

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

January 21, 2020 9:30 a.m.
MEETING MINUTES

On Tuesday, January 21, 2020, 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. Andrew Palms
Ms. Barbara Smith

Also attending:

Richard Kalm, Executive Director
Diane Brown, Board Secretary
Bethany McCune, Assistant Attorney General

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 November 5, 2019. It was noted Board Members previously received copies of the minutes. Board Members were asked if there were any questions, concerns, or corrections; there were none.

A motion was made by Ms. Smith and supported by Mr. Palms that the Board accept and approve the minutes of the November 5, 2019, regular public meeting. A voice vote was taken.

Motion carried.

Executive Director Kalm presented his report to the Board stating since the last board meeting two new employees were hired and two resigned their positions. MGCB has 136 full-time employees and seven vacant positions.

Regarding the Board's budget, as of January 6, 2020, total expenditures were \$4,524,089 leaving an unexpended balance of \$25,170,739 in appropriated funding for fiscal year 2020, 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 ending December 31, 2019 was up 0.3% when compared to December 2018. Revenue

was up 2.9% when compared to November 2019. For year-to-date December 31, 2019, the aggregate revenue for the Detroit casinos was up 0.7% compared to last year.

Gaming revenue for the month; MGM was down 0.5% to \$54.4 million, MotorCity was up 0.05% to \$43.3 million, and Greektown was up 2.2% to \$30.1 million. Market shares for December were MGM 43%, MotorCity 34%, and Greektown 23%.

For the month ended December 31, 2019, gaming taxes for the three Detroit casinos were \$10.4 million compared to \$10.3 million for the same period last year.

The three Detroit casinos reported submitting to the City of Detroit \$16.2 million in wagering taxes and development agreement payments during December 2019.

For the year ended December 31, 2019, aggregate revenue for the three Detroit casinos was up 0.7% to \$1.45 billion compared to the same period last year. The total revenue consisted from slots of \$1.18 billion (81%) and table games of \$278 million (19%). Revenue for MGM was up 0.7% to \$623.5 million, MotorCity was up 0.8% to \$493.6 million, and Greektown was up 0.6% to \$337.2 million, when compared to the year 2018.

For the year ended December 2019, gaming taxes for the three Detroit casinos were \$117.8 million compared to \$117.0 million for the year 2018. The market shares for the year 2019; MGM 43%, MotorCity 34%, and Greektown 23%.

Mr. Kalm reported 2019 was a historical year. Year 2019 produced the highest adjusted gross revenue since inception. In 2019 the AGR (for all three casinos) was \$1,454,274,694. Previous high was for 2018; \$1,444,099,784. MGM had its highest yearly AGR total of \$623,515,060. Previous high was for 2018; \$619,241,406. MCC also had its highest yearly AGR total of \$493,566,673. Previous high was for 2018; \$489,673,215. GTC highest yearly AGR total was in 2011 of \$352,757,646 which 2019 total was \$337,192,961.

Regarding supplier licensing and vendor registration, Mr. Kalm advised the Board that as of January 7, 2020, 556 active vendor exemptions were registered. As of January 7, 2020, 289 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 91 annual supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised the Board as of January 7, 2020, the Board's Employee Licensing section issued a total of 2,027 occupational licenses to MGM employees; 1,642 occupational licenses to MotorCity employees; and 1,280 occupational licenses to Greektown employees. In addition, 1,505 employees of various licensed casino suppliers have been granted occupational licenses. Currently, there are 149 temporary occupational licenses in effect.

Mr. Kalm advised the Board since the November 2019 public meeting the required background investigations of 118 pending Level 1 and Level 2 occupational licenses have been completed. Prior to the January 2020 meeting Mr. Kalm approved 363 occupational license renewal requests and 62 Level 3 applications 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 Operations Division's Employee Licensing staff regarding the Level 1 and Level 2 occupational license applications.

There being no questions from Board Members, it was moved by Mr. Palm and supported by Ms. Smith that the Board enter an Order accepting and adopting the recommendations of the Executive Director and the Casino Operations Division for the 118 pending Level 1 and Level 2 occupational license applications. A voice vote was taken.

Motion carried.

Next on the agenda was consideration of the Licensing, Investigations, & Audit Division's recommendations regarding the pending supplier licensing applications of Core Electric Company; CountR GmbH; and Division 6 Fabrication & Installation, LLC. There were no questions from Board Members. A motion was made by Ms. Smith and supported by Mr. Palms that the Board enter Orders finding the suppliers and their qualifiers eligible and suitable for licensure and accordingly grant the request for a one-year period.

Motion carried.

Next agenda item was consideration of the Licensing, Investigations, & Audit Division's recommendations regarding the pending supplier license renewal requests of Allied-Eagle Supply Company, LLC; Atlas Wholesale Food Company; Basement Beats, L.L.C.; Cammegh Limited; Creative Breakthroughs, Inc.; Curtis Glass Company; Midwest Game Supply Company; MIG East, LLC; Renaissance Man Food Services, LLC; Socios Holdings, Inc. d/b/a Quality Meats & Culinary Specialties; and The United States Playing Card Company with new Key persons.

There being no questions from Board Members, Ms. Smith supported the motion put forth by Mr. Palms that the Board enter Orders finding the 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 to consider the Licensing, Investigations & Audit Division's recommendation regarding the Transfer of Interest of The United States Playing Card Company. There were no questions from Board Members. A motion was made by Ms. Smith and supported by Mr. Palms that the Board grant the request. A voice vote was taken.

Motion carried.

The Board then considered the Acknowledgement of Violation of occupational licensee Tabatha McGivern. Ms. McGivern nor her representative were present. Ms. McCune summarized the violation. There were no questions from Board Members. A motion to approve was made by Mr. Palms and supported by Ms. Smith. A voice vote was taken.

Motion carried.

Next agenda item was to consider the Casino Operations Division's recommendations regarding the Administrative Law Judge's Proposals for Decision of occupational licensees Deante Brown and Antwain Mack. Assistant Attorney General Bethany McCune summarized the violations for the Board. Mr. Brown was present but chose not to address the Board. Mr. Mack nor his

representative were present. A motion to accept the Proposals for Decision was made by Mr. Palms and supported by Ms. Smith. A voice vote was taken.

Motion carried.

Mr. Anthony asked Mr. Kalm to explain the new legislation regarding sports betting and internet gaming which passed at the end of December 2019, and what affect it would have on the Board. Mr. Kalm explained that Board staff is in the process of drafting administrative rules. Mr. Kalm also stated he expected the Board to have additional responsibilities when it comes to licensing the suppliers and providers of sports betting and possibly having to hold monthly board meetings for a time. Right now, Board staff is waiting for submissions from the casinos and suppliers. The target date for retail sports betting is March but it will depend on the timeliness and completeness of the submissions.

Mr. Kalm stated as far as timing goes, the Board can possibly have a proposed rule set for online betting in approximately 60 days but due to the process they will have to go through, he does not expect online bets to begin until 2021.

Mr. Anthony stated one of the provisions of the revised Gaming Act was for an additional \$2 million to be used for problem gambling in addition to the \$1 million currently provided. Mr. Anthony directed Mr. Kalm to provide a report over the next two or three meetings regarding how the money being sent to the Department of Health and Human Services for the treatment of problem gambling is being used and how they expect to use it in the future.

Former Board Member, Mike Watzka was present at the meeting and was presented with a Board Resolution and plaque recognizing his service as a member of the Board from 2008-2016.

There were no members of the public who registered to address the Board.

Mr. Anthony then announced the Board's next regular public meeting would be held Tuesday, March 10, 2020, at 9:30 a.m.

There was no closed session.

Mr. Anthony then asked for a motion to adjourn the public meeting. A motion was made by Ms. Smith and supported by Mr. Palms. A voice vote was taken.

Motion carried.

Mr. Anthony adjourned the meeting at 10:10 a.m.



Diane Brown, Board Secretary