

STATE OF MICHIGAN
MICHIGAN GAMING CONTROL BOARD

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

Tuesday, May 10, 2016
9:30 a.m.

MINUTES

On Tuesday, March 22, 2016, the Michigan Gaming Control Board held a public meeting at the Board's office in the Cadillac Place, 3062 W. Grand Boulevard, Suite L-700, Detroit, Michigan.

Present: In attendance were the following Board members:

Mr. Robert Anthony, Chairperson
Mr. Patrick McQueen
Mr. Andrew Palms
Mr. Michael Watza

Also attending was:

Mark Mazzone, Deputy Director
James Wolf, Inspector, MSP
Melinda Leonard, Assistant Attorney General
Diane Brown, Board Secretary

Business:

Mr. Anthony called the public meeting to order at 9:32 a.m. It was noted for the record Executive Director Richard Kalm and Board Member Carla Walker-Miller were absent. There was no preliminary business for discussion.

Mr. Anthony stated the first order of business was to approve the minutes from the Board's last regular public meeting held January 12, 2016. Mr. Anthony noted Board members previously received copies of the minutes and asked if there were any questions, concerns, or corrections.

There being none, a motion was made by Mr. Watza, which was supported by Mr. Palms, for the Board to accept and approve the minutes of the January 12, 2016, regular public meeting. A voice vote was taken.

Motion carried.

Deputy Director Mark Mazzone presented the Executive Director's report to the Board stating Carla Schulte was promoted to Principal Enforcement Manager in the Casino Audit & Enforcement Division, Student Assistant Zarren Grennell was promoted to Department Analyst and Michael Bjork was promoted to Manager. Since the January 12, 2016 meeting, six employees left the agency. MGCB has 129 full-time employees.

With regard to the Board's budget, as of February 29, 2016, total expenditures were \$9,013,376 leaving an unexpended balance of \$18,644,224 in appropriated funding for fiscal year 2016 which includes funds for anticipated expenditures to the Attorney General's Office and the Michigan State Police.

Mr. Mazzone next reported for the month ending February 29, 2016, aggregate revenue for the three Detroit casinos was up 1.7 % when compared to the same month last year. Revenue was up 6.7% when compared to January 2016. Year-to-date gaming revenue for the three Detroit casinos was up 0.1% percent compared to the same period last year.

Revenue for MGM was down .7% to \$47.2 million, MotorCity revenue was up 3.5% to \$40.4 million, and Greektown revenue was up 3.4% to \$28.8 million when compared to February 2015.

For the month ending February 29, 2016, gaming taxes for the three Detroit casinos were \$9.4 million compared to \$9.3 million for February 2015. The market shares for MGM, MotorCity, and Greektown for February 2016, were 40%, 35%, and 25%, respectively.

For the month of February 2016, the three Detroit casinos reported submitting \$13.9 million in wagering taxes and development agreement payments to the City of Detroit.

With regard to supplier licensing and vendor registration, Mr. Mazzone advised the Board as of February 29, 2016, 758 active vendor exemptions were registered. As of February 29, 2016, 306 casino supplier companies were granted exemption from supplier licensing requirements. As of February 29, 2016, there were a total of 11 active temporary nongaming-related and nine active temporary gaming-related supplier licenses in effect.

In regard to occupational licensing, Mr. Mazzone advised the Board as of February 29, 2016, the Board's Employee Licensing section issued a total of 2,167 occupational licenses to MGM employees; 1,745 occupational licenses to MotorCity employees; and 1,498 occupational licenses to Greektown employees. In addition, through the month of February 2016, 1,658 employees of various licensed casino suppliers have been granted occupational licenses. There are currently 53 temporary occupational licenses.

Mr. Mazzone advised the Board since the January meeting, the required background investigations for 178 pending Level 1 and 2 occupational licenses have been completed. The Executive Director previously approved 654 renewal requests and 76 Level 3 requests on behalf of the Board.

Mr. Mazzone reported Michigan State Police (MSP) Board-related activity. It was noted MSP has several vacancies. MSP reported investigating 154 original complaints and made 44 arrests for the months of January and February 2016.

Concluding the Executive Director's report, Mr. Mazzone informed the Board of several noted MSP activities for the months of January and February which were not available in the public forum but for Board information only.

Next, the Board considered for approval, the recommendation of the Executive Director and the Licensing & Investigations Division's staff regarding the 178 Level 1 and 2 occupational license applications.

There being no questions from Board members, it was moved by Mr. Palms and supported by Mr. Watza that the Board enter an Order accepting and adopting the recommendations of the

Executive Director and the Licensing & Investigations 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 pending supplier license applications of Acres 4.0; Gambler's Oasis LLC; Supreme Distributors Inc. d/b/a Seafood Company; and Tony DeLeon & Associates, Inc. d/b/a Playersoft Technologies.

There were no questions from Board members. A motion was made by Mr. Watza and supported by Mr. Palms that the Board enter the Orders finding and concluding the applicants are eligible and suitable for licensure and, accordingly, grant the requests. A voice vote was taken.

Motion carried.

Next agenda item was consideration of the pending supplier license renewal applications of Ainsworth Game Technology Limited; Cadillac Coffee Company; Cadillac Travel, Inc.; ComSource, Inc.; Davis Iron Works, Inc.; Dumas Construction Services, Inc.; Eagle Star, Inc. d/b/a Eagle Star Equipment; Edward Don & Company; Halifax Security, Inc. d/b/a North American Video; LaBelle Electric Service, Inc.; MIG East, LLC; Northern Lakes Seafood & Meats, LLC; Perich + Partners, Ltd; SMS Staffing Solutions, Inc.; Thermal-Netics, Inc.; and Voice Data Systems, LLC.

There being no questions from Board members, Mr. McQueen put forth a motion which was supported by Mr. Watza that the Board enter Orders finding the above-listed 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 consideration of the withdrawal request of the supplier license application of The United States Playing Card Company.

There were no questions; therefore; a motion was put forth by Mr. Palms and supported by Mr. Watza that the Board enter an Order granting the request. A voice vote was taken.

Motion carried.

The next agenda item was the request for a proposed transfer of interest pending Board approval for Edward Don & Company. There was no discussion or questions regarding the request therefore a motion was made by Mr. Watza and supported by Mr. McQueen to approve the request. A voice vote were taken.

Motion carried.

Next was consideration of MGM Grand Detroit's request for approval of a debt transaction, suitability of new qualifying businesses, eligibility of new qualifying individuals, and related requests. Mr. Uri Clinton and Ms. Lauren Hanrahan addressed the Board on behalf of MGM Grand Detroit to explain the details of the request and answer questions from the Board. Mr. Clinton explained that MGM has a plan to create a controlled REIT where a subsidiary would be created and a portion would be part of an IPO and publicly held. Mr. McQueen inquired about the percentage of capital MGM expected to raise and if MGM would be reporting on a consolidated

basis to shareholders. Mr. Clinton stated the consolidated report would include the approximately 70 percent that MGM would own of the REIT.

After discussion, there were no other questions from Board Members and Mr. Anthony asked for a motion to approve the request. The motion was made by Mr. McQueen and supported by Mr. Palms. A voice vote was taken.

Motion carried.

The next item on the agenda was consideration of the Acknowledgements of Violation (AOV) of casino licensee MGM Grand Detroit, LLC d/b/a MGM Grand Detroit Casino.

There were two Acknowledgements of Violation before the Board. For the first item Assistant Attorney General Melinda Leonard presented an overview of the facts where a 2003 Board Order issued for a debt transaction outlined certain reporting requirements to be included with MGM's quarterly audit reports. It was discovered MGM had not been complying with the requirements. The second item was explained by Tom Nafso, Assistant Attorney General, stating the violation involved six separate incidents in which minors entered the casino. Three of the six minors made wagers. All of the incidents were self-reported by MGM. Mr. Peter Ellsworth addressed the Board on behalf of MGM. There were no questions from Board members. Mr. Palms put forth the motion to accept the violation which was supported by Mr. Watza. A voice vote was taken.

Motion carried.

The last business item of the agenda was consideration of the Acknowledgement of Violation of casino licensee, Detroit Entertainment, LLC d/b/a MotorCity Casino. Assistant Attorney General Jason Geissler addressed the Board to explain the violation. The AOV encompassed five different violations – a supplier having an employee on the casino floor without an occupational license, underage minor on the casino premises, disassociated person that completed a global payment transaction at one of the cage windows, unapproved software, and a card mix up with two automatic card shufflers malfunctioning. Ms. Cheryl Scott-Dube addressed the Board on behalf of MotorCity Casino. Ms. Dube did not have anything to add regarding the matters.

There being no questions from Board Members, Mr. Anthony asked for a motion to approve the AOV which was put forth by Mr. Watza and supported by Mr. McQueen. A voice vote was taken.

Motion carried.

There were no public comments.

Mr. Anthony announced the next public meeting would be held on Tuesday, May 10, 2016 at 9:30 a.m.

A motion was made by Mr. McQueen which was supported by Mr. Palms for the Board to go into closed session. A roll call vote was taken. All members voted aye.

Motion carried.

The Board returned from closed session at 10:40 a.m. and Mr. Anthony asked for a motion to approve the minutes from the closed session held January 12, 2016. Mr. Watza put forth the motion which was supported by Mr. Palms. A voice vote was taken.

Motion carried.

Lastly, Mr. Anthony asked for a motion to adjourn the public meeting which was made by Mr. McQueen and supported by Mr. Watza. A voice vote was taken.

Motion carried.

Meeting adjourned at 10:43 a.m.

Diane Brown, Board Secretary