

RESOLUTION NO. 2017-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA
(1) RATIFYING CHIEF OF POLICE AND STATE OF CALIFORNIA
DIVISION OF GAMBLING CONTROL APPROVALS OF THE TRANSFER
OF A CONSOLIDATED CLASS II CARDROOM LICENSE FOR THE
SEVEN MILE CASINO FROM V.C. CARDROOM, INC. TO STONES
SOUTH BAY CORPORATION; (2) WAIVING THE REQUIREMENT FOR
TEMPORARY REVERSION OF THE CLASS II LICENSE TO A CLASS I
LICENSE FOR THIS TRANSFER WITH FINDINGS AND CONDITIONS;
AND (3) RATIFYING CHIEF OF POLICE APPROVAL OF THE NEW
OWNERS AND OTHERS POSSESSING A FINANCIAL INTEREST IN THE
GAMING OPERATIONS AND/OR CARDROOM LICENSE FOR THE
SEVEN MILE CASINO; AND (4) APPROVING RELATED MATTERS

WHEREAS, V C Cardroom, Inc. is the owner of the only two (2) cardroom licenses issued by the City of Chula Vista, which have been consolidated into a "Class II" cardroom license (collectively, the "Cardroom License").

WHEREAS, pursuant to the Cardroom License, the sole gaming operation within the City is known as Seven Mile Casino, which is located at 271 and 285 Bay Boulevard, Chula Vista, California 91910; and

WHEREAS, on December 12, 2016, Stones South Bay Corporation ("Stones Corp.") submitted an application ("Application") to the Chula Vista Police Department per section 2.4 of the City of Chula Vista Gaming Plan (the "Gaming Plan") for the transfer of the Cardroom License from V C Cardroom, Inc. to Stones Corp.; and

WHEREAS, on February 15, 2017, Stones Corp. requested that the City Council ratify the Application for the Cardroom License per section 2.5 of the Gaming Plan; and

WHEREAS, on March 23, 2017, the State of California Division of Gambling Control conditionally issued a Temporary State Gambling License to Stones Corp. and approved the transfer of the interests in Seven Mile Casino from V C Cardroom, Inc. to Stones Corp.;

WHEREAS, on or about April 11, 2017, the City Council approved an Amendment to the Gaming Plan allowing the City Council to waive the requirement for a temporary reversion of "Class II" licenses to "Class I" licenses upon transfer of a cardroom license where the Chief of Police determines, and the City Council approves, that the proposed transferee possesses adequate experience and expertise to operate a "Class II" cardroom in accordance with state gaming laws, the terms and conditions of the City's Gaming Plan, and existing best practices for such operations (the "Gaming Plan Amendment"); and

WHEREAS, the Chula Vista Police Department has thoroughly reviewed the Application and conducted background investigations of the proposed transferees and financial interest holders in the Cardroom License; and

WHEREAS, based on these background investigations, and an on-site visit and evaluation of Stones Corp. affiliate operations of a "Class II" cardroom in Citrus Heights, California, the Chief of Police has determined that Stones Corp. possesses adequate experience and expertise to operate a "Class II" cardroom in accordance with state gaming laws, the terms and conditions of the City's Gaming Plan, and existing best practices for such operations and therefore recommends City approval of a waiver under the Gaming Plan Amendment ("Waiver"); and

WHEREAS, the Chief of Police has approved the proposed transferees and proposed financial interest holders in the Cardroom License.

WHEREAS, as a condition of the approval of a transfer of the Cardroom License, and the Waiver, the City and Stones Corp. have agreed to amend the Card Room Operating Agreement, consistent with the terms provided therein, to reduce the Vested Operating Term from a period of five (5) years to a period of four (4) years, whereby such Vested Operating Term shall expire on March 3, 2019.

WHEREAS, the City Attorney's office has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the activity consists of a governmental administrative/fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is required.

NOW THEREFORE, based on the recitals set forth alone, the City Council of the City of Chula Vista hereby resolves as follows:

1. The City Council hereby ratifies Chief of Police and State of California Division of Gambling Control approvals of the transfer of the Cardroom License from V C Cardroom, Inc. to Stones South Bay Corporation.
2. The City Council hereby determines that Stones Corp. possesses adequate experience and expertise to operate a "Class II" cardroom in accordance with state gaming laws, the terms and conditions of the City's Gaming Plan, and existing best practices for such operations and, accordingly waives the requirement for a temporary reversion of the Class II License to a Class I License for the transfer of the Cardroom License from V C Cardroom, Inc. to Stones South Bay Corporation.
3. The City Council hereby ratifies the approval by the Chief of Police of the new owners and financial interest holders in the Cardroom License per the attached Exhibit A.

4. As a condition of the approval and waiver provided in Sections 1 and 2, above, the City Manager is hereby authorized and directed to finalize and execute on behalf of the City an Amendment to the Card Room Operating Agreement with the Cardroom License interest holders, consistent with the terms provided therein, to reduce the Vested Operating Term to a period of four (4) years, whereby such Vested Operating Term shall expire on March 3, 2019.
5. The City Council hereby authorizes and directs the City Manager to take such further actions and execute such further agreements as deemed necessary, in the City Manager's sole discretion, to effectuate the transfer of the Cardroom License from V C Cardroom, Inc. to Stones South Bay Corporation.

Presented by:

Approved as to form by:

Glen R. Googins
City Attorney

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City Attorney

EXHIBIT A

FINANCIAL INTEREST HOLDERS IN THE CARDROOM LICENSE FOR SEVEN MILE CASINO