

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, January 12, 2016
9:30 a.m.

MINUTES

On Tuesday, November 10, 2015, the Michigan Gaming Control Board held a public meeting at the Board's 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
Ms. Carla Walker-Miller (until approx. 10:00 am)

Also attending was:

Richard Kalm, Executive Director
Phillip Menna, Inspector, MSP
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Business:

Mr. Anthony called the public meeting to order at 9:40 a.m. All Board 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 September 8, 2015. Mr. Anthony noted 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 Ms. Walker-Miller, which was supported by Mr. McQueen, for the Board to accept and approve the minutes of the September 8, 2015, regular public meeting. A voice vote was taken.

Motion carried.

Mr. Kalm presented his report to the Board stating Student Assistant Alec Wilkins was hired as an Auditor in the Indian Gaming Section; Student Assistant Eric Wells was hired as a Financial Analyst in the Financial Services Section; and Danielle Perkins was hired as a Financial Analyst in the Enterprise Licensing Section. Laurie Lander, Erik Pedersen, Melissa Johnson, and Sophia

Sanders resigned their positions with the Board. MGCB currently has 136 employees and 13 vacant positions.

In regard to the Board's budget, as of October 31, 2015, total expenditures were \$389,523 leaving an unexpended balance of \$27,268,077 in appropriated funding for fiscal year 2016 which includes funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Kalm next reported for the month ending October 31, 2015, aggregate revenue for the three Detroit casinos was down 0.5 % when compared to the same month last year. Revenue was up 4.9% when compared to September 2015. Year-to-date gaming revenue for the three Detroit casinos was up 3.1% percent compared to the same period in 2014.

Revenue for MGM was up 0.9% to \$47.5 million, MotorCity revenue was up 0.3% to \$37.8 million, and Greektown revenue was down 3.7% to \$27.6 million when compared to October 2014.

The market shares for October 2015 were MGM 42%, MotorCity 34%, and Greektown 24%.

For the month ending October 31, 2015, gaming taxes for the three Detroit casinos were \$9.1 million compared to \$9.2 million for the same period last year.

Aggregate revenue for the three Detroit casinos for the three-month period ending October 31 was down 0.4% percent compared to the same period last year. Gaming revenue for the three-month period was MGM \$136.3 million, MotorCity \$110.6 million, and Greektown \$81.0 million.

For the three months ending October 31, 2015, MGM was down 0.9%, Greektown was down 2.2%, while MotorCity was up 1.6% when compared to the same period last year.

In regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of October 31, 2015, 778 active vendor exemptions were registered. As of October 31, 2015, 360 casino supplier companies were granted exemption from supplier licensing requirements. As of October 31, 2015, there were a total of eight active temporary nongaming-related and seven active temporary gaming-related supplier licenses in effect. In addition, there are 108 annual supplier licenses in effect.

In regard to occupational licensing, Mr. Kalm advised the Board as of October 31, 2015, the Board's Employee Licensing section issued a total of 2,190 occupational licenses to MGM employees; 1,707 occupational licenses to MotorCity employees; and 1,433 occupational licenses to Greektown employees. In addition, through the month of October 2015, 1,662 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 34 temporary occupational licenses.

Mr. Kalm advised the Board since the September meeting, the required background investigations for 177 pending Level 1 and 2 occupational licenses have been completed. Pursuant to Board Resolution No. 2002-02, Mr. Kalm previously approved 599 renewal requests and 81 Level 3 requests on behalf of the Board.

Mr. Kalm reported 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 September and October which were not available in the public forum but for Board information only.

Mr. McQueen questioned Mr. Kalm about the low amount of expenses for the month of October. Deputy Director Robert Simon responded stating that the MGCB is at the beginning of a fiscal year and therefore, only one pay period was reported for this time period.

Next, the Board considered for approval the recommendation of the Executive Director and the Licensing & Investigations Division's staff regarding the 177 Level 1 and 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'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 Atlas Wholesale Food Company, Conti-Corporation and Ecker Mechanical Contractors, Inc.

There were no questions from Board members. A motion was made by Mr. Palms and supported by Mr. Watza that the Board enter the 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 Assemblers (III), LLC; Brainstorm Logistics, LLC; Colasanti Construction Services, Inc.; Data Strategy, LLC; Dillon Energy Services, Inc.; Gemellaro Systems Integration, Inc.; Great Lakes Mechanical Corp.; Happ Controls, Inc.; Heldon Shoe Company d/b/a Red Wing Shoes; Hercules & Hercules, Inc.; International Market Place, Inc. d/b/a Fishbone's Rhythm Kitchen Café; KBC, Inc.; KLP Specialty Food, Inc. d/b/a Empire Packing company; Master Craft Carpet Service d/b/a Master Craft Floors; Socios Holding, Inc. d/b/a Mark's Quality Meats, Inc. d/b/a Culinary Specialties, Inc.; The Boelter Companies, Inc.; and Tre Builders, LLC.

There being no questions from Board members, Mr. Watza put forth 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 one-year period. Mr. McQueen recused himself from voting on Dillon Energy Services, Inc. A voice vote was taken.

Motion carried.

Next was the consideration of the suitability of NAV-LJP, LLC and Laurie Ellen Smock as new Key persons of supplier licensee Halifax Security, Inc. d/b/a North American Video.

There were no questions from Board members; therefore, it was moved by Mr. McQueen and supported by Mr. Watza that the Board enter an Order finding and concluding NAV-LJP, LLC and Laurie Ellen Smock suitable as new Key persons of Supplier Licensee Halifax Security, Inc. d/b/a North American Video. A voice vote was taken.

Motion carried.

The next agenda item was the consideration of the suitability of Briceson Lee Kahler as a new Key person of casino licensee Greektown Casino, LLC.

There were no questions; therefore; a motion was put forth by Ms. Walker-Miller and supported by Mr. McQueen that the Board enter the order finding and concluding Briceson Lee Kahler is suitable for licensure as a new Key person of Greektown Casino, LLC. A voice vote was taken.

Motion carried.

The next agenda item was the consideration of the suitability of Mark Barrett Lefever as a new Key person of casino licensee MGM Grand Detroit.

There were no questions by Board members; therefore, a motion was put forth by Mr. Palms and supported by Mr. Watza that the Board enter the order finding and concluding Mark Barrett Lefever is suitable for licensure as a new Key person of MGM Grand Detroit. A voice vote was taken.

Motion carried.

Next, the Board considered the request of the supplier license application of Structural Group, Inc. There being no questions or concerns from Board members, Mr. Watza put forth a motion which was supported by Ms. Walker-Miller to issue an order approving the withdrawal. A voice vote was taken.

Motion carried.

There were several transfers of interest pending Board approval on the meeting's agenda: Bally Gaming, Inc.; Data Strategy, LLC; Halifax Security, Inc. d/b/a North American Video; and Interblock, Luxury Gaming Products D.d. d/b/a Interblock D.d. Prior to the Data Strategy, LLC request, Ms. Walker-Miller left the meeting. There was no discussion or questions regarding the requests therefore motions were made and supported to approve the requests. Voice votes were taken.

Motions carried.

The final business item of the agenda was consideration of the Acknowledgement of Violations (AOVs) of casino licensee, Greektown Casino.

Mr. Nafso, Assistant Attorney General, outlined the circumstances regarding three violations by Greektown Casino. Two of the violations involved minors in the casino and one was for incorrectly calculating the fixed charge coverage ratio in its report to the Board for the first quarter of 2014, and incorrectly calculating available cash from the March 2014 through May 2014 reports to the Board. All three violations were self-reported by the casino. The total amount of the fine was \$25,000, with the complete amount being held in abeyance for 12 months. Ms. Hansen, the attorney representing Greektown Casino, addressed the Board acknowledging the violations and reiterating the casino's efforts in reducing the number of these types of violations.

There were no questions from Board members. Mr. Palms put forth the motion to accept the violations which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

There were no public comments.

Mr. Anthony announced the next public meeting would be held on Tuesday, January 12, 2016 at 9:30 a.m.

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

Motion carried.

The Board returned from closed session at 11:05 a.m. and Mr. Anthony asked for a motion to approve the minutes from the closed session held September 8, 2015. Mr. Watza 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. Watza and supported by Mr. Palms. A voice vote was taken.

Motion carried.

Meeting adjourned at 11:06 a.m.

Diane Brown, Board Secretary