

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

PUBLIC MEETING
Cadillac Place
3062 W. Grand Blvd., Suite L-700
Detroit, Michigan

Tuesday, September 14, 2010
9:30 a.m.

MINUTES

On Tuesday, September 14, 2010, the Michigan Gaming Control Board held a public meeting at the Board office in the Cadillac Place, 3062 W. Grand Boulevard, Suite L-700, Detroit, Michigan.

Present: In attendance were the following Board members:

Ms. Barbara Rom, Chairperson
Judge Benjamin Friedman
Mr. Michael Watza
Judge Kenneth Sanborn

Also attending were:

Richard Kalm
Fred Cleland
D/Lt. Vicki Johnson
Don McGehee
Diane Brown

Business:

Ms. Rom called the staff briefing of the public meeting to order at 9:36 a.m. There was no preliminary business to discuss.

Ms. Rom welcomed the newest member of the Board, Judge Kenneth Sanborn, who is retired from the Macomb County Circuit Court.

Ms. Rom stated the first order of business was to approve the minutes from the August 10, 2010, regular public meeting. Ms. Rom noted that all Board members had previously received the minutes and asked if there were any questions or concerns.

It was then moved by Judge Friedman and seconded by Mr. Watza that the minutes of the September 14, 2010, meeting be approved. A voice vote was taken.

Motion carried.

Next, Mr. Kalm presented the Executive Director's report. Mr. Kalm reported that since the last Board meeting, Henry Williams had been promoted to Employee Licensing Manager, effective August 8, 2010, and Karen Finch had been promoted to Records Manager, effective August 14, 2010, leaving 16 authorized positions to fill.

In regard to the Board's budget, Mr. Kalm reported that as of August 31, 2010, total expenditures were \$17,280,597.92, which left an unexpended balance of \$5,721,513.08 in appropriated funding for fiscal year 2010, which includes the Horse Racing Budget which was transferred to Gaming and funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Kalm next reported that the casinos continue to operate 24/7 and for the month of August 2010, the aggregate revenue and taxes for all three Detroit casinos were up 1.1% compared to the same month last year, however, were down 4.9% compared to the previous month, July 2010. Revenue for MGM Grand Detroit (MGM) was up by 8.8% to \$48 million, whereas MotorCity and Greektown (GTC) were down 5.1% to \$35 million and 2.4% to \$29.9 million, respectively. The market shares for MGM Grand Detroit, MotorCity and Greektown for the month of August 2010 were 43%, 31% and 26% respectively.

For the month ending August 31, 2010, gaming taxes for the three Detroit casinos were \$6.7 million compared to \$10.3 million for the same period last year. It was also noted this was primarily due to Greektown Casino being granted a tax rollback of \$14.97 million, effective March 9, 2010.

Mr. Kalm further reported for the three months ending August 31, 2010, the aggregate revenue and taxes for all three Detroit casinos were up by 1.5% compared to the same three month period last year. Revenue for MGM Grand Detroit, MotorCity and Greektown Casinos were \$145 Million, \$109 Million and \$88 Million respectively. Revenue for the three months ending August 31, 2010, for MGM was up by 6.6%, whereas Greektown and MotorCity were down by 0.2% and 4% respectively for those three months compared to the same three month period last year.

Mr. Kalm further went on to state that the tax rollback granted to Greektown Casino on March 9, 2010, in the amount of \$14,971,488.94, had an unused amount as of August 31, 2010, of \$841,231.38. Mr. Kalm also stated that as of September 10, 2010, the remaining tax rollback credit was depleted.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board that as of August 31, 2010, 1,197 active vendor exemptions are registered and 235 casino supplier companies have been granted exemptions from supplier licensing requirements.

In regard to employee licensing, Mr. Kalm advised the Board that as of August 31, 2010, the Board's Employee Licensing Section had issued a total of 2,299 occupational licenses to MGM Grand Detroit Casino employees; 1,746 occupational licenses to MotorCity Casino employees; and 1,719 occupational licenses to Greektown Casino employees. In addition, for the month of August 2010, 1,146 employees of various licensed casino suppliers had been granted occupational licenses. To date, the Board

has authorized the issuance of 17,372 occupational licenses to casino and supplier license employees; renewed 19,611 occupational licenses; and denied 393 occupational license applications.

Mr. Kalm advised the Board that for the month of August 2010, the required background investigations for 53 pending Level 1 and 2 licenses had been completed and would be considered for approval by the Board at today's meeting and pursuant to Board Resolution No. 2002-02, he has approved 332 renewal requests on behalf of the Board.

Next, Mr. Kalm reported on the MSP Board related activity. Since the August 10, 2010 report, there was no staffing change to report. During the month of August 2010, the MSP Gaming Section investigated 62 criminal complaints and made 18 arrests.

Mr. Kalm stated that the Board would notice MotorCity Casino's renewal was not on the agenda due to additional questions being pursued by Board staff and that there were no regulatory issues prohibiting their renewal.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 53 Level 1 and 2 occupational license applications.

It was moved by Judge Friedman and seconded by Mr. Watza that the Board enter an order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 53 Level 1 and 2 occupational license applications. A voice vote was taken.

Motion carried.

Next the Board considered the Executive Director's Report and Licensing Division's staff recommendation regarding the transfer of interest in Atronic Americas LLC and Spielo Manufacturing ULC.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Judge Friedman that the Board enter an order approving the proposed transfer of interest in Atronic Americas, LLC and Speilo Manufacturing, ULC. A voice vote was taken.

Motion carried.

Next, the Board considered the Executive Director's Reports and Licensing Division's staff recommendations regarding the pending supplier license applications of Schadler Kramer Group, LLC and Star Trax Corporate Events, LLC, and their qualifiers.

There being no questions from Board members, it was moved by Judge Friedman and seconded by Mr. Watza that the Board enter orders approving the supplier license application requests of Schadler Kramer Group, LLC d/b/a as SK&G Advertising and Star Trax Corporate Events, LLC d/b/a Pulse 220 and their qualifiers for licensure under the licensing standards and requirements of the Act and Rules of the Board. And

accordingly, grant these requests based upon the background investigation reports and the recommendations of the Board's Licensing Division staff. A voice vote was taken.

Motion carried.

Next, the Board considered the Executive Director's Reports and Licensing Division's staff recommendations regarding the pending supplier license renewal applications of 1st Choice Distributors, LLC, American Gaming and Electronics, Inc., Detroit Spectrum Painters, Inc., Diversified Computer Services, Inc., LaBelle Electric Services, Inc., Premier Services Group, LLC, Shuffle Master, Inc., Socios Holdings, Inc, The Mina Group, LLC, and Wing Construction, Inc.

There being no questions from Board members, it was moved by Mr. Watzka and seconded by Judge Friedman that the Board enter orders finding and concluding that 1st Choice Distributors, LLC, American Gaming and Electronics, Inc., Detroit Spectrum Painters, Inc., Diversified Computer Services, Inc., LaBelle Electric Services, Inc., Premier Services Group, LLC, Shuffle Master, Inc., Socios Holdings, Inc, The Mina Group, LLC, and Wing Construction, Inc. and their qualifiers are eligible and suitable for licensure under the licensing standards and requirements of the Act and Rules of the Board. And accordingly, grant these requests for a one-year period beginning September 14, 2010. A voice vote was taken.

Motion carried.

Next, Ms. Rom stated the next item on the agenda was the MGM Grand Detroit Renewal request. Mr. Stuckey of Dickinson Wright appeared on behalf of MGM. Also present with Mr. Stuckey was James Freeman, a Senior Vice-President of MGM Resorts International. Mr. Stuckey stated that Mr. Freeman is also a Senior Vice- President of Capital Markets and Strategy. Neither Mr. Stuckey nor Mr. Freeman had any statement to make regarding the renewal of MGM Grand Detroit, LLC's license.

Ms. Rom asked Mr. Freeman about the financial responsibility of MGM Detroit with regard to MGM Resorts International. Ms. Rom wanted to know if the Detroit operation would be liable for the obligations of MGM Resorts International if the parent corporation defaulted on any of its credit agreements or obligations, and if there are backup plans in place as to what would happen to the Detroit operation should that occur. Mr. Freeman stated that to the best of his knowledge there is no liability for MGM Detroit for the obligations of MGM Resorts International and there is no plan in place at this point in time should that occur. Ms. Rom then asked if there were any plans to sell it at this time and Mr. Freeman stated there was "certainly not."

There being no other questions or comments, Ms. Rom called for a voice vote. It was moved by Judge Friedman and seconded by Mr. Watzka that the Board issue an order and notice of renewal to casino licensee MGM Grand Detroit, LLC renewing its annual casino license for a new one year period from September 14, 2010, through September 13, 2011. A voice vote was taken.

Motion carried.

The next item to be discussed was the eligibility and suitability of Jamal Majed Bin Thenyieh, a key person of Dubai World, a qualifier of MGM Grand Detroit casino licensee.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Judge Friedman that the Board enter an order finding Jamal Majed Bin Thenyieh eligible and suitable as a required key person of Dubai World, a qualified entity of MGM Grand Detroit, under the licensing standards and requirements of the Act and Rules of the Board. A voice vote was taken.

Motion carried.

The next item to be discussed was the eligibility and suitability of Freman Hendrix, a key person of Greektown Casino, LLC. Mr. Hendrix was present and available to answer any questions the Board may have had.

There being no questions from Board members, it was moved by Judge Friedman and seconded by Mr. Watza that the Board enter an order finding and concluding Freman Hendrix eligible and suitable as a required key person of Greektown Casino, LLC under the licensing standards and requirements of the Act and Rules of the Board. A voice vote was taken.

Motion carried.

Next, Ms. Rom stated the Board needed to consider the Executive Director's Report and Licensing Division's staff recommendation regarding the request to withdraw the supplier license application of Security by Design, Inc.

Mr. Watza asked a question regarding the cost associated with renewing a license being that Security by Design stated their potential revenue did not justify the cost associated with renewing. Mr. Cleland stated the annual renewal fee itself was \$5,000 plus investigative fees which is based on the number of qualifiers.

There being no other questions from Board members, it was moved by Mr. Watza and seconded by Judge Friedman that the Board enter an order granting the request of Security by Design, Inc. to withdraw their supplier license renewal application. A voice vote was taken.

Motion carried.

Next Ms. Rom asked if there were any members of the public who wished to address the Board. There were none.

Ms. Rom stated the Board needed to have a motion considering the proposed meeting schedule for next year which begins October 1, 2010. It was moved by Judge Friedman and seconded by Mr. Watza that the Board adopt and post the proposed schedule of its

regular public meetings for the new fiscal year beginning October 1, 2010, in accordance with the Open Meetings Act.

Next, Ms. Rom stated the Board needed to consider a motion to go into closed session immediately following public comment for the purpose of receiving legal advice and counsel from the Board's attorney regarding pending Board litigation, and receiving confidential notification regarding the names of the individuals placed on the Board's Disassociated Persons List since the Board's last public meeting as required by the Act.

Therefore, it was moved by Mr. Watza and seconded by Judge Friedman that the Board consider a motion to go into closed session immediately following this portion of today's public meeting for the purpose of discussing pending Board litigation with the Board's attorney, discussing background investigations, and receiving confidential notification of persons placed on the Board's Disassociated Persons list since the Board's public meeting on August 10, 2010. A roll call vote was taken.

Ms. Rom	Aye
Judge Friedman	Aye
Mr. Watza	Aye
Judge Sanborn	Aye

Motion Carried.

After the closed session the public meeting was reconvened and there being no other business, Ms. Rom adjourned the meeting at 10:21 p.m.

Diane Brown, Board Secretary