

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

November 10, 2020 9:30 a.m.
MEETING MINUTES

On Tuesday, November 10, 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
Mr. Patrick McQueen, via video

Also attending:

Richard Kalm, Executive Director
Diane Brown, Board Secretary
Mary Kay Bean, MGCB Communications Specialist,
Moderator via video
Mr. Gerald Whalen, Assistant Attorney General
D/F/Lt. Brad Cox, MSP

Business:

Mr. Anthony called the meeting to order at 9:35 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 special public meeting held October 26, 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 October 26, 2020 special public meeting. A voice vote was taken.

Motion carried.

Executive Director Kalm presented his report to the Board stating since the last board meeting Assistant Director Mark Mazzone retired from his position with MGCB. MGCB has 129 full-time employees and 14 vacant positions.

Regarding the Board's budget, as of the end of the fiscal year September 30, 2020, total expenditures were \$37,444,207 leaving an unexpended balance of \$4,340,921 in appropriated funding for fiscal year 2020. As of October 31, 2020, total expenditures were \$777,495, leaving

an unexpended balance for fiscal year 2021 of \$34,664,505 which includes funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Kalm stated all three commercial casinos continued to operate 24/7 since reopening on August 5, 2020, albeit at 15% capacity. Aggregate revenue for the month ending August 31, 2020 was down 42.1% when compared to the same period in 2019. Revenue was up 100% from July 2020. Year-to-date August 31, 2020 revenue was down 62% compared to the same period in 2019. For the three months ending August 31, 2020, Mr. Kalm reported aggregate revenue for the three Detroit casinos was down 80%.

For casino operations in September 2020, aggregate revenue was up 26% compared to August 2020. For the quarter ending September 30, 2020, aggregate revenue was down 52%.

Aggregate revenue for the month ending October 31, 2020 was down 18.9% when compared to the same month in 2019. Revenue was up 6.7% when compared to September 2020. For the three-month period ending October 31, year-to-date revenue was down 27.8% when compare to the same three months in 2019. Specifically, MGM was down 30.9% to \$102.5 million, MotorCity was down 20.9% to \$93 million, and Greektown was down 32.3% to \$55 million when compared to 2019. Gaming taxes for the three commercial casinos in October 2020 were \$20.3 million compared to \$28.2 million last year.

Mr. Kalm provided information regarding fantasy sports. For the year-to-date period ending September 30, 2020, fantasy contest operators reported total adjusted revenues of \$10.2 million and paid taxes of \$857,770. For the year-to-date October 31, 2020, the retail sports betting gross receipts for MGM were \$6.8 million, MotorCity \$4.3 million, and Greektown \$3.0 million. State taxes on retail sports betting was \$287,166 across all three properties. The three Detroit casinos also reported submitting to the City of Detroit \$350,980 in retail sports betting taxes.

Regarding supplier licensing and vendor registration, Mr. Kalm advised the Board that as of October 31, 2020, 586 active vendor exemptions were registered. As of October 31, 2020, 301 casino supplier companies were granted exemption from supplier licensing requirements.

Mr. Kalm reported a total of 61 active temporary nongaming-related and 11 active temporary gaming-related supplier licenses in effect. There are 93 annual supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised the Board's Employee Licensing section issued a total of 1,685 occupational licenses to MGM employees; 1,603 occupational licenses to MotorCity employees; and 1,253 occupational licenses to Greektown employees. In addition, 1,488 employees of various licensed casino suppliers have been granted occupational licenses. Currently, there are 70 temporary occupational licenses in effect.

Mr. Kalm advised the Board that since the August 2020 public meeting; the required background investigations of 64 pending Level 1 and Level 2 occupational licenses have been completed. Prior to the November 2020 meeting, Mr. Kalm approved 580 occupational license renewal requests and nine Level 3 applications on behalf of the Board.

Mr. Kalm then went on to explain the new law signed on October 16, 2020 regarding Disassociated Persons. Public Act 225 of 2020 signed by the Governor, allows Disassociated Persons to request removal from the lifetime ban after five years on the list. As of November 5, 2020, the Board has received 137 applications seeking removal. Those requests are being reviewed. One request out of the 137 was denied to the person not being on the list for at least five years.

Regarding internet gaming and sports betting, a public meeting was held on September 23, 2020 via Microsoft Teams. The purpose of the meeting was to allow interested persons to comment on the internet sports betting and internet gaming rules. There were no comments addressing the substance of the rules. The final rule set was sent to the Joint Committee on Administrative Rules (JCAR) on October 6, 2020. Along with the rules, the Board also submitted to JCAR a request for the Committee to waive the remaining session days and approve the rules. The Board has not received a response as of the date of this meeting.

Regarding licensing for internet gaming and internet sports betting, the Board was provided with a list of what has been involved with licensing. Most all the provisional licenses for platform providers for online gaming or online sports betting cannot be issued until the rules have been approved. There have been 48 unique entities that have applied for igaming or sports betting licenses and 126 unique entities that have applied for either igaming or isports betting exemptions or vendor licenses.

Mr. Kalm also reported Michigan State Police (MSP) began returning to their regular duties when the casinos reopened in August.

Next, the Board considered for approval, the recommendation of the Executive Director and the Casino Operations Division's Employee Licensing staff regarding the 64 Level 1 and Level 2 occupational license applications.

There being no questions from Board Members, it was moved by Mr. Palms and supported by Mr. McQueen that the Board enter an Order accepting and adopting the recommendations. 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 1st Choice Distributors, LLC; Ainsworth Game Technology Limited; Dee Cramer, Inc.; Del Bene Produce, Inc.; Guideline Mechanical, Inc.; Jasman Construction, Inc.; JMC Electrical Contractor, LLC d/b/a JMC Technology Group; Premier Services Group, LLC; RAM Construction Services of Michigan, Inc. with New Key Person Steven Michael Nagel; Reliable Landscaping, Inc.; Socios Holdings, Inc. d/b/a Quality Meats & Culinary Specialties; The Herjavec Group Corp.; Turner Electrical Services, Inc. with New Key Person Turner Electric Company; and Wolverine Mailing, Packaging, Warehouse, Inc. d/b/a Wolverine Solutions Group.

There being no questions from Board Members, Mr. Palms supported the motion put forth by Mr. McQueen 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 Konami Gaming Inc. Yoshihiro Matsuura. There were no questions from Board Members. A motion was made by Mr. Palms and supported by Mr. McQueen that the Board approve the request for 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 pending casino license renewal of MGM Grand Detroit, LLC with New Key Persons George Tibor Kliavkoff, Atif Choudhry Rafiq, Kathryn Coleman, and Charles Ralston Irving III. There were no questions from Board Members. A motion was made by Mr. McQueen and supported by Mr. Palms that the Board approve the renewal request. 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 pending casino license renewal of Detroit Entertainment, LLC d/b/a MotorCity Casino. There were no questions from Board Members. A motion was made by Mr. Palms and supported by Mr. McQueen. 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 pending casino license renewal of Greektown Casino, LLC with New Key Person Todd George. There were no questions from Board Members. Mr. McQueen made the motion for approval which was 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 occupational licensee Rebecca Anne Tajak. Assistant Attorney General Bethany McCune summarized the facts of the Violation. 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.

The last item on the agenda for the Board's consideration was the Casino Operations Division's recommendations regarding the Administrative Law Judge's Proposals for Decision of occupational licensees Christopher Moore and Malik Antonio Sanford. Ms. McCune again outlined the facts of these matters. There were no questions from Board Members. Mr. McQueen made the motion which was supported by Mr. Palms that the Board approve the recommendations. A roll call vote was taken.

Motion carried.

Mr. Anthony then turned the meeting over to Kevin Mullally, Vice President for Governmental Relations and General Counsel for Gaming Laboratories International (GLI). Mr. Mullally presented information regarding GLI's involvement with the Board as an Independent Testing Lab and how GLI has been working with Board staff with regard to internet gaming and internet sports betting.

Following Mr. Mullally was John Pappas with Corridor Consulting in Washington DC. Corridor Consulting supports GeoComply, a firm focused on geolocation-based security, location fraud detection, and the protection of digital content. Mr. Pappas provided a presentation on how

geolocation works and how it will monitor igaming and isports betting player location to be sure bets are only being placed in Michigan.

There were two questions from the public, both pertaining to when the Board expects online gaming to be operational. Mr. Kalm explained the waiting period with JCAR and that Board staff is waiting for suppliers and platform providers to submit all of the required forms.

Mr. Anthony then announced the Board's next regular public meeting would be held Tuesday, December 8, 2020, at 9:30 a.m.

Mr. Anthony then asked for a motion for the Board to go into closed session. Mr. McQueen made the motion which was supported by Mr. Palms. A roll call vote was taken.

Motion carried.

Following the closed session, Mr. McQueen then made a motion to adjourn the public meeting which was supported by Mr. Palms. A roll call voice vote was taken.

Motion carried.

Mr. Anthony adjourned the meeting at 11:37 a.m.

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

Diane Brown, Board Secretary