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The MICHIGAN GAMING Newsletter



MICHIGAN GAMING CONTROL BOARD RELEASES DETROIT CASINO REVENUES FOR FEBRUARY 2016

The Michigan Gaming Control Board (“MGCB” or “Board”) released the February 2016 total adjusted revenue figures for the three Detroit casinos—MGM Grand Detroit Casino, MotorCity Casino and Greektown Casino. Overall, the revenue for the Detroit market was up 1.7% compared to the same reporting period last year.

Month in 2016	Total Adjusted Revenue 2016		
	MGM Grand Detroit	MotorCity Casino	Greektown Casino
	Total Adjusted Revenue	Total Adjusted Revenue	Total Adjusted Revenue
January	\$46,718,389.11	\$37,132,788.69	\$25,215,520.31
February	\$47,193,903.95	\$40,385,060.23	\$28,822,028.76
Total	\$93,912,293.06	\$77,517,848.92	\$54,037,549.07

Specifically, revenue for MGM Grand Detroit was down 0.7% while revenue for MotorCity Casino and Greektown Casino was up 3.5% and

Month in 2016	Total Adjusted Revenue and Taxes 2016		
	All Detroit Casinos		
	Total Adjusted Gross Receipts	Total State Wagering Tax	Total Detroit Wagering Tax
January	\$109,066,698.11	\$8,834,402.55	\$11,888,270.09
February	\$116,400,992.94	\$9,428,480.43	\$12,687,708.23
Total	\$225,467,691.05	\$18,262,882.98	\$24,575,978.32

3.4% respectively, during February 2016 when compared to the same month last year.

All three casinos are subject to a wagering tax of 19%, with 10.9% of this levy payable to the City of Detroit and 8.1% payable to the State of Michigan.

The market shares for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for February 2016 were 40%, 35%, and 25%, respectively.

The figures released by the Board are the gross receipts less winnings paid to wagerers. The figures do not include: 1) any fees or other relevant city, state or federal taxes; 2) wages and benefits paid to casino employees; 3) payments to suppliers, services providers or vendors; and 4) other normal business expenses.

MGCB GRANTS MGM GRAND DETROIT APPROVAL TO PARTICIPATE IN REIT TRUST

On March 22, 2016, the Michigan Gaming Control Board (“MGCB”) granted necessary approvals for MGM Resorts International (“MGM”), the parent of MGM Grand Detroit, LLC, to move forward with its proposal to reorganize and move certain real property into a Real Estate Investment Trust (“REIT”).

MGM publicly announced its intention last year to create the REIT. Through its subsidiaries, the REIT will hold the real property currently occupied by 10 MGM properties, including property owned by MGM Grand Detroit, LLC.

MGM will control the REIT as a publicly traded company. After an initial public offering of the REIT, MGM will continue to control it by holding a majority of the voting power of its shares.

POKAGON BAND OF POTAWATOMI INDIANS AND THE CITY OF SOUTH BEND ANNOUNCE TWO INTERGOVERNMENTAL AGREEMENTS

The Pokagon Band of Potawatomi Indians, which operates the Four Winds Casino enterprise in southeast Michigan, issued on March 23rd the following press release concerning its anticipated developments in northern Indiana.

The Pokagon Band of Potawatomi Indians and the City of South Bend are pleased to announce that they have reached two separate intergovernmental agreements related to restoration of the Pokagon Band’s homeland and proposed development of its 166-acre site in South Bend that will be home to a Tribal Village and a Four Winds Casino. The first agreement, which was approved by the South Bend Board of Public Works on Tuesday, March 22, will enable the city to provide sewer and water services to the Pokagon Band's development site located between Prairie Avenue, U.S. 31, and Locust Road in South Bend. The second agreement involves payments in lieu of property taxes by the Pokagon Band to the City of South Bend, community development initiatives, and other terms and conditions related to the development of the site. Both of these agreements were recently approved by the Pokagon Band Tribal Council and the Pokagon Gaming Authority Board of Directors. There is no legal requirement by federal and state governments for the Pokagon Band to have local agreements with the City of South Bend. The Pokagon Band offered to work with the city on these agreements in the spirit of mutual cooperation and to further demonstrate its long-term commitment to investing in the City of South Bend and its residents.

“The Pokagon Band has been in this region for hundreds of years and the Tribal Village in South Bend will help preserve our legacy for future generations. On behalf of the Pokagon Tribal Council and the Pokagon Gaming Authority Board of Directors, we’d like to thank Mayor Buttigieg, Councilman Oliver Davis, several former city council members, and board members and supporters of the Michiana Pokagon Alliance, for

working to move this process forward,” said John P. Warren, Chairman of the Pokagon Band of Potawatomi Indians. “We believe that the Local Agreement and the Water and Sewer Agreement establish important understandings between our governments that will serve as a bridge to greater cooperation and economic opportunity for Pokagon Citizens, the City of South Bend and area residents.”

“These are historic agreements for the City of South Bend with the region’s original inhabitants that will infuse millions of dollars into the economy and create hundreds of new jobs,” said Mayor Pete Buttigieg. “It is extraordinary to reach an agreement that will not only support the economy, but also provide much needed funding for community projects, local organizations and our schools. I would like to thank Chairman Warren, the Pokagon Tribal Council, and the Pokagon Gaming Authority Board of Directors for this generous agreement.”

The Bureau of Indian Affairs (BIA) is currently reviewing the Draft Environmental Impact Statement (DEIS) of the Pokagon Band’s Trust Land Application. Construction on the Tribal Village and Four Winds Casino cannot begin until approval is received from the BIA. These agreements with the City of South Bend demonstrate the Pokagon Band’s good faith effort to replace lost tax revenue as a result of its property becoming federal trust land, and address the City of South Bend’s concerns regarding impacts on its services and jurisdiction.

As part of the Water and Sewer Agreement the City of South Bend will receive \$400,000 from the Pokagon Band to assist with replacing and upgrading the Calvert Street Lift Station, which will allow future expansion of services in the area to additional customers.

As part of the Local Agreement, the Pokagon Band has agreed to make an annual payment to the City of South Bend equal to two percent of net win. Half of these payments (one percent of net win) will be paid directly to the city’s general fund to cover costs of providing services other than sewer and water to the site and for other purposes. The other half of these payments (one percent of net win) will be paid directly to the South Bend

Redevelopment Commission to fund initiatives broadly aimed at contributing to the improvement of educational opportunities in the city and to address poverty and unemployment in the city. The annual payments made to the city will not be less than \$1 million annually if the casino has between 850 and 1,699 games and will not be less than \$2 million if the casino has more than 1,700 games.

In addition to the annual payments to the City of South Bend, the Pokagon Band proposed to fund a variety of community development projects and causes including:

- Bowman Creek Project – The Pokagon Band will provide \$500,000 to the Bowman Creek Project for initiatives intended to restore and protect the Creek and educate the public regarding its importance to the region.
- Boys and Girls Clubs of St. Joseph County – The Pokagon Band will provide \$100,000 to the Boys and Girls Clubs of St. Joseph County.
- Food Bank of Northern Indiana – The Pokagon Band will provide \$100,000 to the Food Bank of Northern Indiana.
- Howard Park Improvements – The Pokagon Band will provide \$2,225,000 to the City of South Bend for the purpose of renovating, modernizing and making other improvements to Howard Park.
- Jobs for America’s Graduates-Indiana – The Pokagon Band will provide \$250,000 to Jobs for America's Graduates-Indiana.
- Memorial Children’s Hospital – The Pokagon Band will provide \$500,000 to Memorial Children’s Hospital of South Bend for the renovation and modernization of the Newborn Intensive Care Unit (NICU).
- Prairie Avenue Landscaping – The Pokagon Band shall cover all costs to enhance the landscape of Prairie Avenue within the public right-of-way from US-31 to Locust Road, not to exceed \$200,000.
- Prairie Avenue Resurfacing – The Pokagon Band shall cover all costs to resurface Prairie Avenue from US-31 to Locust Road, not to exceed \$500,000.
- South Bend Community Schools – The Pokagon Band will provide \$500,000 to the South Bend Community School Corporation.

- YMCA Women's Shelter of South Bend – The Pokagon Band will provide \$125,000 to the YMCA Woman's Shelter of South Bend.

About The Pokagon Band of Potawatomi Indians

The Pokagon Band of Potawatomi Indians' sovereignty was reaffirmed under legislation signed into law by President Clinton in September of 1994. The Pokagon Band is dedicated to providing community development initiatives such as housing, education, family services, medical care and cultural preservation for its approximately 5,000 Citizens. The Pokagon Band's ten-county service area includes four counties in Southwestern Michigan and six in Northern Indiana. Its main administrative offices are located in Dowagiac, Mich., with a satellite office in South Bend, Ind. In 2007, it opened Four Winds Casino Resort in New Buffalo, Mich., followed by Four Winds Hartford® in 2011 and Four Winds Dowagiac® in 2013. More information is available at www.pokagonband-nsn.gov.

AD AGENCY NAMED AS AGENCY OF RECORD FOR JACK ENTERTAINMENT

On March 22, 2016, Michigan-based advertising agency Duffey Petrosky announced that it has been named advertising agency of record for Detroit-based JACK Entertainment LLC in support of the company's recent rebranding efforts.

"Duffey Petrosky has been a great agency partner for us dating back to 2011," said Mark Dunkeson, president and COO, JACK Entertainment LLC. "In recent months, they have been instrumental creative advisors and facilitators in the launch of our new brand, helping us bring JACK to life for our team members and guests."

According to Mr. Dunkeson, the JACK rebranding initiative is part of a significant investment that consolidates the company's gaming operations into a single brand with a shared vision and strong culture, and enriches the team member and guest experiences with new property amenities,

enhanced restaurant and beverage options and a robust new loyalty program called ClubJACK.

"Everyone associated with JACK Entertainment is focused on bold, innovative ideas that speak to people who are seeking an exciting gaming experience," said Mark Petrosky, chief executive officer, Duffey Petrosky. "We look forward to continuing our inventive approach to what has proven to be the thrilling launch of a fresh, edgy brand and its accompanying guest loyalty program."

JACK Entertainment began the operational and brand transitions of its properties with JACK Thistledown Racino outside Cleveland on March 9. JACK Cleveland Casino (currently Horseshoe Casino Cleveland) will transition in early May and JACK Cincinnati Casino (currently Horseshoe Casino Cincinnati) will transition in June. Greektown Casino-Hotel will become JACK Detroit Casino-Hotel Greektown later this year.