

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Wednesday, March 8, 2017, 12:00 p.m.

MINUTES

On Wednesday, March 8, 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 12:05 p.m. It was noted for the record there was a quorum to proceed with the meeting. There was no preliminary business for discussion.

Mr. Anthony stated the first order of business was to approve the minutes from the Board's regular public meeting held January 10, 2017. 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 that the Board accept and approve the minutes of the January 10, 2017, regular public meeting. A voice vote was taken.

Motion carried.

Mr. Anthony announced there would be a change in the order of the agenda items presented. MotorCity Casino asked for its request for approval of a debt transaction be presented first, being its President Bruce Dall was in New York meeting with bankers and waiting for Board approval to proceed. Cheryl Scott-Dube, MCC's attorney, explained the debt transaction by telling the Board the transaction is just exchanging MCC's existing \$200 million in unsecured notes which were due to be paid off in 2019, for another \$200 million at a lower interest rate while also extending the maturity date.

There were no questions from Board members therefore, a motion was made by Mr. Palms and supported by Mr. McQueen for Board approval. A voice vote was taken.

Motion carried.

Next, the Board considered for approval the recommendation of the Executive Director and the Casino Audit & Enforcement Division's staff regarding the 131 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. McQueen and supported by Mr. Palms 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.

Next the Board considered adopting Board Resolution number 2017-01 honoring Mr. Michael Watzka for his eight years of service to the Board. Mr. Anthony read a portion of the Resolution to the audience. Mr. Palms put forth a motion to adopt which was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

The next agenda item was consideration of the Licensing & Investigations Division's recommendation regarding the pending supplier license applications of AGS, LLC; BBMK Contracting, LLC d/b/a Blue Team Restoration; and Gardner Signs, Inc.

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.

Executive Director Richard Kalm presented his report to the Board stating since the January 10, 2017 meeting, one new employee was hired, two employees were promoted, and one resigned their position. MGCB has 137 full-time employees and 14 vacant positions.

With regard to the Board's budget, as of February 28, 2017, total expenditures were \$8,534,216 leaving an unexpended balance of \$20,102,484 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 February was up 0.7 percent when compared to the same month last year. Revenue was up 4.7 percent when compared to January 2017. For year-to-date February 28, 2017, the aggregate revenue for the Detroit casinos was up 1.7 percent compared to the same period last year.

For the month ending February 28, 2017, MGM's revenue was up 1.9 percent to \$48.1 million, MotorCity was up 0.4 percent to \$40.6 million, and Greektown was down 0.8 percent to \$28.6 million when compared to the same month last year.

Market shares for February 2017 were MGM 41%, MCC 35%, and GTC 24%. For the month ending February 28, 2017, gaming taxes for the three Detroit casinos were \$9.5 million compared to \$9.4 million for the same period last year.

For the month ending February 28, 2017, the three Detroit casinos reported submitting \$14 million in wagering taxes and development agreement payments to the City of Detroit.

With regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of February 28, 2017, 687 active vendor exemptions were registered. As of February 28, 2017, 253 casino supplier companies were granted exemption from supplier licensing requirements.

Mr. Kalm reported a total of 10 active temporary nongaming-related and six active temporary gaming-related supplier licenses in effect. There are 106 supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised the Board as of February 28, 2017, the Board's Employee Licensing section issued a total of 2,135 occupational licenses to MGM employees; 1,706 occupational licenses to MotorCity employees; and 1,480 occupational licenses to Greektown employees. In addition, 1,618 employees of various licensed casino suppliers have been granted occupational licenses. Currently there are 67 temporary occupational licenses.

Mr. Kalm advised the Board since the January meeting, the required background investigations of 131 pending Level 1 and 2 occupational licenses have been completed. Mr. Kalm previously approved 444 renewal requests and 97 Level 3 requests on behalf of the Board.

Mr. Kalm also advised the Board of accomplishments of the Employee Licensing Section staff and Millionaire Party Enterprise Licensing staff. The employees in each of the two sections were able to develop efficiencies which allowed reduction in processing time of occupational licenses and millionaire party applications, respectively. The Employee Licensing Section achieved a 70% reduction while the Enterprise Licensing Section achieved a 48% reduction.

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.

Mr. Kalm presented MSP retiring D/Sgt. William Terry with a certificate of appreciation. Terry has been with the MSP Gaming Section since December 2011.

The next item on the agenda was the request for approval of an Acknowledgement of Violation of supplier licensee Data Strategy, LLC. Mr. Dozema addressed the Board on behalf of Data Strategy acknowledging their violation and the \$5,000 sanction for performing two separate Transfers of Interest without prior approval from the Board.

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

Motion carried.

Next, Assistant Attorney General Tommy Nafso presented to the Board, a request for approval of an Acknowledgement of Violation for Detroit Entertainment, LLC (MCC). Mr. Nafso explained MCC permitted an unlicensed individual to enter a restricted area of its casino. A sanction of \$10,000 has been agreed to.

Board members did not have any questions. Mr. McQueen made a motion for approval which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

Mr. Nafso then requested Board approval for an Acknowledgement of Violation for MGM Grand Detroit. MGM purchased free bet coupons for patrons from an unlicensed supplier. Mr. Ellsworth spoke on behalf of MGM stating he had nothing to add to Mr. Nafso's statement and a fine of \$25,000 has been agreed to.

Board members did not have any questions, therefore, Mr. Palms made the motion for approval which was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

The next agenda item was a request for approval of the proposed transfers of interest pending Board approval for Avanzado, LLC; Comsource, Inc.; Data Strategy, LLC; Del Bene Produce, Inc.; Heldon Shoe Company d/b/a Red Wing Shoes; Sachse Construction and Development Company, LLC; and Suzohapp Gaming Solutions, Inc. f/k/a Happ Controls, Inc. There was no discussion or questions regarding the requests therefore a motion was made by Mr. McQueen and supported by Mr. Palms to approve the requests. A voice vote was taken.

Motion carried.

Next agenda item was consideration of the pending supplier license renewal requests of Aristocrat Technologies, Inc., with new Key persons Patrick Joseph Ramsey and Sylvia Rusla Summers Couder; Bally Gaming, Inc. d/b/a Bally Technologies, with new Key person Kevin Michael Sheehan; China Town Market, Inc.; Comsource, Inc.; Contract Design Group, Inc.; Data Strategy, LLC with new Key person Keith Alan Grieshaber; Eagle Star, Inc. d/b/a Eagle Star Equipment; House Advantage, LLC; Midwest Game Supply Company; Perich + Partners, Limited; Reliable Landscaping, Inc.; Renaissance Man Food Services, LLC; TCS John Huxley America; Thermal-Netics, Inc.; Tom Maceri and Sons, Inc.; Tre Builders, LLC; and Unique Linen Services, Inc.

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 MGM Grand Detroit, John Beresford Kilroy, Jr. and Robert Winston Smith.

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.

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, April 25, 2017.

The Board did not go into closed session.

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

Motion carried.

Meeting adjourned at 12:37 p.m.

Diane Brown, Board Secretary