

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, June 10, 2014
9:30 a.m.

MINUTES

On Tuesday, June 10, 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
Insp. Darryl Hill, MSP
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Absent: None

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 regular public meeting held May 13, 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. Palms that the Board accepts and approves the minutes of the May 13, 2014, regular public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last Board meeting Kevin Nosotti resigned his position as Financial Analyst. There are currently 121 employees and 25 vacant positions. The full Board roster includes the millionaire party enforcement and regulation group.

In regard to the Board's budget, as of May 31, 2014, total expenditures were \$15,267,836 which leaves an unexpended balance of \$11,201,464 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 May 31, 2014, was down 1.7% compared to May 2013. Revenue was up 2.0% compared to April 2014. Year-to-date through May 31, 2014, aggregate revenue was down 5.2% compared to the same period last year.

Revenue for MGM was down 2.0% to \$47.4 million, MotorCity revenue was down 1.4% to \$39.1 million, and Greektown was down 1.9% to \$28.1 million, when compared with May 2013.

The market shares for MGM, MotorCity, and Greektown for May 2014 were 41%, 34%, and 25%, respectively.

For the month ending May 31, 2014, gaming taxes for the three Detroit casinos were \$9.3 million compared to \$9.4 million for the same period in 2013.

For the three month period ending May 31, 2014, aggregate revenue was down 5.3% compared to the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of May 31, 2014, 1,237 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 May 31, 2014, 412 casino supplier companies were granted exemptions from supplier licensing requirements. As of May 31, 2014, there were a total of nine active temporary nongaming-related and two active temporary gaming-related supplier licenses in effect. In addition there are 119 annual supplier licenses in effect.

In regard to employee licensing, Mr. Kalm advised the Board as of May 31, 2014, the Board's Employee Licensing section issued a total of 2,189 occupational licenses to MGM employees; 1,734 occupational licenses to MotorCity employees; and 1,473 occupational licenses to Greektown employees. In addition, through the month of May 2014, 1,652 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 96 temporary occupational licenses issued.

Mr. Kalm advised the Board for the month of May, the required background investigations for 36 pending Level 1 and 2 licenses have been completed. Pursuant to Board Resolution No. 2002-02, Mr. Kalm previously approved 261 renewal requests and 35 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 May, 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 36 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Beagen and supported by Mr. Watza 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 36 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 applications Gemellaro Systems Integration, 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 the applicant is 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 Advertising Specialties, LLC; C. L. Reickhoff Company, Inc.; Cadillac Coffee Company; Custom Architectural Sheet Metal Specialists, Inc.; Interblock Luxury Gaming Products, D.d. d/b/a Interblock D.d.; Konami Gaming, Inc.; Lavdas Enterprises, Inc. d/b/a Lavdas Limousines, Inc.; Lorio, Ross Entertainment Agency, Inc.; d/b/a Lorio Ross Sterling Entertainment Agency, Inc.; Multimedia Games, Inc.; Northern Lakes Seafood & Meats, LLC; and Perfect Cleaners of Detroit, Inc.

There being no questions from Board members a motion was made by Mr. Watza and supported by Mr. McQueen 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.

Motion carried.

Next was the consideration of the suitability of The Pasich-Tucker Trust as a new key person for supplier licensee Cummins-Allison. There being no questions from Board members it was moved by Mr. McQueen and supported by Mr. Palms that the Board enter an Order finding and concluding The Pasich-Tucker Trust suitable as a new key person of Cummins-Allison. A voice vote was taken.

Motion carried.

The next agenda item was the consideration for approval of the Transfer of Interest for Cummins-Allison Corp. There being no questions from Board members, a motion was made

by Mr. Beagen and supported by Mr. McQueen that the Board approve the Transfer. 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 Jaime Rebecca Graves. Assistant Attorney General Thomas Nafso summarized the specifics regarding the matter. Ms. Graves' occupational license was summarily suspended due to her lack of cooperation regarding information requested for renewal of her license. After five months of back and forth between Ms. Graves and board staff the board had not received the requested documents. Ms. Graves' occupational license was summarily suspended and the matter proceeded to administrative hearing scheduled for April 2014. Ms. Graves failed to appear and the Administrative Law Judge upheld the suspension. Ms. Graves spoke on her own behalf stating at the time of the April hearing, she was 10 months pregnant and had to go to her doctor to schedule an induction. Since that time, she has provided the requested information to the board. Mr. Anthony stated the board staff would work with Ms. Graves on her renewal and then make a determination. Mr. Watza asked Mr. McGehee if the applicant would have a one-year waiting period, and Mr. McGehee stated the one-year waiting period would only apply if the renewal had been denied. There being no other questions a motion was made by Mr. Palms and supported by Mr. Watza. A voice vote was taken.

Motion carried.

Next on the agenda was to consider the Acknowledgement of Violation for Greektown Casino. Assistant Attorney General, Jason Geissler summarized the violations for the Board. Mr. Geissler stated the violations encompassed four different matters over the course of a few years. Violations one and two were regarding mailings being sent to disassociated persons, the third was related to a minor using a fake identification to gain entry into the casino. This person went to one bar and was refused service. When he went to the second bar he received the alcoholic beverage. The fourth offense was for serving liquor prior to noon on Christmas Day. All of these violations were incurred under the prior ownership of Greektown. Andrea Hansen spoke on behalf of Greektown Casino and asked for Board approval. There being no questions from Board members, Mr. Anthony asked for a motion to approve the violation. Mr. Watza put forth the motion which was supported by Mr. Beagen. A voice vote was taken.

Motion carried.

The final item was the request for approval of Detroit Entertainment, LLC and CCM Merger's request for approval to execute the second credit amendment and restated credit agreement and related requests. Detroit Entertainment's legal counsel, Cheryl Scott-Dube addressed the Board to explain how they would like to move forward with amending and restating their existing credit facility. In order to extend the term, they are hoping to get better rates. Ms. Dube stated they are trying to time their opportunity to get the best interest rate. Ms. Dube stated it is the hope that Board approval of the order would give them 120 days to close. Mr. Bruce Dall, CFO, also addressed the Board to summarize their plan. Mr. Dall stated they are looking for the 120 day opportunity to refinance their existing term loan and revolver, which would be \$500 million for the term loan and \$20 million for the revolver. They are hoping for a rate of five percent or less which is their current rate.

There were no questions from Board members, therefore, Mr. Anthony asked for a motion to approve the request. Mr. McQueen put forth the motion which was then supported by Mr. Watza. A voice vote was taken.

Motion carried.

There were no requests for public comment.

Mr. Anthony then stated the Board's next regular public meeting is scheduled for Tuesday, August 12, 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. McQueen and supported by Mr. Palm. A roll call vote was taken.

Motion carried.

Following the closed session, Mr. Anthony asked for a motion to approve the minutes from the Board's last closed session on May 13, 2014. Mr. Watza made the motion which was supported by Mr. Beagen. A voice vote was taken.

Motion carried.

Next, Mr. Anthony asked for a motion to adjourn the public meeting. It was moved by Mr. McQueen and supported by Mr. Watza to adjourn the meeting. A voice vote was taken.

Motion carried.

Meeting adjourned at 10:40 a.m.

Diane Brown, Board Secretary