

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, January 10, 2017

MINUTES

On Tuesday, January 10, 2017, 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

Also attending was:

Richard Kalm, Executive Director
Ann McCafferty, MSP
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Business:

Mr. Anthony called the public meeting to order at 10:32 a.m. It was noted for the record there was a quorum to proceed with the meeting. Due to weather conditions, the meeting time was changed from 9:30 a.m. to 10:30 a.m. There was no preliminary business for discussion.

Mr. Anthony stated the first order of business was to approve the minutes from the Board's special public meeting held November 1, 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. McQueen and supported by Mr. Palms that the Board accept and approve the minutes of the November 1, 2016, regular public meeting. A voice vote was taken.

Motion carried.

Executive Director Richard Kalm presented his report to the Board stating since the November 1, 2016, meeting six new employees were hired and two employees resigned their positions. MGCB has 137 full-time employees and 12 vacant positions.

With regard to the Board's budget, as of December 31, 2016, total expenditures were \$5,063,702 leaving an unexpended balance of \$23,572,998 in appropriated funding for fiscal year 2017 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 December was down 6.8 percent when compared to the same month last year. Revenue was up 4.8 percent when compared to November 2016. For year-to-date December 31, 2016, the aggregate revenue for the Detroit casinos was up 0.7 percent compared to the same period last year.

For the month ending December 31, 2016, MGM's revenue was down 8.8 percent, MotorCity was down 3.7 percent and Greektown was down 7.5 percent when compared to the same month last year.

For the month ending December 31, 2016, gaming taxes for the three Detroit casinos were \$9.5 million compared to \$10.2 million for the same period last year.

For the month ending December 31, 2016, the three Detroit casinos reported submitting \$14.8 million in wagering taxes and development agreement payments to the City of Detroit.

Mr. Kalm went on to report year end 2016 figures. Aggregate revenue for the three Detroit casinos for the year ending December 31, 2016 was up 0.7% to \$1.386 billion compared to the same period last year. The total revenue consisted from slots of \$1.13 billion (82%) and table games of \$256 million (18%). Revenue for MGM was up 1.7% to \$592.1 million, MotorCity was up 0.7% to \$467.9 million, while Greektown was down 1.3% to \$325.6 million, when compared to 2015.

For the year ending December 2016, gaming taxes for the three Detroit casinos were \$112.2 million compared to \$111.5 million for 2015. Market shares for the year 2016 for MGM were 43%, MotorCity 34%, and Greektown 23%.

Mr. Kalm briefed the Board regarding a temporary shutdown of casino operations at Greektown Casino (GTC) on January 5. The City of Detroit required GTC to undergo a life safety testing inspection of its entire gaming facility. Due to this testing which required repeated power outages, GTC determined it needed to close the casino during the inspection. All patrons were out of the casino by 3:00 a.m. and were allowed back in when the casino reopened at 9:00 a.m. GTC passed the inspection without any problem.

With regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of December 31, 2016, 681 active vendor exemptions were registered. As of December 31, 2016, 254 casino supplier companies were granted exemption from supplier licensing requirements.

Mr. Kalm reported a total of 15 active temporary nongaming-related and 5 active temporary gaming-related supplier licenses in effect. There are 104 supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised the Board as of December 31, 2016, the Board's Employee Licensing section issued a total of 2,121 occupational licenses to MGM employees; 1,741 occupational licenses to MotorCity employees; and 1,446 occupational licenses to Greektown employees. In addition, 1,629 employees of various licensed casino suppliers have been granted occupational licenses. Currently there are 106 temporary occupational licenses.

Mr. Kalm advised the Board since the November meeting, the required background investigations of 164 pending Level 1 and 2 occupational licenses have been completed. Mr. Kalm previously approved 306 renewal requests and 62 Level 3 requests on behalf of the Board.

Mr. Kalm reported Michigan State Police (MSP) Board-related activity, noting 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 Casino Audit & Enforcement Division's staff regarding the 164 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Palms and supported by Mr. McQueen that the Board enter an Order accepting and adopting the recommendations of the Executive Director and the Casino Audit & Enforcement 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 Carmela Foods Distributing, Inc.; Envy Modular Wall Systems, Inc.; Gable Signs & Graphics, Inc.; and TIE Leasing Company.

There were no questions from Board members. A motion was made by Mr. McQueen and supported by Mr. Palms 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 Allied-Eagle Supply Company, LLC d/b/a Allied Office Specialists; Arrow Motor & Pump, Inc.; Atlas Wholesale Food Company; Data Financial, Incorporated; Davis Iron Works, Inc.; Del Bene Produce, Inc.; General Linen Supply Company d/b/a General Linen and Uniform Service; Interblock Luxury Gaming Products D.d. d/b/a Interblock D.d.; International Market Place, Inc. d/b/a Fishbones Rhythm Kitchen Café; Master Craft Carpet Service, Inc. d/b/a Master Craft Floors; MIG East, LLC; and Trendell Tile, LLC.

There being no questions from Board members, Mr. Palms put forth a motion which was supported by Mr. McQueen 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 casino licensee Detroit Entertainment, L.L.C. d/b/a MotorCity Casino, Marian Ilitch Trust U/A Marian Ilitch Trust Agreement #2, and MCC Special Trust U/A Marian Ilitch MCC Trust Agreement #2.

There were no questions from Board members. Mr. McQueen motioned for approval which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

The next agenda item was the request for the proposed transfer of interest pending Board approval for Detroit Entertainment, L.L.C. d/b/a MotorCity Casino. There was no discussion or any questions regarding the request therefore a motion was made by Mr. Palms and supported by Mr. McQueen to approve the request. A voice vote was taken.

Motion carried.

The next agenda item was Other Business wherein Mr. Kalm briefed the Board regarding an audit performed by the Office of Auditor General on the MGCB operations.

After the business portion of the meeting concluded, Mr. Anthony asked if there were any members of the public wishing to address the Board. There were none.

Mr. Anthony announced the Board's next regular public meeting would be held Tuesday, March 7, 2017.

The Board did not go into closed session.

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

Motion carried.

Meeting adjourned at 10:58 a.m.

Diane Brown, Board Secretary