

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Wednesday, February 26, 2014
9:30 a.m.

MINUTES

On Wednesday, February 26, 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. Andrew Palms
Mr. Dennis Beagen
Mr. Michael Watza

Also attending was:

Richard Kalm, Executive Director
D/F/Lt. Ann McCaffery, MSP
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Absent: Mr. Patrick McQueen

Business:

Mr. Anthony called the public meeting to order at 9:32 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 last public meeting held December 11, 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, a motion was made by Mr. Watza which was supported by Mr. Palms that the Board accept and approve the minutes of the December 11, 2013, public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Florence Wells, Terra Birsen, and Gina Feguer resigned their positions with the Board. Wendy Harns was hired as a secretary and Jessica White was promoted to Department Technician. There are currently 122 employees working and 23 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 January 31, 2014, total expenditures were \$6,212,834 which leaves an unexpended balance of \$20,256,466 in appropriated funding for fiscal year 2014; this includes 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 December 31, 2013, was down 9.4% compared to December 2012. Revenue was also down 4.2% compared to November 2013. Year-to-date through December 31, 2013, aggregate revenue was down for the three Detroit casinos 4.7% compared to the same period last year.

Revenue for MGM, MotorCity, and Greektown was down 11.3% to \$45.0 million, 8.5% to \$36.8 million, and 7.2% to \$25.4 million, respectively, when compared with December 2012.

The market shares for MGM, MotorCity, and Greektown for December 2013 were 42%, 34%, and 24%, respectively.

For the month ending December 31, 2013, gaming taxes for the three Detroit casinos were \$8.7 million compared to \$9.6 million for the same period in 2012.

For the quarter ending December 31, 2013, aggregate revenue was down 4.9% compared to the same quarter last year. Gaming revenue for MGM, MotorCity, and Greektown for the quarter ending December 31, 2013, was \$137.7 million, \$111.4 million, and \$76.2 million, respectively.

Revenue for the quarter ended December 2013, MGM, MotorCity, and Greektown was down 5.6%, 2.9%, and 6.5%, respectively, compared to the same quarter last year.

Gaming taxes for the three Detroit casinos for the three months ending December 31, 2013, were \$26.3 million compared to \$27.7 million for the same quarter last year.

Mr. Kalm next reported aggregate revenue for the month ending January 31, 2014, was down 9.5% compared to December 2013. Revenue was also down 10.3% compared to December 2013.

Revenue for MGM, MotorCity, and Greektown was down 8.5% to \$41.2 million, 9.7% to \$31.7 million, and 11.2% to \$23.1 million, respectively, when compared with January 2013.

The market shares for MGM, MotorCity, and Greektown for January 2014 were 43%, 33%, and 24%, respectively.

For the month ending January 31, 2014, gaming taxes for the three Detroit casinos were \$7.8 million compared to \$8.6 million for the same period in 2013.

Mr. Kalm reported aggregate revenue for the three Detroit casinos for the three months ending January 31, 2014, was down 6.6% compared to the same period last year. Gaming revenue for MGM, MotorCity, and Greektown for the three months ending January 31, 2014, was \$132.6 million, \$108.0 million, and \$74.3 million, respectively.

Revenues for the three months ending January 31, 2014, for MGM, MotorCity, and Greektown were down 7.6%, 5.1%, and 7.0%, respectively, when compared to the same three month period last year.

With regard to casino operations information for 2013, Mr. Kalm reported aggregate revenue for the three Detroit casinos for the year ending December 31, 2013, was down 4.7% to \$1.35 billion compared to the same period last year. The total revenue consisted of slots of \$1.1 billion (84.0%) and table games of \$216 million (16.0%). Revenue for MGM, MotorCity, and Greektown was down 6.3% to \$566.8 million, 1.2% to \$454.3 million, and 6.7% to \$328.3 million, respectively, when compared to 2012.

For the year ending December 2013, gaming taxes for the three Detroit casinos were \$109.3 million compared to \$114.8 million for 2012. The market shares for MGM, MotorCity, and Greektown for 2013 were 42%, 34%, and 24%, respectively.

In regard to employee licensing, Mr. Kalm advised the Board as of January 31, 2014, the Board's Employee Licensing section issued a total of 2,186 occupational licenses to MGM employees; 1,749 occupational licenses to MotorCity employees; and 1,506 occupational licenses to Greektown employees. In addition, through the month of January 2014, 1,649 employees of various licensed casino suppliers have been granted occupational licenses.

Mr. Kalm advised the Board for the months of December 2013 and January 2014, the required background investigations for 136 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 515 renewal requests and 96 Level 3 requests on behalf of the Board.

Mr. Kalm reported on Michigan State Police (MSP) Board-related activity. Since the last public meeting one detective lieutenant position, two detective sergeant positions, and seven detective specialist positions remain vacant.

Mr. Kalm informed the Board of several noted MSP activities for the months of December and January, which were not available in the public forum but for board information only. During the months of December 2013 and January 2014, the MSP gaming section investigated 165 original complaints and made 36 arrests.

Next, the Board considered for approval the recommendations of the Executive Director and the Licensing & Regulation Division's staff regarding the 136 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Beagen and supported 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 136 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 application of BlueGranite, Inc.

There being no questions from Board members a motion was made by Mr. Palms and supported by Mr. Beagen that the Board enter an Order finding and concluding BlueGranite, Inc. is eligible and suitable for licensure and accordingly, grant the request.

Next agenda item was consideration of the pending supplier license renewal applications of Assemblers (III), LLC; BAC Greektown, LLC; Davis Iron Works, Inc.; Dillon Energy Service, Inc. d/b/a Dillon Energy Services; E.GADS, LLC; J.J.S.V. Enterprises, Inc. d/b/a PizzaPapalis Taverna; KLP Specialty Food, Inc. d/b/a Empire Packing Company; LaBelle Electric Services, Inc.; Premier Services Group, LLC; SMS Staffing Solutions, Inc.; Socios Holdings, Inc. d/b/a Mark's Quality Meats, Inc. & Culinary Specialties, Inc.; Tepel Brothers Printing, Inc.; The Right Productions, Inc.; and Thermal-Netics, Inc.

There being no questions from Board members a motion was made by Mr. Watza and supported 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 for a new one-year period. A voice vote was taken.

Motion carried.

Next, the Board considered the Licensing & Regulation Division's recommendation regarding the denial of supplier license for Traffic Agency (Michigan) LLC. There were no questions by Board members. Mr. Beagen put forth the motion that the Board issue an Order denying the license, which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of Paul Gregory Savas as a new key person for supplier licensee WMS Gaming, Inc. There being no questions from Board members it was moved by Mr. Palms and supported by Mr. Beagen that the Board enter an Order finding and concluding Mr. Savas is suitable as a new key person of WMS Gaming, Inc. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of Nathan Maurice Forbes and Brian Hall Eby as new key persons for casino licensee Greektown Casino, LLC. There being no questions from Board members it was moved by Mr. Watza and supported by Mr. Palms that the Board enter an Order finding and concluding Mr. Forbes and Mr. Eby are suitable as a new key persons of Greektown Casino, LLC. A voice vote was taken.

Motion carried.

The next agenda item was the consideration for approval of the Transfers of Interest for Premier Services Group, LLC. There being no questions from Board members, a motion was made by Mr. Beagen and supported by Mr. Palms that the Board approve the Transfers. A voice vote was taken.

Motion carried.

Next on the agenda was to Consider the Administrative Law Judge's Proposal for Decision Regarding the Occupational License of Dolonda Joy Wright. There being no questions, a motion was put forth by Mr. Palms and supported by Mr. Watza that the Board accept the Administrative Law Judge's proposal for decision. A voice vote was taken.

Motion carried.

Next on the agenda was to consider Board acceptance of the Acknowledgement of Violations (AOV) of casino licensee Detroit Entertainment, LLC d/b/a MotorCity Casino. Bethany Scheib, Assistant Attorney General, spoke on behalf of the Gaming Control Board to summarize the violations.

The violations related to minors in the casino from 2011 through 2013. There were 11 notices of opportunity to show compliance brought before Board staff, but the AOV addressed only nine of them as two were previously dropped. The fines range from \$1,000 to \$5,000. Mr. Gregg Solomon, President and CEO of Detroit Entertainment d/b/a MotorCity Casino, and legal counsel, Cheryl Scott-Dube, addressed the Board. Mr. Solomon and Ms. Scott-Dube explained how the casino has been working to rigorously train their staff to interact with guests and how to determine underage patrons. They encourage their staff to be vigilant in their efforts to identify underage persons.

There being no questions from Board members, it was moved by Mr. Watza and supported by Mr. Palms that the Board accept the Acknowledgement of Violations as agreed upon by Board staff and MotorCity Casino. A voice vote was taken.

Motion carried.

Mr. Matt Cullen, President/CEO of Rock Gaming and Vice-Chair of Greektown Superholdings, approached the podium to give an overview in preparation of the debt offering transaction of Greektown Casino, LLC. Mr. Cullen made a request to the Board to hold a special meeting March 12. Mr. Cullen explained this date is important because it will allow Greektown to consummate the transaction on the favorable terms having been negotiated and allow Greektown to close on their deal no later than March 14, 2014. Mr. Anthony explained Board staff will need a significant amount of time to review the revised proposed projections and the Board will be very interested in how the funding and cash flows are going to work during the projection period. Mr. Cullen explained the proposed transaction reduces the interest rate, is less leveraged, and less risky than previously presented. Being there were no other questions from the Board, Mr. Kalm explained while March 12 is Greektown's requested date, Board staff and the Attorney General's office may not have adequate time to review the information by then. Mr. Anthony stated the Board would be polled for availability and the date would be dependent upon how quickly Board staff received information.

There were no requests for public comment.

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

Motion carried.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, April 8, 2014, at 9:30 a.m.

After the closed session Mr. Anthony asked for a motion to approve the closed session minutes from the December 11, 2013, meeting. Mr. Beagen made a motion which Mr. Palms supported. A voice vote was taken.

Motion carried.

Mr. Anthony then 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 11:20 a.m.

Diane Brown, Board Secretary