

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, November 9, 2010
9:30 a.m.

MINUTES

On Tuesday, November 9, 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. Robert Hendrix
Don McGehee
Diane Brown

Business:

Ms. Rom called the staff briefing of the public meeting to order at 9:49 a.m. There was no preliminary business to discuss.

Ms. Rom stated the first order of business was to approve the minutes from the October 12, 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 October 12, 2010, meeting be approved. A voice vote was taken.

Motion carried.

Mr. Kalm next reported that since the last Board meeting, Departmental Analyst, Andrea Sanchez resigned her position effective October 15 and Tammy Eaton had been hired as a financial analyst, effective November 1, 2010. This left 16 authorized budget positions to fill.

In regard to the Board's budget, Mr. Kalm reported that as of October 31, 2010, total expenditures were \$622,817.67, which left an unexpended balance of \$25,079,282.33 in appropriated funding for fiscal year 2011, 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 October 2010, the aggregate revenue and taxes for all three Detroit casinos were up 3.1 percent compared to the same month last year. Revenues were also up 3.9 percent compared to the previous month, September 2010. Revenues for MGM Grand Detroit (MGM), MotorCity and Greektown were up by 4.2 percent to \$46.8 million, 3.7 percent to \$37.3 million and .8 percent to \$29.5 million respectively. The market shares for MGM Grand Detroit, MotorCity and Greektown for the month of October 2010 were 41 percent, 33 percent and 26 percent, respectively.

For the month ending October 31, 2010, gaming taxes for the three Detroit casinos were \$9.2 million compared to \$10.1 million for the same period last year. It was also noted this was mainly due to the tax rollback credit applied for Greektown Casino. Greektown is paying 8.1 percent this year as opposed to 12.1 percent they paid last year prior to the rollback.

Mr. Kalm further reported for the three months ending October 31, 2010, the aggregate revenue and taxes for all three Detroit casinos were up by 3.2 percent compared to the same quarter last year. Revenue for MGM Grand Detroit, MotorCity and Greektown Casinos were \$141 million, \$107 million and \$88 million, respectively. Revenues for the three months ending October 31, 2010, for MGM and MotorCity were up by 7.9 percent and .7 percent, respectively, whereas Greektown was down by .7 percent compared to the same three month period last year.

Mr. Kalm further went on to state that the gaming taxes for the three months ending October 31, 2010 for the three Detroit casinos were \$24 million compared to \$29.9 million for the same period last year and this again was attributed to Greektown not remitting gaming taxes while using up their rollback credits. As of September 2010, Greektown Casino began to remit wagering taxes at its usual rate of 8.1 percent.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board that as of October 2010, 1,180 active vendor exemptions were registered and 282 casino supplier companies had been granted exemptions from supplier licensing requirements. As of October 31, 2010, there were a total of 17 active temporary non-gaming licenses and nine active temporary gaming licenses in effect. In addition, there were 117 full annual supplier licenses granted to date remaining in effect.

In regard to employee licensing, Mr. Kalm advised the Board that as of October 31, 2010, the Board's Employee Licensing Section had issued a total of 2,298 occupational licenses to MGM Grand Detroit Casino employees; 1,754 occupational licenses to MotorCity Casino employees; and 1,744 occupational licenses to Greektown Casino employees. In addition, for the month of October 2010, 1,175 employees of various licensed casino suppliers had been granted occupational licenses. The number of temporary occupational licenses for casino suppliers was 83. To date, the Board has authorized the issuance of 17,562 occupational licenses to casino and supplier license employees; renewed 19,948 occupational licenses; and denied 393 occupational license applications.

Mr. Kalm advised the Board that for the month of October 2010, the required background investigations for 58 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 248 renewal requests on behalf of the Board.

Next, Mr. Kalm reported on the MSP Board related activity. Since the October 12, 2010 report, there were no staffing changes to report. Currently, two detective specialist positions remain vacant. During the month of October 2010, the MSP Gaming Section investigated 59 criminal complaints and made 15 arrests. Mr. Kalm also noted some of the complaints investigated and arrests were made of disassociated persons.

Mr. Kalm reported to the Board that a Flint businessman was arrested by MSP Gaming Section's Special Operations Team on a ten count felony warrant for operating a casino without a license. The warrant was issued last month by the AG's office and the charges stemmed from undercover operations conducted by MSP Gaming Special Operations Team where 19 bars were investigated for illegal gambling. In all, 35 persons had been arrested and charged as a result of this investigation.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 58 Level 1 and 2 occupational license applications.

It was moved by Mr. Watza and seconded by Judge Sanborn that the Board enter an order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 58 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 Basement Beats, LLC, Contract Design Group, Inc. and House Advantage, LLC and their qualifiers.

There being no questions from Board members, it was moved by Judge Sanborn and seconded by Mr. Watza that the Board enter orders approving the supplier license application requests of Basement Beats, LLC, Contract Design Group, Inc. and House Advantage, LLC 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 China Town Market, Inc., Gardner Signs, Inc., Guideline Mechanical, Inc., General Linen Supply Company, Professional Sanitary Supply Corporation, RAM Construction Services of Michigan, Inc. and Women's Economic Empowerment Group, Inc.

There being no questions from Board members, it was moved by Judge Friedman and seconded by Mr. Watza that the Board enter orders finding and concluding that China Town Market, Inc., Gardner Signs, Inc., Guideline Mechanical, Inc., General Linen Supply Company, Professional Sanitary Supply Corporation, RAM Construction Services of Michigan, Inc. and Women's Economic Empowerment Group, 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 November 9, 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 persons, Mr. Corchis and Steven Zanella. Mr. Stuckey of Dickinson Wright appeared on behalf of Mr. Corchis and Mr. Zanella. Ms. Rom had a question regarding the primary responsibilities of both Mr. Corchis and Mr. Zanella. Ms. Rom noted that Mr. Zanella's report stated "Mr. Zanella will be primarily responsible for managing the daily casino operations and functions at MGM Grand Detroit Hotel & Casino." Ms. Rom also noted that Mr. Corchis' report stated "Mr. Corchis will be primarily responsible for managing the daily casino operations and functions at MGM Grand Detroit Hotel & Casino." Ms. Rom wanted to know who was ultimately responsible for managing the daily casino operations and functions and asked Mr. Cleland to explain these statements to the Board. Mr. Cleland deferred to Mr. Stuckey who explained that while Mr. Zanella will have the title of General Manager and he will be present onsite, essentially at all times, Mr. Corchis will hold the title of President and CEO of MGM Grand Detroit. Mr. Corchis also has under his authority, two other casinos in Mississippi and will be traveling between the three. Mr. Stuckey explained they are both primarily responsible. Mr. Corchis has the title of President and CEO so he holds the authority, but in terms of day to day operations, Mr. Zanella will have primary responsibility.

There being no other questions from Board members, it was moved by Mr. Watza and seconded by Judge Friedman that the Board enter orders finding and concluding that Mr. George Corchis and Mr. Steven Zanella are eligible for licensure under the licensing standards and requirements of the Act and Rules of the Board. And accordingly, grant these requests. 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 announced the Board's next public meeting will be held on Tuesday, December 14, 2010.

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 Sanborn 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 October 12, 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 10:35 a.m.

Diane Brown, Board Secretary