

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, April 9, 2013
9:30 a.m.

MINUTES

On Tuesday, April 9, 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. Dennis Beagen

Also attending were:

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

Absent: Andrew Palms

Business:

Mr. Anthony called the public meeting to order at 9:42 a.m. It was noted for the record, Mr. Palms was absent. 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 March 12, 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 no questions, concerns, or corrections, Mr. Beagen made a motion which was seconded by Mr. Watza that the Board accept and approve the minutes of the March 12, 2013. A voice vote was taken.

Motion carried.

The first order of business was a proposed Board Resolution honoring and acknowledging Judge Benjamin Friedman for his service to the Board. Judge Friedman was appointed as a

Board member in 2004 by then-Governor Jennifer Granholm. Judge Friedman was re-appointed two additional times. His term expired December 31, 2012.

Mr. Kalm presented the Judge with a framed Resolution which was signed by the current Board members. After additional comments by Mr. Anthony, Mr. Watza, and Mr. McGehee, Mr. Watza made a motion which was supported by Mr. McQueen accepting the Board Resolution. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Richard Percy retired from the Board. There are currently 122 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 March 31, 2013, total expenditures were \$11,387,604, which left an unexpended balance of \$21,357,096 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 March 31, 2013, was down 0.4% compared to March 2012. Revenue was down 21.1% compared to February 2013. The total revenue for MGM was down 5% to \$54.3 million, whereas MotorCity and Greektown revenue was up 5.1% to \$45.8 million, and .3% to \$34.7 million, respectively, when compared to March 2012.

The market share for MGM, MotorCity, and Greektown for March 2013 was 40%, 34%, and 26%, respectively.

For the month ending March 2013, gaming taxes for the three Detroit casinos were \$10.9 million compared to \$11.0 million for the same period in 2012.

For the three month period ending March 31, 2013, aggregate revenue was down 6.9% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending March 31, 2013, was \$145.8 million, \$119.1 million, and \$87.3 million, respectively.

Revenue for the three months ending March 31, 2013, for MGM, MotorCity, and Greektown was down 8.0%, 3.3%, and 9.8%, respectively, compared to the same three month period last year. Gaming taxes for the three Detroit casinos for the three months ending March 31, 2013, was \$28.5 million compared to \$30.7 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of March 31, 2013, 1,087 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 March 31, 2013, 390 casino supplier companies were granted exemptions from supplier licensing requirements. As of March 31, 2013, there were a total of seven active temporary nongaming-related and three 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 March 31, 2013, the Board's Employee Licensing Section issued a total of 2,185 occupational licenses to MGM employees, 1,770 occupational licenses to MotorCity employees, and 1,443 occupational licenses to Greektown employees. In addition, through the month of March 2013, 1,524 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 36.

Mr. Kalm advised the Board for the month of March 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 176 renewal requests and 41 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 67 original complaints and 10 arrests. Mr. Kalm also noted one additional arrest was made on a warrant authorized from a previous investigation. Seven of the complaints investigated and two of the arrests made were of disassociated persons.

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. Watzka 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 reports and Licensing & Regulation Division's recommendation regarding the pending transfers of interest of American Gaming & Electronics, Inc., and Hercules & Hercules, Inc.

There being no questions from Board members, it was moved by Mr. Watzka and supported by Mr. Beagen that the Board enter orders approving the transfers of interest. A voice vote was taken.

Motion carried.

Next on the agenda was the pending supplier license renewals of Allied-Eagle Supply Company, Inc.; C.L. Rieckhoff Company, Inc.; Don Coleman Advertising, Inc. d/b/a Global Hue; House Advantage, LLC; Konami Gaming, Inc.; MacKellar Associates, Inc. d/b/a MacKellar Incentive Marketing; Renaissance Man Food Services LLC; and Tom Maceri & Son, Inc.

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

The next item on the agenda was consideration of the Board staff's recommendation regarding the suitability of Diane Frances Kraft as a Key person of Absolute Imaging Professionals, Inc. d/b/a Absolute Images. There was no discussion or questions therefore, a motion was made by Mr. Beagen and supported by Mr. Watza to enter an order approving Ms. Kraft as a Key person of Absolute Imaging Professionals, Inc. A voice vote was taken.

Motion carried.

The next item was to consider the Board staff's recommendation regarding the suitability of Paul Clement Gracey Jr. as a Key person of IGT. There being no questions by Board members, Mr. Watza made a motion which was supported by Mr. McQueen that the Board enter an order finding Mr. Gracey suitable as a key person for IGT. A voice vote was taken.

Motion carried.

Mr. Anthony then stated the next item on the agenda was to consider the Executive Director's report and the Licensing & Regulation Division's staff recommendation as it relates to the suitability of new entity qualifier, Athens Acquisition, LLC, and Key persons Daniel Bruce Gilbert, and Matthew Paul Cullen, and the pending potential transfer of interest.

Andrea Hansen from Honigman, Miller, Schwartz, and Cohn addressed the Board on behalf of Athens Acquisition, LLC, Dan Gilbert, and Matt Cullen. Ms. Hansen introduced Mr. Gilbert and Mr. Cullen to the Board who gave a slideshow presentation outlining their vision for the future of Greektown and Detroit.

Mr. Anthony asked Mr. Gilbert that since the partner in his Ohio activities, Caesars, does not have "the strongest balance sheet," what impact their relationship could have on Mr. Gilbert's independent operation of Greektown. Mr. Gilbert stated in almost every case that is closed or in the pipeline, Caesars owns 20% and Gilbert owns 80%. Mr. Gilbert stated every possible protection has been built into their agreements.

When asked if he had a tentative timetable for moving forward with the acquisition of the shares needed should they be approved, Mr. Cullen stated that would take place in the next couple of weeks.

Mr. Anthony then asked for a motion regarding the suitability of Athens, Gilbert and Cullen. Mr. McQueen made the motion which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

There was then a motion requested for approval of the transfer of interest in Greektown Superholdings, Inc. from the application of Athens Acquisition. The motion was made by Mr. Beagen and supported by Mr. Watza. A voice vote was taken.

Motion carried.

The next item on the agenda was the request by Greektown Casino for a waiver of the fixed charge coverage ratio covenant for the period ending March 31, 2013. Mr. Puggi, Greektown CEO, addressed the Board regarding the request. Mr. Puggi stated Greektown has had discussions with respect to the financing and entered into a definitive agreement consistent with the term sheet on Monday, April 8. Greektown is asking for a waiver to allow them time to gain clarity about some of the refinancing and Athens' willingness to go ahead and move it to the forefront.

A motion was made by Mr. McQueen to waive the condition on the Board Order dated June 20, 2010, which ordered Greektown to maintain a fixed charge coverage ratio of 1.05 to 1 through March 31, 2013. The motion 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 being none, Mr. Anthony 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 March 12, 2013, last public meeting, as required by the Act.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, May 14, 2013, at 9:30 a.m.

Mr. Anthony asked for a motion to adjourn the public meeting. Mr. McQueen moved the public meeting be adjourned and Mr. Watza supported the motion. A roll call 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 March 12, 2013. Mr. Beagen made a motion to approve the closed session minutes and was supported by Mr. Watza. A voice vote was taken.

Motion carried.

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

Motion carried.

Meeting adjourned at 11:17 a.m.

Diane Brown, Board Secretary