

**PERFORMANCE OF THE AGREEMENTS BETWEEN EL DORADO  
COUNTY AND THE SHINGLE SPRINGS BAND OF MIWOK INDIANS**

**2016-2017 El Dorado County Grand Jury**

**Case No. GJ 2016-17-004**

**Release Date: May 30, 2017**

**2016/2017 El Dorado County Civil Grand Jury**

**PERFORMANCE OF THE AGREEMENTS BETWEEN EL DORADO COUNTY AND  
THE SHINGLE SPRINGS BAND OF MIWOK INDIANS**

**May 23, 2017**

**SUMMARY**

The Red Hawk Casino is owned and operated by the Shingle Springs Band of Miwok Indians (Tribe) in El Dorado County pursuant to Federal and State law. Recognizing mutual benefits, the County and Tribe entered into a **Memorandum of Understanding (MOU) and Intergovernmental Agreement** in 2006 (2006 MOU). The 2006 MOU obligated the Tribe to pay the County certain amounts of money to mitigate direct fiscal impacts the proposed Red Hawk gaming facility would have on local communities and County government. This included \$5.2 million for expansion of an HOV lane along Highway 50 to alleviate anticipated traffic issues resulting from the new Casino.

The Casino opened in December 2008. Revenues generated by the Casino fell short of what was anticipated as a result of the general economy and market competition putting the gambling operation under significant financial strains. As part of the restructuring of the Tribe's financial obligations, the County and the Tribe agreed to amend the 2006 MOU in 2012 (2012 Amendment). Collectively, the 2006 MOU and 2012 Amendment are referred to as the "Amended Agreement". The 2012 Amendment redirected the \$5.2 million for an HOV lane. This amendment also obligated the County to reimburse the Tribe \$2.6 M for increased expenses to the Tribe's health programs for caring for non-Indian citizens of the County.

It was brought to the attention of the El Dorado County Civil Grand Jury (Grand Jury) that the parties were not fully compliant with certain obligations of the Amended Agreement. In addition, it was alleged that the 2012 Amendment was unnecessary and portions of the 2012 Amendment were poorly written which led to loose interpretations of the Tribe's and County's responsibilities.

The Grand Jury decided to investigate these matters and expanded the investigation to determine if the County and the Tribe were complying with other provisions of the Amended Agreement.

The Grand Jury also wanted to look into the current financial condition of The Tribe's Casino operations to see if the Tribe is able to meet future financial obligations as required by the Amended Agreement.

The Grand Jury found that the Casino operation is financially sound today and that the Tribe and the County have consistently and in a timely manner made all payments as required by the Amended Agreement.

However, our investigation uncovered several problems with the management of the Amended Agreement. First, prior to the investigation, the County had not designated a point of contact for administration of the Amended Agreement, and did not maintain one centralized file for the Agreement. Second, while the Amended Agreement permits the County to audit gaming

machines at Red Hawk Casino, the allowed audits have not been done. This resulted in unanticipated revenue from the Tribe. This makes it very difficult to ensure ongoing compliance with the Amendment Agreement.

Third, the Tribe's reports about the County's \$2,600,000 health care payment (required by the 2012 Amendment) have been inconsistent and lacking in detail. The use of these funds needs to be in compliance with the intent of the Amended Agreement; it is difficult to ascertain the use based on the limited reports provided.

Detailed Findings and Recommendations can be found at the end of this report. These recommendations will need Board of Supervisors approval for the CAO to implement. Once implemented, they will strengthen the monitoring and oversight by the County to overcome the shortcomings uncovered during the investigation.

## **BACKGROUND**

The Grand Jury received a copy of "Grounds to Recall El Dorado County Supervisors" circulated by "Neighbors Against Corruption" and published on 'edcTotalRecall.org' that addressed a \$2,600,000 "gift" from the County to the Tribal Health Facility, among other concerns. This initiated the investigation.

## **METHODOLOGY**

The Grand Jury's investigation included:

- Research and analysis of pertinent public records
- Interviews of elected officials
- Interviews of County department heads

A detailed list of the sources of online data and documents reviewed as part of the investigation are located in the Appendix, Part A.

The Grand Jury invited Tribal leaders to discuss the Amended Agreement. The Tribal leaders declined the invitation.

## **DISCUSSION**

### **Shingle Springs Band of Miwok Indians (Tribe)**

The Tribe is a federally-recognized sovereign Indian tribe which consists of over 500 members. The Tribe owns and operates the Red Hawk Casino and the Shingle Springs Health and Wellness Center on the Tribe's original 160 acre reservation lands located in El Dorado County. The Red Hawk Casino opened on December 17, 2008. As of October 2016, the Casino has approximately 2,571 gaming machines, 69 table games and a six-table poker room<sup>1</sup>. Other amenities include

---

<sup>1</sup> Moody's Investors Service, Global Credit Research dated October 20, 2016.

six restaurants, four bars and 3,000 lighted, covered parking spaces and a gift shop. Moody's Investors Service reports revenues of \$290 million dollars for fiscal year 2015/2016.

The Health and Wellness Center offers medical, dental and behavioral health services for both Indian and non-Indian citizens of the community. The Tribe employs approximately 1,500 employees in its Casino operation and is the second largest private employer in El Dorado County.

## **Gaming Casino and the State Compacts with the Shingle Springs Band of Miwok Indians**

The State has entered into three Tribal/State Compacts with the Shingle Springs Band of Miwok Indians (Tribe). On October 8, 1999 the State entered into the first of the Compacts with the Tribe followed by a 2008 Compact and finally by the 2012 Compact under which the Tribe presently operates.

Under the Federal Indian Gaming Regulatory Act (IGRA) a State is required to enter into negotiation with an Indian Tribe having jurisdiction over Indian lands upon which a Class III (Casino style<sup>2</sup>) gaming activity is being conducted. The stated purpose of the IGRA is to provide a statutory basis for the operation of gaming by tribes to promote tribal economic development, self-sufficiency, and strong tribal governments and to ensure that the tribe is the primary beneficiary of gaming revenues (not the State, County or other entities).

When the Casino opened in December 2008 it operated under the 2008 State Compact. This was a time when unemployment in the Sacramento Region exceeded 11% (May 2009). The area was suffering from a severe housing correction and poor credit conditions which reduced consumers spending. By 2010 unemployment rates in the primary market area for the Casino reached 13%. The result of the economic downturn was a situation in which the State and other government entities including El Dorado County received payments from the Casino operation that far exceeded what the Tribe received from its operations. This created a situation which did not conform to the stated purpose of the Federal Indian Gaming Regulatory Act (IGRA). On November, 15, 2012 the State and the Tribe amended the 2008 Compact to address a number of issues including the following:

- The 2012 Compact enabled the Tribe to renegotiate its financial obligations related to the Gaming Facility, including operating expenses, payment to the State and local government entities, notes that were due in 2015, amounts owed to its management company, etc.
- The 2012 Compact directed the Tribe to renegotiate its debt with the County. Discussions with the County led to the 2012 Amendment of the 2006 MOU.

---

<sup>2</sup> Also called Nevada-style games that include slot machines, electronic game of chance and many banked card games like blackjack.

## **2012 Amendment:**

The 2012 amendment had three key components:

- The \$5,200,000 HOV payments as described in the 2006 MOU would be repurposed for “Qualifying Public Improvements” to be used by the County for road improvements and/or maintenance located within designated boundaries in the area of the Casino. A map of the boundaries can be found in the Appendix. This payment will increase by 2% per year starting December 14, 2017.
- The County will pay the Tribe \$2,600,000 for increased expenses to the Tribe's Health Program for caring for non-Indian citizens of the County. The payment is to be used for “Qualifying Health Care Contributions” as defined in the MOU, with 2% annual increases beginning on December 14, 2017.
- The Tribe is to submit to the County an annual written report detailing the expenditures made with the funds from the “Qualifying Healthcare Contribution”.

One of the Grand Jury’s areas of concern was the repurposing of the HOV Lane funds in the 2012 Amended MOU. A November 7, 2012 report from County Counsel explained the reasons for changes to the 2006 MOU relevant to the HOV funding to the Board of Supervisors. The report, in summary, states that the Federal government would provide stimulus money for an HOV lane when needed. In addition, the traffic from the Casino did not materialize as first anticipated. The BOS now has broad discretion as to where and how the annual \$5.2 million for road improvement and maintenance is spent within a designated area. (Please see map in Appendix outlining the designated area)

The 2012 Amendment relieved the Tribe of any responsibility for future impacts to the Highway 50 HOV lane as was required by the 2006 MOU.

## **Improved Red Hawk Financial Condition since 2013**

In April 2010, approximately three years *before* the ratification of the 2012 Tribe/State Amended Compact, Moody’s stated in its report that it expected the Tribal Authority’s:

*“EBITDA (Earnings before interest, depreciation and amortization) will likely be insufficient to cover all its fixed charges, including interest expense, tribal distributions, debt amortization and capital expenditure in the next 12-18 months.”*

The Moody Investors Survey Reports identified how the Tribe reduced its debt. The Tribe refinanced its debts of approximately \$520 million for a reduction in overall cost of debt with savings of approximately \$8 million annually by September 12, 2013. The Tribe was able to eliminate its management agreement with Lakes Entertainment for an annual savings of approximately \$9 million. It was anticipated that the Tribal Authority would be able to lower its outstanding debt through scheduled debt amortization of about \$7 million on its term loan and through excess cash flow. By October 2014 the Tribe had reduced its outstanding debt to

approximately \$500 million. The Tribal Authority was able to reduce its debt load by approximately \$40 million by October 2015 and an *additional* \$88 million by October 2016.

Payments the Tribe makes to the State Revenue Sharing Trust Fund (RSTF) confirms that the Shingle Springs Band of Miwok Indians' revenue has improved significantly since 2012. The 2012 Amended State Compact requires the Tribe to make payments to the RSTF in the amount equal to 3% of the "Net Win". Net Win is defined in the State Compact as:

“drop from Gaming Devices, plus the redemption value of expired tickets, less fills, less payouts, less the portion of the Gaming Operation’s payments to a third-party wide area progressive jackpot system provider that is contributed only to the progressive jackpot amount”

In fiscal year 2013/2014 the Tribe paid \$5,388,346 into the RSTF at 3% of “Net Win” which would indicate a “Net Win” of \$179,611,533. The 2014/2015 payments to the RSTF was \$6,222,383 with an indicated “Net Win” amount of \$207,412,767.

The 2015/2016 payments indicate a “Net Win” of approximately \$228,447,000 based on three quarterly payments and an average of the three quarterly payments for the fourth quarterly payment<sup>3</sup>. “Net Win” has increased from:

- fiscal year 2013/2014 to fiscal year 2014/2015 by 15.4%,
- fiscal year 2014/2015 to fiscal year 2015/2016 by approximately 10.1%

The Tribe’s financial condition is different today. Moody’s October 20, 2016 report states that it expects:

*“Shingle Springs will continue to generate positive free cash flow that will be used for both Tribal distributions and debt reduction” The Tribal Authority has good credit metrics... stable operating outlook and its ability to generate free cash in excess of its maintenance capital spending and mandatory amortization requirements”.*

## **Payments required by the Amended Agreement**

A significant amount of money is paid annually by the Tribe to the County under the Amended Agreement and benefits several areas in the County budget. The Casino opened on December 17, 2008. The first payments were due on December 17, 2009 and totaled more than \$8M. The Amended Agreement terminates on June 30, 2032<sup>4</sup>.

---

<sup>3</sup> Averaging for the fourth quarter was necessary because the California Gambling Control Commission, starting April 1, 2016, no longer reports the payments made to the RSTF by the Shingle Springs Band of Miwok Indians because the information is considered confidential under the Tribal-State Gaming Compacts.

<sup>4</sup> The termination date of the 2006 MOU and 2012 Amendment are set by the termination date of the 2012 State Compact which is June 30, 2032. The 2012 State Compact termination date may be extended by negotiation of a new or amended Compact between the State and the Tribe.

As of the end of 2015 the Tribe has made all payments owed the County as required by the Amended Agreement. A detailed payment schedule with explanation may be found in the Appendix, Part B.

The following table summarizes the payment obligations of the Tribe for various budgets within the County. The Tribe will pay in excess of \$243,000,000 (gross amount) over the life of the MOU.

### Payments by the Tribe to the County

Payments by the Tribe to County for:	Beginning Amount	Total paid @ Y.E. 2015	% yearly increase	Annual increase begins	Est. Total over life of MOU
Sheriff	\$500,000	\$3,500,000			\$11,750,000
County Revenue Tax	\$500,000	\$3,500,000			\$11,750,000
HOV Lane/Qualifying Public Improvements	\$5,200,000	36,400,000	2%	2017	\$136,893,526
Discretionary Funds - A Through 2015	\$2,000,000	\$14,000,000			\$14,000,000
Discretionary Funds - A beginning in 2016	\$1,300,000				\$21,450,000
Discretionary Funds - B beginning 2016	\$2,500,000		2%	2017	\$47,530,224
Additional pmts for >2,000 Class III machines - ( 2014 & 2015)		\$400,000			
<b>Estimated Total over Life of MOUs (w/o add. gaming machines pmts):</b>					<b>\$243,373,750</b>

The 2012 Amendment also requires the County to pay the Tribe \$2,600,000 for “Qualifying Healthcare Contributions” which was not part of the 2006 MOU. The \$2,600,000 payment by the County to the Tribe is for increased expenses the Tribe’s Health Program incurs in caring for non-Indian citizens of the County. The \$2,600,000 annual payment will increase by 2% every year beginning on December 14, 2017.

As of December 2015, the County has made all “Qualifying Healthcare Contributions” payments as required by the 2012 Amendment totaling \$10,400,000. The total payments by the County to the Tribe for “Qualifying Healthcare Contributions” over the life of the MOU is estimated at \$60,646,763.

The annual payment schedule can be found in the Appendix, Part B.

## **OVERSIGHT OF THE AMENDED AGREEMENT**

### **Maintenance of Records**

The Grand Jury discovered during its investigation that there is no central point of contact or internal files for the Amended Agreement. This creates administrative gaps for CAOs, members of the Board of Supervisors (BOS) and other County staff who may need that information. Lack of internal records makes the task of managing the subject agreements difficult for all responsible parties. This also presents problems for maintaining a continuity of government-to-government relationship with the Tribe.

It was also learned that the Board of Supervisors relies on the CAO to deal with matters related to the Amended Agreement and had limited knowledge about specific provisions of the Amended Agreement.

This raises concerns because of:

- The length of the term of the current 2012 MOU has 16 years remaining.
- The significant payments to the County by the Tribe will be in excess of **\$243,000,000** over the life of the MOU.
- No accountability on the use of the Qualifying Healthcare Contributions Fund.
- Knowledge lost since no member of the present Board of Supervisors was in office when the Amended Agreement was negotiated and signed.
- There has been a significant turnover in CAO's over the past 8 years with an average service time of 24 months, adding to the concern. Following are the names of CAO's and their employment history as CAO:
  - Don Ashton: June 2016 to present
  - Larry Combs: End of May 2015 thru June 2016 (13 months)
  - Pamela Knorr: November 2014 to June 2015 (7 months)
  - Terri Daly: December 2010 to November 2014 ( 3 years, 11 months)
  - Gayle Erbe-Hamlin: June 2008 thru December 2010 (2 years, five months)

### **Lack of Compliance with Monitoring and Reporting Requirements**

#### **County monitoring of the number of gaming devices.**

The 2006 MOU provides for the County monitoring of the number of gaming devices the Tribe has in operation through the State of California's oversight of the Tribe's gaming facility which tracks the number of gaming devices in connection with the Tribal-State Compact. The MOU requires the Tribe to pay the County an additional \$100,000 for every 100 additional machines in operation above the approved 2,000 machines.

The Grand Jury interviewed public officials who had no knowledge of any monitoring of the number of machines. There is no process or oversight in place that follows up on annual changes in machine count.



The Tribe has made two such payments to the County. The Tribe paid the County an additional \$100,000 on February 6, 2014 and \$300,000 on December 28, 2015 for additional machine count.

The importance of the tracking of the machine count cannot be overemphasized. When the original 2006 MOU was signed, the State Compact allowed 2,000 gaming devices. The 2012 Amended and Restated Tribal-State Compact allows the Tribe to operate up to a total of 4,000 gaming devices after June 30, 2020. If the Tribe's market continues to expand and they reach the maximum machine count of 4,000, it would provide an additional annual payment of \$2,000,000 to the County.

### **Reporting Requirements of the Tribe for “Qualifying Healthcare Contributions”**

The 2012 Amendment requires the County to pay the Tribe \$2,600,000 annually for “Qualifying Healthcare Contributions”. In turn the Tribe is required to submit an annual written report to the County detailing how the money from the “Qualifying Healthcare Contributions” was spent. The 2012 Amendment states: “In consideration of the increase expenses to the Tribe’s Health Program for caring for non-Indian citizens of the County, the County shall pay the Tribe an annual contribution of Two Million Six Hundred Thousand Dollars to be applied to the Tribe’s health programs that service both tribal and non-members *and may be used for, among other things, behavioral health services, outreach services, dental care services, insurance costs and reimbursement of medical expenses.* (“Qualifying Healthcare Contributions”)... ”

There have been four annual reports due from the Tribe since the 2012 Amendment was signed. During the investigation, the Grand Jury requested copies of the four reports from County officials. The Grand Jury was furnished with reports from the Tribe for 2013, 2014 and 2015. (Copies of the reports can be found in the Appendix, Part C) They are as follows:

- A one page letter dated December 5, 2012 from the Chairman of the Shingle Springs Band of Miwok Indians to the El Dorado County Board of Supervisors stating: “The Tribal Council plans to use the County’s contribution to the Tribe to reduce the debt on its new Clinic Facility”. The letter provided no further detail on expenditures made.
- A one page copy of a Budget Item Note from the Shingle Springs Band of Miwok Indians budget. The Shingle Springs Band of Miwok Indian’s, Budget note states: “The Rancheria received an annual contribution of \$2,600,000 from the County during 2014. The funds were used to provide services to both tribal and non-tribal members including but not limited to behavioral health services, outreach services, dental care services and reimbursement of medical services”.
- A one page letter dated January 6, 2016 from the chairman of the Shingle Springs Band of Miwok to the El Dorado County Board of Supervisors stating: “...the Tribe received \$2,600,000 from the County to assist with the Tribe’s health programs in FY 2015. The Tribe applied this Qualifying Healthcare Contribution to the installation of a new freight elevator and to the general operating budget for the Shingle Springs Health and Wellness Center”.

A fourth report was presented to the Grand Jury at the completion of the investigation in mid April 2017. The report is dated January 17, 2017 and is also a one page letter. It did provide information about the number of non-Indian residents of the County served by the Tribe's Health and Wellness Center. (A copy of the report can be found in the Appendix, Part C).

None of the reports submitted by the Tribe provide any detail about the increased expenses associated with caring for non-Indian residents of the County as required by the 2012 Amendment.

None of the County representatives interviewed could explain exactly what the above provision meant or how it was to be implemented. All present-day County officials interviewed by the Grand Jury described the provision generally as poorly written. One described it as "nebulous" Another, when asked what the provision meant and how it was to be implemented, stated "I don't know."

Another concern the Grand Jury has related to the \$2,600,000 annual payment by the County is that the payment may not be justified in terms of direct dollar benefits for the increased expenses associated with caring for non-Indian citizens of the County. The concern is based on the following:

- The Tribe had always served both Indian and non-Indian Citizens of the community since 1995 both at their new Health and Wellness Center located on tribal lands as well as their original clinic located on Mother Lode Road in Shingle Springs.
- Tribal health clinics receive reimbursement rates for Medi-Cal and Medicare patients that are significantly higher than for other providers of like services. Medicare and Medi-Cal are markets most providers try to minimize because of the low reimbursement rates.
- In order to qualify for a \$13.6 million loan to build the new clinic in 2011, the Tribe had a feasibility study<sup>5</sup> prepared. The study recommended the Tribe increase its share of the Medi-Cal market in order to meet its debt service on the \$13.6 million loan.

The Grand Jury found the Tribe's medical clinic does see patients that would otherwise be filling up the emergency rooms of the hospitals in the County for non-emergency care. This was confirmed by all County officials interviewed by the Grand Jury that had knowledge of the Tribe's Clinic. County officials stated that the Clinic not only provides needed services for the underserved but provides quality health care.

### **Final Comment**

During the investigation it was learned that the present Chief Administrative Officer has been meeting on a regular basis with the Tribe's leadership. He has developed an ongoing

---

<sup>5</sup> "Shingle Springs Tribal Health Program, New Clinic Feasibility Analysis" by The Innova Group of Tucson, dated June 2010

relationship with Tribal leaders for all matters associated with the Tribe and the County, including the administration of the subject Amended Agreement.

Also, since the investigation was started, the CAO has appointed one of his staff as a point-of-contact person for Tribal matters and has started a file related to Tribal matters.

## **FINDINGS**

F1 The subject Amended Agreement appears to have been created at arm's length and in good faith by both the Miwok Tribe and El Dorado County.

F2 The County derives a benefit from its payments to the Tribe for the Qualifying Healthcare Contributions.

F3 Prior to the investigation, the County failed to adequately perform its duties to ensure the Tribe's compliance with the Amended Agreement by not having a central file, meaningful record keeping or point-of-contact.

F4 The Tribe and the County have complied with the Amended Agreement by consistently and in a timely manner making all payments as required by the MOU as amended.

F5 The Grand Jury finds that the Tribe's ability to meet its financial obligations has improved significantly since 2012.

F6 The County has failed to verify the number of gaming machines at Red Hawk which may have resulted in lost revenue.

F7 The County's acceptance of insufficient documentation of the Qualifying Healthcare Contribution Fund by the Tribe deprives the County of the ability to monitor compliance with the 2006 MOU as amended.

## **RECOMMENDATIONS**

R1 The Grand Jury recommends the County direct present and future Chief Administrative Officers to identify a central point of contact among county staff to monitor and maintain oversight of and compliance with the Amended Agreement. The recommendation should be implemented at once.

R2 The Grand Jury recommends the County direct present and future Chief Administrative Officers to annually monitor the number of gaming machines at the Red Hawk Casino.

R3 The Grand Jury recommends the County direct present and future Chief Administrative Officers to maintain and safeguard documentation associated with the Amended Agreement at a central location.

R4 The Grand Jury recommends the Board of Supervisors adopt a policy requiring the Tribe to provide a detailed annual report of the Tribe's use of the County's "Qualifying Healthcare Contributions" to insure compliance with the Amended Agreement.

## **REQUEST FOR RESPONSES**

Responses to both the Findings and Recommendations in this report are required by law in accordance with California Penal Code 933 and 933.05 as follows:

From the following governing bodies:

- El Dorado County Board of Supervisors

Address responses to:

The Honorable Suzanne N. Kingsbury  
Presiding Judge of the El Dorado Superior Court  
1354 Johnson Blvd.  
South Lake Tahoe, CA 96150

# Appendix

## Part A Bibliography

### Sources of online data:

- El Dorado County website and various links provided by the website. [www.edcgov.us](http://www.edcgov.us).
- U.S. Health and Human Services, Indian Health Services. [www.ihs.gov](http://www.ihs.gov).
- California Gambling and Control Commission and various links provided by the website. [www.cgcc.ca.gov](http://www.cgcc.ca.gov).
- Department of Justice, Bureau of Gambling Control and various links provided by the website. [www.oag.ca.gov/gambling](http://www.oag.ca.gov/gambling).
- California Legislative Information website. [www.leginfo.legislature.ca.gov](http://www.leginfo.legislature.ca.gov).
- Shingle Springs Band of Miwok web site. [www.shinglespringsrancheria.com](http://www.shinglespringsrancheria.com).
- National Indian Gaming Commission. [www.nigc.gov](http://www.nigc.gov).
- Moody's Investors Service, Global Credit Research. [www.moodys.com](http://www.moodys.com).

### Documents reviewed:

- 2006 “Memorandum of Understanding and Intergovernmental Agreement between the County of El Dorado and Shingle Springs Band of Miwok Indians” dated September 26, 2006.
- 2012 “Amendment of Memorandum of Understanding and Intergovernmental Agreement between the County of El Dorado and Shingle Springs Band of Miwok Indians”, dated October 20, 2012.
- 1999 Tribal-State Compact between the State of California and the Shingle Springs Rancheria.
- 2008 Amendment to the Tribal-State Gaming Compact between the State of California and the Shingle Springs Band of Miwok Indians.
- 2012 Amended and Restated Tribal-State Compact between the State of California and the Shingle Springs Band of Miwok Indians.
- El Dorado County budget reports from 2007-2016 regarding payments from the Tribe to the County and payments from the County to the Tribe.
- Moody's Investors Service, Global Credit Research Summary Reports from 2007 thru October 20, 2016 of Shingle Springs Tribal Gaming Authority.
- Assembly Bill Analysis of AB 1267 dated April 29, 2013
- Senate Committee on Governmental Organization, Information hearing on: Amended Tribal-State Compact between the State of California and The Shingle Springs Band of Miwok Indians, dated April 23, 2013 at the State Capitol.
- Letter from Shingle Springs Band of Miwok Indians to the Board of Supervisors dated December 5, 2012.
- Letter from Shingle Springs Band of Miwok Indians to the County Board of Supervisors, RE: Qualifying Healthcare Contributions, dated January 6, 2016.
- Page 23 from the Shingle Springs Band of Miwok Indians (Governmental Activities and Funds), Note 9 –Comment and Contingencies. Recognition of the Tribe receiving \$2,600,000 from the County during 2014.
- Public Law 100-497, 100<sup>th</sup> Congress, entitled “Indian Gaming Regulatory Act”, dated October 17, 1988.

- El Dorado County New Release dated September 28, 2006 entitled: “County Reaches Settlement with Shingle Springs Miwok Tribe over Proposed Project”.
- Letter from El Dorado County Counsel to the Board of Supervisors dated November 7, 2012.
- Feasibility analysis prepared for the Shingle Springs Band of Miwok Indians by the Innova Group of Tucson dated June 2010 and entitled: “Shingle Springs Tribal Health Program”.
- Testimony of Nicholas Fonseca, Chairman, Shingle Springs Band of Miwok before the House Subcommittee on American Indian and Alaska Natives regarding H.R. 2388 dated July 23, 2013.
- Shingle Springs Band of Miwok Indians, Resolution 2012-74: Authorization for Amendment to the 2006 County/Tribe MOU.
- Shingle Springs Rancheria, Resolution 2006-25: Relevant to Waiver of Sovereign Immunity and the approval of the 2006 MOU between the County and the Tribe
- Marketwire, dated November 18, 2008 “Redhawk Casino Announces Opening Date”.

## Part B-2006 MOU and 2012 Amendment (Amended Agreement) Payment Schedules

### Payment schedules based on the following:

- Annual payments are made at the end of each year of operation.
- All payments are annual except payments to the Sheriff's office which are quarterly.
- Opening Date of Red Hawk: December 17, 2008.
- First payment due 365 days after opening: 12/17/09
- Last payment due on June 30, 2032
- Last payment in 2032 is on an annualized basis (6 months of operation)

### Payments to Sheriff's Office

The Tribe pays \$500,000 annually in quarterly installments of \$125,000 per quarter to the sheriff's office. The elected sheriff determines usage of the funds. The term is for 20 years or the life of the Tribe's Compact with the State, whichever is longer. The original term of the 1999 State Compact ended December 31, 2020. The term was extended in the 2008 Amended Compact to December 31, 2029 and, most recently, extended again to June 30, 2032 by the Amended and Restated 2012 State Compact.

Year	Amount	Year	Amount
2009	\$500,000	2021	\$500,000
2010	\$500,000	2022	\$500,000
2011	\$500,000	2023	\$500,000
2012	\$500,000	2024	\$500,000
2013	\$500,000	2025	\$500,000
2014	\$500,000	2026	\$500,000
2015	\$500,000	2027	\$500,000
2016	\$500,000	2028	\$500,000
2017	\$500,000	2029	\$500,000
2018	\$500,000	2030	\$500,000
2019	\$500,000	2031	\$500,000
2020	\$500,000	2032	\$ 250,000
		<b>Total</b>	<b>\$11,750,000</b>

### County Revenue Tax

The 2006 MOUs requires the Tribe to pay \$500,000 per year for 20 years or the life of the Tribe's Compact with the State (whichever is longer). The payment as described in the 2006 MOU is:

- *"in recognition of the fact that the Gaming Project is not subject to the same taxes to which other businesses in the County are subject"* ;and
- to make certain that private businesses are not placed at a competitive disadvantage.

These funds are deposited in the County General Fund and are not earmarked for any specific use and may be used for any purpose by the Board of Supervisors as they deem fit.

Year	Amount	Year	Amount
2009	\$500,000	2021	\$500,000
2010	\$500,000	2022	\$500,000
2011	\$500,000	2023	\$500,000
2012	\$500,000	2024	\$500,000
2013	\$500,000	2025	\$500,000
2014	\$500,000	2026	\$500,000
2015	\$500,000	2027	\$500,000
2016	\$500,000	2028	\$500,000
2017	\$500,000	2029	\$500,000
2018	\$500,000	2030	\$500,000
2019	\$500,000	2031	\$500,000
2020	\$500,000	2032	\$ 250,000
		<b>Total</b>	<b>\$11,750,000</b>

### General Discretionary Fund Payments

The 2006 MOU requires the Tribe to pay the County additional funds *“to be used at the County’s discretion to fully address the Tribe’s Projects.* General Discretionary Fund payments are as follows:

- \$2,000,000 annually for seven years starting in December 2009 (365 days after Gaming Project was in operation) with the last payment due in December 2015.
- \$1,300,000 annually beginning on the last day of the eighth year of operation (December 2016) and every year thereafter until the termination date of the 2012 Amended and Restated State Compact which is June 30, 2032.
- \$2,500,000 annually beginning on the last day of the eighth year of operation (December 2016) and every year thereafter until the terminations of the 2012 Amended and Restated State Compact which is June 30, 2032. The \$2,500,000 payment is *“subject to a 2% escalator every year beginning with the ninth year of the Gaming Project operation to account for annual cost of living increases.”*



Year	Amount	Year	Amount	Amount
	First Seven Years		Discretionary Funds	Additional Discretionary Funds with 2% Escalator
12/17/2009	\$2,000,000	12/17/2016	\$ 1,300,000	\$2,500,000
12/17/2010	\$2,000,000	12/17/2017	\$ 1,300,000	\$2,550,000
12/17/2011	\$2,000,000	12/17/2018	\$ 1,300,000	\$2,601,000
12/17/2012	\$2,000,000	12/17/2019	\$ 1,300,000	\$2,653,020
12/17/2013	\$2,000,000	12/17/2020	\$ 1,300,000	\$2,706,080
12/17/2014	\$2,000,000	12/17/2021	\$ 1,300,000	\$2,760,202
12/17/2015	\$2,000,000	12/17/2022	\$ 1,300,000	\$2,815,406
		12/17/2023	\$ 1,300,000	\$2,871,714
		12/17/2024	\$ 1,300,000	\$2,929,148
		12/17/2025	\$ 1,300,000	\$2,987,731
		12/17/2026	\$ 1,300,000	\$3,047,486
		12/17/2027	\$ 1,300,000	\$3,108,436
		12/17/2028	\$ 1,300,000	\$3,170,604
		12/17/2029	\$ 1,300,000	\$3,234,017
		12/17/2030	\$ 1,300,000	\$3,298,697
		12/17/2031	\$ 1,300,000	\$3,364,671
		6/30/2032	\$ 650,000	\$1,715,982
<b>Sub Total</b>	<b>\$14,000,000</b>		<b>\$ 21,450,000</b>	<b>\$47,530,224</b>
<b>Total</b>	<b>\$82,980,224</b>			

### Payments for Additional Gaming Devices

The 2006 MOU obligates the Tribe to pay the County an additional \$100,000 for every 100 additional machines in operation.

The Tribe has made two such payments to the County. The Tribe paid the County an additional \$100,000 on February 6, 2014 and \$300,000 on December 28, 2015 for additional machine count.

Year	Amount
2014	\$100,000
2015	\$300,000
<b>Total</b>	<b>\$400,000</b>

## Payments for HOV Project/Qualifying Public Improvements

The 2006 MOU required the Tribe to pay the County \$5,200,000 for a 5.3 mile HOV lane on Highway 50. The 2012 Amendment requires the Tribe to continue paying the County \$5,200,000 but the funds are to be used for public improvements located within certain designated boundaries encompassing a large area of the West Slope of El Dorado County. A map of the area is located in the Appendix and entitled “Exhibit A, Area of Use Map”. Allowed uses include road improvements and/or maintenance and are referred to as “Qualifying Public Improvements”.

The first payment under the 2012 Amendment was due on December 1, 2012. The payments are to continue through the duration of the Agreement which ends on June 30, 2032. The payment is to increase by 2% every year, beginning December 1, 2017.

Year	Amount	Amount
	2006 MOU-Funds for HOV Project	2012 Amendment-Funds for "Qualifying Public Improvements
12/1/2009	\$5,200,000	
12/1/2010	\$5,200,000	
12/1/2011	\$5,200,000	
12/1/2012		\$5,200,000
12/1/2013		\$5,200,000
12/1/2014		\$5,200,000
12/1/2015		\$5,200,000
12/1/2016		\$5,200,000
12/1/2017		\$5,304,000
12/1/2018		\$5,410,080
12/1/2019		\$5,518,282
12/1/2020		\$5,628,647
12/1/2021		\$5,741,220
12/1/2022		\$5,856,045
12/1/2023		\$5,973,165
12/1/2024		\$6,092,629
12/1/2025		\$6,214,481
12/1/2026		\$6,338,771
12/1/2027		\$6,465,546
12/1/2028		\$6,594,857
12/1/2029		\$6,726,754
12/1/2030		\$6,861,290
12/1/2031		\$6,998,515
6/30/2032		\$3,569,243
<b>Sub Total</b>	<b>\$15,600,000</b>	<b>\$121,293,526</b>
<b>Total</b>	<b>\$136,893,526</b>	

### Payment by County to Tribe

The \$2,600,000 payment by the County to the Tribe is for increased expenses the Tribe's Health Program incurs in caring for non-Indian citizens of the County. The \$2,600,000 annual payment is to increase by 2% every year beginning on December 14, 2017.

Year	Amount	Year	Amount
	Payment by County		Payment by County
2012	\$2,600,000	2022	\$2,928,022
2013	\$2,600,000	2023	\$ 2,986,583
2014	\$2,600,000	2024	\$ 3,046,314
2015	\$2,600,000	2025	\$ 3,107,241
2016	\$2,600,000	2026	\$ 3,169,385
2017	\$2,652,000	2027	\$ 3,232,773
2018	\$2,705,040	2028	\$ 3,297,429
2019	\$2,759,141	2029	\$ 3,363,377
2020	\$2,814,324	2030	\$ 3,430,645
2021	\$2,870,610	2031	\$ 3,499,258
		2032	\$ 1,784,621
<b>Sub Total</b>	<b>\$26,801,115</b>		<b>\$33,845,649</b>
<b>Total</b>	<b>\$60,646,763</b>		

# Part C-Tribe's "Qualifying Healthcare Contributions" Reports



## SHINGLE SPRINGS BAND OF MIWOK INDIANS

SHINGLE SPRINGS BAND OF MIWOK INDIANS  
SHINGLE SPRINGS RANCHERIA  
(VERONA TRACT), CALIFORNIA  
5281 HONPIE ROAD, PLACERVILLE, CA 95667  
P.O. BOX 1340, SHINGLE SPRINGS, CA 95682  
(530) 387-4971 OFFICE, (530) 387-8068 FAX

December 5, 2012

Board of Supervisors  
County of El Dorado  
330 Fair Lane  
Placerville, CA 95667

Re: **Qualifying Public Improvement**

Dear El Dorado County Board of Supervisors:

Thank you for approving the amendment to the Memorandum of Understanding ("MOU") between the Tribe and the County of El Dorado ("County").

Please let this letter confirm that the Tribe has paid its 5.2 million dollars to the County by the December 1, 2012 deadline, as outlined in the MOU. If you have any questions regarding the payment please contact Ernest Vargas, Tribal Administrator, at your earliest convenience.

Additionally, the Tribe has always considered the Tribe's Health Program as a "Qualifying Public Improvement" under the MOU with the County in that the Tribe's Health Program benefits non-Indians as well as Indians, and in a substantial way. Therefore it would be perfectly consistent with the Amendment of Memorandum of Agreement for the County to make the payment to the Tribe required by Paragraph 2 of the amendment out of the funds the County received from the Tribe under Paragraph 1 of the Amendment.

Furthermore, the Tribal Council plans to use the County's contribution to the Tribe to reduce the debt on its new Clinic Facility, located within the map displayed as Exhibit A in the MOU. The new Clinic Facility was designed to be able to significantly increase the number of patients seen at the Clinic, in order to provide additional benefits to the El Dorado community.

For these reasons the Tribe considers the Tribe's Health Program as a "Qualifying Public Improvement." If you have any questions regarding this matter, please contact AmyAnn Taylor, General Counsel.

Sincerely,

Nicholas Fonseca  
Chairman

12-1409 2A 1 of 1





SHINGLE SPRINGS BAND  
OF MIWOK INDIANS

Shingle Springs Rancheria  
(Verona Tract), California  
5168 Honpie Road  
Placerville, CA 95667  
Phone: 530-698-1400  
shinglespringsrancheria.com

January 6, 2016

Chairperson Brian K. Veerkamp  
County of El Dorado Board of Supervisors  
330 Fair Lane  
Placerville, CA 95667

**RE: Qualifying Healthcare Contributions**


Dear Chairperson Veerkamp:

This letter is being sent to inform you as to how the Shingle Springs Band of Miwok Indians ("Tribe") has allocated the Qualifying Healthcare Contribution it received from the County of El Dorado ("County") at the end of 2014.

In accordance with the Amended Memorandum of Understanding and Intergovernmental Agreement between the Tribe and County, the Tribe received \$2,600,000 from the County to assist with the Tribe's health programs in FY 2015. The Tribe applied this Qualifying Healthcare Contribution to the installation of a new freight elevator and to the general operating budget for the Shingle Springs Health and Wellness Center.

Thank you for your continued support of the Tribal health program. This support makes it possible for the Tribe to serve its members and the citizens of El Dorado County. I personally look forward to our continued relationship.

Sincerely,

  
Nicholas Fonseca  
Chairman



SHINGLE SPRINGS BAND  
OF MIWOK INDIANS

Shingle Springs Rancheria  
(Verona Tract), California  
5168 Honpie Road  
Placerville, CA 95667  
Phone: 530-698-1400  
shinglespringsrancheria.com

January 11, 2017

Chairperson Frentzen  
County of El Dorado Board of Supervisors  
330 Fair Lane  
Placerville, CA 95667

**RE: Qualifying Healthcare Contributions**

Dear Chairperson Frentzen:

This letter is being sent to inform you as to how the Shingle Springs Band of Miwok Indians ("Tribe") has allocated the Qualifying Healthcare Contribution it received from the County of El Dorado ("County") at the end of 2015.

In accordance with the Amended Memorandum of Understanding and Intergovernmental Agreement between the Tribe and County, the Tribe received \$2,600,000 from the County to assist with the Tribe's health programs in FY 2016. The Tribe applied this Qualifying Healthcare Contribution to the planning, installation and construction of a new pharmacy at the Health and Wellness Center and to the general operating budget for the Shingle Springs Health and Wellness Center.

In 2016, the Health and Wellness Center had approximately 26,488 patient visits from non-Native American El Dorado County residents. Of those patients, 85% were either indigent or on Medi-Cal. The Health and Wellness Center provides medical, dental, orthodontics, podiatry, chiropractic, physical therapy, and behavior health services, including: adult and child psychiatry, psychology, counseling, support groups and traditional healing. The Health and Wellness Center anticipates opening its new pharmacy to the El Dorado community in March 2017.

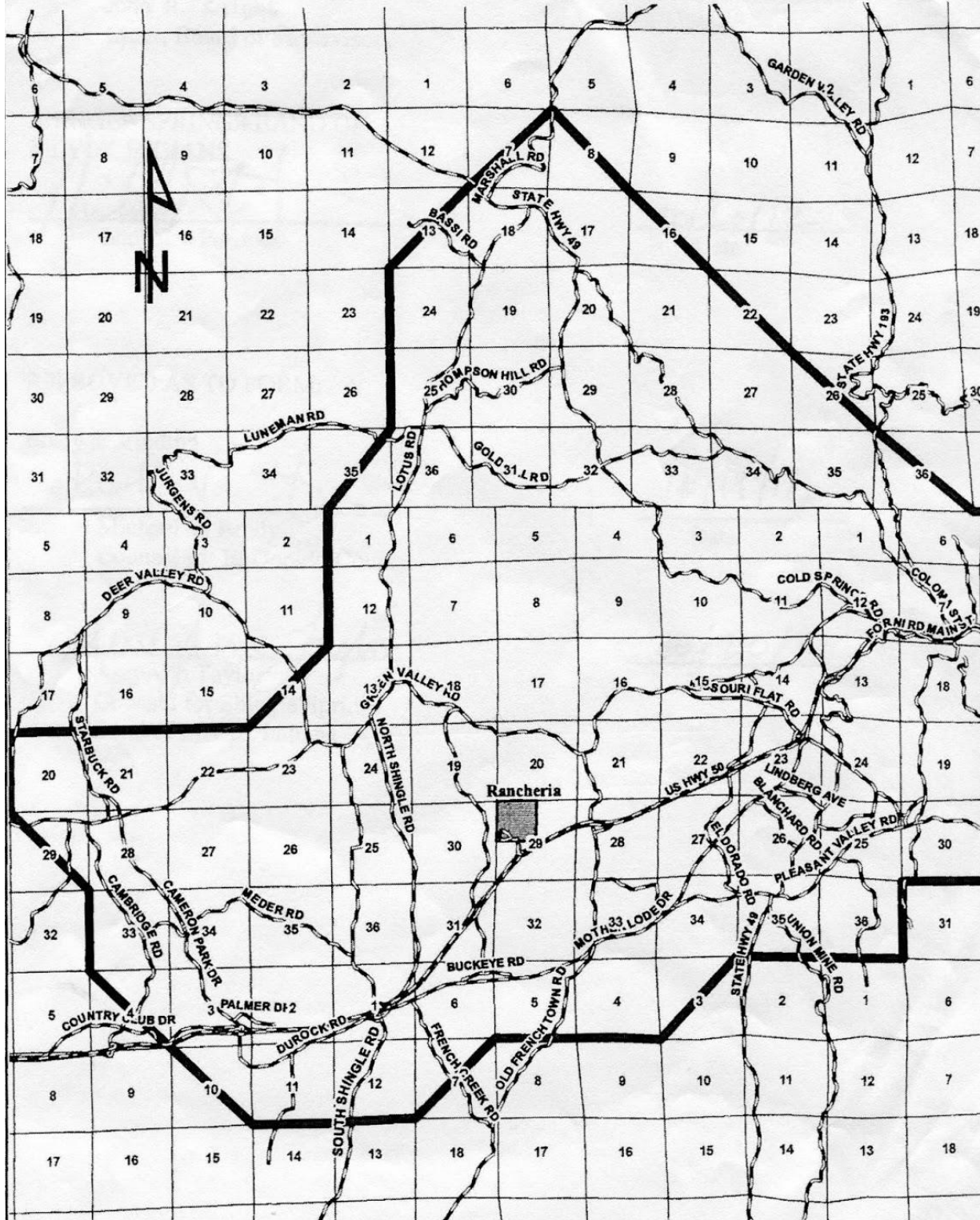
Thank you for your continued support of the Tribal health program. This support makes it possible for the Tribe to serve its members and the citizens of El Dorado County. I personally look forward to our continued relationship.

Sincerely,

  
Nicholas Fonseca  
Chairman


Exhibit A

Area of Use Map





## **Grounds to Recall El Dorado County Supervisors**

- Took no action when notified of hazardous waste adjacent to Missouri Flat bike trail
- Rezoned 37,000 of 94,000 assessed parcels without notification to property owners or adjacent property owners (4/5 Supervisors)
- Cut number of Board meetings in half while keeping same pay (4/5 Supervisors)
- Reinstated bonuses for already highly-paid elected officials (Veerkamp and Mikulaco)
-  • Takes no action to audit \$2,600,000 gift to Tribal Health Facility
- Approved high-density, 55-unit per acre Town Center Apartment project (Veerkamp and Mikulaco)
- Did not keep option for oak tree retention in study to update Biological Policy
- Continues to pay District Attorney as Interim Director of Information Technology

**edcTotalRecall.org**