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# The MICHIGAN GAMING Newsletter



## APRIL 15, 2010 MGCB MEETING OVERVIEW

On Thursday, April 15, 2010 the Michigan Gaming Control Board (“MGCB”) held its April public meeting. Ms. Barbara Rom, the MGCB Chair, opened the meeting by inviting Executive Director, Rick Kalm, to provide his monthly status report. Mr. Kalm noted that as of March 31, 2010, total expenditures for the current fiscal year were \$8,230,156, and that leaves an unexpended balance of \$14,046,794. He stated that this includes the Horse Racing Budget, and anticipated reimbursement to the Attorney General and State Police for assistance. Mr. Kalm informed the MGCB that aggregate revenue and taxes at MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino for the month of March, 2010 were up by 6% compared to March, 2009 (see story below entitled “MGCB Releases Detroit Casino Revenues for March 2010”).

During the business portion of the meeting, the MGCB voted unanimously to approve supplier license applications for: 1) Dee Cramer, Inc.; and 2) PCT Security, LLC; and supplier license renewal applications for: 1) Kipco Enterprises, Inc. d/b/a Allegra Printing & Imaging Wixom; 2) LR Linens, LLC; 3) Midwest Pro Painting, Inc.; 4) National Millwork, Inc.; 5) Northern Lakes Seafood & Meats, LLC; 6) Resource Data Systems Corporation; and 7) The LaSalle Group Incorporated. The MGCB also took up 70 Level 1 and Level 2 Occupational Licenses and voted to approve all 70 licenses. The members of the MGCB had no questions for Mr. Fred Cleland, Deputy Director of Licensing, on the various supplier license applications.

The MGCB also considered and approved three Acknowledgement of Violations, with two of the matters involving Greektown Casino and one involving MGM Grand Detroit Casino.

The final matter taken up by the MGCB, was the Greektown Casino, LLC Monthly Status Report Pursuant to Show Cause Board Order of June 10, 2008. Mr. Chuck Moore, of Conway MacKenzie & Dunleavy, financial advisors for Greektown Casino, provided the MGCB with a status report on Greektown

Casino's Plan of Reorganization. Mr. Moore noted that the plan sponsors filed a Form 10 with the Securities and Exchange Commission on March 31, 2010 for the ultimate parent company of Greektown Casino LLC to become a public company. Mr. Moore noted that pursuant to SEC regulations the entity will go public 60 days following the filing of the Form 10. Mr. Moore noted that the plan sponsors continue to work on filing the necessary licensing disclosure application, and are working to finalize the debt transaction documents, and continue to work towards a June 30, 2010 effective date of the plan of reorganization. Ms. Rom, Chair of the MGC B, inquired with Mr. Kalm, Executive Director, of the MGC B if the necessary forms have been filed for the MGC B to complete its investigation. Mr. Kalm noted that staff continues to work with the plan sponsors on filing the various application documents. He noted that the goal is to have the matter up for Board consideration by June, but Mr. Kalm stated "that there are no guarantees" as there are still some documents to be received and there is a considerable review process to be completed.

Chair Rom also inquired as to whether Warner Gaming is now involved at Greektown. Mr. Moore, confirmed that Sal Semola, President of Warner Gaming of Michigan is involved as a consultant, and as of the effective date it is contemplated that Sal Semola, President, Warner Gaming of Michigan, will continue on at Greektown. Mr. Moore noted that the relationship with Mr. Semola and management at Greektown is going very well. At the conclusion of the discussion, Board Member Mike Watza congratulated Warner Gaming and Greektown's management on the improved performance.

The MGC B is scheduled to hold its next public meeting on May 11, 2010 at 9:30 a.m. at its Detroit, Michigan location.

## **LEGISLATION TO APPROVE LITTLE RIVER BAND CASINO INTRODUCED**

On Thursday, April 15, 2010, Michigan representative Doug Bennett (D – Muskegon Township) introduced House Concurrent Resolution 54 ("HCR 54") in the Michigan House of Representatives proposing an amendment to the Little River Band of Ottawa Indians' ("Little River Band") state compact that would allow the tribe to operate a second casino in Fruitport Township.

HCR 54 seeks to "amend the compact definition of 'Eligible Indian Lands' in order to allow a second tribal Class III gaming facility in Muskegon County." If passed, this would be the third amendment to the Little River Band's compact with the state. The second amendment, negotiated in March of 2010, between Governor Granholm and the tribe, required only gubernatorial approval. The new amendment must be approved by both the state House and Senate before taking effect. In addition to state approval, both amendments must be approved at the federal level by the Secretary of the Interior in accordance with the Indian Gaming Regulatory Act.

State lawmakers have cited the prospect of jobs and revenue in support of the amendment and Governor Granholm has urged the state legislature to adopt the measure. The tribe would contribute 2% of the net win from electronic gaming devices at the new casino to a local revenue sharing board that would distribute the funds to local government entities. In addition to local payments, the tribe would also contribute 6% of the net win from electronic gaming devices to the state in accordance with compact amendments negotiated between the tribe and the state in 1998.

The Little River Band has stated that construction of the casino would begin within two years and would be located at the former Great Lakes Downs racetrack site near Interstate 96. The tribe currently operates the Little River Casino in Manistee in accordance with a state compact negotiated in 1998.

For more information on the Little River Casino's Manistee location, please visit: [www.lrcr.com/index/index.php](http://www.lrcr.com/index/index.php).

*(Continued on page 3)*

# MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR MARCH 2010

The Michigan Gaming Control Board (MGCB) released the March, 2010 total adjusted revenue figures for the three Detroit casinos – MGM Grand Detroit Casino, MotorCity Casino, and Greektown Casino. Overall, revenue for the Detroit Market was up by 6% in March, 2010 from the same reporting period last year. Specifically, revenue for Greektown Casino and MGM Grand was up by 11.7% and 8.5% respectively, while revenue for MotorCity Casino was down by 1% compared to the same month last year.

Month in 2010	Total Adjusted Revenue 2010		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$47,468,319.04	\$35,923,997.65	\$28,023,801.67
February	\$48,622,651.56	\$36,511,115.12	\$29,809,377.11
March	\$52,548,328.50	\$41,234,840.59	\$33,481,265.74
<b>Total</b>	<b>\$148,639,299.10</b>	<b>\$113,669,953.36</b>	<b>\$91,314,444.50</b>

Month in 2010	Total Adjusted Revenue 2010		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$111,416,118.36	\$10,145,657.65	\$13,258,518.09
February	\$114,943,143.79	\$10,502,769.73	\$12,528,802.67
March	\$127,264,434.83	\$8,595,465.95	\$13,871,823.40
<b>Total</b>	<b>\$353,623,696.96</b>	<b>\$29,243,893.33</b>	<b>\$39,659,144.16</b>

The figures above do not include: 1) wages and benefits paid to casino employees; and 2) payments to suppliers, service providers or vendors.

Last month, Greektown Casino received a tax base reduction certification from the MGCB. For the months of January and February, the State of Michigan’s share of the wagering tax reflected in the Greektown Casino numbers released by the MGCB was 12.1% and the City of Detroit’s share was 11.9%, for a total tax of 24%. This 24% tax historically applied to all three Detroit casinos. As a result of all three casino facilities being deemed “fully operational,” they are subject to a wagering tax of 19%, with 10.9% of this levy to go to the City of Detroit and 8.1% to be paid to the State of Michigan. Greektown Casino’s tax rollback was retroactive to February, 2009, and thus the casino will receive ongoing tax credits to offset prior payments.

In addition to the monthly figures, MGCB Executive Director Rick Kalm provided a three month comparison of the total aggregate revenues for all three Detroit casinos for the first quarter of 2010. Kalm stated that Total Aggregate Revenues for all three casinos from January through March, 2010 were up by 2.8% in comparison to the same period last year. Gaming revenues for MGM Grand Detroit, MotorCity, and Greektown for the three months were \$149 million, \$114 million, and \$91 million respectively.

Gaming revenues for the first three months of 2010 for MGM Grand Detroit and Greektown were up by 1.7%

*(Continued on page 4)*

and 13.8% respectively, whereas MotorCity was down by 4.5% in comparison to the same three month period last year. The Detroit market shares for MGM, MotorCity, and Greektown casinos for the three month period were 42%, 32%, and 26%, respectively.

Markets across the country have seen varying degrees of improvement in monthly revenue numbers. The Atlantic City, New Jersey market reported \$300.8 million in revenue for March and, although this figure reflects a 5.6% decline compared to last year, the numbers are an improvement over the 15.7% decrease experienced in February. It is important to note that the New Jersey market continues to struggle as a result of the broad-based expansion of gaming in Pennsylvania. The Las Vegas strip reported a 32.9% increase in gaming revenue in February when compared to last year, taking in nearly \$570 million. Revenue numbers for March, 2010 for Nevada casinos have yet to be released by the Nevada Gaming Control Board.

## **INTERVIEW WITH FIREKEEPERS CASINO GM BRUCE MCKEE**

**R**. Bruce McKee is the General Manager of the Nottawasseppi Huron Band of the Potawatomi's FireKeepers Casino located in Battle Creek, Michigan. Mr. McKee brings more than 28 years of gaming experience to this project. He spent 7 years as President of Gaming Entertainment (Delaware), L.L.C., where he has also acted as executive Vice-President and General Manager of Harrington Raceway and Casino in Harrington, Delaware. Mr. McKee worked for 10 years at Trump Hotels and Casino Resorts, Inc. in a variety of positions including General Manager of Trump's Kansas City and Indiana properties, Chief Operating Officer of Trump Castle and Trump Taj Mahal Casinos and Chief Financial Officer of Trump Hotels and Casino Resorts, Inc.

Mr. McKee is a CPA and received his MBA from Golden Gate University in San Francisco.

Mr. McKee met with *Michigan Gaming Newsletter* Editor Blaine DeGracia in April. To inquire about the interview, or if you would like to participate in future interviews please contact Mr. DeGracia online at [info@michigangaming.com](mailto:info@michigangaming.com).

**Q: Tell us about the FireKeepers Casino property? What are some of the highlights the casino has to offer?**

**A:** FireKeepers Casino is owned by the Nottawasseppi Huron Band of the Potawatomi and is conveniently located just off Interstate 94 at Exit 104 in Battle Creek, Mich. The property features a 107,000-square foot Vegas style gaming floor with 2,680 slot machines, 78 table games, a live poker room and bingo room. FireKeepers offers five distinctive dining destinations and multiple lounges and entertainment venues. Dining options include a 300 seat buffet, a boutique fine dining restaurant and a 24/7 Café serving classic comfort foods.

**Q: What is the one aspect of your property that you feel most proud to be offering patrons and that sets you apart from others?**

**A:** Even prior to our August, 2009 opening, FireKeepers Casino set the bar at the highest level for customer service. Property-wide, consistent feedback from all surveys and property evaluations have offered clear evidence of our success in those tricky areas. At FireKeepers Casino, we are proud of our 1,500 team members and the management's dedication to exceeding the expectations of our guests with the goal of being Michigan's casino of choice.

**Q: Are there any promotions currently being offered by FireKeepers Casino? Are there plans for additional promotions to attract casino patrons?**

*(Continued on page 5)*

**A**: We try to keep our player base engaged in all aspects of FireKeepers Casino, including promotions. Monthly, we offer fun and vibrant promotions with a creative flare. From giving away distinct vehicles like a Cadillac Escalade Hybrid and an Iacocca Mustang to a brand new house; the goal of all promotions is to stand out and be memorable. In April, we have our Race to Rewards, where patrons can earn prizes all month long. Just by earning points on their Red Hot Rewards card guests will qualify for anything from camcorders to camping gear, laptops to big screen TV's. Additionally we have weekly slot tournaments, video poker tournaments and special events like invitational Blackjack tournaments. Looking forward, May will be one of our strongest months yet. Our 120 seat live poker room will be giving away a seat to the World Series of Poker in May and a partnership has been formed with Michigan International Speedway to give away an actual pace car from their June NASCAR race.

**Q**: **Are there talks of including a hotel expansion or a potential “phase 2” development with any additions or expansions?**

**A**: The Nottawaseppi Huron Band of the Potawatomi and FireKeepers Development Authority have been proactive in generating a master plan for the property. FireKeepers Casino sits on 78 acres and only 46 acres have been developed thus far. The Nottawaseppi Huron Band of the Potawatomi are expecting to finalize plans on future development later this year. Potential additions under consideration include a hotel and event center.

**Q**: **Aside from the specific percentages of revenue that go to state and local government, what is the casino doing to benefit not only the Nottawaseppi Huron Band, but also the surrounding community as a whole?**

**A**: In February of this year, a \$1.9 million payment was made to Calhoun county and our local revenue sharing board, a number double the expected contribution. Beyond this FireKeepers makes dedicated efforts to spend money locally, from the employment of our 1,500 team members to the annualized payments of over \$25 million that are expected to be made within the State of Michigan for contracting and subcontracting work. Additionally, FireKeepers is on pace to draw over 3,000,000 visitors to the area within our first year of operation. These additional visitors provide opportunities for revenue to local businesses and communities.

**Q**: **In your opinion, what is the general outlook on the Michigan casino gaming market? What are the biggest challenges the market is seeing today?**

**A**: Generally speaking the Michigan gaming market is robust. Patronage at FireKeepers Casino is strong and guests are finding entertainment value for the dollar, despite the weakened economy in the State.

The biggest challenges facing the industry today is the potential for dilution of the market. Ballot initiatives in the legislature could allow the expansion of race tracks or stand alone casinos. Should these initiatives come to pass there could be up to a fifteen new locations offering gaming in the state, and this number will severely dilute the number of patrons from which each operating casino will draw.