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The _____ MICHIGAN GAMING _____ Newsletter



NCAA FINAL FOUR TOURNAMENT HAS POSITIVE IMPACT ON DETROIT

This past weekend, an estimated 100,000 people traveled to the city of Detroit for the 71st Annual NCAA Men's Basketball Final Four, which was held at Ford Field, home of the Detroit Lions. The sold out Tournament brought the largest Final Four crowd in the event's history.

The Tournament brings a much needed economic boost to businesses in the Metro Detroit area. All of the area's hotels, including the hotels operated by the three Detroit Casinos, were fully booked for the event. The NCAA had estimated that the Final Four brought an infusion of \$30-\$50 million to the Metro Detroit area.

In consideration of the event, the Ontario Lottery and Gaming Corporation and Caesars Windsor, located in Windsor, Ontario, Canada, suspended betting on men's NCAA basketball during the Final Four Tournament. The mandate came upon the request of the NCAA. Detroit's three commercial casinos, MGM Grand Detroit, MotorCity Casino and Greektown Casino do not offer sports wagering, in accordance with state and federal law.

COBO CENTER EXPANSION DEBATE CONTINUES

Today, April 9, 2009, Wayne County Circuit Court Judge Isadore Torres blocked a regional authority for Cobo Center, by ruling Detroit Mayor Kenneth Cockrel Jr. did not possess authority to veto a City Council's decision to nullify the state law which initially created the authority.

On Monday, negotiations between the Detroit City Council and Detroit Mayor Kenneth Cockrel Jr., regarding the expansion of Cobo Center, ended

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when a power failure at the Coleman A. Young Municipal Center forced an evacuation.

Last, Thursday, April 2, 2009, a closed session was held by the Detroit City Council in an attempt to discuss the council's lawsuit against Mayor Kenneth Cockrel Jr. Only four of the eight council members made an appearance at the meeting. Five were required to make a quorum.

The court's ruling stems from a February 24, 2009 city council vote rejecting the transfer of authority for Cobo Center to a five-person regional authority to oversee a proposed \$288 million Cobo Center expansion. Mayor Cockrel vetoed the council's motion to reject the plan. The court has now ruled that he did not have the authority to veto the council's decision.

The vetoed plan would have added an additional 166,000 square feet to Cobo Center, 24,000 of which would have been devoted to expanding Wayne Hall as well as clearing the 12,000 seat arena to create additional convention and exhibition space. The plan was to be funded by a combination of hotel, liquor and cigarette taxes from Wayne, Macomb and Oakland counties.

Cobo Center is currently home to the North American International Auto Show, which brings the city of Detroit an estimated \$470 million annually.

If it is determined that the regional authority cannot gain control over Cobo Center, *The Detroit News* reported last Friday that Oakland County Executive L. Brooks Patterson has proposed three potential alternative sites to host the North American International Auto Show. These sites include: General Motors Centerpoint Business Campus, located in Pontiac; Rock Financial Showplace, located in Novi and the Pontiac Silverdome, located in Pontiac.

Given the growth of the Auto Show over the years, the show's organizers have made it clear that expanded and updated facilities are needed.

LEGISLATIVE SMOKING BAN UPDATE

The issue of a proposed smoking ban in Michigan restaurants, bars and public places has been put on hold, as the Michigan House and Senate have indicated they are placing more emphasis on the state's budgetary issues.

According to a report by *The Detroit News*, "[t]he smoking ban is an important issue, but jobs and the budget are more important right now," said Andy Dillon (D-Redford Township). "I see us getting back to the smoking issue by summer."

Recent efforts for a smoking ban have been taken up by the House Regulatory Reform Committee, which began holding a series of hearings on the topic. The House Committee has several bills before it that address the topic of a smoking ban.

Notably, in December of 2007, the Michigan House of Representatives passed a smoking ban which allowed an exemption from this prohibition for the Detroit casinos and cigar bars. On May 8, 2008, the Michigan Senate passed its substitute version for the bill, which provided for a "total" smoking ban, and removed the exemptions for cigar bars and the Detroit casinos.

On Wednesday, March 25, 2008, MGM Grand Detroit President and COO Lorenzo Creighton provided testimony to the House Regulatory Reform Committee regarding a proposed statewide smoking ban. Mr. Creighton testified that a statewide smoking ban in public places would cut casino business by 11 to 22 percent in the first year of implementation, based on industry figures reflected when similar bans went into effect in Delaware, Illinois, Colorado and Windsor, Ontario.

Bruce Dall, CFO for MotorCity Casino, also provided testimony emphasizing that a ban would likely create a combined expected workforce loss of an estimated 750-1,500 employees at the three Detroit commercial casinos.

As a result of Tribal sovereignty, Michigan's Native American casinos currently operating under Class III Gaming Compacts are not subject to a state mandated smoking ban.

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HORSE RACING COMMISSIONER PROHIBITS USE OF STEROIDS

On April 1, 2009, Racing Commissioner, Christine C. White announced that, effective immediately, the presence of anabolic steroids is prohibited in all horses entered to race at any pari-mutual track in Michigan. The new rule comes amidst a national trend which seeks to crack down on anabolic steroid use. Michigan will be administering state-of-the-art tests using blood samples to check for the presence of steroids.

“Integrity remains our priority,” said Commissioner Christine C. White. “By incorporating a testing program for anabolic steroids, we are letting everyone know, both horsemen and those wagering we are serious.”

CAESARS WINDSOR TO CONVERT FULL-TIME POSITIONS

On Monday, Caesars Windsor announced that it will be switching a number of full-time positions to part-time, in order to stay competitive in the region. The transition comes, despite a reported 19 percent increase in revenue last quarter, as compared to the prior year.

Caesars Windsor is located in Windsor, Ontario, Canada. The casino property underwent a \$439 million expansion and renovation last June, which added a new hotel tower, 100,000 square feet of convention space and a 5,000 seat Colloseum theatre.

An estimated 3,700 employees work at Caesars Windsor.

MGM MIRAGE HIRES INVESTMENT BANKING FIRM TO ASSIST IN POSSIBLE SALE OF CERTAIN PROPERTIES

On Saturday, *The Wall Street Journal* reported that MGM Mirage has hired investment banking firm Morgan Stanley to assist it in the potential sale of two properties, the MGM Grand Detroit Casino and the Beau Rivage in Biloxi,

Mississippi.

Analysts have stated that the sale of these casino properties could bring as much as \$2 Billion to MGM Mirage as it seeks to reduce its \$13.5 Billion debt load, meet impending debt obligations to its lenders and aid in the completion of the troubled \$8.6 Billion CityCenter project in Las Vegas. MGM Mirage is currently operating under a two-month extension granted by its lenders and has a May 15 deadline to comply with loan covenants.

OHIO CASINO PROPOSAL UPDATE

On Monday, Ohio Attorney General Richard Cordray approved petition language which seeks to permit casino gaming facilities in the cities of Cleveland, Cincinnati, Toledo and Columbus, Ohio, subject to a state-wide vote this upcoming November.

Previous casinos petition language, which was submitted by the Ohio Jobs and Growth Committee, was ruled as too vague by Attorney General Cordray, late last month.

The newly approved petition includes detailed locations of the proposed casinos in Cleveland, Columbus, Cincinnati and Toledo, as well as a clarification of certain legal issues. In addition, the amended petition makes clear that, if approved, it would have no impact on the conduct of the state lottery or bingo in Ohio.

The proposal must win state Ballot Board approval before the 402,275 required signatures may begin to be collected from across the state.

Valid signatures must be filed with the Secretary of State by July 1, 2009 in order for the proposal to qualify for the November 2009 election ballot.

The Ohio Jobs and Growth Committee is backed by Quicken Loans CEO and Cleveland Cavaliers owner, Dan Gilbert, former U.S. Congressman and former Mayor of Cincinnati Charlie Luken and Penn National Gaming.