. Every wheel spin, you make estimated \$10 = \$300 per raffle.
 - e. Multiple meat raffles makes it worthwhile to do
3. Bingo:
 - a. Need staffing
 - b. Need location willing to host
 - c. Strictly regulated

Cuzzies is willing to talk to us about all of the above items once we are licensed. Again, we will bring the data to the board once we have it and you guys can determine if we want to go down the path of licensing.

We hope this helps in your understanding of Charitable Gambling.

Tracy Langheinrich & Treacy Welch
CCHA Key Volunteers