

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, May 13, 2014
9:30 a.m.

MINUTES

On Tuesday, May 13, 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
Dt. 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 9:37 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 regular public meeting held April 8, 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 that the Board accept and approve the minutes of the April 8, 2014, regular public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Donna Wilson was hired as the new Human Resources Director and Tess Miller was hired as a secretary in the Administration and Indian Gaming Division. There are currently 25 vacant positions. The full Board roster includes the millionaire party enforcement and regulation group.

In regard to the Board's budget, as of April 30, 2014, total expenditures were \$12,261,091 which leaves an unexpended balance of \$14,208,209 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 April 30, 2014, was down 6.5% compared to April 2013. Revenue was down 10.1% compared to March 2014. Year-to-date through April 30, 2014, aggregate revenue was down 6% compared to the same period last year.

Revenue for MGM was down 4.1% to \$47 million, MotorCity revenue was down 3.8% to \$38.2 million, and Greektown was down 13.6% to \$27.1 million, when compared with April 2013.

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

For the month ending April 30, 2014, gaming taxes for the three Detroit casinos were \$9.1 million compared to \$9.7 million for the same period in 2013.

For the three month period ending April 30, 2014, aggregate revenue was down 5% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending April 30, 2014, was \$145.3 million, \$118.4 million, and \$84.1 million, respectively.

Revenue for the three months ending April 30, 2014, for MGM was down 3%, MotorCity was down 4.3%, and Greektown was down 9.2% when compared to the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of April 30, 2014, 1,223 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, 2014, 411 casino supplier companies were granted exemptions from supplier licensing requirements. As of April 30, 2014, there were a total of ten active temporary nongaming-related and two active temporary gaming-related supplier licenses in effect. In addition there are 120 annual supplier licenses in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of April 30, 2014, the Board's Employee Licensing section issued a total of 2,182 occupational licenses to MGM employees; 1,704 occupational licenses to MotorCity employees; and 1,495 occupational licenses to Greektown employees. In addition, through the month of April 2014, 1,654 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 51 temporary occupational licenses issued.

Mr. Kalm advised the Board for the month of February and March the required background investigations for 112 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 he previously approved 363 renewal requests and 27 Level 3 requests on behalf of the Board.

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

Mr. Kalm informed the Board of several noted MSP activities for the month of April, 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 112 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 112 Level 1 and 2 occupational license applications. A voice vote was taken. Mr. Anthony abstained from voting with regard to Michael Hayden Page who is employed by PricewaterhouseCoopers.

Motion carried.

The next agenda item was consideration of the pending supplier license applications JMC Electrical Contractor LLC and The Boelter Companies, Inc.

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

Motion carried.

Next agenda item was consideration of the pending supplier license renewal applications of Adamo Demolition Company d/b/a Adamo Group, Inc.; Bally Gaming, Inc. d/b/a Bally Technologies; Basement Beats LLC; Contract Design Group, Inc.; Kone, Inc.; Motor City Electric Company; and WPDET Associates LLC.

There being no questions from Board members a motion was made by Mr. McQueen and supported by Mr. Palms that the Board enter Orders finding the above-listed suppliers and their qualifiers eligible and suitable for licensure and, accordingly, grant the requests for a new one-year period. A voice vote was taken. Mr. Watzka abstained from the vote with regard to Motor City Electric Company because his firm represents them on various issues unrelated to gaming.

Motion carried.

The next agenda item was the consideration for approval of the Transfer of Interest for Allied-Eagle Supply Company LLC. There being no questions from Board members, a motion was made by Mr. Watza and supported by Mr. Beagen that the Board approve the Transfer. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of Tracey Drake Weber as a new key person for supplier licensee IGT. There being no questions from Board members it was moved by Mr. Beagen and supported by Mr. McQueen that the Board enter an Order finding and concluding Tracey Drake suitable as a new key person of IGT. A voice vote was taken.

Motion carried.

Next on the agenda was consideration of the Administrative Law Judge's Proposal for Decision with regard to occupational licensee Ramona Jennie Banks. Neither Ms. Banks nor her representative was present for the meeting. Assistant Attorney General Mark Sands addressed the Board to outline the specifics regarding the matter. Ms. Banks' occupational license was summarily suspended due to her lack of cooperation regarding information requested of Ms. Banks for renewal of her license. After being sent five 72 hour letters requesting information over a period of four months, the Executive Director summarily suspended Ms. Banks' license. MGCB requested revocation at the hearing before the Administrative Law Judge. After the Proposal for Decision was rendered, Ms. Banks then submitted the requested information and filed an objection to the ruling. Based on the new information submitted by Ms. Banks, the Board has authority to uphold the summary suspension based on the outcome of her background information instead of revoking her license. Ultimately the Board decided to uphold the suspension pending the completed background investigation. A motion was made by Mr. Beagen to uphold the suspension which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

A second Administrative Law Judge's Proposal for Decision was presented to the Board with regard to the occupational license of Tandra Holston. Assistant Attorney General Bethany Scheib explained the incidents which led to Ms. Holston being terminated from MGM in December 2012 and having her occupational license becoming inactive. Ms. Holston was employed by MGM as a cashier and performed three cash advances for a Disassociated Person (DP) in violation of the statute which prohibits the casino from providing check cashing privileges, etc., to DPs. Based on an MGCB investigation, Ms. Holston's license was deactivated. At the Administrative Law Judge's hearing and in his decision it was recommended Ms. Holston's license continue to be suspended until it expires in September 2014. At the end of the suspension, she would be able to apply for renewal of her license and if hired by another casino, would be able to return to work. Mr. Watza commented that since she has been effectively suspended for almost two years the Order should be amended giving her a one-day suspension and she would be able to get back to work. Ms. Scheib and Mr. McGehee agreed this would be acceptable and the Order would be amended. A motion was made by Mr. Watza to amend the Order, which was supported by Mr. Beagen. A voice vote was taken.

Motion carried.

Next on the agenda was to consider the Acknowledgement of Violation for Greektown Casino. Ms. Scheib also addressed the Board on this matter. Ms. Scheib stated the violations relate to minors in the casino and encompass a time frame of 2011 through 2013. There were originally 15 presented however, it was agreed by MGCB and Greektown that two of them would be dropped. Andrea Hansen spoke on behalf of Greektown Casino. Ms. Hansen expressed how seriously Greektown takes these matters and also reminded the Board these were over a period of two-and-a-half years. There being no questions from Board Members, Mr. Anthony asked for a motion to approve the violation. Mr. Palms put forth the motion which was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

The final item was a brief presentation by Detroit Entertainment, LLC d/b/a MotorCity Casino (MCC) and its upcoming request for Board approval of a debt transaction. The presentation outlined MCC's financial plan and credit terms as well as plans for improvements and renovations to the casino. MCC expects to present a formal presentation and request to the Board at the June meeting.

There were no requests for public comment.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, June 10, 2014, at 9:30 a.m.

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

Motion carried.

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

Motion carried.

Meeting adjourned at 11:17 a.m.

Diane Brown, Board Secretary