

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, July 11, 2017, 9:30 a.m.

APRIL 25, 2017
MEETING MINUTES

On Tuesday, April 25, 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 48202.

Present: In attendance were the following Board members:

Mr. Patrick McQueen, Acting Chairperson
Mr. Andrew Palms
Ms. Carla Walker-Miller

Also attending was:

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

Absent: Mr. Robert Anthony

Business:

Mr. McQueen called the meeting to order at 9:32 a.m. There was no preliminary business to discuss.

Mr. McQueen stated the first order of business was to approve the minutes from the Board's regular public meeting held March 8, 2017. It was noted Board members previously received copies of the minutes. Board members were asked if there were any questions, concerns, or corrections.

There being none, a motion was made by Mr. Palms and supported by Ms. Walker-Miller that the Board accept and approve the minutes of the March 8, 2017, regular public meeting. A voice vote was taken.

Motion carried.

Executive Director Richard Kalm presented his report to the Board stating since the March 8, 2017 meeting, two new employees were hired and one employee resigned. MGCB has 138 full-time employees and 12 vacant positions.

With regard to the Board's budget, as of March 31, 2017, total expenditures were \$12,452,167 leaving an unexpended balance of \$17,542,433 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 March was up five percent when compared to the same month last year. Revenue was up 11.9 percent when compared to February 2017. For year-to-date March 31, 2017, the aggregate revenue for the Detroit casinos was up 2.9 percent compared to the same period last year.

For the month ending March 31, 2017, MGM's revenue was up 4.5 percent to \$54.2 million, MotorCity was up 3.2 percent to \$45.1 million, and Greektown was down (sic) 8.6 percent to \$32 million when compared to the same month last year.

Market shares for March 2017 were MGM 41%, MCC 35%, and GTC 24%. For the month ending March 31, 2017, gaming taxes for the three Detroit casinos were \$10.6 million compared to \$10.1 million for the same period last year.

For the month ending March 31, 2017, the three Detroit casinos reported submitting \$15.6 million in wagering taxes and development agreement payments to the City of Detroit.

Revenue for the quarter ending March 31, 2017 was up. MGM was up 2.5 percent, MotorCity was up 2.4 percent, and Greektown was up 4.2 percent compared to the same quarter last year.

With regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of April 21, 2017, 684 active vendor exemptions were registered. As of April 21, 2017, 254 casino supplier companies were granted exemption from supplier licensing requirements.

Mr. Kalm reported a total of seven active temporary nongaming-related and five 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 April 15, 2017, the Board's Employee Licensing section issued a total of 2,133 occupational licenses to MGM employees; 1,658 occupational licenses to MotorCity employees; and 1,511 occupational licenses to Greektown employees. In addition, 1,582 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 March meeting, the required background investigations of 98 pending Level 1 and Level 2 occupational licenses have been completed. Mr. Kalm previously approved 364 renewal requests and 58 Level 3 requests on behalf of the Board.

Mr. Kalm reported Michigan State Police (MSP) Board-related activity, and staffing update. Mr. Kalm noted the confidential report submitted to the Board members containing significant activity of MSP.

Next, the Board considered for approval the recommendation of the Executive Director and the Casino Audit & Enforcement Division's staff regarding the 98 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. 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.

The next agenda item was consideration of the Licensing & Investigations Division's recommendation regarding the pending supplier license applications of Alpha Video & Audio, Inc.; Creation Robco, Inc. d/b/a Robco Gaming; Galaxy Gaming, Inc.; and Integration Partners Corporation.

Mr. Robert Saucier from Galaxy Gaming addressed the Board. Mr. Saucier expressed his thanks and commended the licensing staff on the ease with which the licensing process moved and the professionalism of everyone involved.

There were no questions from Board members. A motion was made by Mr. Palms and supported by Ms. Walker-Miller that the Board enter Orders finding and concluding the applicants are eligible and suitable for licensure and, accordingly, grant the requests. 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 International Market Place, Inc. d/b/a Fishbones Rhythm Kitchen Café and Sachse Construction and Development Company, LLC. There was no discussion or questions regarding the requests therefore a motion was made by Ms. Walker-Miller and supported by Mr. Palms to approve the requests. A voice vote was taken.

Motion carried.

Next agenda item was to consider the pending supplier license renewal requests of Avanzado, LLC; BAC Greektown, LLC d/b/a Five Guys Burgers and Fries; Basement Beats, LLC; Cadillac Travel, Inc.; Caniff Electric Supply Co., Inc.; Conti Corporation; Gaming Partners International USA, Inc. d/b/a GPI USA; Gold Star Equipment, Inc. d/b/a Gold Star Products; Great Lakes Mechanical Corp.; Halifax Security, Inc. d/b/a North American Video; International Market Place, Inc. d/b/a Fishbones Rhythm Kitchen Café with New Key Person MGAT Investments, Inc.; JCM American Corporation d/b/a JCM Global; Konami Gaming, Inc. with New Key Persons Kazuya Kozuki, Osamu Nakano, and Thomas Anthony Jingoli; MRP Supply, Inc.; Voice Data Systems, LLC d/b/a VDS; and WPDET Associates, LLC.

There being no questions from Board members, Mr. Palms put forth a motion which was supported by Ms. Walker-Miller 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 the request for approval of the eligibility and suitability of new Key person of casino licensee MGM Grand Detroit, Christopher John Kelley.

There were no questions from Board members. Ms. Walker-Miller motioned for approval which was supported by Mr. Palms. 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 supplier licensee IGT, Andrea Adolfo Boroli and Guido Giuseppe Corbetta.

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

Motion carried.

Next was the request for approval of an Acknowledgement of Violation of casino licensee Greektown Casino LLC (Greektown). Assistant Attorney General Jason Geissler summarized the violation and facts. The violation involved previously revoked software being found in one of the electronic gaming devices. As a result Greektown was fined \$20,000 of which \$10,000 will be held in abeyance for 12 months. Andrea Hansen addressed the board on behalf of Greektown acknowledging the violation and outlined the steps taken to ensure future incidents do not occur.

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

Motion carried.

The next agenda item was a request for approval of an Acknowledgement of Violation for supplier licensee, Sachse Construction and Development Company, LLC (Sachse). Assistant Attorney General James Kennedy explained the details of the violation. On January 15, 2016, Sachse completed a transfer of interest without prior authorization of the board. Sachse acknowledged the violation and agreed to a fine of \$2,500. There was no representative from Sachse present.

Board members did not have any questions. Ms. Walker-Miller put forth a motion for approval which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

The final agenda item was Greektown Casino LLC's request for approval of debt transaction and related requests.

Matt Cullen address the board on behalf of Greektown to outline the facts of the request and to answer any questions the board may have had. Mr. McQueen asked if Greektown was comfortable with the pricing and Mr. Cullen answered affirmatively. There being no other questions a motion was made by Mr. Palms and supported by Ms. Walker-Miller to approve the request. A voice vote was taken.

Motion carried.

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

Mr. McQueen announced the Board's next regular public meeting would be held Tuesday, July 11, 2017.

The Board did not go into closed session.

Mr. McQueen adjourned the meeting at 9:59 a.m.

Diane Brown, Board Secretary