

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, June 14, 2011
9:30 a.m.

MINUTES

On Tuesday, June 14, 2011, 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. Robert Anthony

Also attending were:

Richard Kalm
Mary Kapp
Don McGehee
Diane Brown

Business:

Ms. Rom called the staff briefing of the public meeting to order at 9:38 a.m. There was no preliminary business to discuss.

Ms. Rom stated the first order of business was to approve the minutes from the May 10, 2011, 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. Anthony and seconded by Judge Friedman that the minutes of the May 10, 2011, meeting be approved. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting, John Page resigned as the Deputy Director in the Horse Racing, Audit & Gaming Technology Division and Erik Pedersen was promoted to the Deputy Director position. Also, Mark Mazzone was promoted

to Lead Regulation Officer in the Investigation Section of the Licensing Division, leaving 21 authorized positions to fill.

In regard to the Board's budget, Mr. Kalm reported as of May 31, 2011, total expenditures were \$14,366,408.66, which left an unexpended balance of \$11,335,691.34 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 stated he would report revenues for May 2011. For the month of May 2011, the aggregate revenue for all three Detroit casinos was up 2.7 percent compared to the same month last year. However, revenue was down by 4.2 percent compared to April 2011. Revenue for MGM Grand Detroit (MGM), MotorCity, and Greektown was up by 4.8 percent to \$51.2 million, 1.1 percent to \$38.8 million and 1.2 percent to \$30.0 million, respectively, compared to the same month last year. The market shares for MGM, MotorCity, and Greektown for the month of May 2011 were 43 percent, 32 percent, and 25 percent, respectively.

For the month ending May 31, 2011, gaming taxes for the three Detroit casinos were \$9.7 million compared to \$7.1 million for the same period last year. It was also noted the gaming taxes were lower in 2010 due to the rollback of a reduced tax rate for Greektown in March 2010, which created a tax credit that was utilized through September 2010.

Mr. Kalm further reported for the three months ending May 31, 2011, the aggregate revenue for all three Detroit casinos were up 4.2 percent compared to the same three month period last year. Revenue for the three months ending May 31, 2011, for MGM and MotorCity was up by 4.5 percent and 7.4 percent, respectively, whereas Greektown was down 0.4 percent compared to the same three month period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of May 31, 2011, 1,162 active vendor exemptions were registered and 341 casino supplier companies had been granted exemptions from supplier licensing requirements. As of May 31, 2011, there were a total of 15 active temporary non-gaming licenses and 6 active temporary gaming licenses in effect. In addition, there were 111 full annual supplier licenses granted to date in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of May 31, 2011, the Board's Employee Licensing Section had issued a total of 2,290 occupational licenses to MGM employees; 1,775 occupational licenses to MotorCity employees; and 1,763 occupational licenses to Greektown employees. In addition, for the month of May 2011, 1,176 employees of various licensed casino suppliers had been granted occupational licenses. To date, the Board has authorized the issuance of 18,304 occupational licenses to casino and supplier license employees; renewed 21,537 occupational licenses; and denied 393 occupational license applications.

Mr. Kalm advised the Board for the month of May, the required background investigations for 108 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 previously approved 260 renewal requests and 54 Level 3 requests on behalf of the Board.

Next, Mr. Kalm reported on the MSP Board related activity. Since the May 2011 meeting, there has been no staffing changes to report. There are three D/Sgt. and two D/Specialist positions vacant. During the month of May, the MSP Gaming Section investigated 88 criminal complaints and made 29 arrests. Mr. Kalm also noted 12 of the complaints investigated and 12 of the arrests were made of disassociated persons.

With regard to Mr. Kalm's report to the board, Mr. Anthony expressed concern over the number of vacancies in personnel. Mr. Kalm explained to Mr. Anthony that the hiring process is cumbersome and lengthy with regard to Treasury HR and Civil Service but by the next meeting many of those positions are expected to be filled.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 108 Level 1 and 2 occupational license applications.

It was moved by Judge Friedman and seconded by Mr. Anthony the Board enter an order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 108 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 pending transfer of interest for Heldon Shoe Company.

It was moved by Mr. Anthony and seconded by Judge Friedman the Board enter an order approving the transfer of interest in Heldon Shoe Company. A voice vote was taken.

Motion carried.

The Board next considered the Executive Director's Reports and Licensing Division's staff recommendations regarding the pending supplier license applications of Rutland, Inc. and Tre Builders, LLC.

There being no questions from Board members, it was moved by Judge Freidman and seconded by Mr. Anthony the Board enter orders finding and concluding Rutland, Inc. and Tre Builders, LLC 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 based upon the background investigation reports and recommendations of the Board's Licensing Division staff. A voice vote was taken.

Motion approved.

Next, the Board considered the Executive Director's Reports and Licensing Division's staff recommendations regarding the pending supplier license renewal applications of

Allied Eagle Supply Company, LLC; Baratta Brothers, Inc.; E. Gads, LLC; Gold Star Equipment, Inc.; Heldon Shoe Company; Kipco Enterprises, Inc.; PCT Security, LLC; RAM Construction Services of Michigan, Inc.; Resource Data Systems Corporation; and Wolverine Mailing Packaging & Warehouse, Inc.

There being no questions from Board members, it was moved by Mr. Anthony and seconded by Judge Freidman the Board enter orders finding and concluding Allied Eagle Supply Company, LLC; Baratta Brothers, Inc.; E. Gads, LLC; Gold Star Equipment, Inc.; Heldon Shoe Company; Kipco Enterprises, Inc.; PCT Security, LLC; RAM Construction Services of Michigan, Inc.; Resource Data Systems Corporation; and Wolverine Mailing Packaging & Warehouse, 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 June 14, 2011. A voice vote was taken.

Motion carried.

Ms. Rom stated the next item on the agenda was the suitability of MGM key person, Mr. James Gerald Dumond

Ms. Rom asked Mr. Dumond to explain some of his background to the board. Mr. Dumond stated that after graduating for UNLV in 1995 and four years in the Air Force, he began working for public accounting firms auditing gaming companies. He helped open the MotorCity Casino as well. He worked in the legal department of Midway Resort Group, which merged with MGM, in their legal department, working in compliance and became the compliance manager for four years.

There being no other questions from Board members, it was moved by Judge Freidman and seconded by Mr. Anthony the Board enter an order finding and concluding Mr. James Gerald Dumond is suitable for licensure under the licensing standards and requirements of the Act and Rules of the Board. And accordingly, grant this request. A voice vote was taken.

Motion carried.

Ms. Rom stated the next item on the agenda was the suitability of Greektown Casino, LLC's key person, Mr. Michael Anthony Puggi.

Ms. Rom asked Mr. Puggi to explain some of his background to the board. Mr. Puggi stated he began in 1979 in Atlantic City when Resorts International first opened and held various casino positions with them until 1990. From 1990 to 1995 he opened up six riverboat casino operations for a couple different companies working closely with regulatory bodies. In 1995 was hired in Nevada by Prim Properties who had a partnership in the making with MGM to build the New York New York project in Las Vegas. He continued to work with MGM executives over the next several years. He was contacted by an executive search firm about the position at Greektown Casino. Mr. Puggi is currently residing in the Greektown Hotel but does plan to get an apartment in the area over the next few months. Mr. Anthony inquired about Mr. Puggi's involvement

in a business venture that went bankrupt and Mr. Puggi explained he was only an investor in a commercial real estate venture but it did not involve personal obligations. Mr. Puggi explained he invested expecting a return on his investment which he stated "...in this case, there won't be any unfortunately."

There being no other questions from Board members, it was moved by Judge Freidman and seconded by Mr. Anthony the Board enter an order finding and concluding Mr. Michael Anthony Puggi is suitable for licensure under the licensing standards and requirements of the Act and Rules of the Board, and accordingly, grant this request. 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 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. Ms. Rom also stated that the Board's next regular public meeting was scheduled for August 9, 2011 at 9:30 a.m.

Therefore, it was moved by Judge Friedman and seconded by Mr. Anthony 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 May 10, 2011. A roll call vote was taken.

Ms. Rom	Aye
Judge Friedman	Aye
Mr. Anthony	Aye

Motion Carried.

After the closed session the public meeting was reconvened and there being no other business, Ms. Rom adjourned the meeting at 10:59 a.m.

Diane Brown, Board Secretary