

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

PUBLIC MEETING – VIA MICROSOFT TEAMS LIVE
Cadillac Place
3062 W. Grand Blvd., Suite L-700
Detroit, Michigan 48202

August 11, 2020 9:30 a.m.
MEETING MINUTES

On Tuesday, August 11, 2020, the Michigan Gaming Control Board held a public meeting, via Microsoft Teams Live, 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 via video
Mr. Andrew Palms, via video
Ms. Barbara Smith, via video
Mr. Patrick McQueen, via video

Also attending:

Richard Kalm, Executive Director
Diane Brown, Board Secretary
Mary Kay Bean, MGCB Communications Specialist,
Moderator via video

Business:

Mr. Anthony called the meeting to order at 9:30 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 June 8, 2020. 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 Mr. McQueen and supported by Mr. Palms that the Board accept and approve the minutes of the June 8, 2020, 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 three employees resigned their positions with MGCB. MGCB has 127 full-time employees and 16 vacant positions. Mr. Kalm informed the Board that in April, the MGCB reassigned 60 staff members to assist the Unemployment Insurance Agency (UIA) with its backlog of emails and calls. Today 53 staff members continue to assist UIA while three additional regulation officers are assigned to assist UIA with fraud investigations related to the increased number of claims related to COVID-19.

Regarding the Board's budget, as of July 31, 2020, total expenditures were \$21,317,958 leaving an unexpended balance of \$9,817,447 (sic) 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 the three Detroit casinos were allowed to reopen on August 5. The casinos had previously been closed since the Governor's Executive Order on March 16, 2020.

There was no revenue to report for the month of June. Year-to-date revenue through June was down 59.3% compared to the same period last year.

Year-to-date for the first two quarters of 2020: gaming taxes for the three Detroit casinos were \$24.2 million compared to \$59.5 million for the same period last year and wagering taxes and development payments to the city of Detroit were \$35.6 million compared to \$87.5 million last year.

There was no aggregate revenue for the second quarter 2020 making revenue down 100% which continued through July. State gaming taxes for the first half of 2020 were \$29.8 million. City of Detroit wagering taxes and development agreement payments for the first half of the year were \$43.8 million.

Mr. Kalm provided information regarding fantasy sports. For the period ending May 31, 2020, fantasy contest operators reported total adjusted revenues of \$329,173 and paid taxes of \$27,651. For the year-to-date June 30, 2020, the aggregate fantasy contest adjusted revenues reported by the fantasy operators totaled \$3,564,620, with taxes paid of \$299,428. Adjusted revenue for fantasy sports for the first quarter was \$488,000 with taxes of \$40,996 being paid. July figures were not yet available.

Since the last board meeting, one Minor in the Casino Citation was issued, which was a holdover from when the casinos were open.

Regarding supplier licensing and vendor registration, Mr. Kalm advised the Board that as of July 31, 2020, 540 active vendor exemptions were registered. As of July 31, 2020, 297 casino supplier companies were granted exemption from supplier licensing requirements.

Mr. Kalm reported a total of three active temporary nongaming-related and 11 active temporary gaming-related supplier licenses in effect. There are 95 annual supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised the Board as of July 31, 2020, the Board's Employee Licensing section issued a total of 2,128 occupational licenses to MGM employees; 1,652 occupational licenses to MotorCity employees; and 1,288 occupational licenses to Greektown employees. In addition, 1,492 employees of various licensed casino suppliers have been granted occupational licenses. Currently, there are 108 temporary occupational licenses in effect.

Mr. Kalm advised the Board that since the June 2020 public meeting; the required background investigations of 28 pending Level 1 and Level 2 occupational licenses have been completed. Prior to the August 2020 meeting Mr. Kalm approved 96 occupational license renewal requests and 2 Level 3 applications on behalf of the Board.

Mr. Kalm also reported Michigan State Police (MSP) activity was halted as personnel were assigned other duties during the time the casinos were closed. As the casinos reopen with higher percentage levels, they will be returning to their regular duties.

Mr. McQueen asked if the Board could experience funding issues if its revenue stream does not build? Mr. Kalm stated there are some funding issues right now from the state as a whole; the Board is entirely dependent on utilizing the funds generated by the people it regulates. The State Services Fee Fund, which is assessed to each of the casino operators, is approximately \$30 million and the bulk of the Board's budget. Mr. Kalm doesn't anticipate the Board will experience an issue of funding. However, some of the Board's ancillary areas such as charitable gaming, which has approximately 22 FTEs assigned, are threatened primarily because there has been no charitable gaming. Mr. Kalm does not anticipate an appreciable amount of charitable gaming ticket sales which is how this portion of the budget is funded through Lottery. Mr. Kalm informed the Board many of those FTEs have begun being reprogrammed to positions in licensing to fill what are anticipated to be open positions in the near future with the start of online gaming. The funding source for online gaming is separate from the State Services Fee Fund and the Board is hopeful that once it starts receiving those funds it will help.

Mr. Kalm also expects the Board to be reimbursed for the personnel that were assisting UIA. The State Police personnel which had been assigned to the casinos were moved out of the Board's budget which provided cost savings and the same was said for several of the Attorney General's staff which are assigned to the Board. Personnel from State Police and Attorney General's office are expected to be reinstated sometime after the beginning of the fiscal year beginning October 1, 2020.

Mr. Kalm gave an update on the Rule making process for online gaming and online sports betting. A public rules hearing is scheduled for later in September. The rules will then go into the legislative review process. The Board began accepting applications from suppliers on May 15 and from operators and vendors as of June 30. The background investigations and licensing process has begun on those. As of August 10, 2020, applications have been received from 11 operators, 15 suppliers, and eight vendors.

Mr. Anthony asked about issues surrounding internal controls with online gaming geo locations and age restrictions. Mr. Kalm said the Board is working on that right now and anticipates having a demonstration for the Board at the October meeting.

Next, the Board considered for approval, the recommendation of the Executive Director and the Casino Operations Division's Employee Licensing staff regarding the 28 Level 1 and Level 2 occupational license applications.

There being no questions from Board Members, it was moved by Mr. McQueen 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 28 pending Level 1 and Level 2 occupational license applications. A roll call 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 Essex Linen Limited, and HMD Entertainment LLC. There were no questions from Board Members. A motion was made by Mr. Palms and supported by Mr. McQueen 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. A roll call vote was taken.

Motion carried.

Next agenda item was consideration of the Licensing, Investigations, & Audit Division's recommendations regarding the pending supplier license renewal requests of AGS, LLC; Cadillac Travel, Inc.; China Town Market, Inc.; Crispelli's Inc. d/b/a Bread by Crispelli's with new key persons AWMM Holding LLC, BWG INV3 LLC, Beckway Group LLC, PMCR Holdings LLC, Carter Thomas, LLC, Thomas Anderson, Mark Habner, and Mindy Luxonbery-Grant; Galaxy Gaming, Inc.; Gaming Laboratories International, LLC; Greektown Propco LLC; Halifax Security, Inc. d/b/a North American Video; JCM American Corporation d/b/a JCM Global; Kimprint, Inc. d/b/a Progressive Printing; Konami Gaming, Inc. with new key person Kimito Kuba; Mercury Fulfillment Systems, Inc. d/b/a Mercury Promotions & Fulfillment; Perfect Cleaners of Detroit, Inc.; and Unique Linen Services, Inc.

There being no questions from Board Members, Mr. Palms supported the motion put forth by Ms. Smith 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 roll call vote was taken.

Motion carried.

The next item on the agenda was to consider the Licensing, Investigations & Audit Division's recommendation regarding the suitability of New Key Person of Ainsworth Game Technology, Inc. Samuel Lawrence Levy. There were no questions from Board Members. A motion was made by Mr. McQueen and supported by Ms. Smith that the Board approve the suitability. A roll call vote was taken.

Motion carried.

The next item on the agenda was to consider the Licensing, Investigations & Audit Division's recommendation regarding the suitability of New Key Person of Greektown Casino LLC, David Edward Williams. There were no questions from Board Members. A motion was made by Mr. Palms and supported by Mr. McQueen that the Board approve the suitability. A roll call vote was taken.

Motion carried

Next the Board considered the Licensing, Investigations, and Audit Division's recommendation regarding the pending Transfer of Interest of Crispelli's Inc., d/b/a Bread by Crispelli's. There were no questions from Board Members. A motion was made by Ms. Smith and supported by Mr. Palms. A roll call vote was taken.

Motion carried.

The Board next considered the Casino Operations Division's recommendation regarding the Acknowledgment of Violation of casino licensee Detroit Entertainment, LLC. There were no questions from Board Members. Mr. McQueen put forth the motion for approval which was supported by Ms. Smith. A roll call vote was taken.

Motion carried.

The last business item for the Board's consideration was the Casino Operations Division's recommendations regarding the Acknowledgements of Violation of supplier licensees Aristocrat, Inc., and Incredible Technologies, Inc. There were no questions from Board Members. Mr. Palms put forth the motion for approval which was supported by Mr. McQueen. A roll call vote was taken.

Motion carried.

Mr. Anthony then asked the Board Members to review the tentative proposed public meeting schedule they had been provided. There was no discussion or questions. Mr. Anthony asked for a motion to approve which was made by Ms. Smith and supported by Mr. McQueen. A roll call vote was taken.

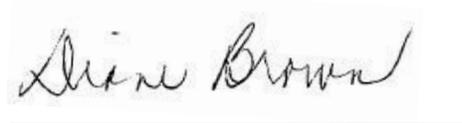
Motion carried.

Mr. Anthony then announced the Board's next regular public meeting would be held Tuesday, October 13, 2020, at 9:30 a.m.

Mr. McQueen then made a motion to adjourn the public meeting which was supported by Ms. Smith. A roll call voice vote was taken.

Motion carried.

Mr. Anthony adjourned the meeting at 10:14 a.m.

A handwritten signature in cursive script that reads "Diane Brown". The signature is written in black ink on a white background.

Diane Brown, Board Secretary