

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

PUBLIC MEETING
Cadillac Place
3062 W. Grand Blvd., Suite L-700
Detroit, Michigan 48202

September 11, 2018 9:30 a.m.
MEETING MINUTES

On Tuesday, September 11, 2018, the Michigan Gaming Control Board held a public meeting at the Board's office in Cadillac Place, 3062 W. Grand Boulevard, Suite L-700, Detroit, Michigan 48202.

Present: In attendance were the following Board Members:

Mr. Robert Anthony, Chairman
Mr. Patrick McQueen
Mr. Andrew Palms
Ms. Carla Walker-Miller

Also attending:

Richard Kalm, Executive Director
Diane Brown, Board Secretary

Business:

Mr. Anthony called the meeting to order at 9:34 a.m. There was no preliminary business to discuss.

Mr. Anthony stated the first order of business was to approve the minutes from the Board's regular public meeting held July 11, 2018. It was noted Board Members previously received copies of the minutes. Board Members were asked if there were any questions, concerns, or corrections; there were none.

A motion was made by Ms. Walker-Miller and supported by Mr. Palms that the Board accept and approve the minutes of the July 11, 2018, regular public meeting. A voice vote was taken.

Motion carried.

Executive Director Kalm presented his report to the Board stating since the July 2018 meeting one new employee was hired and three employees resigned. MGCB has 134 full-time employees and 12 vacant positions.

Regarding the Board's budget, as of August 31, 2018, total expenditures were \$22,679,538 leaving an unexpended balance of \$8,408,572 in appropriated funding for fiscal year 2018, which includes funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

For casino operations, Mr. Kalm reported aggregate revenue for the three Detroit casinos for the month of July 2018 was up 0.3% when compared to July 2017. Revenue was up 0.2% when compared to June 2018. For year-to-date July 31, 2018, the aggregate revenue for the Detroit casinos was up 1.7% compared to the same period last year.

Aggregate revenue for the three Detroit casinos for the month of August 2018 was up 8.1% when compared to August 2017. Revenue was up 0.9% compared to July 2018. For year-to-date August 31, 2018, the aggregate revenue for the Detroit casinos was up 2.4% compared to the same period last year.

Aggregate revenue for the Detroit casinos for the quarter ending August 31, 2018, was up 4.5% compared to the same period last year. Gaming revenue for the quarter was MGM \$155.4 million, MotorCity \$120.1 million, and Greektown \$83.5 million. Mr. Kalm also informed the Board, MGM reached \$400 million in adjusted gross revenue which calls for a 1% tax increase to the City of Detroit per the Development Agreement with the city.

When compared to the same period last year, revenue for the three months ending August 31, 2018, for MGM was up 5.2%, MotorCity was up 2.8%, and Greektown was up 5.6%. Gaming taxes for the three months ending August 31, 2018, were \$29.1 million compared to \$27.8 million for the same period last year.

Regarding supplier licensing and vendor registration, Mr. Kalm advised the Board that as of August 31, 2018, 635 active vendor exemptions were registered. As of August 31, 2018, 301 casino supplier companies were granted exemption from supplier licensing requirements.

Mr. Kalm reported a total of seven active temporary nongaming-related and two active temporary gaming-related supplier licenses in effect. There are 101 annual supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised the Board as of August 31, 2018, the Board's Employee Licensing section issued a total of 2,124 occupational licenses to MGM employees; 1,664 occupational licenses to MotorCity employees; and 1,458 occupational licenses to Greektown employees. In addition, 1,599 employees of various licensed casino suppliers have been granted occupational licenses. Currently, there are 74 temporary occupational licenses in effect.

Mr. Kalm advised the Board since the July 2018 meeting the required background investigations of 129 pending Level 1 and Level 2 occupational licenses have been completed. Prior to the September 11, 2018 meeting Mr. Kalm approved occupational license renewal requests and Level 3 requests on behalf of the Board.

Mr. Kalm also reported Michigan State Police (MSP) Board-related activity and staffing update.

Next, the Board considered for approval, the recommendation of the Executive Director and the Licensing & Investigations Division's Employee Licensing staff regarding the 129 Level 1 and Level 2 occupational license applications.

There being no questions from Board Members, it was moved by Ms. Walker-Miller and supported by Mr. McQueen that the Board enter an Order accepting and adopting the recommendations of the Executive Director and the Licensing & Investigations Division for the pending Level 1 and Level 2 occupational license applications. A voice vote was taken.

Motion carried.

The next business item on the agenda was consideration of the pending supplier licensing application of Great Lakes Hotel Supply Company.

There being no questions from Board Members, it was moved by Mr. Palms and supported by Mr. McQueen that the Board enter an Order finding the applicant and its qualifiers eligible and suitable for licensing and, accordingly, grant the request for a one-year period. A voice vote was taken.

Motion carried.

Next agenda item was consideration of the pending supplier license renewal requests of 1st Choice Distributors, LLC; Ainsworth Game Technology Limited; Data Strategy LLC; Dee Cramer, Inc.; Diversified Construction Specialists, Inc.; Foresite Sports Inc., d/b/a Interactive Promotions Group; Gemellaro Systems Integration, Inc.; Jasman Construction Inc.; Kimprint, Inc., d/b/a Progressive Printing; The Herjavec Group Corp.; Tre Builders, LLC; and Unique Linen Services, Inc.

There being no questions from Board Members, Ms. Walker-Miller supported the motion put forth by Mr. McQueen that the Board enter Orders finding the mentioned suppliers and their qualifiers eligible and suitable for license renewal and, accordingly, grant the requests for a one-year period. A voice vote was taken.

Motion carried.

The next item on the agenda was to consider the Licensing & Investigations Division's recommendation regarding the withdrawal of the license application of supplier licensee Suburban Motors Company, LLC, d/b/a Suburban Cadillac Buick. A motion to approve the withdrawal was made by Ms. Walker-Miller and supported by Mr. Palms. A voice vote was taken.

Motion carried.

Next on the Board's agenda was to consider the Licensing & Investigations Division's recommendation regarding the Acknowledgement of Violation for Transfer of Interest without prior Board approval of Data Financial Incorporated. There were no questions from Board Members. A motion was made by Mr. Palms and supported by Mr. McQueen to accept the Acknowledgement of Violation. A voice vote was taken.

Motion carried.

Next on the Board's agenda was to consider the Licensing & Investigations Division recommendation regarding the Acknowledgement of Violation for Transfer of Interest without prior Board approval of Interblock Luxury Gaming Products D.d. d/b/a Interblock D.d. There were no questions from Board Members. A motion was made by Mr. McQueen and supported by Mr. Palms to accept the Acknowledgement of Violation. A voice vote was taken.

Motion carried.

The next agenda item was to consider the Licensing & Investigations Division's recommendation regarding the Suitability of New Key Persons of supplier licensee American Gaming and Electronics, Inc., Francis Xavier McCarthy and John Robert Rauen. There was no discussion or

questions regarding the recommendation, therefore, a motion was made by Ms. Walker-Miller and supported by Mr. Palms to approve the request. A voice vote was taken.

Motion carried.

The next agenda item was to consider the Licensing & Investigations Division's recommendation regarding the Suitability of New Key Person of supplier licensee Bally Gaming, Inc. d/b/a Bally Technologies, ROP Revocable Trust. There was no discussion or questions regarding the recommendation, therefore, a motion was made by Mr. Palms and supported by Ms. Walker-Miller to approve the request. A voice vote was taken.

Motion carried.

The next agenda item was to consider the Licensing & Investigations Division's recommendation regarding the Suitability of New Key Persons of supplier licensee Data Financial Incorporated, Marc Andrew Masi and Steven Gerard Schroeder. There was no discussion or questions regarding the recommendation, therefore, a motion was made by Mr. McQueen and supported by Ms. Walker-Miller to approve the request. A voice vote was taken.

Motion carried.

Next on the agenda was to consider the Licensing & Investigations Division's recommendation regarding the pending Transfers of Interest of supplier licensees Bally Gaming Inc. d/b/a Bally Technologies; Data Financial Incorporated; Interblock Luxury Gaming Products D.d. d/b/a Interblock D.d.; and TIE Leasing. There were no questions from Board Members. Ms. Walker-Miller put forth the motion for approval which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

The next three items were the casino license renewals of MGM Grand Detroit, LLC; Detroit Entertainment, LLC d/b/a MotorCity Casino; and Greektown LLC. MGM Grand Detroit's renewal report also included the suitability of new Key Person Janet Gilbreath Swartz.

There were no questions from Board Members. Motions were made and supported. A voice vote was taken for each casino individually.

All three motions carried.

The next item on the agenda was to consider the Casino Audit & Enforcement Division's recommendation regarding the Acknowledgement of Violation of occupational licensee Richard Loeffler. It was noted for the record Mr. Loeffler nor his representative were present at the meeting. Assistant Attorney General Bethany McCune addressed the Board to summarize the violation. Mr. Loeffler failed to disclose pertinent information on his license renewal application. In lieu of suspension Mr. Loeffler agreed to a \$500 fine. There were no questions from Board Members. A motion to approve the Acknowledgement of Violation was made by Ms. Walker-Miller and supported by Mr. Palms. A voice vote was taken.

Motion carried.

Mr. Kalm addressed the Board regarding the possibility of sports betting coming to Michigan. Mr. Kalm explained there have been discussions with some of the sports betting companies and the

commercial casinos to see if there is interest. The final decision would be made by the legislature.

The next business portion of the meeting was approval of the proposed public meeting schedule for the fiscal year 2019. The Board approved the schedule and it was noted the schedule would be posted on the MGCB website.

Mr. Anthony announced the Board's next regular public meeting would be held Tuesday, December 11, 2018, at 9:30 a.m.

A motion to go into closed session was made by Mr. Palms and supported by Ms. Walker-Miller. A roll call vote was taken.

Motion carried.

Following the closed session, the Board resumed the public meeting for the purpose of approving the July 11, 2018 closed session minutes.

Mr. McQueen put forth the motion for approval which was supported by Ms. Walker-Miller. A voice vote was taken.

Motion carried.

Mr. Anthony then asked for a motion to adjourn the public meeting. A motion was made by Ms. Walker-Miller and supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Mr. Anthony adjourned the meeting at 10:37 a.m.

A handwritten signature in cursive script that reads "Diane Brown". The signature is written in black ink on a white background.

Diane Brown, Board Secretary