

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, March 12, 2013
9:30 a.m.

MINUTES

On Tuesday, March 12, 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. Michael Watza
Mr. Andrew Palms
Mr. Dennis Beagen

Also attending were:

Richard Kalm, Executive Director
Mary Kapp, MSP Lieutenant
Melinda Leonard, Assistant Attorney General
Diane Brown, Board Secretary

Business:

Mr. Anthony called the public meeting to order at 9:33 a.m. 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 January 22, 2013. Mr. Anthony noted all Board members had previously received copies of the minutes and asked if there were any questions or concerns or corrections.

There being no questions, concerns, or corrections, Mr. Beagen made a motion which was seconded by Mr. Palms that the Board accept and approve the minutes of the January 22, 2013. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting John Williams left his position with the Board. Beverly Lapinski was hired as a Departmental Technician in the Enterprise Licensing Section of the Licensing & Regulation Division. There are currently 123 employees working and 17 vacant positions. Mr. Kalm stated the full Board roster included the Millionaire Party enforcement and regulation group.

In regard to the Board's budget, Mr. Kalm reported as of February 28, 2013, total expenditures were \$9,968,960, which left an unexpended balance of \$22,775,740 in appropriated funding for fiscal year 2013; this includes the Millionaire Party oversight, 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 January 31, 2013, was down 7.0% compared to January 2012. Revenue was down 10.2% compared to December 2012. The total revenue for MGM, MotorCity, and Greektown was down 5.9% to \$45.1 million, 4.4% to \$35.1 million, and 12.1% to \$26 million, respectively, when compared to January 2012.

The market share for MGM, MotorCity, and Greektown for January 2013 was 42%, 33%, and 25%, respectively.

For the month ending January 2013, gaming taxes for the three Detroit casinos were \$8.6 million compared to \$9.2 million for the same period in 2012.

Aggregate revenue for all three Detroit casinos for the month ending February 28, 2013, was down 13.7% compared to the same month last year. Revenue was up 4.8% when compared to January 2013. Gaming revenue for MGM, MotorCity, and Greektown was down 13.1% to \$46.5 million, 10.8% to \$38.3 million, and 18.4% to \$26.6 million, respectively, when compared to February 2012.

The market share for MGM, MotorCity, and Greektown for February 2013, was 42%, 34%, and 24%, respectively.

For the month ending February 2013, gaming taxes for the three Detroit casinos were \$9.0 million compared to \$10.4 million for the same period last year.

For the three month period ending February 28, 2013, aggregate revenue was down 8.5% compare to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending February 28, 2013, was \$142.2 million, \$113.6 million, and \$79.9 million, respectively.

Revenue for the three months ending February 28, 2013, for MGM, MotorCity, and Greektown was down 7.4%, 5.4%, and 14.3% respectively compared to the same three month period last year. Gaming taxes for the three Detroit casinos for the three months ending February 28, 2013, was \$27.2 million compared to \$29.7 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of February 28, 2013, 1,082 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 February 28, 2013, 389 casino supplier

companies were granted exemptions from supplier licensing requirements. As of February 28, 2013, there were a total of eight active temporary nongaming-related and three 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 February 28, 2013, the Board's Employee Licensing Section issued a total of 2,179 occupational licenses to MGM employees, 1,793 occupational licenses to MotorCity employees, and 1,461 occupational licenses to Greektown employees. In addition, through the month of February 2013, 1,550 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 139.

Mr. Kalm advised the Board for the months of January and February 2013 the required background investigations for 52 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 that he previously approved 416 renewal requests and 67 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 ten detective specialist positions remain vacant.

Significant MSP activity included the investigation of 122 original complaints and 29 arrests. Mr. Kalm also noted two additional arrests were made on warrants authorized from previous investigations. There were a total of 39 arrest counts.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing & Regulation Division's staff regarding the 52 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Beagen and seconded 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 52 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 & Regulation Division's staff recommendation regarding the pending supplier license applications of Kimprint, Inc. d/b/a Progressive Printing, and Suburban Motors Company d/b/a Suburban Cadillac Buick.

There being no questions from Board members, it was moved by Mr. Palms and seconded by Mr. Beagen that the Board enter orders finding and concluding Kimprint, Inc. d/b/a Progressive Printing, and Suburban Motors Cadillac d/b/a Suburban Cadillac Buick 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 Advertising Specialties, LLC; BAC Greektown, LLC; Basement Beats, LLC; Chef Source, Inc.; Contract Design Group, Inc.; Data Financial Incorporated; Lavdas Enterprises, Inc. d/b/a Lavdas Limousines, Inc.; Northern Lakes Seafood & Meats, LLC; Paltronics, Inc.; and WPDET Associates, LLC.

There being no questions from Board members, it was moved by Mr. Watza and seconded by Mr. Palms 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.

Next on the agenda was the matter of proposal for decision in the disciplinary action of occupational licensee James Lamont Countryman. Mr. Anthony noted for the record neither Mr. Countryman nor his representative were present. Assistant Attorney General Bethany Scheib addressed the Board and explained the reason for disciplinary action was Mr. Countryman was terminated from his employment with MotorCity Casino as a dealer. Mr. Countryman allowed a "past post" to be done by a family member after the roulette ball had already stopped on a number. Mr. Countryman did not call off "no more bets" and she was paid \$9,600. On January 10, 2013, Mr. Kalm issued a summary suspension order based on the results of an investigation. Mr. Countryman had been issued a Level 2 license and had Mr. Kalm not issued a summary suspension of his license, Mr. Countryman could have been eligible for employment by another of the three Detroit casinos.

There being no questions from Board members, it was moved by Mr. McQueen that the Board enter a final decision and order in the matter of Mr. Countryman's occupational license and incorporate the Administrative Judge's proposal for decision in its entirety and revoking Mr. Countryman's license. Mr. Palms supported the motion. A voice vote was taken.

Motion carried.

Next on the agenda was the matter of proposal for decision in the disciplinary action of occupational licensee Delecia Nicole Young. Mr. Anthony noted for the record neither Ms. Young nor her representative were present. Assistant Attorney General Bethany Scheib addressed the Board and explained the reason for disciplinary action was Ms. Young was terminated from her employment with Greektown Casino as a dealer of craps. Ms. Young was found to be cheating at MotorCity Casino. The investigation performed by Board staff found Ms. Young involved in cheating and collusion. Mr. Kalm issued a summary suspension order based on the results of the investigation. Ms. Young had been issued a Level 2 license and had Mr. Kalm not issued a summary suspension of her license, Ms. Young could have been eligible for employment by another of the three Detroit casinos.

There being no questions from Board members, it was moved by Mr. Beagen that the Board enter a final decision and order in the matter of Ms. Young's occupational license and incorporate the Administrative Judge's proposal for decision in its entirety and revoking Ms. Young's license. Mr. Palms supported the motion. A voice vote was taken.

Motion carried.

Next agenda item was consideration of the acceptance of acknowledgements of violation of Detroit Entertainment, LLC d/b/a MotorCity Casino. Melinda Leonard, Assistant Attorney General, summarized the violation. Ms. Leonard explained there were two violations consolidated for efficiency at the request of MotorCity. On the matter involving Seiko, MotorCity received services from them when they did not hold a supplier's license. MotorCity agreed to a fine of \$20,000. The second matter involves Shuffle Master. The casino allowed an unlicensed employee of the supplier to be present on the gaming floor to do work. MotorCity agreed to a fine of \$15,000. Cheryl Scott-Dube, General Counsel for MotorCity, explained that MotorCity does not think it did anything wrong on the Seiko matter but out of its desire to move forward, it agreed to the fine. On the Shuffle Master matter, Ms. Scott-Dube stated casino staff did what they thought they were supposed to do and it was a "comedy of errors."

There being no questions from Board members, it was moved by Mr. Palms and supported by Mr. Watza that the Board approve and submit an Order accepting the proposed acknowledgements of violation. A voice vote was taken.

Motion carried.

Mr. Anthony then stated the next item on the agenda related to Greektown Casino's request for approval to execute a fourth amendment to its credit agreement and any other matters that should arise. Mr. Puggi, President and CEO of Greektown, addressed the Board and informed the Board Glen Tomaszewski, CFO, and Rich Vitali, General Counsel, were present as well as members of Greektown's Special Committee, John Bitove, Soo Kim, Darryl Burkes, and Chairman Freman Hendrix.

Mr. Puggi asked the Board to consider the request for extension of the terms of the Comerica revolving credit facility which is due to expire at the end of the year. Mr. Puggi explained in light of a recent potential ownership change in Greektown, the financing had been put on hold and since there is no clear time frame as to when it would be resolved, Greektown would like to extend the credit revolver. Mr. Puggi stated this would not change the amount, only the term (by one year). The Greektown board formed a special committee consisting of Mr. Bitove, Mr. Burkes, and Mr. Kim to deal with the negotiations surrounding the potential change of control. The special committee and the pricing committee gave Greektown authorization to discuss consideration of changes to the agreement with Athens. It was initially thought there would be a couple of items needing to be changed but as it turned out there were several. The pricing committee decided not to proceed with the financing. The lenders are on hold until March 17 which will keep the current arrangement in place. Although Mr. Puggi stated it was unlikely a finance package would be able to be delivered by then, they are still in negotiations with Athens. He also stated it would be advantageous to all parties to be able to "get out from underneath the 13% debt and turn it into current day rates." Mr. Anthony inquired as to what the impact would be on the casino as a result of not having financing approved at this meeting. Mr. Puggi replied his second item to address with the Board is the potential violation of the MGCB covenant. Mr. Puggi further went on to say if the financing had been put in place Greektown would not be in the situation of potential violation of the covenant. Mr. Puggi and Greektown are requesting the Board suspend the covenant for a period of time so as to not breach the covenant. Mr. Puggi stated Greektown is in "a

decent position liquidity-wise” but the way the covenant is designed is problematic. Mr. Anthony asked Mr. Puggi about Greektown’s difficulties meeting the Board’s covenants and what actions are being taken to improve the operations so that the longer term is not continuously an issue. Mr. Puggi responded by telling Mr. Anthony the five-year strategy includes projects completed on a quarter-by-quarter basis which will give Greektown new things to offer their customers. A plan was started in 2011 where the buffet was closed and a new Market District was opened. The new parking garage was also opened. Mr. Puggi stated these two items are major assets and tools going forward.

Mr. Anthony then asked the Greektown Board Chairman, Freman Hendrix, to come forward. Mr. Anthony asked Mr. Hendrix about the question raised at the previous MGCB meeting with regard to the issue of where the idea of the rights plan had come from and if it has yet been determined. Mr. Hendrix replied he had received a call from former Chairman, George Boyer, in late December 2012 stating there was some concern about a large block of shares being moved out into the market. Recognizing whenever large blocks of shares move into the market, it “ticks up our fiduciary responsibilities to all of the shareholders.” In another GTC board conference call it was decided to move the issue to the governance committee and that is where the recommendation was made to formulate a rights plan to protect the shareholders. Mr. Hendrix noted the committee and the board were aware of two issues: one to do this expeditiously and second it was contingent upon MGCB approval. Mr. Anthony then asked Mr. Hendrix if the minutes from their December board meeting will state who actually made the motion regarding the rights plan and Mr. Hendrix responded, “No. They will not.” He explained the minutes simply state a motion was made and seconded. Mr. Hendrix stated the motion came from his committee but could not recall who from the committee actually made the motion. The current status of the rights plan is “hanging in limbo” along with other issues regarding financing, credit facility, and covenants. Issues continue to be negotiated with Athens. Mr. Hendrix believes as many of these issues will take care of themselves as negotiations progress.

Mr. Watza then asked Mr. Hendrix questions about the special committee and his concerns of the appearance “that they are running or maybe wagging the dog.” Mr. Watza also referenced a letter from Mr. Puggi where there appears to be inconsistent statements. Mr. Watza made a comment about Greektown appearing before the board consistently with issues and “being a constant problem.” Mr. Hendrix responded by saying every board member and member of the executive staff takes their responsibilities very seriously and felt they were very much on track until late December when complications surrounding a potential change of control arose.

Next Mr. Kim, Chairman of the special committee, approached the podium to address the Board. Mr. Kim explained the special committee was formed with the purpose of evaluating, assessing, and recommending actions to the board as a whole regarding the Athens acquisition. Mr. Anthony asked Mr. Kim what responsibility the special committee has to consider the effects of its actions of the operations of the casino. Mr. Kim stated the committee’s actions have not been impacting the casino operations but the “out of left field” interests. Mr. Kim emphasized since his joining the board in the summer of 2012 the refinancing has been the number one priority for the board. Mr. Kim informed the Board that Greektown has hired outside advisors to assess, evaluate, and make recommendations regarding the Athens proposal. Superholdings will be responsible for paying the fees of these outside advisors.

Mr. McQueen asked Mr. Kim if he believes there is a rights plan in place today. Mr. Kim answered that he does not.

Mr. Frawley from the firm Sullivan & Cromwell, one of the advisors hired, addressed the Board and explained his firm's role as legal advisors. Mr. Frawley stated their role is to advise the board on its duties in terms of responding or dealing with any issues in relation to the Athens proposal.

There being no other questions or comments from Board members, it was moved by Mr. Watza and supported by Mr. Beagen that the Board approve the execution of the fourth amendment to the credit agreement. A voice vote was taken.

Motion carried.

Mr. Anthony addressed the second matter Greektown was asking the Board to consider and that was a waiver of the covenants. Mr. Anthony asked for a motion to table the matter as he did not think the Board was in a position to consider that at this meeting. Mr. Watza made the motion and it was supported by Mr. Beagen. 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 were several requests submitted to the Board in regard to charitable gaming. Mr. Anthony made a statement prior to allowing the speakers to approach. Mr. Anthony stated, "This Board, the Michigan Gaming Control Board, which has been established in Michigan, does not have responsibility for charity gaming. It only has responsibility for the oversight of the three casinos here in the state. And while the Executive Director, who is a state employee, does have responsibility for charity gaming, the business of the Board does not include that responsibility." While the Board is available for consultation should the Executive Director seek the Board's opinion, the Board does not deal with any specific charities or locations. With that being said, in support of Snookers Pool and Pub, which is currently disqualified as an approved location, the following persons addressed the Board: Larry Maley, Mr. Testa, Mr. Verkest, Mr. Wawrzyniak, Mr. Diponio, Mr. Lusk, and Mr. Orban. Mr. Bryer and Mr. Davidson waived their time. Mr. Anthony requested Mr. Kalm address the concerns. Mr. Kalm turned and faced the audience and went on to explain that while he would not speak specifically about the investigation of Snookers, he cited several violations involving Snookers and several charities.

There being no other requests, 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 January 22, 2013, last public meeting, as required by the Act.

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

Mr. Anthony asked for a motion to adjourn the public meeting. Mr. Watza moved the public meeting be adjourned and Mr. Palms supported the motion. A voice vote was taken.

Motion carried.

After the closed session, the public meeting resumed for the purpose of approving the minutes from the Board's last closed session which occurred on January 22, 2013. Mr. Watza made a motion to approve the closed session minutes which was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Mr. Watza then moved to adjourn the public meeting. The motion was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Meeting adjourned at 11:51 a.m.

Diane Brown, Board Secretary