

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, August 14, 2012
9:30 a.m.

MINUTES

On Tuesday, August 14, 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

The following Board members were not in attendance:

Mr. Mike Watza

Also attending were:

Richard Kalm
Mary Kapp
Donald McGehee
Diane Brown

Business:

Mr. Anthony called the public meeting to order at 9:32 a.m. There was no preliminary business for discussion.

Mr. Anthony stated the first order of business was to approve the amended minutes from the February 14, 2012, and March 13, 2012, regular public meetings. Mr. Anthony noted all Board members had previously received the amended minutes and asked if there were any questions or concerns.

Mr. McQueen moved and Judge Friedman seconded the amended minutes of the February 14, 2012, and March 13, 2012, meetings be approved. A voice vote was taken.

Motion carried.

Mr. Anthony then stated the next order of business was to approve the minutes from the Board's regular public meeting held June 12, 2012. Mr. Anthony noted all Board members had previously received the amended minutes and asked if there were any questions or concerns.

Judge Friedman moved and Mr. McQueen seconded the amended minutes of the February 14, 2012, and March 13, 2012, meetings be approved. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting, Eric Bush, Ken Ford, and Erica Hussey have either retired or resigned their positions. Kathryn Martin was hired as Senior Executive Management Assistant in Administration, Joseph Chargoff and Diane Sieracki were hired as Departmental Technicians in Records, and Catriece Chapman was hired as an Auditor. There are currently 104 employees working and 17 vacant positions.

In regard to the Board's budget, Mr. Kalm reported as of July 31, 2012, total expenditures were \$17,782,336.85, which left an unexpended balance of \$9,401,263.15 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 July 31, 2012, was down 6.75% compared to July 2011. Revenue was up 0.5% compared to June 2012. The total revenue for MGM, MotorCity, and Greektown was down 4.2% to \$48.8 million, 12.7% to \$35 million, and 3% to \$28.2 million, respectively, when compared to July 2011.

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

For the month ended July 31, 2012, gaming taxes for the three Detroit casinos were \$9.1 million compared to \$9.7 million for the same period last year.

Aggregate revenue for all three Detroit casinos for the three months ending July 31, 2012, was down 3.3% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending July 2012 was \$147.9 million, \$108.9 million, and \$85.2 million, respectively.

Revenue for the three months ending July 2012, for MGM, MotorCity, and Greektown was down by 1.2%, 5.9% and 3.3% respectively, compared to the same period last year.

For the three months ending July 2012 gaming taxes for the three Detroit casinos were \$27.7 million compared to \$28.6 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of July 31, 2012, 1,042 active vendor exemptions were registered and 387 casino supplier companies have been granted exemptions from supplier licensing requirements. As of July 31, 2012, there were a total of 24 active temporary non-gaming licenses and four active temporary gaming licenses in effect. In addition, there were 113 annual supplier licenses granted to date and in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of July 31, 2012, the Board's Employee Licensing Section issued a total of 2,179 occupational licenses to MGM employees; 1,840 occupational licenses to MotorCity employees; and 1,546 occupational licenses to Greektown employees. In addition, through the month of July 2012, 1,436 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 21.

Mr. Kalm advised the Board for the months of June and July 2012, the required background investigations for 107 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 335 renewal requests and 68 Level 3 requests on behalf of the Board.

Mr. Kalm reported on Michigan State Police (MSP) Board related activity. Nine trooper positions remain vacant.

Significant MSP activity included the investigation of 165 original complaints and 40 arrests. Mr. Kalm also noted five additional arrests were made from warrants authorized from previous investigations.

Mr. Kalm also presented Detective Lieutenant Robert Hendrix with a plaque showing appreciation for his time and contribution while serving in the MSP Gaming Section. Lt. Hendrix has been reassigned to the Metro Post and is in charge of the Safe Cities Initiative in Detroit.

Mr. Anthony congratulated Mr. Kalm on the statewide employee survey results wherein the Gaming Board came out very well compared to the rest of the State. Mr. Kalm credited the previous management and the current employees.

Next on the agenda was consideration of Board approval for Resolution 2012-01 regarding vendor exemptions and waivers from supplier licensing. Mr. Anthony asked Mr. Kalm to explain the Resolution. Mr. Kalm went on to explain the Resolution would increase the threshold amount to \$15,000 wherein a supplier doing business with a casino in the amount of less than \$15,000 in a 12 month rolling period would not have to be licensed. Mr. Kalm also went on to state even though a supplier may be exempt from licensing, the board staff will continue to check for felony convictions and to make sure the supplier has paid all state and federal taxes.

A motion was made by Mr. Palms and seconded by Judge Friedman that the Board accept Resolution 2012-01. A voice vote was taken.

Motion carried.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 107 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 107 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 supplier license applications of Assemblers III; Dillon Energy Services, Inc.; KLP Specialty Food, Inc. d/b/a Empire Packing Company; Radical Blue Gaming, Inc.; and Rohrscheib Sons Caissons, Inc.

There being no questions from Board members, it was moved by Judge Friedman and seconded by Mr. Palms that the Board enter orders finding and concluding Assemblers III; Dillon Energy Services, Inc.; KLP Specialty Food, Inc. d/b/a Empire Packing Company; Radical Blue Gaming, Inc.; and Rohrscheib Sons Caissons, Inc. are eligible and suitable for licensure under the licensing standards and requirements of the Act and Rules of the Board, and accordingly, grant their supplier license applications. A voice vote was taken.

Motion carried.

The next item on the agenda was the pending supplier license renewals of Detroit Spectrum Painters, Inc.; Don Coleman Advertising, Inc. d/b/a Globalhue; E. Gads, LLC; Halifax Security, Inc. d/b/a North American Video; Kone, Inc.; RAM Construction Services of Michigan, Inc.; Star Group Communications, Inc. d/b/a The Media and Marketing Group; and Wolverine Mailing, Packaging and Warehouse, Inc. d/b/a Wolverine Solutions Group.

There being no questions from Board members, it was moved by Mr. Palms and seconded by Judge Friedman 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 August 14, 2012. A voice vote was taken.

Motion carried.

The next item on the agenda was consideration of the Licensing Division's recommendation regarding the withdrawal of supplier license application of Wrightway Group LLC.

There being no questions from Board members it was moved by Judge Friedman and seconded by Mr. Palms that the Board enter an order approving the withdrawal of the supplier license application of Wrightway Group LLC. A voice vote was taken.

Motion carried.

The next two agenda items were the casino license renewals for MGM Grand Detroit and Detroit Entertainment d/b/a MotorCity Casino.

Mr. Anthony asked board staff to comment on how responsive and proactive the casinos were in responding to the items identified during the course of the audits and their willingness to work with board staff in finding solutions. Erik Pederson, Deputy Director of the Audit

Section, stated all the casinos were very cooperative in assisting with the renewal investigations.

There being no other questions from board members it was moved by Mr. Palms and seconded by Judge Friedman that the board enter an order approving the casino renewal of MGM Grand Detroit LLC.

There being no questions regarding Detroit Entertainment LLC d/b/a MotorCity Casino, it was moved by Mr. McQueen and supported by Judge Friedman that the board enter an order approving the casino renewal of Detroit Entertainment, LLC d/b/a MotorCity Casino.

The next item on the agenda was two Acknowledgments of Violation (AOV) of casino licensee, Greektown Casino LLC. Assistant Attorney General Jason Geissler explained the AOVs were encompassing 14 different matters and were over the course of the last three or four years. CDA-2012-01 considered 11 different matters involving Greektown Casino prior to its exit from bankruptcy. These matters were combined into one compliance conference as opposed to having 11 conferences which would have strung them out even further. Several of the 11 items involved surveillance coverage wherein Greektown experienced a loss in preservation of some camera surveillance while it was switching from analog to digital coverage. Other surveillance incidents were in regard to camera coverage in different areas. Violations also involved unlicensed employees on the gaming floor, disassociated persons being solicited, accounting records and personal information being left on the loading dock, and a violation of the liquor control code. CDA-2012-02 involved three separate incidents which occurred after Greektown's exit from bankruptcy. The first incident was a violation of the liquor control code where bottles of liquor were being mixed together. The second matter was a PIN change procedure regarding one of the player's club cards. The last matter was another violation pertaining to DPLs receiving promotional material. Mr. Puggi, President and CEO of Greektown Casino, explained to the Board that these matters are taken very seriously and pointed out many of the violations occurred prior to bankruptcy which is also prior to his appointment and that corrective measures are being taken regarding standard operating procedures in an effort to minimize further incidents from occurring.

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

Motion carried.

Mr. Anthony then stated the next item on the agenda was the casino license renewal of Greektown Casino LLC.

Mr. Anthony asked the same question of Mr. Pedersen regarding the cooperation and response to the audit of Greektown Casino. Once again, Mr. Pedersen stated that Greektown was very cooperative during the investigation.

There being no questions from board members, it was moved by Mr. Palms and seconded by Judge Friedman that the board enter an order renewing the casino license of Greektown Casino, LLC. A voice vote was taken.

Motion carried.

The last item on the agenda was the approval of the Board's public meeting schedule for fiscal year 2012-2013. Mr. Anthony stated the proposed schedule calls for the Board to meet at 9:30 a.m. on the second Tuesday of each month during the next fiscal year with the exception of January and July when no meetings are held.

Mr. McQueen motioned and Mr. Palms supported the motion that the Board adopt and post the proposed schedule in accord with the Open Meetings Act. 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 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 beginning of 2012, as required by the Act.

Mr. Anthony also stated the Board's next regular public meeting was scheduled for September 11, 2012, at 9:30 a.m.

Therefore, it was moved by Judge Friedman and seconded by Mr. Palms 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 beginning of 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 11:03 a.m.

Diane Brown, Board Secretary