

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, September 9, 2014
9:30 a.m.

MINUTES

On Tuesday, September 9, 2014, 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
F/Lt. Ann McCaffery, MSP
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Absent: None

Business:

Mr. Anthony called the public meeting to order at 9:35 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 regular public meeting held June 10, 2014. 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. Watza, which was supported by Mr. Beagen for the Board to accept and approve the minutes of the June 10, 2014, regular public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting a new division, Legal Affairs & Gaming Regulation, was formed. Dave Murley was hired as the Deputy Director of that Division. Mary Kay Bean was hired as a Communications Specialist. Two others were hired: Melissa Johnson, Auditor, and Sara Bellomo, Departmental Technician. Tessie Miller, Scott McLeay, Mike McDonald, Sally Bandemer, and Holly Diehl resigned their positions for other opportunities. There are currently 121 employees and 29 vacant positions. The full Board roster includes the millionaire party enforcement and regulation group.

In regard to the Board's budget, as of August 31, 2014, total expenditures were \$21,600,277 leaving an unexpended balance of \$6,141,623 in appropriated funding for fiscal year 2014; which includes funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Kalm next reported aggregate revenue for the three Detroit casinos for the month ending August 31, 2014, was down .2% compared to August 2013. Revenue was up 1.2% compared to July 2014. Year-to-date through August 31, 2014, aggregate revenue was down 2.9% compared to the same period last year.

Revenue for MGM was down .4%, MotorCity was down 2.0%, and Greektown was up 2.7%, when compared with August 2013.

The market shares for MGM, MotorCity, and Greektown for August 2014 were 42%, 34%, and 24%, respectively.

For the month ending August 31, 2014, gaming taxes for the three Detroit casinos were \$9.13 million compared to \$9.14 million for the same period in 2013.

For the three-month period ending August 31, 2014, aggregate revenue was up 1.2% compared to the same period last year. Gaming revenue for the same three-month period compared to 2013, was MGM \$143.2 million, up 1.8%; MotorCity \$108.4 million, down 0.3%; and Greektown \$81.4 million, up 2.2%.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of August 31, 2014, 986 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, 2014, 414 casino supplier companies were granted exemptions from supplier licensing requirements. As of August 31, 2014, there were a total of nine active temporary nongaming-related and three active temporary gaming-related supplier licenses in effect. In addition there are 117 annual supplier licenses in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of August 31, 2014, the Board's Employee Licensing section issued a total of 2,136 occupational licenses to MGM employees; 1,697 occupational licenses to MotorCity employees; and 1,472 occupational licenses to Greektown employees. In addition, through the month of August 2014, 1,678 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 57 temporary occupational licenses issued.

Mr. Kalm advised the Board since the June meeting; the required background investigations for 251 pending Level 1 and 2 occupational licenses have been completed. Pursuant to Board Resolution No. 2002-02, Mr. Kalm previously approved 515 renewal requests and 112 Level 3 requests on behalf of the Board.

Mr. Kalm reported on Michigan State Police (MSP) Board-related activity. It was noted MSP has several vacancies.

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

Next, the Board considered for approval, the recommendations of the Executive Director and the Licensing & Regulation Division's staff regarding the 251 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Beagen and supported by Mr. Palms 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 251 Level 1 and 2 occupational license applications. A voice vote was taken.

Motion carried.

The next agenda item was consideration of the pending supplier license applications of 3LK Construction LLC, and Arrow Motor & Pump Inc.

There being no questions from Board members a motion was made by Mr. Palms and supported by Mr. Watza that the Board enter Orders finding and concluding the applicants are eligible and suitable for licensure and accordingly, grant the requests. A voice vote was taken.

Motion carried.

Next agenda item was consideration of the pending supplier license renewal applications of Aristocrat Technologies, Inc.; Comsource, Inc.; FL Management, LLC d/b/a Fantasee Lighting; Kimprint, Inc. d/b/a Progressive Printing; Premier Services Group LLC; Tier One Marketing, LLC; and Tom Maceri and Son, Inc.

There being no questions from Board members a motion was made by Mr. Watza and supported by Mr. Beagen that the Board enter Orders finding the above-listed suppliers and their qualifiers eligible and suitable for license renewal and, accordingly, grant the requests for a new one-year period. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of John E. Jones 1984 Exemption Trust FBO Paul A. Jones; John E. Jones 1984 Exemption Trust FBO William J. Jones; and John E. Jones 1984 Exemption Trust FBO Ann J. White, as new key persons for licensee Cummins-Allison. There being no questions from Board members it was moved by Mr. McQueen and supported by Mr. Watza that the Board enter an Order finding and concluding the above are suitable as key persons of Cummins-Allison. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of Flavus S.R.L. as new key person for supplier licensee G-tech USA, LLC. There being no questions from Board members it was moved by Mr. Beagen and supported by Mr. Watza that the Board enter an Order finding and concluding Flavus S.R.L is suitable as a new key person of G-tech USA, LLC. A voice vote was taken.

Motion carried.

The next agenda item was the consideration for approval of the Transfers of Interest for Cummins-Allison Corp.; Gemaco, Inc.; G-tech USA; and Tom Maceri and Son, Inc. There being no questions from Board members, a motion was made by Mr. Watza and supported by Mr. Beagen that the Board approve the Transfers. A voice vote was taken.

Motion carried.

Next on the agenda was to consider the Acknowledgement of Violation for Detroit Entertainment, LLC d/b/a MotorCity Casino. Assistant Attorney General Melinda Leonard summarized the violations for the Board. Ms. Leonard stated the violations regarded mailings being sent to a disassociated person (DP). The DP was placed on the Disassociated Persons List (DPL) in 2003. At that time, the casino ceased sending her promotional items and canceled the existing player's club card. Several years later the person returned to the casino and opened a new account using a different form of identification. The casino cross referenced her name, however, since the form of identification was different, the number and the address was different which led the casino to assume this was not the same person. Years later when the person won a jackpot, it was discovered the casino had begun sending promotional materials to her in violation of the Act. Cheryl Scott-Dube spoke on behalf of MotorCity Casino and explained the casino's remedial measures taken since this matter and that they have not experienced any issues since implementation. There were several questions from Board members regarding the casino's process for matching names to the DPL. Ms. Scott-Dube explained that MotorCity has begun verifying birthdates along with the current checks they have in place. Mr. Beagen asked if all of the casinos take the same measures to verify individuals on the list. Ms. Scott-Dube stated she was not aware of the other casinos' steps but all of the casinos have the same responsibility regarding DPs and promotional material. Mr. Anthony asked for a motion to approve the violation. Mr. Palms put forth the motion which was supported by Mr. Beagen. A voice vote was taken.

Motion carried.

The next three items on the agenda involved the annual license renewals for the three Detroit casinos. Mr. Zanella, Mr. Solomon, and Mr. Dunkeson represented MGM, MCC, and GTC, respectively. There were no questions or concerns from the Board regarding the renewal requests.

With regard to MGM's renewal, Mr. McQueen pointed out that the Executive Director's report specifically stated the renewal also included approval of new key person Mary Christine Gay which was not specified on the agenda. Mr. McQueen then put forth a motion to approve

MGM's renewal request along with Ms. Gay's suitability as a key person. The motion was supported by Mr. Watza. A voice vote was taken.

Motion carried.

Mr. Beagen put forth the motion to approve MotorCity's renewal which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

With regard to Greektown's renewal, a motion was made by Mr. Palms for Board approval which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

Next the Board considered the public meeting schedule for fiscal year 2014-2015. Mr. Anthony stated that the Board was presented with two different options. One schedule was the same as previous years with meetings being held the second Tuesday of each month with the exception of January and July when no meetings were held. The second option was to hold meetings bi-monthly with the understanding that if a special meeting was requested or needed it would be granted. The Board elected to approve the bi-monthly meeting schedule. Mr. Watza made a motion that the Board approve and adopt the bi-monthly meeting schedule for the fiscal year beginning October 1, 2014, with the first meeting to be held November 12, 2014. Mr. McQueen supported the motion. A voice vote was taken.

Motion carried.

There were no requests for public comment.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, November 11, 2014 (sic), at 9:30 a.m. (The next meeting is actually November 12, 2014 due to November 11 being Veteran's Day and a state holiday.)

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

Motion carried.

Following the closed session, Mr. Anthony asked for a motion to approve the minutes from the Board's last closed session on June 10, 2014. Mr. Beagen made the motion which was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

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

Motion carried.

Meeting adjourned at 10:58 a.m.

/s/

Diane Brown, Board Secretary