

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, July 12, 2016

MINUTES

On Tuesday, July 12, 2016, 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. Andrew Palms
Mr. Patrick McQueen
Mr. Michael Watza

Also attending was:

Richard Kalm, Executive Director
James Wolf, Inspector, MSP
Donald McGehee, Assistant Attorney General
Thomas Nafso, Assistant Attorney General
Diane Brown, Board Secretary

Business:

Mr. Anthony called the public meeting to order at 9:39 a.m. It was noted for the record Board member Carla Walker-Miller was absent. 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 May 10, 2016. 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 Mr. Palms and supported by Mr. McQueen, for the Board to accept and approve the minutes of the May 10, 2016, regular public meeting. A voice vote was taken.

Motion carried.

Executive Director Richard Kalm presented his report to the Board stating since the May 10, 2016 meeting, six new employees were hired and three employees left the agency. MGCB has 132 full-time employees and 17 vacant positions.

With regard to the Board's budget, as of June 30, 2016, total expenditures were \$17,414,908 leaving an unexpended balance of \$11,573,992 in appropriated funding for fiscal year 2016 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 May was down 1.1 percent when compared to the same month last year. Revenue was down 3.1 percent when compared to April 2016. For year-to-date May 31, 2016, the aggregate revenue for the Detroit casinos was up .3 percent compared to the same period last year.

For the month ending June 30, 2016, aggregate revenue was down 1.2 percent when compared to the same month last year. Revenue was down 8.4 percent when compared to May 2016. June year-to-date aggregate revenue for the three Detroit casinos was up .04 percent compared to the same period last year.

For the quarter ending June 30, 2016; aggregate revenue for the three Detroit casinos was down .2 percent compared to the same quarter last year. Revenue for MGM was down .7 percent to \$149.9 million, MotorCity was down .1 percent to \$117.3 million and Greektown was up .4 percent to \$82.3 million compared to last year.

For the quarter ending June 30, 2016, gaming taxes for the three Detroit casinos were \$28.3 million compared to \$28.4 million for the same period in 2015.

With regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of June 30, 2016, 718 active vendor exemptions were registered. As of June 30, 2016, 298 casino supplier companies were granted exemption from supplier licensing requirements. There was a total of 14 active temporary nongaming-related and four active temporary gaming-related supplier licenses in effect. There are 103 supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised the Board as of June 30, 2016, the Board's Employee Licensing section issued a total of 2,120 occupational licenses to MGM employees; 1,751 occupational licenses to MotorCity employees; and 1,485 occupational licenses to Greektown employees. In addition, through the month of June 30, 2016, 1,661 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 41 temporary occupational licenses.

Mr. Kalm advised the Board since the May meeting, the required background investigations for 138 pending Level 1 and 2 occupational licenses have been completed. The Executive Director previously approved 394 renewal requests and 45 Level 3 requests on behalf of the Board.

Mr. Kalm reported Michigan State Police (MSP) Board-related activity. Mr. Kalm noted the confidential report submitted to the Board members contained significant activity items involving MSP.

Next, the Board considered for approval, the recommendation of the Executive Director and the Licensing & Investigations Division's staff regarding the 138 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Palms and supported by Mr. Watza 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 2 occupational license applications. A voice vote was taken.

Motion carried.

The next agenda item was consideration of the pending supplier license applications of Aces Up Gaming, Inc., and ImageCrew, LLC.

There were no questions from Board members. A motion was made by Mr. Watza and supported by Mr. McQueen 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 requests of BAC Greektown, LLC d/b/a Five Guys Burgers and Fries; Bally Gaming, Inc. d/b/a Bally Technologies; BlueGranite, Inc.; Brainstorm Logistics, LLC; Duffey, Petrosky & Company, LLC; G&A Baking Company, LLC d/b/a ASB Distributors with new Key Person Robert Phillip Arndt; House Advantage LLC with new Key Person Gary Michael Kapral; Kimprint, Inc. d/b/a Progressive Printing; Mercury Fulfillment Systems d/b/a Mercury Promotions & Fulfillment; Perfect Cleaners of Detroit, Inc.; Renaissance Man Food Services, LLC; and Suburban Motors Company, Inc. d/b/a Suburban Cadillac Buick.

There being no questions from Board members, Mr. McQueen put forth a motion which was supported by Mr. Watza 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. A voice vote was taken.

Motion carried.

The next item on the agenda was the request for approval of the eligibility and suitability of new Key persons of MGM Grand Detroit, LLC d/b/a MGM Grand Detroit: James Christopher Steward, Andy Hwa Chien, Michael John Rietbrock, Jr., Thomas Alba Roberts, and Elisa Cristina Baker Gois.

There were no questions from Board members. Mr. Palms made a motion for approval which was supported by Mr. Watza.

The next agenda item was the request for a proposed transfers of interest pending Board approval for Wolverine Mailing, Packaging, and Warehouse, Inc. d/b/a Wolverine Solutions Group. There was no discussion or questions regarding the requests therefore a motion was made by Mr. Watza and supported by Mr. Palms to approve the requests. A voice vote was taken.

Motion carried.

The final business item was a request for approval of the Administrative Law Judge's Proposal for Decision of Occupational Licensee Joshua Murphy. Neither Mr. Murphy nor his representative were present. Assistant Attorney General Nafso summarized the facts. The licensee failed to file his 2010 to 2014 tax returns. MGCB provided Mr. Murphy with several opportunities to comply however, he failed to respond to Board requests. Mr. Murphy's license was summarily suspended for failure to comply and failure to respond to the Board. A hearing was scheduled and Mr. Murphy failed to appear. The Administrative Law Judge upheld the suspension and recommended revocation of Mr. Murphy's license. There were no questions from Board members. Mr. McQueen made a motion to accept the Proposal for Decision which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

Next Mr. Palms made a motion to go into closed session which was supported by Mr. Watzka. A roll call vote was taken.

Motion carried.

Mr. Anthony announced the next public meeting would be held on Tuesday, September 13, 2016 at 9:30 a.m.

After closed session the public meeting resumed for the purpose of approving the minutes from the last closed session. Mr. Palms made a motion to approve the minutes from the March 22, 2016 closed session which was supported by Mr. Watzka.

A motion was made by Mr. Watzka which was supported by Mr. McQueen to adjourn the public meeting. A voice vote was taken. Motion carried.

Meeting adjourned at 11:02 a.m.

Diane Brown, Board Secretary