

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, October 12, 2010
9:30 a.m.

MINUTES

On Tuesday, October 12, 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

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 9:51 a.m. There was no preliminary business to discuss.

Ms. Rom stated the first order of business was to approve the minutes from the September 14, 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 Mr. Watza and seconded by Judge Friedman 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 made a special presentation of a certificate of appreciation for Randy Jegla, who has been with the

Attorney General's Office Gaming Division since inception in 1999. Ms. Jegla will be retiring at the end of October. Mr. Kalm and Donald McGehee, Assistant Attorney General, presented Ms. Jegla with a certificate of appreciation for her 14 years of continuous service with the State and the Gaming Board. Ms. Rom then presented Ms. Jegla with a Resolution honoring her contribution to the Board as a legal secretary for the Attorney General's Office in the Casino Control Division. Mr. McGehee, Mr. Watzka, Judge Friedman also expressed their thanks and appreciation for Ms. Jegla.

It was then moved by Judge Friedman and seconded by Mr. Watzka that the Board issue Resolution 2010-02 honoring Randalyn Jegla for her years of service to the Board. A voice vote was taken.

Motion carried.

Mr. Kalm next reported that since the last Board meeting, Regulation Officer, Doug Zavorski and IT analyst Ken Scroi had left the Board, effective September 16 and September 24, respectively. This left 17 authorized budget positions to fill.

In regard to the Board's budget, Mr. Kalm reported that as of September 30, 2010, total expenditures were \$19,263,011, which left an unexpended balance of \$3,775,300 in appropriated funding for fiscal year 2010, this included 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 September 2010, the aggregate revenue and taxes for all three Detroit casinos were up 5.6% compared to the same month last year, however, were down 3.2% compared to the previous month, August 2010. Revenues for MGM Grand Detroit (MGM) and MotorCity were up by 11% to \$46.5 million and 3.9% to \$34.8 million respectively; whereas Greektown (GTC) was down by .03% to \$28.1 million. The market shares for MGM Grand Detroit, MotorCity and Greektown for the month of September 2010 were 43%, 31% and 26%, respectively.

For the month ending September 30, 2010, gaming taxes for the three Detroit casinos were \$8.0 million compared to \$9.53 million for the same period last year. It was also noted there was a partial tax rollback credit applied for Greektown Casino which reduced that amount.

Mr. Kalm further reported for the third quarter ending September 30, 2010, the aggregate revenue and taxes for all three Detroit casinos were up by 3.2% compared to the same quarter last year. Revenue for MGM Grand Detroit, MotorCity and Greektown Casinos were \$145 million, \$108 million and \$89 million, respectively. Revenues for the third quarter ending September 30, 2010, for MGM and MotorCity were up by 8.3% and 1.3%, respectively, whereas Greektown was down by 2.1% compared to the same quarter last year.

Mr. Kalm further went on to state that the tax rollback granted to Greektown Casino, and GTC not remitting the gaming taxes while using up that credit, is the reason for their

reduction. On March 9, 2010, the Board granted Greektown a tax rollback credit in the amount of \$14,971,488.94. During the last month, September 2010, GTC used up the remaining credit. Effective Friday, September 10, 2010, GTC began to remit wagering taxes at the usual rate of 8.1%.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board that as of September 30, 2010, 1,164 active vendor exemptions were registered and 275 casino supplier companies had been granted exemptions from supplier licensing requirements. As of September 30, 2010, there were a total of 19 active temporary non-gaming licenses and eight active temporary gaming licenses in effect. In addition, there were 120 full annual supplier licenses granted to date remaining in effect.

In regard to employee licensing, Mr. Kalm advised the Board that as of September 30, 2010, the Board's Employee Licensing Section had issued a total of 2,284 occupational licenses to MGM Grand Detroit Casino employees; 1,763 occupational licenses to MotorCity Casino employees; and 1,719 occupational licenses to Greektown Casino employees. In addition, for the month of September 2010, 1,154 employees of various licensed casino suppliers had been granted occupational licenses. The number of temporary occupational licenses for casino suppliers was 72. To date, the Board has authorized the issuance of 17,472 occupational licenses to casino and supplier license employees; renewed 19,783 occupational licenses; and denied 393 occupational license applications.

Mr. Kalm advised the Board that for the month of September 2010, the required background investigations for 51 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 172 renewal requests on behalf of the Board.

Next, Mr. Kalm reported on the MSP Board related activity. Since the September 14, 2010 report, there were no staffing changes to report. Currently, two detective specialist positions remain vacant. During the month of September 2010, the MSP Gaming Section investigated 58 criminal complaints and made 19 arrests. Mr. Kalm also noted some of the complaints investigated and arrests were made of disassociated persons.

Mr. Kalm reported to the Board the MSP Gaming Section Troopers and MGCB Regulation Officers conducted an undercover operation in response to an increase in thefts of TITO tickets (ticket in-ticket out) from casino patrons. That operation resulted in six arrests. Felony warrants are being requested through the Attorney General's office.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 51 Level 1 and 2 occupational license applications.

It was moved by Mr. Watza and seconded by Judge Friedman that the Board enter an order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 51 Level 1 and 2 occupational license applications. 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 BAC Greektown, LLC and Greg-Mar Building Company, Inc. 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 BAC Greektown, LLC and Greg-Mar Building Company, Inc. 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 J.J.S.V. Enterprises, Inc., NRT Technology Corporation, Solomon Friedman Advertising, LLC and Wiltec Technologies, Inc.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Judge Friedman that the Board enter orders finding and concluding that J.J.S.V. Enterprises, Inc., NRT Technology Corporation, Solomon Friedman Advertising, LLC and Wiltec Technologies, 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 October 12, 2010. A voice vote was taken.

Motion carried.

Ms. Rom stated the next item on the agenda was the eligibility of MGM Grand Detroit key person, Mr. Corchis. Ms. Rom asked if Mr Corchis was present for the meeting and he was not. Mr. Stuckey of Dickinson Wright appeared on behalf of Mr. Corchis. Mr. Stuckey acknowledged Ms. Rom's statement that there were not enough Board Members present to constitute a quorum therefore, Mr. Corchis' eligibility request would be tabled until the November meeting.

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

Ms. Rom then 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 Judge Friedman and seconded by Mr. Watza 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 September 14, 2010. A roll call vote was taken.

Ms. Rom	Aye
Judge Friedman	Aye
Mr. Watza	Aye

Motion Carried.

After the closed session the public meeting was reconvened and there being no other business, Ms. Rom adjourned the meeting at 10:22 a.m.

Diane Brown, Board Secretary