

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

January 12, 2021 9:30 a.m.
MEETING MINUTES

On Tuesday, January 12, 2021, 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 phone
Ms. Barbara Smith, 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 9:30 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 special public meeting held November 10, 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 Ms. Smith and supported by Mr. Palms that the Board accept and approve the minutes of the November 10, 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 two new employees were hired and two resigned their positions 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 December 31, 2020, total expenditures were \$5,580,990 leaving an unexpended balance of \$30,223,150 in appropriated

funding for fiscal year 2021, which includes funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Kalm explained that the three Detroit commercial casinos remained closed under the emergency order issued by the Department of Health and Human Services on November 15, 2020, from November 18, 2020 through December 22, 2020. On December 23, 2020, the three commercial casinos were allowed to reopen with limited capacity restrictions in accordance with the emergency order.

For casino operations, in December 2020, the casinos reported \$23.93 million in monthly aggregate revenue while operating at limited capacity. Table games and slots generated \$22.05 million in revenue while \$1.88 million was generated from retail sports betting.

Market shares for December were MGM 35%; MotorCity 41%; and Greektown 24%.

With regard to table games and slot revenue and taxes for December 2020, Mr. Kalm reported the casinos' revenue for table games and slots for the month ending December 31, 2020 was down 82.8% when compared to the same month last year. Revenue was down 54.1% when compared to the previous month, November 2020. For year-to-date December 31, 2020, the aggregate revenue for the three Detroit casinos was down 57.3% compared to the same period last year.

Revenue for MGM was down 86% to \$7.59 million, MotorCity was down 79% to \$9.09 million, and Greektown was down 82.1% to \$5.37 million, when compared to December 2019.

For the month ending December 31, 2020, gaming taxes for the three Detroit casinos were \$1.8 million compared to \$10.4 million for the same period last year.

The three Detroit casinos reported paying the City of Detroit \$2.6 million in wagering taxes and development agreement payments during December 2020.

Regarding retail sports betting revenue and taxes Mr. Kalm stated retail sports betting qualified adjusted gross receipts for the month ending December 31, 2020 for MGM was \$776,788, MotorCity \$646,003, and Greektown \$460,449. Total Handle reported by the three Detroit casinos was \$9,720,393.

For the month ending December 31, 2020, retail sports betting taxes for the three Detroit casinos were \$71,186.

The three Detroit casinos reported paying the City of Detroit \$87,006 in retail sports betting taxes during December 2020.

Mr. Kalm then reported year ending December 31, 2020 revenue for slots, table games and retail sports betting. Total yearly aggregate revenue consisted of slots in the amount of \$500.4 million (78%), table games in the amount of \$120.0 million (19%), and retail sports betting in the amount of 18.3 million (3%).

The market shares for 2020 were MGM 41%, MotorCity 36% and Greektown 23%.

Gaming revenue (slots & table games) for the three Detroit casinos for the year ending December 31, 2020 was down by 57.3% to \$620.4 million compared to the same period last year. Gaming

revenue for MGM, MotorCity, and Greektown were down by 58.8% to \$257.1 million, 54.9% to \$222.7 million, and 58.3% to \$140.6 million respectively, when compared to the year 2019.

Aggregate retail sports betting qualified adjusted gross receipts for the three casinos for year-to-date December 31, 2020, totaled 18.3 million. MGM, MotorCity, and Greektown totaled \$8.2 million, \$6.0 million, and \$4.1 million, respectively.

For the year ending December 2020, wagering taxes for the three Detroit casinos were \$50.3 million compared to \$117.8 million for the year 2019 for slots and table games and \$690,865 for retail sports betting.

Regarding fantasy contests, Mr. Kalm reported for the month ending November 30, 2020, fantasy contest operators reported total adjusted revenues of \$2.2 million and paid taxes of \$188,543.

For year-to-date November 30, 2020, the aggregate fantasy contest adjusted revenues reported by the fantasy contest operators totaled \$14.7 million and taxes paid totaled \$1.2 million.

Mr. Kalm informed the Board that the December information is not required to be reported until the end of January.

Regarding supplier licensing and vendor registration, Mr. Kalm advised the Board that as of December 31, 2020, 629 active vendor exemptions were registered. As of December 31, 2020, 304 casino supplier companies were granted exemption from supplier licensing requirements.

Mr. Kalm reported a total of four active temporary nongaming-related and 12 active temporary gaming-related supplier licenses in effect. There are 91 annual supplier licenses in effect.

Regarding occupational licensing, Mr. Kalm advised that the Board's Employee Licensing section issued a total of 1,719 occupational licenses to MGM employees; 1,594 occupational licenses to MotorCity employees; and 1,058 occupational licenses to Greektown employees. In addition, 1,526 employees of various licensed casino suppliers have been granted occupational licenses. Currently, there are 47 temporary occupational licenses in effect.

Mr. Kalm advised the Board that since the November 2020 public meeting the required background investigations of 109 pending Level 1 and Level 2 occupational licenses have been completed. Prior to the November 2020 meeting, Mr. Kalm approved 907 occupational license renewal requests and 58 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 December 31, 2020, the Board has received 284 applications seeking removal. Of those, 118 requests have been approved and two requests were denied due to the applicants not responding to information requested from the board. The remaining 164 requests are currently being reviewed.

Regarding internet gaming and sports betting: for suppliers, there are 53 unique entities having applied for either igaming or sports betting licenses (79 applications). For vendors, there are 175 unique entities having applied for either igaming or sports betting licenses (307 applications).

<u>Type</u>	<u>Number Issued</u>
Provisional Lic.- Internet Gaming	32
Provisional Lic. - Sports Betting	27
Vendor Reg.- Sports Betting	87
Vendor Reg. - Internet Gaming	112

Mr. Kalm also reported Michigan State Police (MSP) began returning to their regular duties when the casinos reopened December 23, 2020.

The first item of business was for the Board to consider proposed Board Resolution No. 2021-01, delegating authority to the executive director and board staff pursuant to the Lawful Internet Gaming Act, MCL 432.301. There being no questions from Board members, a motion was made by Mr. Palms to approve the proposed resolution. The motion was supported by Mr. McQueen. A voice vote was taken.

Motion carried.

The next item of business was for the Board to consider proposed Board Resolution No. 2021-02, delegating authority to the executive director and board staff pursuant to the Lawful Sports Betting Act, MCL 432.302. There being no questions from Board members, a motion was made by Mr. McQueen to approve the proposed resolution. The motion was supported by Mr. Palms. A voice vote was taken.

Motion carried.

Next, the Board considered for approval, the recommendation of the Executive Director and the Casino Operations Division's Employee Licensing staff regarding the 109 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. A roll call vote was taken.

Motion carried.

The following item was consideration of the Licensing, Investigations, & Audit Division's recommendations regarding the pending supplier license applications of Marketing Performance Group, Inc.; Universal Hotel Supply, Inc.; and Novomatic Americas Sales LLC. There were no questions from Board members. A motion was made by Mr. Palms and supported by Mr. McQueen to approve the requests. A voice 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 Baratta Brothers, Inc. d/b/a Fairway Packing Company, Inc.; Concept 3 LLC; Dillon Energy Services, Inc.; Diversified Construction Specialists, Inc.; Foresite Sports, Inc. d/b/a Interactive Promotions Group; KLP Specialty Food, Inc.; Master Craft Carpet Service, Inc. d/b/a Master Craft Floors;

Micro Wise, Inc.; and Surveillance Systems Integrations, Inc. d/b/a Surveillance Systems Incorporated.

There being no questions from Board Members, Ms. Smith 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 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 Kelly Shawn Anderson; Pierre Douglas; Chandra Aliece Grady; and Taron Sherman. Assistant Attorney General Jason Geissler outlined the facts of these matters. There were no questions from Board Members. None of the licensees or their representatives were present to address the Board. Ms. Smith made the motion which was supported by Mr. Palms that the Board approve the recommendations. A roll call vote was taken.

Motion carried.

The Board next considered the Casino Operations Division's recommendations regarding the Acknowledgments of Violation of occupational licensees Saman Koreil; Ronita McCall; and Philicia Thomas. Assistant Attorney General Jason Geissler summarized the facts of the Violations. 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. Kalm then once again addressed the Board with regard to the status of the launch of Internet Gaming and Sports Betting.

There were two questions from the public, both pertaining to when the Board expects online gaming to be operational. Mr. Kalm explained the Board expects to announce a launch date before January 19, but it would take the platform providers and operators a few days to test their sites.

Mr. Anthony then announced the Board's next regular public meeting would be held Tuesday, February 9, 2021, 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 Ms. Smith. A roll call vote was taken.

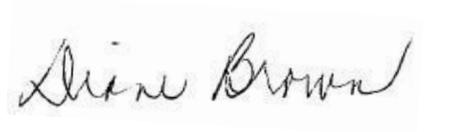
Motion carried.

Following the closed session, the public meeting resumed, and a voice vote was taken to approve the minutes from the November 10, 2020 closed session. Motion carried.

Mr. Palm 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 10:30 a.m.

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

Diane Brown, Board Secretary