

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Thursday, May 10, 2012
9:30 a.m.

MINUTES

On Thursday, May 10, 2012, 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:

Mr. Robert Anthony, Chairperson
Mr. Michael Watza
Judge Benjamin Friedman
Mr. Pat McQueen

Also attending were:

Richard Kalm
Mary Kapp
Donald McGehee
Diane Brown

Business:

Mr. Anthony called the public meeting to order at 9:37 a.m. There was no preliminary business to discuss.

Mr. Anthony stated the first order of business was to approve the minutes from the April 10, 2012, regular public meeting. Mr. Anthony noted all Board members had previously received the minutes and asked if there were any questions or concerns.

Mr. Watza moved and Mr. McQueen seconded the minutes of the April 10, 2012, meeting be approved. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Clifton Washington, III has been hired as a Financial Analyst. There are currently 106 employees working and 15 vacant positions.

In regard to the Board's budget, Mr. Kalm reported as of April 30, 2012, total expenditures were \$11,833,668.88, which left an unexpended balance of \$15,349,931.12 in appropriated funding for fiscal year 2012; 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 aggregate revenue for the month ended April 2012 was down 1.6% compared to April 2011. Revenue was also down 8.9%. The total revenue for MGM and MotorCity was down 0.1% to \$52.1 million and 5.2% to \$39.4 million, respectively, whereas Greektown was up .7% to \$31.9 million when compared to April 2011.

The market shares for MGM, MotorCity, and Greektown for April 2012 were 42 percent, 32 percent, and 26 percent, respectively.

For the month ended April 30, 2012, gaming taxes for the three Detroit casinos were \$10.0 million compared to \$10.2 million for the same period last year.

Aggregate revenue for all three Detroit casinos for the three months ending April 30, 2012, was up 4.0% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending April 2012 was \$162.8 million, \$125.8 million, and \$99.0 million, respectively.

Revenue for the three months ending April 2012, for MGM, MotorCity, and Greektown was up by 6%, 4%, and 5.6%, respectively, compared to the same period last year.

For the three months ending April 2012, gaming taxes for the three Detroit casinos were \$31.4 million compared to \$30.2 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of April 30, 2012, 1,023 active vendor exemptions were registered and 380 casino supplier companies have been granted exemptions from supplier licensing requirements. As of April 30, 2012, there were a total of 21 active temporary non-gaming licenses and five active temporary gaming licenses in effect. In addition, there were 115 annual supplier licenses granted to date and in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of April 30, 2012, the Board's Employee Licensing Section issued a total of 2,218 occupational licenses to MGM employees; 1,819 occupational licenses to MotorCity employees; and 1,605 occupational licenses to Greektown employees. In addition, for the month of April 2012 1,428 employees of various licensed casino suppliers have been granted occupational licenses. Mr. Kalm went on to state the number of temporary licenses for casino and supplier employees is currently 42.

Mr. Kalm advised the Board for the month of April 2012, the required background investigations for 59 pending Level 1 and 2 licenses had been completed and would be considered for approval by the Board at this meeting and pursuant to Board Resolution No. 2002-02. He previously approved 117 renewal requests and 18 Level 3 requests on behalf of the Board.

Mr. Kalm reported on MSP Board related activity. Two D/Sgt. positions and seven D/Spl. positions remain vacant.

Significant MSP activity included the investigation of 50 original complaints and made 14 arrests. Mr. Kalm also noted three additional arrests were made from warrants authorized from previous investigations. There were 14 total arrest counts.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 59 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 59 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 staff's recommendation regarding the pending transfer of interest of Midwest Steel, Inc.; Halifax Security, Inc.; and Edward Don & Company.

There being no questions from Board members, it was moved by Mr. McQueen and seconded by Judge Friedman that the Board enter orders approving the transfers of interest. 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 supplier license application of Clatter, Inc. and Data Strategy, LLC.

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 Clatter, Inc. and Data Strategy, 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 its supplier license application. A voice vote was taken.

Motion carried.

The next item on the agenda was the pending supplier license renewals of Baratta Brothers, Inc.; Konami Gaming, Inc.; PCT Security, LLC; Perfect Cleaners of Detroit, Inc.; Shuffle Master, Inc.; Spielo International USA LLC; The United States Playing Card Company; Unique Linen Services, Inc.; and WMS Gaming, Inc.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Mr. McQueen that the Board enter orders finding and concluding Baratta Brothers, Inc.; Konami Gaming, Inc.; PCT Security, LLC; Perfect Cleaners of Detroit, Inc.; Shuffle Master, Inc.; Spielo International USA LLC; The United States Playing Card Company; Unique Linen Services, Inc.; and WMS Gaming, 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 May 10, 2012. A voice vote was taken.

Motion carried.

The next item on the agenda was consideration of the Licensing Division's recommendation regarding the suitability of Terri Lynne Middendorf as a required key person of Master Craft Carpet Service, Inc.

There being no questions from Board members it was moved by Mr. McQueen and seconded by Mr. Watza that the Board enter an order approving the suitability of Hideji Naruo as a required key person of JCM Global. A voice vote was taken.

Motion carried.

The next agenda item was consideration of the Licensing Division's recommendation regarding the suitability of Mr. Kenneth Lochiatto as a required key person of WMS Gaming, Inc.

There being no questions from Board members it was moved by Judge Friedman and seconded by Mr. Watza that the Board enter an order approving the suitability of Kenneth Lochiatto as a required key person of WMS Gaming, Inc. A voice vote was taken.

Motion carried.

The next agenda item was consideration of the Licensing Division's recommendation regarding the suitability of Mr. George Peter Corchis, Jr. as a required key person of casino licensee, MGM Grand Detroit, LLC.

There being no questions from Board members it was moved by Mr. Watza and seconded by Mr. McQueen that the Board enter an order approving the suitability of George Peter Corchis, Jr. as a required key person of casino licensee, MGM Grand Detroit, LLC. A voice vote was taken.

Motion carried.

Next, Mr. Stocker from the law firm Dickinson Wright, PLLC addressed the Board regarding the proposed order approving the debt transaction to amend the fixed charge coverage ratio covenant of Greektown Casino Superholdings, Inc. Mr. Michael Puggi addressed the Board as well to give a brief overview of the proposal. Following Mr. Puggi, Mr. Glen Tomaszewski made a presentation to the Board explaining the terms of the financing and the expectations of how the funds would be utilized.

Judge Friedman asked how much revenue would increase with the construction of a new parking garage to provide. Mr. Puggi did not want to speak in a public forum regarding revenue but stated he expected a favorable return on investment. When asked by Mr. Anthony about the anticipated completion date of the construction, Mr. Puggi stated they expect completion in the first quarter of 2013.

There being no other questions from Board members it was moved by Mr. Watza and seconded by Mr. McQueen that the Board enter an order approving the debt transaction to amend the fixed charge coverage ratio covenant of Greektown Casino Superholdings, Inc. A voice vote was taken. Judge Friedman voted opposed.

Motion carried.

Next, Mr. Anthony asked if there were any members of the public who wished to address the Board. There being none, Mr. Anthony 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 on April 10, 2012, as required by the Act.

Mr. Anthony also stated the Board's next regular public meeting was scheduled for June 12, 2012, at 9:30 a.m.

Therefore, it was moved by Mr. McQueen and seconded by Mr. Watza the Board consider a motion to go into closed session immediately following the first portion of the 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 April 10, 2012. A roll call vote was taken.

| | |
|----------------|-----|
| Mr. Anthony | Aye |
| Mr. Watza | Aye |
| Judge Friedman | Aye |
| Mr. McQueen | Aye |

Motion carried.

After the closed session the public meeting was reconvened and there being no other business, Mr. Anthony adjourned the meeting at 10:53 a.m.

Diane Brown, Board Secretary