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The _____ MICHIGAN GAMING _____ Newsletter



STATE-WIDE SMOKING BAN ISSUE DEBATE: CASINO EXEMPTION BEING PURSUED

According to recent news reports, this week, the Michigan Legislature will again be considering a state-wide smoking ban in all workplaces. Debate continues over whether Detroit's three commercial casinos will be exempt from the proposed ban as several different pieces of legislation have been introduced throughout the year in the House and Senate. A compromise between the state House of Representatives and Senate could be reached before the Legislature takes its holiday break December 17.

A spokesperson from Senate Appropriations Chairman Ron Jelinek's (R-Three Oaks) office told the *Michigan Gaming Newsletter* that the Senate is scheduled to discuss the smoking ban issue this week. She also expressed that Sen. Jelinek would propose an amendment to legislation allowing for smoking on the gaming floor of Detroit's three commercial casinos and in smoking specialty shops if the Senate decides to consider a state-wide ban.

"Yes, I think we can get the votes," Jelinek said on a Detroit radio station this afternoon, while also noting that he's been told the legislation would also be acceptable to the House.

Currently before the Senate is House Bill 4377 (HB 4377), as passed by the House on May 26, 2009. It provides for a ban that would prohibit smoking in public places and places of employment, including food service establishments (such as restaurants, cafeterias, food courts in shopping malls, and bars). Under HB 4377, exceptions would be made for cigar bars and tobacco specialty retail stores, for gambling areas of the Detroit casinos, and for home offices. HB 4377 was introduced in February by Representative Lee Gonzales (D-Flint Township) and is identical to legislation passed by the state House last year, which was ultimately rejected by the Senate.

Jamaine Dickens, a spokesman for MGM Grand Detroit, told *The Detroit News* that
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the projected impact would not only affect Detroit's casinos, but the city and state, which take in millions in taxes each year. Specifically, Dickens stated that the city and state could lose up to \$93.1 million a year in taxes, if last year's \$1.36 billion in casino revenues is reduced by the 30 percent MGM Grand Detroit officials have estimated based upon other jurisdictions which have enacted similar smoking bans, along with new competition brought on by the legalization of casino gaming in Ohio.

HOUSE APPROPRIATIONS COMMITTEE WORKING GROUP DISCUSSES POSSIBLE GAMING EXPANSION

A working group of the House Appropriations Committee met last Thursday to discuss the possible use of an electronic machine that mimics a slot machine, but dispenses pull-tab games (multi-layered paper tickets containing symbols hidden behind perforated tabs).

The Michigan Lottery currently offers a Pull Tab game, which operates as a lottery ticket with tabs that can be pulled open to reveal cash prizes. The current Pull Tabs game can be found in a number of restaurants and bars around the state as part of the state Lottery's Club Games. The new game being reviewed operates from an electronic platform, and features lights, sound, and a video display screen with a display of spinning slot-like reels adding to the wagering experience.

The working group, made up of House Representative Fred Durhal (D-6th District) and Representative Vincent Gregory (D-35th District), spent the majority of yesterday's meeting discussing how the game is, and is not, similar to a standard slot machine. Testimony was provided by Jim Breslo of Diamond Game, the game designer and manufacturer, and Patrick Leen, Gaming Regulatory Consultants, an engineer charged with examining the machine from a technical standpoint on behalf of the working group (but who was retained by a lobbyist for the manufacturer). Mr. Leen noted that he had not had the opportunity to examine the machine. A sample machine was available to the group for review.

Interested parties from various Michigan Native American tribes, and from MGM Grand Detroit and Greektown Casino were also present and provided their opinions regarding the potential impact on the state's current gaming industry. The casino

representatives noted that if the game is to be introduced in the state, both a statewide and local vote would be required under an amendment to the state constitution made by Proposal 1 of 2004.

"This device is clearly nothing more than a slot machine rigged to dispense pull tabs," said Hugh Flack, Vice President of Slots at MGM Grand Detroit. "This device would be in direct violation of Proposal 1, which states that no new electronic gaming devices would be introduced in Michigan without a vote of the people."

A tribal representative noted that the introduction of such games would violate "exclusivity" provisions in the current tribal/state Class III Gaming Compacts, which would result in a sever loss of revenue to the state and local governments. Proponents of the game said that they disagreed with this analysis. The members of the working group acknowledged that if the games are introduced, there will likely be litigation.

FIREKEEPERS CASINO LRSB TAKING SHAPE

Officials of the FireKeepers Casino Local Revenue Sharing Board (LRSB) met recently for the first time to finalize the interlocal agreement which will grant the board authority and officially establish the LRSB.

Representatives and attorneys from Athens Township, Emmett Township, Calhoun County, Battle Creek, Marshall, and the Nottawasseppe Huron Band of Potawatomi (HHBP) gathered last Monday to finalize the agreement.

Notably, at a meeting last Tuesday, Athens Township became the first to officially join the board after the township approved the interlocal agreement. At least two of the LRSB entities and the NHBP, owners of FireKeepers Casino, must approve the agreement for the LRSB to be established.

The LRSB is responsible for disbursing the 2 percent of casino slot profits guaranteed to local governments under the Tribe's Class III compact with the state of Michigan. The funds are designed to pay the board's own administrative expenses as well as to compensate local governments for specific and actual costs incurred since the start of the casino's operation.

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Under the Tribe's Compact, the first payment to the LRSB is due by mid-February, 2010. Officials hope that each entity will approve the interlocal agreement by mid-January to avoid any legal set-backs.

Located on Michigan Avenue near Exit 104 of Interstate-94, just outside of Battle Creek, Michigan, the \$300 million FireKeepers Casino project is owned by the Nottawaseppi Huron Band of Potawatomi Indians. The actual casino is managed by Gaming Entertainment (Michigan), L.L.C., a joint venture between Las Vegas-based Full House Resorts Inc., and RAM Entertainment, L.L.C., a privately owned investment company.

GROUP SEEKS INJUNCTION TO STOP SALE OF PONTIAC SILVERDOME

Last week, a group of Pontiac residents filed suit in the Oakland County Circuit Court opposing the recent sale of the Pontiac Silverdome for \$583,000, alleging the city "opted to terminate negotiations worth millions of dollars." The stadium was originally built in 1975 at a cost of \$55.7 million.

Notably, two weeks ago, Judge Sosnick allowed for the sale of the 80,300-seat stadium to Triple Properties of Toronto, Ontario, Canada after Silver Stallion Corp. sought an injunction to stop the sale. Silver Stallion Corp. had a previous agreement to buy the stadium from the City of Pontiac for \$17 million, but failed to make a \$1 million deposit for the property. The company also made a bid in the current auction for the Silverdome, but failed to pay the \$250,000 deposit required of all bidders. Silver Stallion's plans to re-develop the Pontiac Silverdome had previously claimed that it had plans to set up a horse race track and casino with slot machines at the site.

The group, Citizens of Pontiac, includes former Pontiac school district Superintendent Mildred Mason; Eugene Rogers, president of the Northern Oakland County branch of the NAAP; Tony Fed and Chuck Johnson of the Minority Contractors Union; Reverend James Keys of the Ministerial Alliance; and Oakland County Commissioner Mattie McKinney Hatchett.

The suit claims Pontiac mayor Clarence Phillips, Emergency Financial Manager Fred Leeb and auctioneer Williams & Williams never provided proper notice or access to residents regarding the sale. The suit is pending before Judge Edward Sosnick, who recently dismissed a similar request from Silver

Stallion Corporation, headed by Bloomfield Hills attorney H. Wallace Parker, to stop the sale.

The stadium, which was former home of the Detroit Lions, has been vacant since the team moved to their current home, Ford Field in 2002. The city of Pontiac, which is facing an estimated \$7 million deficit, pays an estimated \$1.5 million per year for stadium upkeep and maintenance.

The new owners of the stadium have plans to convert the stadium into a facility to hold soccer and other sporting events.

DAILY AGA SMARTBRIEFS

The American Gaming Association (AGA), which produces the Global Gaming Expo, has recently introduced *AGA SmartBriefs*, a free daily e-newsletter which keeps the gaming industry up to date on the latest gaming news. Sign up and stay ahead of the curve with updates on products, technologies, amenities, industry happenings and more. You can register to receive the free *AGA SmartBriefs* by visiting www.smartbrief.com/aga/.