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The _____ MICHIGAN GAMING _____ Newsletter



DETROIT CASINO EMPLOYEES AND UNION RATIFY FIVE-YEAR AGREEMENT

On Sunday, December 13, 2015 workers from MGM Grand Detroit, MotorCity Casino, and Greektown Casino approved a deal with the Detroit Casino Council for a new contract covering Detroit's casino employees. According to Unite Here Local 24, the contracts were approved by MGM Grand, MotorCity Casino, and Greektown by 76%, 85%, and 95%, respectively.

"We're pleased team members have ratified a contract that addresses the needs of Union workers and their families as well as those of our company," stated Steve Zanella, president and CEO of MGM Grand Detroit. "Together, we crafted an agreement that reflects the priorities identified by Union members: maintaining current health-care plans while providing both wage increases and bonuses."

The Detroit Casino Council is a group representing workers in labor unions including members of UAW Local 7777, Unite Here Local 24, Teamsters Local 372, the Michigan Regional Council of Carpenters and Millwrights Local 687, and the International Union of Operating Engineers Local 324.

Effective immediately, the ratified union contract includes:

- Maintaining HAP/Blue Cross health plans with no additional premium costs.
- \$4,250 Lump Sum Bonus signing bonus for full-time employees.
- Wage Increases – Year 4: 2% or .30¢. Year 5: 3% or .45¢.
- One (1) additional sick/personal day for part-timers, after five years of employment (Currently 2 days after two years).

- Improvements to part-timers scheduling and seniority issues.
- Continued protections on sub-contracting.

The negotiations involved over 6,000 employees at the three Detroit commercial casinos, and will remain in place for five years.

KBIC VOTES ON NEW CASINOS

On Saturday, September 12, the Keweenaw Bay Indian Community (“Tribe”) members voted on two casino proposals totaling \$40M located in Baraga and Marquette in the Upper Peninsula. Unofficial results have been released approving both casino projects, which are expected to be ratified by the Tribal Council on January 9.

Tribal members were asked whether an estimated \$28 million should be spent by the tribe on a new casino and hotel, which would be built next to the current Ojibwa Casino in Baraga. The second proposal voted on was a \$12 million investment in new casino facilities in Marquette in addition to renovating the existing casino space.

In January, the Tribe sought two feasibility studies to be performed by Global Market Advisors (“GMA”) regarding the Tribe’s two casinos. The group assisted the Tribe with a casino and hotel market assessment for potential expansion.

According to GMA’s study, the \$20M Ojibwa Casino Baraga proposal includes demolishing and rebuilding the current resort with an upgraded casino and the ability to expand the number of gaming devices by 25%, in addition to adding a 75-room hotel and other amenities. The study projects a \$3.8M increase in profit in the first full year of operation.

Similarly, GMA’s study of the Ojibwa Casino Marquette includes demolishing and rebuilding the current casino and the ability to expand the number of gaming devices by 25%; however, it does not recommend a hotel. GMA projects an increase in profit in the first full year of operation of \$2.5M. Financing for both projects would be secured using the Tribe’s Trust Accounts.

According to *Casino City*, Ojibwa Casino Marquette’s 13,500 square foot gaming space currently features 293 gaming machines and 11 table games. The Ojibwa Casino Baraga’s 17,000 square foot gaming space includes 316 gaming machines and 9 table games.

Notably, in December of 2014, the Tribe voted against a \$31M measure to buy the Baraga lakeside Inn in order to relocate the Ojibwa Casino .

For more information, please visit: www.ojibwacasino.com.

DETROIT’S LARGEST PROGRESSIVE JACKPOT IS AWARDED

On December 14, 2015, Greektown Casino Hotel (“Greektown”) announced that a patron had won a progressive jackpot of more than \$2 Million. The jackpot is the largest progressive jackpot awarded in Detroit casino history.

The patron, who has asked to remain anonymous, won the progressive jackpot while playing an IGT Wheel of Fortune machine on Sunday, December 13. The previous record for highest jackpot in Detroit occurred in 2004, when a patron won a \$1.77 Million jackpot on a similar machine.

The Michigan Gaming Control Board regulations allows for progressive slot machines that are linked between the Detroit casinos. Each machine contributes to a centralized jackpot, allowing patrons to play for prizes that are much larger than traditional, site-specific machines.

ORAL ARGUMENTS SET IN NEW JERSEY SPORTS WAGERING CASE

On December 9, 2015, the United States Court of Appeals for the Third Circuit issued an order setting a schedule for oral arguments in litigation related to New Jersey’s attempts to permit sports wagering at certain gaming and horse racing establishments. The court will hear oral arguments on Wednesday, February 17, 2016 at 11:00am

EST at the James A. Byrne United States Courthouse in Philadelphia.

The rehearing is in response to two rulings from federal courts that New Jersey claims to be conflicting. In 2012, the New Jersey legislature passed the Sports Wagering Act that permitted and regulated sports wagering in the state's casinos and horse tracks. The law was quickly challenged by the major U.S. sports leagues and a federal court ruled that the New Jersey law was preempted by the Professional and Amateur Sports Protection Act ("PASPA"), a federal law banning sports wagering in all states except Nevada, Oregon, Delaware, and Montana. However, the court's opinion noted that it might be possible to simply deregulate sports wagering, as PASPA only prevents a state government from "authorizing" the activity.

In response to the ruling, New Jersey deregulated sports wagering but limited the deregulation in casinos and horse tracks for persons over 21, in addition to making stipulations that wagers could not involve college sporting events held in the state or involving a New Jersey school. When challenged by the sports leagues, the Third Circuit ruled that such a tailored deregulation amounted to a form of "authorization" under PASPA and, therefore, the law was preempted by PASPA.

Both cases were heard by a panel of judges from the Third Circuit. New Jersey argued in its Petition for Rehearing that "the two opinions are irreconcilable and must be re-examined by the full court to ensure uniformity of [the Third Circuit's] decisions."

The oral arguments will allow time for both sides, the State of New Jersey and the major United States sports leagues, to present key arguments and legal analysis related to the case. Each side will be permitted five minutes of uninterrupted speaking time, after which the judges will be able to question counsel on their arguments.