

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, March 10, 2015
9:30 a.m.

MINUTES

On Tuesday, March 10, 2015, 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. 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: None

Business:

Mr. Anthony called the public meeting to order at 9:31 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 regular public meeting held January 13, 2015. Mr. Anthony noted all Board members 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 for the Board to accept and approve the minutes of the January 13, 2015, regular public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm reported since the last public meeting Mark Mazzone was promoted to Deputy Director of the Licensing & Investigations Division and Henry Williams was promoted to Deputy Director of the Casino Audit & Enforcement Division. Renae Burnett was also promoted to Regulation Officer. Several new employees were hired; Gerald Ulewicz, Ken Ford, and Gwena Jones were hired as Regulation Officers. Melissa Hamp was hired as a Senior Executive Management

Assistant in the Administration & Indian Gaming Division; Catrice Pope was hired as a Departmental Technician in the Enterprise Licensing Section; and Deborah Skoney was hired as a Secretary in the Detroit Administration Section. Clifton Washington and Raj Dharia resigned their positions. There are currently 131 employees and 23 vacant positions. The full Board roster includes the millionaire party enforcement and regulation group.

In regard to the Board's budget, as of February 28, 2015, total expenditures were \$8,967,656 leaving an unexpended balance of \$18,213,144 in appropriated funding for fiscal year 2015; 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 January 31, 2015, was up 15.6% compared to January 2014. Revenue was down 6.0% compared to December 2014. Year-to-date through January 31, 2015, aggregate revenue was up 15.6% compared to the same period last year. Revenue for MGM was up 12.1% to \$46.2 million, MotorCity revenue was up 20% to \$38.1 million, and Greektown revenue was up 15.7% to \$26.7 million when compared to January 2014.

Gaming taxes for the three Detroit casinos for the month ending January 31, 2015, were \$9 million, compared to \$7.8 million for the same period last year.

Mr. Kalm next reported aggregate revenue for the three Detroit casinos for the month ending February 28, 2015, was up 3.5% compared to February 2014. Revenue was up 3.12% compared to January 2015. Year-to-date through February 2015, aggregate revenue was up 9.1% compared to the same period last year.

For the three month period ending February 28, 2015, aggregate revenue for the three Detroit casinos was up 9.5% when compared to the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of February 28, 2015, 840 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 February 28, 2015, 433 casino supplier companies were granted exemptions from supplier licensing requirements. As of February 28, 2015, there was a total of 18 active temporary nongaming-related and three active temporary gaming-related supplier licenses in effect. In addition, there are 112 annual supplier licenses in effect.

In regard to occupational licensing, Mr. Kalm advised the Board as of February 28, 2015, the Board's Employee Licensing section issued a total of 2,187 occupational licenses to MGM employees; 1,770 occupational licenses to MotorCity employees; and 1,510 occupational licenses to Greektown employees. In addition, through the month of February 2015, 1,649 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 54 temporary occupational licenses issued.

Mr. Kalm advised the Board since the January meeting; the required background investigations for 169 pending Level 1 and 2 occupational licenses have been completed. Pursuant to Board Resolution No. 2002-02, Mr. Kalm previously approved 426 renewal requests and 76 Level 3 requests on behalf of the Board.

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

Concluding his report, Mr. Kalm informed the Board of several noted MSP activities for the months of January and February 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 169 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Watza 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 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 of Mercury Fulfillment Systems, Inc. d/b/a Mercury Promotions & Fulfillment.

There were no questions from Board members. A motion was made by Mr. Watza and supported by Mr. Palms that the Board enter Orders finding and concluding the applicants 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 Bally Gaming, Inc., d/b/a Bally Technologies; Basement Beats, LLC; Chef Source, Inc.; Comsource, Inc.; Contract Design Group, Inc.; Data Financial, Incorporated; Eagle Star, Inc.; House Advantage, LLC; KLP Specialty Food, Inc. d/b/a Empire Packing Company; Motor City Electric Co.; SMS Staffing Solutions, Inc.; Tepel Brothers Printing, Inc.; and Tre Builders, LLC.

There being no questions from Board members, Mr. McQueen made a motion which was supported by Mr. Palms that the Board enter Orders finding the above-listed suppliers and their qualifiers eligible and suitable for license renewal and, accordingly, grant the requests for a new one-year period. Mr. Watza abstained from the vote with regard to Motor City Electric Co. due to his firm's representation of Motor City Electric on matters unrelated to its supplier license. A voice vote was taken.

Motion carried.

Next on the agenda was to consider the request for withdrawal of the supplier license application of Don Coleman Advertising, Inc. d/b/a Globalhue.

There being no questions from Board members, a motion was made by Mr. Palms and supported by Mr. Watza that the Board enter an Order granting the request. A voice vote was taken.

Motion carried.

Next on the agenda was to consider the Acknowledgement of Violation (AOV) of supplier licensee, RAM Construction Services of Michigan, Inc. Assistant Attorney General Thomas Nafso summarized the violation for the Board wherein RAM Construction completed a Transfer of Interest without prior authorization from the Board.

There being no questions from Board Members, Mr. Watza put forth a motion to accept the Acknowledgement of Violation as proposed which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

The next agenda item was to consider the Executive Director's Report and Licensing & Investigations Division's recommendation regarding the pending Transfer of Interest of RAM Construction Services of Michigan, Inc.

Board members did not have any questions. A motion was made by Mr. McQueen and supported by Mr. Watza that the Board approve the proposed transfer. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of Thomas Richard Szabo as a new key person of supplier licensee RAM Construction Services of Michigan, Inc. There being no questions from Board members it was moved by Mr. Palms and supported by Mr. Watza that the Board enter an Order finding and concluding Mr. Szabo is suitable as a new key person of RAM Construction Services of Michigan, Inc. A voice vote was taken.

Motion carried.

The next agenda item was to consider the Executive Director's Reports and Licensing & Investigations Division's recommendations regarding the pending Transfers of Interest of Allied-Eagle Supply Company, LLC; RAM Construction Services of Michigan, Inc.; and Tre Builders, LLC.

Board members did not have any questions. A motion was made by Mr. Watza and supported by Mr. Palms that the Board approve the proposed transfers. A voice vote was taken.

Motion carried.

The final two items on the agenda were the acceptance of Acknowledgments of Violation of supplier licensees Bally Gaming, Inc. d/b/a Bally Technologies, and MIG East, LLC. Mr. Nafso of the Attorney General's office outlined the facts of each of these violations. Bally's violation involved the shipment of 41 devices with unapproved firmware to Greektown Casino. Mr. Fries addressed the Board on behalf of Bally's stating he acknowledged the facts of the violation as outlined by Mr. Nafso. There were no questions from Board members. A motion was made by Mr. Palms and supported by Mr. Watza that the Board accept the Acknowledgment of Violation as written. A voice vote was taken.

MIG East's violation involved exceeding Resolution thresholds. Mr. Waddell addressed the Board as the representative of MIG East. Mr. Waddell acknowledged the violation and the settlement agreement as described by Mr. Nafso. Mr. Anthony asked Mr. Kalm whether Resolution 2015-01, which was approved in January 2015, would alleviate similar issues in the future. Mr. Kalm affirmed this but also stipulated it is the responsibility of the casinos, contractors, and subcontractors, to maintain a dialog regarding threshold limitations. There being no other questions from Board members, a motion was put forth by Mr. Watza and supported by Mr. Palms that the Board accept the Acknowledgement of Violation as written. A voice vote was taken.

Motion carried.

Mr. Anthony announced the next public meeting would be held on Tuesday, May 12, 2015 at 9:30 a.m.

Lastly, a motion was made by Mr. McQueen that the Board go into closed session. A roll call vote was taken. All members voted aye.

Motion carried.

The Board returned from closed session at 10:46 a.m.

Since no closed session was held after the January public meeting, when the Board returned to the public portion of the meeting, Mr. Anthony then asked for a motion to approve the minutes from the closed session held November 12, 2014. Mr. Watzka put forth the motion which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

Lastly, Mr. Anthony asked for a motion to adjourn the public meeting which was made by Mr. Palms and supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Meeting adjourned at 10:47 a.m.

/s/

Diane Brown, Board Secretary