

June 25, 2010

Volume 16, Issue 22

For more information on Michigan's gaming industry, please visit [www.michigangaming.com](http://www.michigangaming.com)

*Editor in Chief:*

**David D. Waddell, Esq.**

Phone: 517.507.3859

[waddell@rmclegal.com](mailto:waddell@rmclegal.com)

*Senior Gaming Analyst & Editor:*

**Robert R. Russell, II**

Phone: 517.507.3858

[russell@rmclegal.com](mailto:russell@rmclegal.com)

*Reporter*

**Douglas L. Minke**

Phone: 313.221.9380

[minke@rmclegal.com](mailto:minke@rmclegal.com)

*Reporter*

**Blaine R. DeGracia**

Phone: 517.507.3857

[degracia@rmclegal.com](mailto:degracia@rmclegal.com)

*Subscription information:*

[info@michigangaming.com](mailto:info@michigangaming.com)

A publication of

**RMC Ventures, LLC**

University Place Center  
333 Albert Ave, Suite 450  
East Lansing, MI 48823  
Phone: 517.507.3860  
Fax: 517.908.0235  
[www.rmclegal.com](http://www.rmclegal.com)

# The MICHIGAN GAMING Newsletter



## SAULT TRIBE DISBURSES TWO-PERCENT FUNDS

On June 10, 2010, the Sault Ste. Marie Tribe of Chippewa Indians (“Sault Tribe”) and Kewadin Casinos announced the disbursement of over \$786,000 to local communities for use in funding for road projects, public safety, technology improvements, playground equipment, reading programs and recreational projects. The biannual payment is required as part of the tribal-state gaming compact between the Sault Tribe and the state of Michigan. Pursuant to the compact, 2-percent of the electronic gaming device revenue earned by the Sault Tribe at their Kewadin Casinos is to be distributed to certain local communities twice a year.

The localities participating in the current distribution include:

Alger County - \$45,028  
Chippewa County - \$410,439  
Delta County - \$39,228  
Luce County - \$22,000  
Mackinac County - \$247,776  
Marquette County - \$4,000  
Schoolcraft County - \$18,400

“It is incredible and gratifying to see how the Tribe’s 2-percent contributions benefit communities across the Upper Peninsula and residents as well,” said Kewadin Casinos Chief Operating Officer Tony Goetz. “We’ve been able to help schools build library collections, help city governments improve infrastructure, and help local law enforcement upgrade their equipment to provide better services to all of us.”

According to the press release, the Sault Tribe has awarded over \$30 million in 2-percent distributions to local tribal units since 1993. Kewadin Casinos operates five casino properties throughout Michigan’s Upper Peninsula.

## **MGCB SPECIAL PUBLIC MEETING AGENDA**

Today, the Michigan Gaming Control Board (MGCB) released the Special Public Meeting agenda for Monday, June 28, 2010.

The only agenda item listed is ‘Consider Greektown Casino L.L.C.’s Request for Transfer of Interest.’

The MGCB meeting will take place at the Detroit Office Hearing Room, located at Cadillac Place, 3062 W. Grand Blvd., Suite L-700, Detroit, Michigan at 1:00 pm.

## **GUN LAKE TRIBAL CASINO UPDATE**

According to *Bloomberg News*, the Gun Lake Tribe of Pottawatomi Indians have sought a \$160 million loan to complete construction of its partially finished Gun Lake Casino, located about 20 miles south of Grand Rapids in Wayland Township, Michigan.

Casino spokesperson, James Nye, stated: “[a]ll parties that have access to the financial information concerning our casino project are legally bound by a confidentiality agreement and therefore I cannot discuss the specific terms of the loan. To date the Tribe’s partners have provided interim financing to fund development and construction costs. This arrangement will continue until full financing to complete the construction of the project has been obtained. The Tribe has made considerable progress on the construction of the casino. The building is nearly enclosed, infrastructure is under way and roadwork to enhance freeway access to the site is nearly complete.

Phase I plans call for a 83,000 square foot facility that will feature 1,200 slot machines, 36 table games, an entertainment lounge, and a casino bar. It will be operated by the Tribe’s management partner, MPM Enterprises, LLC, owned by an affiliate of Station Casinos, Inc., as well as private investors from Michigan.

“Target opening dates used for financing purposes

are conservative estimates. We are not ready to identify a specific opening date at this time, but we look forward to sharing more specific information in the near future”, Mr. Nye said.

For more information on the casino’s construction progress, please visit: <http://gunlakecasino.com/>.

## **MOODY’S INVESTOR SERVICE REVISES GAMING INDUSTRY OUTLOOK**

After posting substantial declines in revenue in 2008 and 2009, the U.S. casino industry is showing signs that the worst days may soon be over. The debt rating agency, Moody’s Investor Service, has revised its outlook for the industry, changing its status from “negative” to “stable.” The change in status reflects the agency’s belief that the credit conditions are unlikely to change significantly in the near future.

According to Keith Foley, an analyst for Moody’s Investor Service, “[w]e believe several year-over-year declines in monthly U.S. gaming revenue are nearing an end. As revenue bottoms out, we expect gaming company operating profits will stabilize by the end of 2010.”

In an interview with the *Michigan Gaming Newsletter* today regarding the recently published Moody’s report on the gaming industry, Mr. Bill Eadington, Professor, University of Reno, said “I am less optimistic about the recovery and more skeptical about the Las Vegas market in particular.” Mr. Eadington noted that “as the national economy recovers, I expect to see a parallel correlation with increases in gaming revenue and aggregate personal income.” As it relates to Las Vegas in particular, he noted that gaming revenues have been largely aided by a dramatic increase in baccarat play, which has been driven by an increase in play by International customers as a result of the expansion by U.S. operators (MGM Resorts International, Wynn and Las Vegas Sands) in Macau. He stated that during certain months in 2009, there has been a 50% increase in year-over-year comparisons of baccarat play, yet cautioned that the baccarat play is coming from a relatively small number of players.