

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, January 9, 2018, 9:30 a.m.

**October 30, 2017
MEETING MINUTES**

On Monday, October 30, 2017, the Michigan Gaming Control Board held a public meeting at the Board's office in Cadillac Place, 3062 W. Grand Boulevard, Suite L-700, Detroit, Michigan 48202.

Present: In attendance were the following Board Members:

Mr. Robert Anthony, Chairman
Mr. Patrick McQueen
Mr. Andrew Palms
Ms. Carla Walker-Miller
Ms. Barbara B. Smith

Also attending was:

Richard Kalm, Executive Director
D/F Lt. Ann McCaffery, MSP
Donald McGehee, Assistant Attorney General
Diane Brown, Board Secretary

Business:

Mr. Anthony called the meeting to order at 9:38 a.m. There was no preliminary business to discuss.

Mr. Anthony stated the first order of business was to approve the minutes from the Board's regular public meeting held September 12, 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 Ms. Walker-Miller and supported by Mr. McQueen that the Board accept and approve the minutes of the September 12, 2017, regular public meeting. A voice vote was taken.

Motion carried.

Executive Director Richard Kalm presented his report to the Board stating since the September 12, 2017 meeting four new employees were hired and one employee resigned. MGCB has 133 full-time employees and 15 vacant positions.

With regard to the Board's budget, as of September 30, 2017, total expenditures were \$34,635,003 leaving an unexpended balance of \$3,414,570 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 September was up 1.3 percent when compared to September 2016. Revenue was up 2.0% compared to August 2017. For year-to-date September 30, 2017, the aggregate revenue for the Detroit casinos was up 1.2 percent compared to the same period last year.

For the month ending September 30, 2017, MGM's revenue was down 1 percent to \$48 million, MotorCity was up 3.8 percent to \$38.4 million, and Greektown was up 2.1 percent to \$27.2 million when compared to the same month last year.

Market shares for September 2017 were: MGM 42%, MotorCity 34%, and Greektown 24%. For the month ending September 30, 2017, gaming taxes for the three Detroit casinos were \$9.2 million compared to \$9.1 million for the same period last year.

For the month ending September 30, 2017, the three Detroit casinos reported submitting \$18 million in wagering taxes and development agreement payments to the City of Detroit.

Aggregate revenue for the quarter ending September 30, 2017 was down 0.7 percent compared to the same period last year. Gaming revenue for the quarter was MGM \$147.1 million, MotorCity \$117.3 million, and Greektown \$79.7 million.

Revenue for the quarter was MotorCity up 1.6 percent, MGM down 2.0 percent and Greektown down 1.7 percent when compared to the same quarter last year.

With regard to supplier licensing and vendor registration, Mr. Kalm advised the Board as of October 24, 2017, 690 active vendor exemptions were registered. As of October 24, 2017, 272 casino supplier companies were granted exemption from supplier licensing requirements.

Mr. Kalm reported a total of six active temporary nongaming-related and five active temporary gaming-related supplier licenses in effect. There are 108 annual supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised the Board as of October 24, 2017, the Board's Employee Licensing section issued a total of 2,109 occupational licenses to MGM employees; 1,644 occupational licenses to MotorCity employees; and 1,467 occupational licenses to Greektown employees. In addition, 1,537 employees of various licensed casino suppliers have been granted occupational licenses. Currently there are 79 temporary occupational licenses.

Mr. Kalm advised the Board since the September meeting, the required background investigations of 137 pending Level 1 and Level 2 occupational licenses have been completed. Mr. Kalm previously approved 397 renewal requests and 70 Level 3 requests on behalf of the Board.

Mr. Kalm also reported Michigan State Police (MSP) Board-related activity, and staffing update.

Next, the Board considered for approval, the recommendation of the Executive Director and the Casino Audit & Enforcement Division's Employee Licensing staff regarding the 137 Level 1 and 2 occupational license applications.

There being no questions from Board Members, it was moved by Mr. McQueen and supported by Ms. Walker-Miller 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 Metro Signs, Inc.; Shelby Wholesale Distributors, Inc.; and The United States Playing Card Company.

There were no questions from Board Members. A motion was made by Ms. Walker-Miller and supported by Mr. McQueen 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 item on the agenda was the request for approval of the eligibility and suitability of Trevor John Croker, new Key person of supplier licensee Aristocrat Technologies, Inc.

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

Motion carried.

Next agenda item was consideration of the pending supplier license renewal requests of 1st Choice Distributors, LLC; Ainsworth Game Technology with New Key Persons: Novomatic Ag, Novo Invest GMBH, Gryphon Invest AG, Heather Alice Scheibenstock, Johann Friedrich Graf, Ryszard Stanislaw Presch, Christian Walter Friedebert Widhalm, Harald Michael Karl Neumann, Thomas Johann Graf, Peter Stein, Bruno Faoro, Peter Michael Ekberg, Michele Salvatore Marinari, Birgit Hermine Wimmer, and Ryan Patrick Comstock; Cadillac Coffee Company with New Key Persons: The Guy T. Gehlert Trust, The Kenneth L. Gehlert Trust Under Agreement Dated September 30, 1997, and The John R. Gehlert Trust; Dee Cramer, Inc.; Diversified Construction Specialists, Inc.; Dumas Construction Services, Inc.; Gemellaro Systems Integration, Inc.; Guideline Mechanical, Inc.; Johnson and Wood, L.L.C.; Premier Services Group, LLC; Sachse Construction and Development Company d/b/a Sachse Construction; Socios Holdings, Inc. d/b/a Quality Meats & Culinary Specialties; Supreme Distributors, Inc. d/b/a Supreme Lobster and Seafood Company; SUZOHAPP Gaming Solutions, LLC; The Herjavec Group Corp.; and VSR Industries, Inc.

There being no questions from Board Members, Ms. Smith supported the motion put forth by Mr. McQueen 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 agenda item was a request for approval of the proposed transfer of interest of Ainsworth Gaming Technology. There was no discussion or questions regarding the request therefore a motion was made by Ms. Walker-Miller and supported by Mr. McQueen to approve the request. A voice vote was taken.

Motion carried.

The next item on the agenda was to consider the Administrative Law Judge's Proposal for Decision regarding the Notice and Order of Exclusion for Kathleen Williams. Assistant Attorney General Jason Geissler summarized the facts which led to Ms. Williams' exclusion. Ms. Williams was permanently excluded from entering and/or gambling in any of the three Detroit casinos due to two felony convictions. Ms. Williams was arrested by MSP and convicted by a jury on two counts of larceny resulting from the theft of a TITO ticket. Ms. Williams addressed the Board to express her remorse and ask the Board to overturn the Administrative Law Judge's Decision to uphold the exclusion.

A motion was put forth by Ms. Smith and supported by Mr. McQueen to accept the Administrative Law Judge's Decision. A voice vote was taken.

Motion carried.

Next was the request for approval of an Acknowledgement of Violation of casino licensee MGM Grand LLC. Assistant Attorney General James Kennedy summarized the violations and facts. The combined violations involved three instances of minors in the casino and one of a Disassociated Person being allowed to cash a check and gamble. MGM and MGCB's Casino Audit & Enforcement Division met and agreed to a combined total fine of \$29,500. MGM in-house attorney Louis Theros addressed the Board confirming the agreement.

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

Motion carried.

The next three items were the casino license renewals of MGM Grand Detroit, LLC; Detroit Entertainment, LLC d/b/a MotorCity Casino; and Greektown LLC. Greektown's renewal report also included the suitability of new Key Person Julijana Mihajlovska.

There were no questions from Board Members. Motions were made and supported. A voice vote was taken for each casino individually. All three motions carried.

The Board then approved a proposed public meeting schedule for the 2017-2018 fiscal year. The schedule will be posted on the MGCB website.

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 Monday, October 30, 2017.

A motion to go into closed session was made by Ms. Walker-Miller and supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Following the closed session, the Board resumed the public meeting for the purpose of approving the November 1, 2016 closed session minutes.

Ms. Walker-Miller put forth the motion for approval which was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

Mr. Anthony then asked for a motion to adjourn the public meeting. A motion was made by Mr. McQueen and supported by Ms. Walker-Miller. A voice vote was taken.

Motion carried.

Mr. Anthony adjourned the meeting at 11:00 a.m.

A handwritten signature in cursive script that reads "Diane Brown".

Diane Brown, Board Secretary