

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, September 10, 2013
9:30 a.m.

MINUTES

On Tuesday, September 10, 2013, 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. Andrew Palms
Mr. Dennis Beagen
Mr. Michael Watza

Also attending were:

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

Absent: Mr. Patrick McQueen

Business:

Mr. Anthony called the public meeting to order at 9:32 a.m. It was noted for the record, four members were present which constituted a quorum to proceed with the meeting. There was no preliminary business for discussion.

Mr. Anthony stated the first order of business was to approve the minutes from the Board's last regular public meeting held August 13, 2013. Mr. Anthony noted all Board members had previously received copies of the minutes and asked if there were any questions, concerns, or corrections.

There being none, Mr. Watza made a motion which was supported by Mr. Palms that the Board accept and approve the minutes of the August 13, 2013. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Beverly Lapinski left her employment with the Board. Chris Shepard and Sarah Rye were hired as departmental technicians in the Enterprise Licensing section. There are currently 144 employees working including the racing employees and the part-time employees at the race tracks. There are 22 vacant positions. The full Board roster includes the millionaire party enforcement and regulation group.

In regard to the Board's budget, Mr. Kalm reported as of August 31, 2013, total expenditures were \$24,002,171, which left an unexpended balance of \$9,984,929 in appropriated funding for fiscal year 2013; this includes the millionaire party oversight and horse racing budgets, which were 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 ending August 31, 2013, was down 3.5% compared to August 2012. Revenue was up .5% compared to July 2013. The aggregate revenue for the three Detroit casinos was down 4.5% compared to the same period last year. Revenue for MotorCity was up 1.5% to \$38.7 million, whereas, MGM and Greektown were down 4.8% to \$47.4 million and 7.7% to \$26.8 million, respectively, when compared with August 2012.

The market shares for MGM, MotorCity, and Greektown for August 2013 were 42%, 34%, and 24%, respectively.

For the month ending August 31, 2013, gaming taxes for the three Detroit casinos were \$9.1 million compared to \$9.5 million for the same period in 2012.

For the three-month period ending August 31, 2013, aggregate revenue was down 3.3% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending August 31, 2013, was \$140.7 million, \$108.8 million, and \$79.6 million, respectively.

Revenue for the three months ending August 31, 2013, for MGM, MotorCity, and Greektown was down 3.6%, 1.1%, and 5.8%, respectively, compared to the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of August 31, 2013, 1,135 active vendor exemptions were registered. Vendors with exemptions are authorized to conduct business with the three Detroit casinos without having to go through the full licensure requirement. As of August 31, 2013, 399 casino supplier companies were granted exemptions from supplier licensing requirements. As of August 31, 2013, there were a total of nine active temporary nongaming-related and two active temporary gaming-related supplier licenses in effect. In addition there are 127 annual supplier licenses in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of August 31, 2013, the Board's Employee Licensing Section issued a total of 2,156 occupational licenses to MGM employees, 1,728 occupational licenses to MotorCity employees, and 1,490 occupational licenses to Greektown employees. In addition, through the month of August 2013, 1,605 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 47.

Mr. Kalm advised the Board for the month of August 2013 the required background investigations for 68 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. Mr. Kalm stated he previously approved 299 renewal requests and 34 Level 3 requests on behalf of the Board.

Mr. Kalm reported on Michigan State Police (MSP) Board-related activity. Since the last public meeting there have been no staffing changes.

Mr. Kalm informed the Board of several noted MSP activities for the month of August, which were not available in the public forum but for Board information only.

At the conclusion of his report, Mr. Kalm presented Lieutenant Mary Kapp with a certificate of appreciation for her two years as the Lieutenant in charge of the MSP Gaming Section.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing & Regulation Division's staff regarding the pending 68 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Beagen and supported by Mr. Watza that the Board enter an Order accepting and adopting the recommendations of the Executive Director and the Licensing & Regulation Division's staff for the pending 68 Level 1 and 2 occupational license applications. A voice vote was taken.

Motion carried.

The next agenda item was the consideration for approval of the Transfers of Interest for International Market Place, Inc. d/b/a Fishbones Rhythm Kitchen Café; Rhiannon Creations, Inc. d/b/a Body Bliss; SHFL entertainment, Inc.; and Spielo International USA, LLC. There being no questions from Board members, a motion was made by Mr. Palms and supported by Mr. Beagen that the Board approve the Transfers of Interest. A voice vote was taken.

Motion carried.

Next on the agenda was the pending supplier license application request of City Renovation & Trim, Inc.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Mr. Beagen that the Board enter an Order finding and concluding City Renovation & Trim and its qualifiers are eligible and suitable for licensure and, accordingly, grant the request. A voice vote was taken.

Motion carried.

Next agenda item was consideration of the pending supplier license renewal applications of 1st Choice Distributors, LLC; Structural Group, Inc.; and International Market Place, Inc. d/b/a Fishbones Rhythm Kitchen Café.

There being no questions from Board Members a motion was made by Mr. Beagen and supported by Mr. Palms that the Board enter Orders finding and concluding the above-listed

suppliers and their qualifiers are eligible and suitable for licensure and, accordingly, grant the requests for a new one-year period. A voice vote was taken.

Motion carried.

Next agenda item was the consideration of the suitability of Jeffrey Cohen as a new key person for Greektown Casino. There being no questions from Board members, it was moved by Mr. Palms and supported by Mr. Watza that the Board enter an order finding and concluding Mr. Cohen be found suitable as a new key person of Greektown Casino. A voice vote was taken.

Motion carried.

Mr. Anthony then stated the next agenda item was the consideration of the suitability of Investendo Due S.r.L. as a new key person for Spielo International USA, LLC. There were no questions from Board members, therefore, Mr. Anthony asked for a motion granting the request that Investendo be found suitable as a new key person of Spielo International USA, LLC. Mr. Watza put forth the motion which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

Next Mr. Anthony stated the Board would consider a request by Greektown Casino to suspend the fixed-charge coverage ratio for the third quarter and to receive information from Greektown regarding their improvements over compliance reporting to the Board as requested at the August public meeting. Mr. Cullen addressed the Board. Mr. Cullen informed the Board Greektown has put together a report based on agreed-upon procedures which have been shared with its regulatory compliance committee. A detailed quarterly checklist process has been adopted and implemented. The checklist will require sign-offs by multiple people, including the CEO, and will be provided to the regulatory committee for review on a quarterly basis. If this process proves inadequate, the compliance committee will promptly address the issues and make necessary changes. There being no question from the Board members Mr. Anthony then moved on to Greektown's request to suspend the fixed-charge coverage ratio for the third quarter. Mr. Cullen informed the Board Greektown fully anticipates financing during the fourth quarter of 2013. Mr. Anthony expressed the Board's concern that Greektown's operation continues to show deterioration. Mr. Anthony also stated that in December Greektown should be prepared to show a clear plan going forward and that the Board does not want to be considering another waiver in March 2014.

There being no other questions from Board members, it was moved by Mr. Beagen and supported by Mr. Palms that the Board issue an Order to temporarily suspend the condition of its June 2010 Order that Greektown entities maintain a fixed charge ratio of 1.05 to 1.00 in the third quarter of 2013. A voice vote was taken.

Motion carried.

The Board adopted and approved the proposed schedule of its regular public meetings for the fiscal year beginning October 1, 2013, on a motion from Mr. Palms which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

Mr. Anthony concluded the business portion of the agenda with a statement regarding two letters received by the Board alleging improper political contributions by licensees. One letter was from Thomas Barrow and the other letter was from Robert Davis. Mr. Anthony stated both matters are under investigation by Board staff along with the Attorney General's office.

There were no requests for public comment.

Mr. Anthony then announced the Board would entertain a motion to go into closed session for the purpose of consulting with the Board's attorney to discuss pending litigation, legal memorandums of advice exempt from disclosure and to discuss background investigations. A motion was made by Mr. Watza and supported by Mr. Beagen. A roll call vote was taken.

Mr. Anthony	Aye
Mr. Watza	Aye
Mr. Palms	Aye
Mr. Beagen	Aye

Motion carried.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, October 8, 2013, at 9:30 a.m.

After the closed session Mr. Anthony asked for a motion to approve the closed session minutes from the August 13, 2013 meeting. Mr. Watza made a motion and Mr. Beagen supported it. A voice vote was taken.

Motion carried.

Next Mr. Anthony asked for a motion to adjourn the public meeting. It was moved by Mr. Beagen and supported by Mr. Watza to adjourn the meeting. A voice vote was taken.

Motion carried.

Meeting adjourned at 10:45 a.m.

Diane Brown, Board Secretary