

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, October 23, 2012
9:30 a.m.

MINUTES

On Tuesday, October 23, 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
Mr. Mike Watza

Also attending were:

Richard Kalm, Executive Director
Darryl Hill, MSP Inspector
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Business:

Mr. Anthony called the public meeting to order at 9:30 a.m. There was no preliminary business for discussion. All members were present.

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

There being no questions, concerns, or changes Mr. Watza moved and Judge Friedman seconded the minutes of the September 10, 2012, meeting be approved. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting there have been 11 Regulation Officers, 3 Departmental Technicians, 2 Auditors and 1 Student Assistant hired. Also, Sophia Sanders was promoted to Departmental Supervisor in the Enterprise Licensing Section. There are currently 139 employees working and 18 vacant positions. Mr. Kalm stated the full board roster now included millionaire party enforcement or regulation group.

In regard to the Board's budget, Mr. Kalm reported as of September 30, 2012, total expenditures were \$24,685,728, which left an unexpended balance of \$2,497,872 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. It was noted the final book closing for fiscal year 2012 would be completed by November 19, 2012.

Mr. Kalm next reported aggregate revenue for the month ended September 30, 2012, was up .6% compared to September 2011. Revenue was down 2.4% compared to August 2012. The total revenue for MGM and Greektown was up 4.5% to \$50.8 million and 3.4% to \$27.8 million, respectively, whereas MotorCity was down 7.5% to \$35.5 million when compared to September 2011.

The market shares for MGM, MotorCity, and Greektown for September 2012 were 45%, 31%, and 24%, respectively.

For the month ended September 30, 2012, gaming taxes for the three Detroit casinos were \$9.2 million which was basically the same as September 2011.

Aggregate revenue for all three Detroit casinos for the three months ended September 30, 2012, was down 1.7% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ended September 2012 was \$149.3 million, \$108.6 million, and \$85 million, respectively.

Revenue for the three months ended September 2012 for MGM and Greektown was up .2% and 2.0% respectively, whereas MotorCity was down 6.8% compared to the same period last year.

For the three months ended September 2012 gaming taxes for the three Detroit casinos were \$27.8 million compared to \$28.3 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of September 30, 2012, 1,057 active vendor exemptions were registered.

In regard to employee licensing, Mr. Kalm advised the Board as of September 30, 2012, the Board's Employee Licensing Section issued a total of 2,153 occupational licenses to MGM employees; 1,823 occupational licenses to MotorCity employees; and 1,499 occupational licenses to Greektown employees. In addition, through the month of September 2012, 1,482 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 56.

Mr. Kalm advised the Board for the month of September 2012, the required background investigations for 65 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 277 renewal requests and 54 Level 3 requests on behalf of the Board.

Mr. Kalm reported on Michigan State Police (MSP) Board related activity. One detective lieutenant position, two detective sergeant positions, and seven detective specialist positions remain vacant.

Significant MSP activity included the investigation of 62 original complaints and 15 arrests. Mr. Kalm stated 12 of the complaints and 8 of the arrests made were of disassociated persons. Mr. Kalm also noted 1 additional arrest was made from a warrant authorized from a previous investigation. There were a total of 16 arrests made.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing Division's staff regarding the 65 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. McQueen and seconded by Mr. Watzka that the Board enter an Order accepting and adopting the recommendations of the Executive Director and the Licensing Division's staff for the pending 65 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 Transfers of Interest for Motor City Electric Company.

There being no questions from Board members, it was moved by Judge Friedman and supported by Mr. McQueen that the Board enter Orders approving the Transfers of Interest. Mr. Watzka abstained from this vote. 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 Adamo Demolition Company d/b/a Adamo Group, Inc.; Davis Iron Works, Inc.; Thermal-Netics, Inc.; and Ultralevel, Inc.

There being no questions from Board members, it was moved by Mr. Watzka and seconded by Judge Friedman that the Board enter orders finding and concluding Adamo Demolition Company d/b/a Adamo Group, Inc.; Davis Iron Works, Inc.; Thermal-Netics, Inc.; and Ultralevel, 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 Absolute Imaging Professionals, Inc. d/b/a Absolute Images; Cummins-Allison Corp.; Gemaco, Inc.; Honey

Baked Ham Company; Midwest Steel, Inc.; Premier Services Group, LLC; Socios Holdings, Inc. d/b/a Mark's Quality Meats, Inc. and Culinary Specialties, Inc.; Structural Group, Inc.; Tepel Brothers Printing, Inc.; and Tre Builders, LLC.

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 the above listed 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 new one-year period. A voice vote was taken.

Motion carried.

The next item on the agenda was consideration of the Licensing Division's recommendation denying the pending supplier license application of The Aaron Group, Inc. There being no questions from Board members, it was moved by Mr. McQueen and seconded by Mr. Watza that the Board approve and submit an Order for the denial of the pending supplier license application of The Aaron Group, Inc. A voice vote was taken.

Motion carried.

Next on the agenda was the consideration of the Licensing Division's recommendation regarding the suitability of John Matthew Vandemore as a key person of supplier licensee IGT.

There being no questions from Board members, it was moved by Mr. Watza and supported by Mr. Palms that the Board members approve and submit an Order finding Mr. Vandemore suitable as a key person for IGT. 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 would consider a motion to go into closed session immediately following the public portion of the meeting 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 September 10, 2012, last public meeting, as required by the Act.

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

Therefore, it was moved by Mr. McQueen and seconded by Judge Friedman the Board consider a motion to go into closed session immediately following the public portion of the 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 last public meeting September 10, 2012. A roll call vote was taken.

Mr. Anthony	Aye
Mr. Palms	Aye
Judge Friedman	Aye
Mr. McQueen	Aye
Mr. Watza	Aye

Motion carried.

After the closed session, the public meeting was reconvened and Mr. Anthony asked for a motion to approve the closed session minutes from the Board's closed session meeting held September 10, 2012. The motion was made by Mr. Watza and supported by Judge Friedman. A voice vote was taken.

Motion carried.

There being no other business, Mr. Anthony asked for a motion to adjourn the public meeting. A motion was made by Mr. Watza and supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Meeting adjourned at 10:33 a.m.

Diane Brown, Board Secretary