

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, September 8, 2015
9:30 a.m.

MINUTES

On Tuesday, June 16, 2015, the Michigan Gaming Control Board held a public meeting at the Board's 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
Ms. Carla Walker-Miller

Also attending was:

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

Absent: Mr. Michael Watza

Business:

Mr. Anthony called the public meeting to order at 9:32 a.m. Mr. Watza was not 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 16, 2015. Mr. Anthony noted Board members 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. McQueen, which was supported by Mr. Palms for the Board to accept and approve the minutes of the June 16, 2015, regular public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm presented his report to the Board stating Student Assistant Alec Wilkins was hired as an Auditor in the Indian Gaming Section; Student Assistant Eric Wells was hired as a Financial Analyst in the Financial Services Section; and Danielle Perkins was hired as a Financial Analyst in the Enterprise Licensing Section. Laurie Lander, Erik Pedersen, Melissa Johnson, and Sophia

Sanders resigned their positions with the board. MGCB currently has 137 employees and 11 vacant positions.

In regard to the Board's budget, as of August 31, 2015, total expenditures were \$22,453,637 leaving an unexpended balance of \$6,031,963 in appropriated funding for fiscal year 2015 which includes funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Kalm next reported for the month ending August 31, 2015, aggregate revenue for the three Detroit casinos was down 4.6 % when compared to the same period last year. Revenue was down 6.4% when compared to July 2015. Year-to-date gaming revenue for the three Detroit casinos was up 3.4% percent compared to the same period in 2014.

Revenue for MGM was down 7.7% to \$43.6 million, MotorCity revenue was down 2.2% to \$37.1 million, and Greektown revenue was down 2.6% to \$26.8 million when compared to August 2014.

The market shares for August 2015 were MGM 41%, MotorCity 34%, and Greektown 25%.

For the month ending August 31, 2015, gaming taxes for the three Detroit casinos were \$8.7 million compared to \$9.1 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of August 31, 2015, 781 active vendor exemptions are registered. As of August 31, 2015, 433 casino supplier companies have been granted exemptions from supplier licensing requirements. As of August 31, 2015, there are a total of 11 active temporary nongaming-related and seven active temporary gaming-related supplier licenses in effect. In addition, there are 108 annual supplier licenses in effect.

In regard to occupational licensing, Mr. Kalm advised the Board as of August 31, 2015, the Board's Employee Licensing section issued a total of 2,218 occupational licenses to MGM employees; 1,725 occupational licenses to MotorCity employees; and 1,447 occupational licenses to Greektown employees. In addition, through the month of August 2015, 1,679 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 30 temporary occupational licenses.

Mr. Kalm advised the Board since the June meeting, the required background investigations for 210 pending Level 1 and 2 occupational licenses have been completed. Pursuant to Board Resolution No. 2002-02, Mr. Kalm previously approved 531 renewal requests and 95 Level 3 requests on behalf of the Board.

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

Concluding his report, Mr. Kalm informed the Board of several noted MSP activities for the months of July and August which were not available in the public forum but for Board information only.

Next, the Board considered for approval the recommendation of the Executive Director and the Licensing & Investigations Division's staff regarding the 210 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Ms. Walker-Miller and supported by Mr. McQueen that the Board enter an Order accepting and adopting the recommendations of the Executive Director and the Licensing & Investigations Division's staff for the pending 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 Avanzado, LLC; National Millwork, Inc.; Reliable Landscaping, Inc.; and Trendell Tile, LLC.

There were no questions from Board members. A motion was made by Mr. Palms and supported by Mr. McQueen that the Board enter the 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 1st Choice Distributors, LLC; BlueGranite, Inc.; Del Bene Produce, Inc.; Detroit Spectrum Painters, Inc.; Duffey, Petrosky & Company, LLC; E. Gads, LLC; Global Cash Access, Inc. with new Key persons Ram V. Chary, Randy Lee Taylor, Ronald Vincent Congemi, Juliet Ann Lim, David Joseph Lucchese, and Edward Adam Peters; Halifax Security, Inc. d/b/a North American Video; International Precast Solutions, LLC; JMC Electrical Contractor, LLC; Premier Services Group, LLC; Sachse Construction and Development, LLC d/b/a Sachse Construction; Suburban Motors Company, Inc. d/b/a Suburban Cadillac Buick; The United States Playing Card Company with new Key persons Alan Wayne LeFevre and Zoe Rosalyn L'Esperance, and new Institutional Investor The Vanguard Group, Inc.; and Unique Linen Services, Inc.

There being no questions from Board members, Mr. McQueen made a motion which was supported by Mr. Palms 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 one-year period. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of John Joseph Connelly IV as new Key person of Supplier Licensee Interblock, Luxury Gaming Products D.d. d/b/a Interblock D.d.

There were no questions from Board members: therefore, it was moved by Ms. Walker-Miller and supported by Mr. Palms that the Board enter an Order finding and concluding John Joseph Connelly IV is suitable as a new Key person. A voice vote was taken.

Motion carried.

There were four Acknowledgements of Violations (AOVs) presented to the Board.

American Gaming & Electronics, Inc. acknowledged the violation and agreed to a settlement for unauthorized distribution of software to MotorCity Casino. Assistant Attorney General Nafso summarized the violation for the Board explaining this was discovered by the casino and reported to Board staff. The software was never on the gaming floor. American Gaming & Electronics, Inc. did not have a representative present at this meeting. All Board Members voted to accept the AOV.

JMC Electrical Contractor, LLC acknowledged the violation and agreed to a settlement for having an unlicensed employee on the casino gaming floor. Mr. Nafso summarized the facts for the Board. JMC Electrical Contractor, LLC did not have a representative present at this meeting. All Board Members voted to accept the AOV.

MGM Grand Detroit, LLC acknowledged the violation and agreed to a settlement for allowing three Xerox employees with expired occupational licenses to access their system remotely. Mr. Nafso summarized the facts for the Board and Jeff Stuckey addressed the Board on behalf of MGM. Mr. Stuckey explained the processes and procedures MGM has implemented to prevent future violations of this type. All Board Members voted to accept the AOV.

Greektown Casino, LLC acknowledged the violation and agreed to a settlement amount of approximately \$530,000 which encompassed 25 different violations incurred prior to the current ownership of Greektown. Mr. Nafso summarized the facts of the violations and Mr. Cullen spoke on behalf of Greektown stating with the new ownership fully in place Greektown expects to have less violations going forward. All Board Members voted to accept the AOV.

Next on the agenda were the three commercial casino license renewals. All three were presented separately. There were no issues, comments or questions from the Board.

Ms. Walker-Miller put forth a motion for the MGM Grand, LLC renewal which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

Mr. Palms made the motion for the Detroit Entertainment LLC's (MotorCity) renewal which was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Mr. McQueen put forth the motion for the Greektown Casino, LLC's renewal which was supported by Ms. Walker-Miller. A voice vote was taken.

Motion carried.

Next on the agenda was consideration of the Administrative Law Judge's (ALJ) Proposal for Decision regarding the Summary Suspension of occupational licensee Steven Miles. Mr. Miles addressed the board stating he was an exemplary employee who made a bad choice and needed his job in order to pay back the money he fraudulently obtained by collecting "under employment" benefits. Mr. Nafso informed the Board Mr. Miles' criminal fraud case is scheduled to be heard in November 2015.

After Board discussion a motion was made by Ms. Walker-Miller to uphold the ALJ's decision for suspension pending the final adjudication of Mr. Miles' criminal case.

The last agenda item was the schedule of public meetings through the end of 2016. It was decided the Board will meet November 10, 2015; January 12, 2016; March 8, 2016; May 10, 2016; July 12, 2016; September 13, 2016; and November 8, 2016.

Mr. Anthony announced the next public meeting would be held on Tuesday, November 10, 2015 at 9:30 a.m.

Lastly, a motion was made by Mr. McQueen which was supported by Ms. Walker-Miller for the Board to go into closed session. A roll call vote was taken. All members voted aye.

Motion carried.

The Board returned from closed session at 10:51 a.m. and Mr. Anthony asked for a motion to approve the minutes from the closed session held June 16, 2015. Mr. McQueen put forth the motion which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

Lastly, Mr. Anthony asked for a motion to adjourn the public meeting which was made by Mr. Palms and supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Meeting adjourned at 10:58 a.m.

Diane Brown, Board Secretary