

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, June 12, 2012
9:30 a.m.

MINUTES

On Tuesday, June 12, 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. Andy Palms
Judge Benjamin Friedman
Mr. Pat McQueen

Also attending were:

Richard Kalm
Darryl Hill
Donald McGehee
Diane Brown

Business:

Mr. Anthony called the public meeting to order at 9:35 a.m. There was no preliminary business for discussion.

Mr. Anthony stated the first order of business was to approve the minutes from the May 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.

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

Motion carried.

Mr. Kalm reported since the last Board meeting, Joshua Pelton, Beverly Murray, and Chuck Pappas have resigned their positions with the board. There are currently 106 employees working and 15 vacant positions.

In regard to the Board's budget, Mr. Kalm reported as of May 31, 2012, total expenditures were \$13,266,228.17, which left an unexpended balance of \$13,917,371.83 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 May 2012 was down 1.4% compared to May 2011. Revenue was also down 4.0% compared to April 2012. The total revenue for MGM and Greektown was down 4.7% to \$37 million and 1.1% to \$29.7 million, respectively, whereas MotorCity was up 1.0% to \$51.7 million when compared to May 2011.

The market shares for MGM, MotorCity, and Greektown for May 2012 were 44 percent, 31 percent, and 25 percent, respectively.

For the month ended May 31, 2012, gaming taxes for the three Detroit casinos were \$9.6 million compared to \$9.7 million for the same period last year.

Aggregate revenue for all three Detroit casinos for the three months ending May 31, 2012, was down 0.3% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending May 2012 was \$161.0 million, \$119.9 million, and \$96.2 million, respectively.

Revenue for the three months ending May 2012, for MGM and Greektown was up by 2% and 1.5%, respectively, whereas MotorCity was down 4.5% compared to the same period last year.

For the three months ending May 2012 gaming taxes for the three Detroit casinos were \$30.5 million compared to \$30.6 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of May 31, 2012, 1,021 active vendor exemptions were registered and 382 casino supplier companies have been granted exemptions from supplier licensing requirements. As of May 31, 2012, there were a total of 23 active temporary non-gaming licenses and three active temporary gaming licenses in effect. In addition, there were 116 annual supplier licenses granted to date and in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of May 31, 2012, the Board's Employee Licensing Section issued a total of 2,194 occupational licenses to MGM employees; 1,827 occupational licenses to MotorCity employees; and 1,576 occupational licenses to Greektown employees. In addition, through the month of May 2012, 1,435 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 54.

Mr. Kalm advised the Board for the month of May 2012, the required background investigations for 79 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 397 renewal requests and 34 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 75 original complaints and 23 arrests. Mr. Kalm also noted five additional arrests were made from warrants authorized from previous investigations. There were 26 total arrest counts.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 79 Level 1 and 2 occupational license applications.

It was moved by Mr. McQueen and seconded by Mr. Palms that the Board enter an order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 79 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 transfers of interest of JCM American Corporation d/b/a JCM Global, Spielo International USA, LLC, and TCS John Huxley America, Inc.

There being no questions from Board members, it was moved by Judge Friedman and seconded by Mr. Palms 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 The Monahan Company.

There being no questions from Board members, it was moved by Mr. Palms and seconded by Judge Friedman that the Board enter an order finding and concluding The Monahan Company and its 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 American Gaming and Electronics, Inc.; Del Bene Produce, Inc.; Edward Don & Company; JCM American Corporation; MacKellar Associates, Inc.; Northern Lakes Seafood & Meats, LLC; NRT Technology Corp; Vision Janitorial & Facility Supply Company, Inc.; W.H. Canon, Inc.; and Women's Economic Empowerment Group.

There being no questions from Board members, it was moved by Mr. McQueen and seconded by Mr. Palms that the Board enter orders finding and concluding these suppliers 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 the requests for a one-year period beginning June 12, 2012. A voice vote was taken.

Motion carried.

The next item on the agenda was consideration of the Licensing Division's recommendation regarding the eligibility of Donald E. Morgan, III; Neal P. Goldman; and Douglas C. Pardon as required key persons of casino licensee Greektown Casino, LLC.

There being no questions from Board members it was moved by Judge Friedman and seconded by Mr. McQueen that the Board enter an order approving the eligibility of these individuals as a required key persons of Greektown Casino, LLC. A voice vote was taken.

Motion carried.

The next item on the agenda was an Acknowledgment of Violation (AOV) of supplier licensee, The Mina Group, LLC. Assistant Attorney General Bethany Scheib explained the AOV was issued with regard to the transfer of interest by The Mina Group without prior Board approval. In Section 8C of the Gaming Control and Revenue Act, it provides that there can be no transfer, sale, or other conveyance in an interest without prior Board approval. Violation can result in sanctions by the Board. In this case The Mina Group was fined \$5,000. Ms. Scheib went on to explain that this was not the first incident by The Mina Group where interest was transferred without proper notification to the Board prior to the transfer. Since this was the second offense, the fine could have been as high as \$10,000; however, an agreement was reached between the Board and The Mina Group for \$5,000.

There being no questions from Board members it was moved by Mr. Palms and seconded by Judge Friedman to accept the proposed AOV. A voice vote was taken.

Motion carried.

Next, Mr. Anthony asked if there were any members of the public who wished to address the Board. There being one request, Mr. Anthony called Mr. Wawrzyniak, from Snooker's Poker Room, to approach the podium. Mr. Wawrzyniak offered help in the transfer from Charitable Gaming to the Gaming Control Board. Mr. Wawrzyniak expressed concern over any changes the Gaming Control Board would be making with respect to charitable gaming. Mr. Anthony went on to explain the five member Board has no authority or jurisdiction over charitable gaming. Mr. Anthony stated the Executive Director has the authority when it comes to charitable gaming as well as horse racing and that the Board itself is able to act only in an advisory capacity if requested by the Executive Director. Mr. Anthony encouraged Mr. Wawrzyniak to work directly with Mr. Kalm on any issues he may have.

There being no other public comment, 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 May 10, 2012, as required by the Act.

Mr. Anthony also stated the Board's next regular public meeting was scheduled for August 14, 2012, at 9:30 a.m.

Therefore, it was moved by Judge Friedman and seconded by Mr. McQueen 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. Palms	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 10:32 a.m.

Diane Brown, Board Secretary