

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, November 5, 2013
9:30 a.m.

MINUTES

On Tuesday, November 5, 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. Patrick McQueen
Mr. Andrew Palms
Mr. Dennis Beagen
Mr. Michael Watza

Also attending was:

Richard Kalm, Executive Director
Andrae Washington, MSP
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Absent: None

Business:

Mr. Anthony called the public meeting to order at 9:33 a.m. It was noted for the record, all members were present. 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 public meeting held October 17, 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, a motion was made by Mr. Beagen which was supported by Mr. McQueen that the Board accept and approve the minutes of the October 17, 2013 public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Steve O'Brien and Robin Kenyon left their employment with the Board. Anita Mullins was hired as a financial analyst in the Enterprise Licensing section. There are currently 118 employees working and 23 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 October 31, 2013, total expenditures were \$590,974 which leaves an unexpended balance of \$32,313,826 in appropriated funding for fiscal year 2014; 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 October 31, 2013, was down 4.2% compared to October 2012. Revenue was down .01% compared to September 2013. Year-to-date through October 31, 2013, aggregate revenue was down for the three Detroit casinos 4.7% compared to the same period last year.

Revenue for MGM, MotorCity, and Greektown was down 2.2% to \$46.3 million, 2.6% to \$35.1 million, and 9.6% to \$24.9 million, respectively, when compared with October 2012.

The market shares for MGM, MotorCity, and Greektown for October 2013 were 44%, 33%, and 23%, respectively.

For the month ending October 2013, gaming taxes for the three Detroit casinos were \$8.6 million compared to \$9.0 million for the same period in 2012.

For the three-month period ending October 31, 2013, aggregate revenue was down 4.8% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending October 31, 2013, was \$139 million, \$109.5 million, and \$77.1 million, respectively.

Revenue for the three months ending October 31, 2013, for MGM, MotorCity, and Greektown was down 6%, .2%, and 8.6%, respectively, when compared to the same period last year. Gaming taxes for the three Detroit casinos for the three months ending October 31, 2013, were \$26.4 million compared to \$27.7 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of October 31, 2013, 1,150 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 October 31, 2013, 399 casino supplier companies were granted exemptions from supplier licensing requirements. As of October 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 126 annual supplier licenses in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of October 31, 2013, the Board's Employee Licensing Section issued a total of 2,152 occupational licenses to MGM employees; 1,753 occupational licenses to MotorCity employees; and 1,515 occupational licenses to Greektown employees. In addition, through the month of October 2013, 1,596 employees of various licensed casino suppliers have been granted occupational licenses.

Mr. Kalm advised the Board for the months of September and October 2013 the required background investigations for 77 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 523 renewal requests and 57 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. One detective lieutenant position, two detective sergeant positions, and eight detective specialist positions remain vacant.

Mr. Kalm informed the Board of several noted MSP activities for the months of September and October, which were not available in the public forum but for board information only. During the months of September and October, the MSP gaming section investigated 197 original complaints and made 18 arrests. Two additional arrests were made on warrants from previous investigations.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing & Regulation Division's staff regarding the 77 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Palms and supported by Mr. Beagen 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 77 Level 1 and 2 occupational license applications. A voice vote was taken.

Motion carried.

Next agenda item was consideration of the pending supplier license renewal applications of Central Credit LLC; Del Bene Produce, Inc.; Detroit Spectrum Painters, Inc.; Duffey, Petrosky & Company, LLC; Gaming Partners International USA, Inc. d/b/a GPI USA; Guideline Mechanical, Inc.; Heldon Shoe Company d/b/a Red Wing Shoes; JCM American Corporation d/b/a JCM Global; RAM Construction Services of Michigan, Inc.; Spielo International USA, LLC; and Tre Builders, LLC.

There being no questions from Board Members a motion was made by Mr. Watza 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 on the agenda was to consider Board acceptance of the Acknowledgement of Violation of casino licensee MGM Grand Detroit LLC. Mr. Jason Geissler, Assistant Attorney General spoke on behalf of the gaming control board to summarize the violation. The violation was the result of an internal investigation for embezzlement by MGM wherein they failed to keep the Board fully apprised of the investigation by providing adequate documentation and maintaining the documentation necessary to keep the Board informed. Mr. Peter Ellsworth also addressed the Board on behalf of MGM. Mr. Ellsworth stated Mr. Geissler's summary was accurate. Mr. Anthony asked Mr. Geissler if there have been, or if there are any current

activities that would suggest a recurrence of these types of communications issues. Mr. Geissler responded there were not.

There being no other questions from Board members, Mr. McQueen put forth a motion to accept the violation which was supported by Mr. Watzka. A voice vote was taken.

Motion carried.

There were no requests for public comment.

Mr. Anthony then announced the Board would entertain a motion to go into closed session. A motion was made by Mr. Beagen. A roll call vote was taken.

Motion carried.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, December 10, 2013, at 9:30 a.m.

After the closed session Mr. Anthony asked for a motion to approve the closed session minutes from the September 10, 2013 meeting. Mr. Beagen made a motion which Mr. McQueen supported. 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. Palms to adjourn the meeting. A voice vote was taken.

Motion carried.

Meeting adjourned at 10:32 a.m.

Diane Brown, Board Secretary