

May 1, 2015

Volume 21, Issue 15

For more information on Michigan's gaming industry, please visit www.michigangaming.com

Editor in Chief

David D. Waddell, Esq.

Phone: 517.507.3859

waddell@rmclegal.com

Senior Gaming Analyst & Editor

Robert R. Russell, II

Phone: 517.507.3858

russell@rmclegal.com

Reporter and Associate Editor

Dustin M. Ford

Phone: 517.999.5414

dford@rmclegal.com

Reporter

Blaine R. DeGracia

Phone: 517.507.3857

degracia@rmclegal.com

Subscription information:

info@michigangaming.com

A publication of

RMC Ventures, LLC

Asher Court

321 W. Lake Lansing Rd.

East Lansing, MI 48823

Phone: 517.507.3860

Fax: 517.908.0235

www.rmclegal.com

The _____ MICHIGAN GAMING _____ Newsletter



PURE MICHIGAN GAMING SUMMIT CONNECTS MICHIGAN BUSINESSES

Yesterday, April 30, 2015, Pure Michigan Business Connect hosted its first matchmaking summit for companies interested in doing business in Michigan's commercial gaming industry. The event was attended by more than 200 business representatives and was held at Ford Field in Detroit. The summit allowed individuals and businesses interested in providing goods or services to Detroit's commercial casinos the opportunity to network with casino representatives and to learn more about the state's licensing requirements directly from the Michigan Gaming Control Board ("MGCB").

The event was held in partnership with the three Detroit casinos – Greektown Casino Hotel, MGM Grand Detroit, and MotorCity Casino Hotel and was moderated by Trevor Pawl, Managing Director for Pure Michigan Business Connect, Michigan Economic Development Corporation. He noted that the three Detroit casinos spent an estimated \$165 million on procurement during 2014 with 30% acquired from outside of the state of Michigan, which as he stated, was simply more "opportunity for Michigan-based businesses."

The summit featured a licensing overview, "What Detroit Casino Vendors Must Know," provided by Mr. Kurt Steinkamp, MGCB Enterprise Licensing Manager, which provided guidance on the agency's licensing process and requirements for businesses seeking to work with Detroit's casinos.

"Over the years, the Michigan Gaming Control Board has eased regulatory requirements to help small businesses become more easily engaged by the

casinos,” stated Mr. Steinkamp. “This includes a recent change that went into effect Feb. 1, 2015, which increased the monetary disclosure thresholds for non-gaming-related entities, resulting in fewer entities requiring licenses. In many cases, small businesses are not required to disclose any information to the MGCB before conducting business with the Detroit casinos..”

Mr. Steinkamp’s presentation was followed by a panel discussion that included Mr. Scott Moore, Purchasing Manager for Greektown Casino-Hotel; James Flynn, Director of Purchasing for MotorCity Casino-Hotel; and Andrew DuPerry, Purchasing Director for MGM Grand Detroit.

Scheduled matchmaking sessions were then held between the casino properties and more than 80 potential casino suppliers throughout the afternoon.

“The matchmaking summit is the beginning of a series of events that will be held throughout the year,” stated Mr. Pawl. “We are tentatively planning to hold webinars and virtual matchmaking opportunities as well as a casino whitebox connection tool that is slated to roll out in Q3 this year.” The whitebox tool will provide a searchable database of Michigan-based companies that are MGCB certified to do business with the Detroit casinos. Other initiatives that Pure Michigan Business Connect is planning include engaging Michigan’s Native American casino properties to help establish working relationships with Michigan businesses.

“The Pure Michigan Gaming Summit is an excellent way to help potential Detroit casino suppliers learn directly from the Michigan Gaming Control Board (MGCB) about Michigan regulatory requirements,” said Richard Kalm, Executive Director of the MGCB. “The event offers both good educational and networking opportunities.”

For more information, please visit the Pure Michigan website at: www.michiganbusiness.org.

MGCB RELEASES NOTICE OF REGULAR PUBLIC MEETING

The Michigan Gaming Control Board (“MGCB”) has recently announced that it will hold its regular public meeting on Tuesday, May 12, 2015 at the MGCB Detroit office, Cadillac Place, 3062 West Grand Blvd., Suite L-700, in Detroit.

The meeting will begin at 9:30 a.m. with the staff briefing, followed immediately by the agenda items. The Cadillac Place is in Detroit’s New Center Area near the John Lodge Freeway (M-10), between Second Avenue and Cass Avenue. The Fisher Building and the Albert Kahn Building are nearby landmarks.

For more information regarding the MGCB, please visit their website at: www.michigan.gov/mgcb

LITTLE RIVER BAND ANNOUNCES RE-ELECTION OF TRIBAL OGEMA

On Friday, April 24, the Little River Band of Ottawa Indians (“LRBOI” or “Tribe”) announced that Larry “Little Thunder” Romanelli was re-elected as its Ogema leader for a third term. He is the Tribe’s only elected executive leader to be re-elected twice.

On February 24, 2015, the LRBOI announced that it has filed an application to the Bureau of Indian Affairs (“BIA”) regional office to take land into trust for a proposed casino and economic development project to be located on 60 acres of the former Great Lakes Downs racetrack site in Fruitport Township.

During a recent interview conducted by MLive.com, Mr. Romanelli stated, “Fruitport is by far our largest investment and it plays a very significant role in Little River Band of Ottawa Indian’s future. The impact to the tribe and local community is tremendous. The need for the business is there and it is a very worthwhile effort as well as frustrating, but well worth the time and energy. I will do everything in my power to make it happen and during the term in office.”

The LRBOI has entered into a Municipal Services Agreement with Muskegon County and Fruitport Township that includes the Tribe making payments for public safety, sanitary sewer and public water construction and services, as well as for the county court and jail system.

Thus far, the casino and economic development project has received support from Fruitport Township, Muskegon County, multiple townships and local units of government, Fruitport Public Schools, West Michigan Trade Unions, the Muskegon Lakeshore Chamber of Commerce and local businesses including Lakes Mall. In June 2014, both Fruitport Township and Muskegon County reaffirmed their commitment for the Band's Muskegon casino with resolutions of support.

According to the LRBOI, it would invest \$180 million to build a new casino and economic development project. The project is expected to generate more than 1,200 new jobs in Muskegon County.

The Great Lakes Downs racetrack opened in 1999 and closed in 2007. The LRBOI purchased the property in 2008 with plans to build a casino and economic development project. As proposed, the project would include:

- Approximately 69,000 square feet of gaming floor space
- 1,700 slot machines
- 35 table games
- 220-room hotel
- Conference and meeting room space
- Dining and entertainment options

The LRBOI opened the Little River Casino Resort in 1999 in Manistee. For more information about the Tribe, visit <http://www.lrboi-nsn.gov/>.

INDIANA LEGISLATURE PASSES CASINO LAW

On Wednesday, April 29, 2015, the Indiana Legislature passed [House Bill 1540](#) (“[HB 1540](#)”) a bill that, if signed into law, would amend the state’s casino gaming laws to allow for land-based casino facilities and a number of other

changes. In addition, the bill would provide the legislature with greater oversight of the state’s compacting process with tribal nations. The bill will now be presented to Governor Mike Pence for signature.

Commercial Casino Changes

HB 1540 was introduced on January 20, 2015 and has seen several revisions and amendments as it worked through the legislature. It is a product of the legislature’s Interim Study Committee on Public Policy, which held a series of hearings last fall to receive input from the public, state gaming regulators, and casino operators regarding potential changes to the state’s gaming policies that would allow the industry to better compete with neighboring jurisdictions. As passed, HB 1540 would include several of the committee’s recommendations, including the following:

- Casino operators will be allowed to transition riverboat facilities to land-based facilities
- Increasing the tax deduction available for free play activity from \$5 million to \$7 million annually; and
- Would allow race track operators to apply to state regulators for authorization to operate table games with live dealers beginning in March 2021.

The bill does not, however, repeal the state’s admission tax, which operators have noted is difficult to calculate and unpredictable, proposing last fall to work with the legislature and local communities to develop an alternative assessment form.

Tribal Compacts

HB 1540 also seeks to provide the legislature with greater control over the state’s compacting process with Native American tribes seeking to enter into a gaming compact. Under the legislation, any gaming compact negotiated by the Governor’s office would require ratification from the legislature and must include specific provisions related to gaming management, revenue sharing, infrastructure payments, and gaming regulation.

After exiting conference committee, the bill was approved 75-11 in the State House and 36-13 in

the State Senate. Governor Pence has been reported as opposing allowing tracks to operate live table games, as he views this as an expansion of gambling activity in the state, but it is unclear whether the delayed implementation would be an acceptable alternative to the Governor.

For more information on HB 1540, including the text of the legislation, please visit the Indiana Legislature's website, here: <https://iga.in.gov/legislative/2015/bills/house/1540#>

ILLINOIS STATE REP. ANNOUNCES TWO HEARINGS ON ILLINOIS GAMING EXPANSION

Yesterday, April 30, 2015, Illinois State Rep. Bob Rita announced that he is advancing efforts to bring gaming expansion to Illinois by scheduling two hearings on the issue as the end of the spring legislative session nears.

Rep. Rita, (D-Blue Island), will lead subject matter hearings of the House Executive Committee in Chicago on the first two Mondays in May – the 4th and 11th. The committee will meet both days at 10 a.m. in the conference room on the 6th floor of the Bilandic Building in downtown Chicago.

The first hearing on Monday, May 4, will feature testimony from industry experts on the state of gaming outside of Illinois. The second hearing on Monday, May 11, will focus on the tourism and economic benefits to the city of Chicago from a large casino, with city officials and various hospitality and business groups invited to weigh in.

Rita filed two bills at the beginning of this session to bring gaming expansion to Illinois. House Bill 2939 would create a large casino in Chicago and share revenue around the state. House Bill 3564 would create a large casino in Chicago, casinos in four other areas of the state and allow slot machines at horse racing tracks. Both bills would generate hundreds of millions of dollars a year in revenue for the state and communities where gaming would expand.

As the governor and lawmakers get to work on putting together a budget for next year, Rita hopes

the hearings will provide a strong framework to gauge the best path forward for gaming expansion.

“Our state clearly needs revenue, to close our large revenue gap in Springfield and to put people to work around the state,” Rita said. “We need to better understand how well gaming is doing in other states and how well a Chicago casino could perform as we position expansion in the budget conversation. These hearings will help provide the direction we need to make gaming expansion a strong revenue option this year.”

For more information on both Committee meetings, please use the following links.

May 4, 2015: <http://www.ilga.gov/house/committees/hearing.asp?hearingid=12888&CommitteeID=1546>

May 11, 2015: <http://www.ilga.gov/house/committees/hearing.asp?hearingid=12889&CommitteeID=1546>