

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, May 14, 2013
9:30 a.m.

MINUTES

On Tuesday, May 14, 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. Andy Palms
Mr. Dennis Beagen

Also attending were:

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

Absent: Michael Watza

Business:

Mr. Anthony called the public meeting to order at 9:32 a.m. It was noted for the record, Mr. Watza 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 April 9, 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, Mr. Beagen made a motion which was supported by Mr. McQueen that the Board accept and approve the minutes of the April 9, 2013. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Lia Bothwell and Adam Dick left their employment with the Board. Steven Meyer was hired as an auditor and Anisa Alagna was

hired as a departmental technician. There are currently 122 employees working and 17 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 April 30, 2013, total expenditures were \$14,834,835, which left an unexpended balance of \$19,062,265 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 April 30, 2013, was down 2.7% compared to April 2012. Revenue was down 10.9% compared to March 2013. The total revenue for MGM and Greektown was down 6% to \$49 million and 1.8% to \$31.3 million respectively; whereas MotorCity was up 1% to \$39.7 million when compared to April 2012.

The market share for MGM, MotorCity, and Greektown for April 2013 was 41%, 33%, and 26%, respectively.

For the month ending April 2013, gaming taxes for the three Detroit casinos were \$9.7 million compared to \$10 million for the same period in 2012.

For the three month period ending April 30, 2013, aggregate revenue was down 5.6% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending April 30, 2013, was \$149.8 million, \$123.8 million, and \$92.6 million, respectively.

Revenue for the three months ending April 30, 2013, for MGM, MotorCity, and Greektown was down 8.0%, 1.6%, and 6.5%, respectively, compared to the same three month period last year. Gaming taxes for the three Detroit casinos for the three months ending April 30, 2013, were \$29.7 million compared to \$31.4 million for the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of April 30, 2013, 1,098 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 April 30, 2013, 392 casino supplier companies were granted exemptions from supplier licensing requirements. As of April 30, 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 127 annual supplier licenses in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of April 30, 2013, the Board's Employee Licensing Section issued a total of 2,185 occupational licenses to MGM employees, 1,764 occupational licenses to MotorCity employees, and 1,450 occupational licenses to Greektown employees. In addition, through the month of April 2013, 1,527 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 50.

Mr. Kalm advised the Board for the month of April 2013 the required background investigations for 43 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 154 renewal requests and 24 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.

Mr. Kalm informed the Board of several noted MSP activities for the month of April.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing & Regulation Division's staff regarding the 43 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Palms and seconded by Mr. McQueen 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 43 Level 1 and 2 occupational license applications. A voice vote was taken.

Motion carried.

Next on the agenda were the pending supplier license application requests of Colasanti Construction Services, Inc.; KayWaZee Installations, Inc.; and Modern Mirror & Glass Company.

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 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.; Eagle Star, Inc. d/b/a Eagle Star Equipment; FL Management LLC d/b/a Fantasee Lighting; Gardner Signs, Inc.; Hercules & Hercules, Inc.; Pointe Dairy Services, Inc.; SHFL Entertainment, Inc.; TCS John Huxley America, Inc.; Voice Data Systems LLC d/b/a VDS.

There being no questions from Board members a motion was made by Mr. Beagen 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 the matter of proposal for decision in the disciplinary action of occupational licensee Nozmul Hoque. Mr. Hoque and his attorney, Ronald G. Roberts were present. Assistant Attorney General Bethany Scheib addressed the Board and explained the disciplinary action was a summary suspension of Mr. Hoque's occupational license on January 10, 2013. On February 6, 2013 a hearing was held before Administrative Law Judge (ALJ) David Cohen wherein the suspension of Mr. Hoque's occupation license was upheld.

In the conclusions of law, it was determined Mr. Hoque violated various gaming rules. Mr. Hoque subsequently filed a petition with the Board for "Notice of Exception to Proposal for Decision Issued and Entered On 20th of February 2013", requesting a hearing before the Board. One rule determined to be violated by Mr. Hoque was failure to cooperate with the Board's investigation. Mr. Hoque appeared to be evasive and non-responsive to questions posed by Board investigators.

Mr. Hoque's attorney, Mr. Roberts, addressed the Board on behalf of his client and stated his objection to the suspension and requested the Board reverse the ALJ's decision. After several minutes of statements from Mr. Roberts and Ms. Schieb, it appeared the Board was not in receipt of the entire file of information supporting Mr. Hoque and Mr. Roberts' assertion there was not a violation of laws or rules. Therefore, in order to allow the Board to receive additional information from the ALJ's office and have ample time to review such documents, the Board made the decision to table the matter until the June Board meeting.

The next agenda item was the Acknowledgement of Violation (AOV) of supplier licensee Halifax Security, Inc. Mr. Jason Geissler, Assistant Attorney General, addressed the Board to explain the violation. Mr. Geissler explained there were three instances involving 17 omissions of documents which were needed for the supplier's application and were requested in January of 2011. Halifax submitted three of the 17 omissions within the initial deadline. The remaining 14 items took more than 11 months to receive and were still not received in their entirety. The second item involved the renewal application itself. In September 2011, the Board notified Halifax it had until November 14, 2011 to supply the application, however, it was not provided until February 17, 2012. The last item was a transfer of interest identified by Board staff while reviewing the renewal application. This transfer occurred in August of 2011 of which the Board was not notified. Board staff informed Halifax it needed to submit a transfer of interest application with the Board. Halifax initially disputed the claim by Board staff, but ultimately relented and submitted the transfer of interest application, however, not until March 6, 2012. Halifax did not have a representative present for the meeting.

There being no questions from Board members, a motion was made by Mr. Palms and supported by Mr. McQueen, that the Board enter an Order adopting and accepting the AOV as the Board's final decision.

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 April 9, 2013, last public meeting, as required by the Act.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, June 11, 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. Beagen 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 April 9, 2013. Mr. Beagen made a motion to approve the closed session minutes and was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

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

Motion carried.

Meeting adjourned at 10:49 a.m.

Diane Brown, Board Secretary