

HOUSE BILL No. 5872

May 19, 1998, Introduced by Rep. Gagliardi and referred to the Committee on House Oversight and Ethics.

A bill to ratify and approve certain tribal-state gaming compacts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. The tribal-state gaming compacts described in
2 sections 2 to 5 of this act entered into between the federally
3 recognized Indian tribes and this state pursuant to the Indian
4 gaming regulatory act, Public Law 100-497, 102 Stat. 2467, are
5 considered ratified and approved.

6 Sec. 2. The compact between the Little Traverse Bay Bands
7 of Odawa Indians and the state of Michigan providing for the con-
8 duct of tribal class III gaming by the Little Traverse Bay Bands
9 of Odawa Indians is hereby ratified and enacted into law, and
10 entered into by this state as a party pursuant to section 11 of
11 the compact and is legally joined therein in form substantially
12 as follows:

1 A COMPACT BETWEEN
2 THE LITTLE TRAVERSE BAY BANDS OF ODAWA INDIANS
3 AND
4 THE STATE OF MICHIGAN
5 PROVIDING FOR THE CONDUCT OF TRIBAL CLASS III GAMING
6 BY THE
7 LITTLE TRAVERSE BAY BANDS OF ODAWA INDIANS

8
9 THIS COMPACT is made and entered into this 29th day of
10 January, 1997, by and between the Little Traverse Bay Bands of
11 Odawa Indians (hereinafter referred to as "Tribe") and the STATE
12 OF MICHIGAN (hereinafter referred to as "State").

13 RECITALS

14 WHEREAS, the State of Michigan is a sovereign State of the
15 United States of America, having been admitted to the Union pur-
16 suant to the Act of January 26, ch. 6, 1837, 5 Stat. 144 and is
17 authorized by its constitution to enter into contracts and agree-
18 ments, including this agreement with the Tribe; and

19 WHEREAS, the Tribe is a federally recognized Indian Tribe
20 and its governing body, the Tribal Council, is authorized by the
21 tribal constitution to enter into contracts and agreements of
22 every description, including this agreement with the State; and

23 WHEREAS, the Congress of the United States has enacted the
24 Indian Gaming Regulatory Act of 1988, Public Law 100-497, 102
25 Stat. 2467, (hereinafter "IGRA"), which permits Indian tribes to
26 operate Class III gaming activities on Indian reservations

1 pursuant to a tribal-state compact entered into for that purpose;
2 and

3 WHEREAS, the Tribe proposes to operate a Class III gaming
4 establishment on eligible Indian lands in the State of Michigan,
5 and by Tribal Council Resolution and Tribal Ordinance will adopt
6 rules and regulations governing the games played and related
7 activities at the Class III gaming establishment; and

8 WHEREAS, the State presently permits and regulates various
9 types of gaming within the State (but outside Indian lands),
10 including casino style charitable gaming such as craps, roulette,
11 and banking card games, as well as a lottery operating instant
12 scratch games, and "pick number" games, most of which would be
13 Class III games if conducted by the Tribe; and

14 WHEREAS, the Michigan Supreme Court in Automatic Music &
15 Vending Corp. v. Liquor Control Comm., 426 Mich 452, 396 NW2d
16 204 (1986); appeal dismissed, 481 U.S. 1009 (1987), and the
17 Michigan Court of Appeals in Primages Int'l of Michigan v.
18 Michigan, 199 Mich App 252, 501 NW2d 268 (1993), have held that
19 the statutory exception found at MCL 750.303(2) allows for the
20 play of electronic gaming devices, which includes computerized or
21 electronic games of chance, albeit subject to specified restric-
22 tions regarding the mode of play; and

23 WHEREAS, said casino style table games and electronic gaming
24 devices are, therefore, permitted "for any purpose by any person,
25 organization or entity," within the meaning of IGRA, 25
26 U.S.C. 2710(d)(1)(B); and

1 WHEREAS, at the general election held on November 5, 1996,
2 the electors adopted an initiated law which provides for a
3 licensing and regulatory system under which casino gambling may
4 be operated in the City of Detroit; and

5 WHEREAS, the State and 7 other federally-recognized Indian
6 tribes in the State have previously entered into substantially
7 similar Compacts for the conduct of Class III games; and

8 WHEREAS, a compact between the Tribe and the State for the
9 conduct of Class III gaming satisfies the prerequisite, imposed
10 by the United States Congress by enactment of IGRA, for the oper-
11 ation of lawful Class III gaming by the Tribe on eligible Indian
12 lands in Michigan; and

13 WHEREAS, the State and the Tribe, in recognition of the sov-
14 ereign rights of each party and in a spirit of cooperation in the
15 interests of the citizens of the State and the members of the
16 Tribe, have engaged in good faith negotiations recognizing and
17 respecting the interests of each party and have agreed to this
18 Compact.

19 NOW THEREFORE, the Tribe and the State agree as follows:

20 **SECTION 1. Purpose and Objectives.**

21 The purpose and objectives of the Tribe and State in making
22 this Compact are as follows:

23 (A) To evidence the good will and cooperative spirit between
24 the State and the Tribe;

25 (B) To continue the development of effective working rela-
26 tionships between the State and tribal governments;

1 (C) To compact for Class III gaming on eligible Indian lands
2 of the Tribe in Michigan as authorized by IGRA;

3 (D) To fulfill the purpose and intent of IGRA by providing
4 for tribal gaming as a means of generating tribal revenues,
5 thereby promoting tribal economic development, tribal
6 self-sufficiency and strong tribal government;

7 (E) To provide tribal revenues to fund tribal government
8 operations or programs, to provide for the general welfare of the
9 Tribe and its members and for other purposes allowed under IGRA;

10 (F) To provide for the operation of Class III gaming in
11 which, except as provided in 25 U.S.C. 2710(b)(4) and (d)(2)(A)
12 of IGRA, the Tribe shall have the sole proprietary interest and
13 be the primary beneficiary of the Tribe's gaming enterprise;

14 (G) To recognize the State's interest in the establishment
15 by the Tribe of rules for the regulation of Class III gaming
16 operated by the Tribe on eligible Indian lands;

17 (H) To recognize the State's interest in the establishment
18 by the Tribe of rules and procedures for ensuring the Class III
19 gaming is conducted fairly and honestly by the owners, operators,
20 and employees and by the patrons of any Class III gaming enter-
21 prise of the Tribe; and

22 (I) To establish procedures to notify the patrons of the
23 Tribe's Class III gaming establishment that the establishment is
24 not regulated by the State of Michigan and that patrons must look
25 to the tribal government or to the federal government to resolve
26 any issues or disputes with respect to the operations of the
27 establishment.

1 **SECTION 2. Definitions.**

2 For purposes of this Compact, the following definitions
3 pertain:

4 (A) "Class III gaming" means all forms of gaming authorized
5 by this Compact, which are neither Class I nor Class II gaming,
6 as such terms are defined in 2703(6) and (7) of IGRA. Only those
7 Class III games authorized by this Compact may be played by the
8 Tribe.

9 (B)(1) "Eligible Indian Lands" means reservation lands
10 acquired under applicable federal law. A total of 1 tribal Class
11 III gaming facility may be located on Eligible Indian Lands;
12 Provided However, If any tribe which attains federal recognition
13 subsequent to the date of this Compact is granted the right,
14 under a valid Compact with the State of Michigan, to operate more
15 than 1 Class III gaming facility on its Indian lands, the Tribe
16 shall be afforded the same right subject to the same terms and
17 conditions imposed on such newly recognized tribe.

18 (2) Nothing in subsection 2(B) shall be construed to limit
19 the Tribe's ability to change the location of the Tribe's Class
20 III gaming facility within "Eligible Indian Lands".

21 (C) "Tribal Chairperson" means the duly elected Chairperson
22 of the Board of Directors or Tribal Council of the Tribe.

23 (D) "Person" means a business, individual, proprietorship,
24 firm, partnership, joint venture, syndicate, trust, labor organi-
25 zation, company, corporation, association, committee, state,
26 local government, government instrumentality or entity, or any
27 other organization or group of persons acting jointly.

1 **SECTION 3. Authorized Class III Games.**

2 (A) The Tribe may lawfully conduct the following Class III
3 games on eligible Indian lands:

4 (1) Craps and related dice games;

5 (2) Wheel games, including "Big Wheel" and related games;

6 (3) Roulette;

7 (4) Banking card games that are not otherwise treated as
8 Class II gaming in Michigan pursuant to 25 U.S.C. 2703(7)(C), and
9 non-banking card games played by any Michigan tribe on or before
10 May 1, 1988;

11 (5) Electronic games of chance featuring coin drop and
12 payout as well as printed tabulations, whereby the software of
13 the device predetermines the presence or lack of a winning combi-
14 nation and payout. Electronic games of chance are defined as a
15 microprocessor-controlled electronic device which allows a player
16 to play games of chance, which may be affected by an element of
17 skill, activated by the insertion of a coin or currency, or by
18 the use of a credit, and awards game credits, cash, tokens, or
19 replays, or a written statement of the player's accumulated cred-
20 its, which written statements are redeemable for cash;

21 (6) Keno;

22 (7) Any other Class III game that lawfully may be operated
23 by a person licensed to operate a casino pursuant to the Michigan
24 gaming control and revenue act, Initiated Law of 1996, MCL
25 432.201 to 432.226; and

1 (8) Games that lawfully may be conducted pursuant to
2 sections 303a and 310a of the Michigan penal code, 1931 PA 328,
3 MCL 750.303a and 750.310a.

4 This Compact shall apply to card games that are considered
5 to be Class II games pursuant to 25 U.S.C. 2703(7)(C) only if
6 those games are expanded beyond their "nature and scope" as it
7 existed before May 1, 1988, and only to the extent of such
8 expansion. The term "nature and scope" shall be interpreted con-
9 sistent with IGRA, the legislative history of IGRA, any applica-
10 ble decisions of the courts of the United States and any applica-
11 ble regulations of the National Indian Gaming Commission.

12 Any limitations on the number of games operated or played,
13 their location within eligible Indian lands as defined under this
14 Compact, hours or period of operation, limits on wagers or pot
15 size, or other such limitations shall be determined by duly
16 enacted tribal law or regulation. Any state law restrictions,
17 limitations or regulation of such gaming shall not apply to Class
18 III games conducted by the Tribe pursuant to this Compact.

19 (B) Additional Class III games may be lawfully conducted by
20 mutual agreement of the Tribe and the State as follows:

21 (1) The Tribe shall request additional games by letter from
22 the tribal Chairperson on behalf of the Tribe to the Governor on
23 behalf of the State. The request shall identify the additional
24 proposed gaming activities with specificity and any proposed
25 amendments to the Tribe's regulatory ordinance.

1 (2) The state acting through the Governor shall take action
2 on the Tribe's request within 90 days after receipt. The
3 Governor's action shall be based on the following:

4 (a) Whether the proposed gaming activities are permitted in
5 the State of Michigan for any purpose by any person, organization
6 or entity; and

7 (b) Whether the provisions of this Compact are adequate to
8 fulfill the policies and purposes set forth in the IGRA with
9 respect to such additional games.

10 **SECTION 4. Regulation of Class III Gaming.**

11 (A) Prior to permitting the initiation of any Class III
12 gaming on eligible Indian lands, the Tribe will enact a compre-
13 hensive gaming regulatory ordinance governing all aspects of the
14 Tribe's gaming enterprise. The requirements of this Section 4
15 are intended to supplement, rather than conflict with the provi-
16 sions of the Tribe's ordinance. To the extent any regulatory
17 requirement of this Compact is more stringent or restrictive than
18 a parallel provision of the Tribe's ordinance, as now or hereaf-
19 ter amended, this Compact shall control.

20 (B) The regulatory requirements of this Section 4 shall
21 apply to the conduct of all Class III gaming authorized by the
22 Compact. At all times in which it conducts any Class III gaming
23 under this Compact, the Tribe shall maintain, as part of its law-
24 fully enacted ordinances, requirements at least as restrictive as
25 those set forth herein.

26 (C) The Tribe shall license, operate, and regulate all Class
27 III gaming activities pursuant to this Compact, tribal law, IGRA,

1 and all other applicable federal law. This shall include but not
2 be limited to the licensing of consultants (except legal
3 counsel), primary management officials, and key officials of each
4 Class III gaming activity or operation. Any violation of this
5 Compact, tribal law, IGRA, or other applicable federal law shall
6 be corrected immediately by the Tribe.

7 (D) The Tribe may not license, hire, or employ as a key
8 employee or primary management official as those terms are
9 defined at 25 CFR 502.14 and 502.19, in connection with Class III
10 gaming, any person who:

11 (1) Is under the age of 18; or

12 (2) Has been convicted of or entered a plea of guilty or no
13 contest to a gambling-related offense, fraud or misrepresenta-
14 tion; or

15 (3) Has been convicted of or entered a plea of guilty or no
16 contest to any offense not specified in subparagraph (2) within
17 the immediately preceding 5 years; this provision shall not apply
18 if that person has been pardoned by the Governor of the State
19 where the conviction occurred or, if a tribal member, has been
20 determined by the Tribe to be a person who is not likely again to
21 engage in any offensive or criminal course of conduct and the
22 public good does not require that the applicant be denied a
23 license as a key employee or primary management official; or

24 (4) Is determined by the Tribe to have participated in orga-
25 nized crime or unlawful gambling or whose prior activities, crim-
26 inal records, reputation, habits, and/or associations pose a
27 threat to the public interest or to the effective regulation and

1 control of gaming, or create or enhance the dangers of
2 unsuitable, unfair, or illegal practices, methods and activities
3 in the conduct of gaming or to the carrying on of the business
4 and financial arrangements incidental to the conduct of gaming.

5 (E) The terms "fraud or misrepresentation," as used in
6 subsection (D)(2), shall mean a criminal offense committed in
7 Michigan or any other jurisdiction, involving, theft, fraud or
8 misrepresentation, which is a felony or would be a felony if com-
9 mitted in Michigan, and which was committed as an adult or prose-
10 cuted as an adult offense, and which has not been effectively
11 removed from the employee's criminal record by executive pardon,
12 state court order, or operation of law.

13 (F) The term "any offense," as used in subsection (D)(3),
14 shall mean any criminal offense not described in
15 subsection (D)(2), whether committed in this state or any other
16 jurisdiction, that is, or would be, a crime under the provisions
17 of the Michigan penal code, 1931 PA 328, MCL 750.1 to 750.568, or
18 the controlled substance provisions of the public health code,
19 1978 PA 368, MCL 333.7101 to 333.7545, or any other criminal
20 offense not specified in subparagraph (2) involving theft, dis-
21 honesty, fraud or misrepresentation arising under the law of
22 Michigan or another state or jurisdiction, that was committed as
23 an adult or prosecuted as an adult offense, and which has not
24 been effectively removed from the employee's criminal record by
25 executive pardon, state court order, or operation of law.

26 (G) All management contracts entered into by the Tribe
27 regarding its gaming enterprise operated pursuant to this Compact

1 shall conform to all the requirements of IGRA, including 25
2 U.S.C. 2711, and tribal law. If the Tribe enters into a manage-
3 ment contract for the operation of any Class III gaming or compo-
4 nent thereof, the State shall be given 14 days' prior written
5 notice of such contract.

6 (H) All accounting records shall be kept on a double entry
7 system of accounting, maintaining detailed, supporting, subsid-
8 iary records. The Tribe shall maintain the following records for
9 not less than 3 years:

10 (1) Revenues, expenses, assets, liabilities and equity for
11 the location at which Class III gaming is conducted;

12 (2) Daily cash transactions for each Class III game at the
13 location at which gaming is conducted, including but not limited
14 to transactions relating to each gaming table bank, game drop box
15 and gaming room bank;

16 (3) All markers, IOUs, returned checks, hold checks or other
17 similar credit instruments;

18 (4) Individual and statistical game records (except card
19 games) to reflect statistical drop and statistical win; for elec-
20 tronic, computer, or other technologically assisted games, ana-
21 lytic reports which show the total amount of cash wagered and the
22 total amount of prizes won;

23 (5) Contracts, correspondence and other transaction docu-
24 ments relating to all vendors and contractors;

25 (6) Records of all tribal gaming enforcement activities;

26 (7) Audits prepared by or on behalf of the Tribe; and

1 (8) Personnel information on all Class III gaming employees
2 or agents, including rotation sheets, hours worked, employee
3 profiles and background checks.

4 (I) No person under the age of 18 may participate in any
5 Class III game.

6 (J) The Tribe shall not conduct any Class III gaming outside
7 of eligible Indian lands.

8 (K) The rules of each Class III card game shall be posted in
9 a prominent place in each card room and must designate:

10 (1) The maximum rake-off percentage, time buy-in or other
11 fee charged;

12 (2) The number of raises allowed;

13 (3) The monetary limit of each raise;

14 (4) The amount of ante; and

15 (5) Other rules as may be necessary.

16 (L) Upon the request of the State, the Tribe will provide to
17 the State the background information compiled by the Tribe on all
18 consultants (except legal counsel), management personnel, suppli-
19 ers and employees required to be licensed under 25 CFR Part 556
20 or the Tribe's gaming ordinance to allow the State to verify the
21 Tribe's background information and to make an independent deter-
22 mination as to suitability of these individuals, consistent with
23 the standards set forth in 4(D) herein.

24 (M) The regulatory requirements set forth in this section of
25 this Compact shall be administered and enforced as follows:

26 (1) The Tribe shall have responsibility to administer and
27 enforce the regulatory requirements.

1 (2) A representative authorized in writing by the Governor
2 of the State shall have the following right to inspect all tribal
3 Class III gaming facilities and all tribal records related to
4 Class III gaming, including those records set forth in 4(H)
5 herein, subject to the following conditions:

6 (a) With respect to public areas, at any time without prior
7 notice;

8 (b) With respect to private areas not accessible to the
9 public, at any time during normal business hours, with 12 hours
10 prior written notice; and

11 (c) With respect to inspection and copying of all tribal
12 records relating to Class III gaming, with 48 hours' prior writ-
13 ten notice, not including weekends.

14 (3) Except as otherwise provided by law or as also allowed
15 by the exceptions defined below, the State agrees to maintain in
16 confidence and never to disclose to any third party any financial
17 information, proprietary ideas, plans, methods, data, develop-
18 ment, inventions or other proprietary information regarding the
19 gambling enterprise of the Tribe, games conducted by the Tribe,
20 or the operation thereof which is provided to the State by the
21 Tribe without the prior written approval of a duly authorized
22 representative of the Tribe, provided that the information is
23 marked as confidential information when received by the State.
24 Nothing contained in this 4(M)(3) shall be construed to
25 prohibit:

1 (a) The furnishing of any information to a law enforcement
2 or regulatory agency of the United States or State government
3 pursuant to a lawful request of such agency;

4 (b) The State from making known the names of persons, firms
5 or corporations conducting Class III gaming activities pursuant
6 to the terms of this Compact, locations at which such activities
7 are conducted or the dates on which such activities are con-
8 ducted;

9 (c) Publishing the terms of this Compact;

10 (d) Disclosing information as necessary to audit, investi-
11 gate, prosecute, or arbitrate violations of this Compact;

12 (e) Complying with any law, subpoena or court order. The
13 State shall immediately notify the Tribe of any request or demand
14 for the release of confidential information under this subsection
15 4(M)(3)(e) to allow the Tribe to initiate proceedings under
16 Section 7 of this Compact or other applicable law to resolve any
17 dispute regarding the State's intention to disclose such
18 information.

19 (4) The Tribe shall have the right to inspect State records
20 concerning all Class III gaming conducted by the Tribe consistent
21 with Michigan's Freedom of Information Act.

22 (5) The Tribe shall reimburse the State for the actual costs
23 the State incurs in carrying out any functions authorized by the
24 terms of this Compact, in an amount not to exceed \$50,000.00 per
25 annum, adjusted annually in accordance with the consumer price
26 index annual inflation index. All calculations of amounts due
27 shall be based upon a fiscal year beginning October 1, and ending

1 September 30, unless the parties select a different fiscal year.
2 Payments due the State shall be made no later than 60 days after
3 the beginning of each fiscal year. Payments due the State during
4 any partial fiscal year this Compact is in effect shall be
5 adjusted to reflect only that portion of the fiscal year. Within
6 60 days after each fiscal year in which this Compact is in
7 effect, the State shall submit to the Tribe an accounting of
8 actual costs incurred in carrying out any functions authorized by
9 the terms of this Compact. Any amount of said sums paid to the
10 State which are not expended by the State on said actual costs
11 shall be returned to the Tribe by the State within 60 days after
12 the fiscal year or treated as a pre-payment of the Tribe's obli-
13 gation during the subsequent fiscal year.

14 (6) In the event the State believes that the Tribe is not
15 administering and enforcing the regulatory requirements set forth
16 herein, it may invoke the procedures set forth in Section 7 of
17 this Compact.

18 (N) The Tribe shall comply with all applicable provisions of
19 the Bank Secrecy Act, P.L. 91-508, October 26, 1970, 31
20 U.S.C. 5311-5314.

21 **SECTION 5. Employee Benefits.**

22 The Tribe shall provide to any employee who is employed in
23 conjunction with the operation of any gaming establishment at
24 which Class III gaming activities are operated pursuant to this
25 compact, such benefits to which the employee would be entitled by
26 virtue of the Michigan employment security act, 1936 (Ex Sess) PA
27 1, MCL 421.1 to 421.75, and the worker's disability compensation

1 act of 1969, 1969 PA 317, MCL 418.101 to 418.941, if his or her
2 employment services were provided to an employer engaged in a
3 business enterprise which is subject to, and covered by, the
4 respective Public Acts.

5 **SECTION 6. Providers of Class III Gaming Equipment or**
6 **Supplies.**

7 (A) No Class III games of chance, gaming equipment or sup-
8 plies may be purchased, leased or otherwise acquired by the Tribe
9 unless the Class III equipment or supplies meet the technical
10 equipment standards of either the State of Nevada or the State of
11 New Jersey.

12 (B) Prior to entering into any lease or purchase agreement,
13 the Tribe shall obtain sufficient information and identification
14 from the proposed seller or lessor and all persons holding any
15 direct or indirect financial interest in the lessor or the
16 lease/purchase agreement to permit the Tribe to conduct a back-
17 ground check on those persons. The Tribe shall not enter into
18 any lease or purchase agreement for Class III gaming equipment or
19 supplies with any person or entity if the lessor, seller, or any
20 manager or person holding direct or indirect financial interest
21 in the lessor/seller or the proposed lease/purchase agreement, is
22 determined to have participated in or have involvement with orga-
23 nized crime or has been convicted of or entered a plea of guilty
24 or no contest to a gambling-related offense, fraud or misrepre-
25 sentation, or has been convicted of or entered a plea of guilty
26 or no contest to any other felony offense within the immediately
27 preceding 5 years, unless that person has been pardoned.

1 (C) The seller, lessor, manufacturer, or distributor shall
2 provide, assemble and install all Class III games of chance,
3 gaming equipment, and supplies in a manner approved and licensed
4 by the Tribe.

5 **SECTION 7. Dispute Resolution.**

6 (A) In the event either party believes that the other party
7 has failed to comply with or has otherwise breached any provision
8 of this Compact, such party may invoke the following procedure:

9 (1) The party asserting noncompliance shall serve written
10 notice on the other party. The notice shall identify the spe-
11 cific Compact provision alleged to have been violated and shall
12 specify the factual and legal basis for the alleged
13 noncompliance. The notice shall specifically identify the type
14 of game or games, their location, and the date and time of the
15 alleged noncompliance. Representatives of the State and Tribe
16 shall thereafter meet within 30 days in an effort to resolve the
17 dispute.

18 (2) In the event an allegation by the State is not resolved
19 to the satisfaction of the State within 90 days after service of
20 the notice set forth in section 7(A)(1), the party may serve upon
21 the office of the tribal Chairperson a notice to cease conduct of
22 the particular game(s) or activities alleged by the State to be
23 in noncompliance. Upon receipt of such notice, the Tribe may
24 elect to stop the game(s) or activities specified in the notice
25 or invoke arbitration and continue the game(s) or activities
26 pending the results of arbitration. The Tribe shall act upon one
27 of the foregoing options within 30 days of receipt of notice from

1 the State. Any arbitration under this authority shall be
2 conducted under the Commercial Arbitration rules of the American
3 Arbitration Association except that the arbitrators shall be
4 attorneys who are licensed members of the State Bar of Michigan,
5 or of the bar of another state, in good standing, and will be
6 selected by the State picking 1 arbitrator, the Tribe a second
7 arbitrator, and the 2 so chosen shall pick a third arbitrator.
8 If the third arbitrator is not chosen in this manner within 10
9 days after the second arbitrator is picked, the third arbitrator
10 will be chosen in accordance with the rules of the American
11 Arbitration Association. In the event an allegation by the Tribe
12 is not resolved to the satisfaction of the Tribe within 90 days
13 after service of the notice set forth in Section 7(A)(1), the
14 Tribe may invoke arbitration as specified above.

15 (3) All parties shall bear their own costs of arbitration
16 and attorney fees.

17 (B) Nothing in Section 7(A) shall be construed to waive,
18 limit or restrict any remedy which is otherwise available to
19 either party to enforce or resolve disputes concerning the provi-
20 sions of this Compact. Nothing in this Compact shall be deemed a
21 waiver of the Tribe's sovereign immunity. Nothing in this
22 Compact shall be deemed a waiver of the State's sovereign
23 immunity.

24 **SECTION 8. Notice to Patrons.**

25 In the facility of the Tribe where Class III gaming is con-
26 ducted the Tribe shall post in a prominent position a Notice to

1 patrons at least 2 feet by 3 feet in dimension with the following
2 language:

3

NOTICE

4 **THIS FACILITY IS REGULATED BY ONE OR MORE OF THE FOLLOWING: THE**
5 **NATIONAL INDIAN GAMING COMMISSION, BUREAU OF INDIAN AFFAIRS OF**
6 **THE U.S. DEPARTMENT OF THE INTERIOR AND THE GOVERNMENT OF THE**
7 **(Indian tribe)_____.**

8 **THIS FACILITY IS NOT REGULATED BY THE STATE OF MICHIGAN.**

9 **SECTION 9. Gaming Outside of Eligible Indian Lands.**

10 An application to take land in trust for gaming purposes
11 outside of eligible Indian lands, as defined in Section 2(B) of
12 this Compact, shall not be submitted to the Secretary of the
13 Interior in the absence of a prior written agreement between the
14 Tribe and the State's other federally recognized Indian Tribes
15 that provides for each of the other Tribes to share in the reve-
16 nue of any gaming facility that is the subject of the application
17 to take lands in trust for gaming purposes outside of eligible
18 Indian lands.

19 **SECTION 10. Regulation of the Sale of Alcoholic Beverages.**

20 (A) The Tribe hereby adopts and applies to its Class III
21 gaming establishment as tribal law those State laws, relating to
22 the sale and regulation of alcoholic beverages encompassing the
23 following areas: sale to a minor; sale to a visibly intoxicated
24 individual; sale of adulterated or misbranded liquor; hours of
25 operation; and similar substantive provisions. Said tribal laws,
26 which are defined by reference to the substantive areas of State
27 laws referred to above, shall apply to the tribal Class III

1 gaming establishment in the same manner and to the same extent as
2 such laws apply elsewhere in the State to off-reservation
3 transactions.

4 (B) The Tribe, for resale at its Class III gaming establish-
5 ment, shall purchase spirits from the Michigan liquor control
6 commission, and beer and wine from distributors licensed by the
7 Michigan liquor control commission, at the same price and on the
8 same basis that such beverages are purchased by Class C
9 licensees.

10 **SECTION 11. Effective Date.**

11 This Compact shall be effective immediately upon:

12 (A) Endorsement by the tribal chairperson and concurrence in
13 that endorsement by resolution of the Tribal Council;

14 (B) Endorsement by the Governor of the State and concurrence
15 in that endorsement or legislation of the Michigan Legislature;

16 (C) Approval by the Secretary of the Interior of the United
17 States; and

18 (D) Publication in the Federal Register.

19 **SECTION 12. Binding Effect, Duration, and Severability.**

20 (A) This Compact shall be binding upon the State and the
21 Tribe for a term of 20 years from the date it becomes effective
22 unless modified or terminated by written agreement of both
23 parties.

24 (B) At least 1 year prior to the expiration of 20 years
25 after the Compact becomes effective, and thereafter at least 1
26 year prior to the expiration of such subsequent 5-year period,
27 either party may serve written notice on the other of its right

1 to renegotiate this Compact. The parties agree that 25
2 U.S.C. <SS>2710(d)(3) through (8), or any successor provisions of
3 law, apply to successor compacts.

4 (C) In the event that either party gives written notice to
5 the other of its right to renegotiate this Compact pursuant to
6 subsection (B), the Tribe may, pursuant to the procedures of
7 IGRA, request the State to enter into negotiations for a succes-
8 sor compact governing the conduct of Class III gaming
9 activities. If the parties are unable to conclude a successor
10 compact, this Compact shall remain in full force and effect pend-
11 ing exhaustion of the administrative and judicial remedies set
12 forth in IGRA and/or any other applicable federal law.

13 (D) The Tribe may operate Class III gaming only while this
14 Compact or any renegotiated compact is in effect.

15 (E) In the event that any section or provision of this
16 Compact is disapproved by the Secretary of the Interior of the
17 United States or is held invalid by any court of competent juris-
18 diction, it is the intent of the parties that the remaining sec-
19 tions or provisions of this Compact, and any amendments thereto,
20 shall continue in full force and effect. This severability pro-
21 vision does not apply to Sections 17 and 18 of this Compact.

22 **SECTION 13. Notice to Parties.**

23 Unless otherwise indicated, all notices, payments, requests,
24 reports, information or demand which any party hereto may desire
25 or may be required to give to the other party hereto, shall be in
26 writing and shall be personally delivered or sent by first-class,
27 certified or registered United States Mail, postage prepaid,

1 return receipt requested, and sent to the other party at its
 2 address appearing below or such other address as any party shall
 3 hereinafter inform the other party hereto by written notice given
 4 as aforesaid:

5 Notice to the Tribe shall be sent to:

6 Chairperson

7 _____

8 Tribe

9 _____

10 Tribe address

11 Notice to the State shall be sent to:

12 Governor's Office	Office of Attorney
13 State of Michigan	General
14 P.O. Box 30013	Treasury Building
15 Lansing, MI 48909	First Floor
16	Lansing, MI 48922

17
 18 Every notice, payment, request, report, information or
 19 demand so given shall be deemed effective upon receipt, or if
 20 mailed, upon receipt or the expiration of the third day following
 21 the day of mailing, whichever occurs first, except that any
 22 notice of change of address shall be effective only upon receipt
 23 by the party to whom said notice is addressed.

24 **SECTION 14. Entire Agreement.**

25 This Compact is the entire agreement between the parties and
 26 supersedes all prior agreements, whether written or oral, with
 27 respect to the subject matter hereof. Neither this Compact nor
 28 any provision herein may be changed, waived, discharged, or ter-
 29 minated orally, but only by an instrument in writing signed by
 30 the Tribe and the State.

1 **SECTION 15. Filing of Compact with Secretary of State.**

2 Upon the effective date of this Compact, a certified copy
3 shall be filed by the Governor with the Michigan Secretary of
4 State and a copy shall be transmitted to each house of the
5 Michigan State Legislature and the Michigan Attorney General.
6 Any subsequent amendment or modification of this Compact shall be
7 filed with the Michigan Secretary of State.

8 **SECTION 16. Amendment.**

9 This Compact may be amended by mutual agreement between the
10 Tribe and the State as follows:

11 (A) The Tribe or the State may propose amendments to the
12 Compact by providing the other party with written notice of the
13 proposed amendment as follows:

14 (i) The Tribe shall propose amendments pursuant to the
15 notice provisions of this Compact by submitting the proposed
16 amendments to the Governor who shall act for the State.

17 (ii) The State, acting through the Governor, shall propose
18 amendments by submitting the proposed amendments to the Tribe
19 pursuant to the notice provisions of this Compact.

20 (B) The party receiving the proposed amendment shall advise
21 the requesting party within 30 days as follows:

22 (i) That the receiving party agrees to the proposed amend-
23 ment; or

24 (ii) That the receiving party rejects the proposed amendment
25 as submitted and agrees to meet concerning the subject of the
26 proposed amendment.

1 (C) Any amendment agreed to between the parties shall be
2 submitted to the Secretary of the Interior for approval pursuant
3 to the provisions of the IGRA.

4 (D) Upon the effective date of the amendment, a certified
5 copy shall be filed by the Governor with the Michigan Secretary
6 of State and a copy shall be transmitted to each house of the
7 Michigan Legislature and the Michigan Attorney General.

8 **SECTION 17. Tribal Payments to State for Economic Benefits**
9 **of Exclusivity.**

10 (A) The State and the Tribe have determined that it is in
11 the interests of the people of the State and the members of the
12 Tribe to maximize the economic benefits of Class III gaming for
13 the Tribe and to minimize the adverse effects of Class III gaming
14 by providing a mechanism to reduce the proliferation of Class III
15 gaming enterprises in the State in exchange for the Tribe provid-
16 ing important revenue to the State.

17 (B) So long as there is a binding Class III Compact in
18 effect between the State and Tribe and no change in State law is
19 enacted which is intended to permit or permits the operation of
20 electronic games of chance or commercial casino games by any
21 other person (except a person operating such games in the City of
22 Detroit pursuant to the Michigan gaming control and revenue act,
23 Initiated Law of 1996, MCL 432.201 to 432.226) and no other
24 person (except a federally-recognized Indian Tribe operating pur-
25 suant to a valid Compact under IGRA or a person operating in the
26 City of Detroit pursuant to the Michigan gaming control and
27 revenue act, Initiated Law of 1996, MCL 432.201 to 432.226)

1 within the State lawfully operates electronic games of chance or
2 commercial casino games, the Tribe shall make payments to the
3 State as provided in Subsection (C).

4 (C) From and after the effective date of this Compact (as
5 determined pursuant to Section 11 of this Compact), and so long
6 as the conditions set forth in Subsection (B) remain in effect,
7 the Tribe will make semi-annual payments to the State as
8 follows:

9 (i) Payment to the Michigan Strategic Fund, or its successor
10 as determined by State law, in amount equal to 8% of the net win
11 at the casino derived from all Class III electronic games of
12 chance, as those games are defined in this Compact.

13 (ii) As used in this subsection, "net win" means the total
14 amount wagered on each electronic game of chance, minus the total
15 amount paid to players for winning wagers at such machines.

16 (iii) For purposes of these payments, all calculations of
17 amounts due shall be based upon a fiscal year beginning October 1
18 and ending September 30 of the following calendar year, unless
19 the parties agree on a different fiscal year, and all payments
20 due the State pursuant to the terms of this Section shall be paid
21 no later than 60 days after October 1 and March 31 of each year.
22 Any payments due and owing from the Tribe in the year this
23 Compact is approved, or the final year the Compact is in force,
24 shall reflect the actual net win but only for the portion of the
25 year the Compact is in effect.

26 (D) The operation of electronic games of chance by persons
27 or entities other than federally-recognized Indian tribes

1 pursuant to a valid Compact under IGRA shall not violate the
2 tribe's exclusive right to operate such machines so long as such
3 machines:

4 (i) Reward a player only with the right to replay the device
5 at no additional costs;

6 (ii) Do not permit the accumulation of more than 15 replays
7 at any 1 time;

8 (iii) Allow the accumulated free replays to be discharged
9 only by activating the device for 1 additional play for each
10 accumulated free replay; and

11 (iv) Make no permanent record, directly or indirectly, of
12 the free replays awarded.

13 **SECTION 18. Tribal Payments to Local Governments.**

14 (A) From and after the effective date of this Compact (as
15 determined pursuant to Section 11 of this Compact), the Tribe
16 will make semi-annual payments to the treasurer for the county
17 described in paragraph (ii)(1) of this subsection 18(A) to be
18 held by said treasurer for and on behalf of the local revenue
19 sharing board described below, as follows:

20 (i) Payment in the aggregate amount equal to 2% of the net
21 win at each casino derived from all Class III electronic games of
22 chance, as those games are defined in this Compact. The county
23 treasurer shall disburse the payments received as specified by
24 lawful vote of the local revenue sharing board.

25 (ii) It is the State's intent, in this and its other
26 Compacts with federally recognized tribes, that the payments to
27 local governments provided for in this section provide financial

1 resources to those political subdivisions of the State which
2 actually experience increased operating costs associated with the
3 operation of the Class III gaming facility. To this end, a local
4 revenue sharing board shall be created by those local governments
5 in the vicinity of the Class III gaming facility to receive and
6 disburse the semi-annual payments from the Tribe as described
7 below. Representatives of local governments in the vicinity of
8 the Class III gaming facility shall be appointed by their respec-
9 tive elected body and shall serve at the pleasure of such elected
10 body. The local revenue sharing board shall consist of represen-
11 tatives from each of the following jurisdictions:

12 (1) One representative from the county in which the Class
13 III gaming facility is located;

14 (2) One representative from the village, city, or township
15 in which the Class III gaming facility is located;

16 (3) One representative from a third local unit of government
17 determined by the representatives identified in sub-paragraphs
18 (1) and (2), above, to be most impacted by the Class III gaming
19 facility.

20 The procedures for the functioning of the local revenue
21 sharing board, guidelines for establishments of criteria or a
22 formula for the distribution of revenues, and all other matters
23 not specified in this Compact, shall be determined by the local
24 revenue sharing board. Decisions of the local revenue sharing
25 board concerning the distribution of revenues shall require the
26 unanimous vote of the 3 representatives. The local revenue
27 sharing board's sole function shall be to determine and make

1 allocations of the tribal payments for the purposes described and
2 subject to the limitations in subparagraphs (iii) to (v) below.

3 (iii) Of the payments made to local units of government, not
4 less than 1/8 of the aggregate payment described in subparagraph
5 (i) shall be paid to local public safety organizations for public
6 safety purposes.

7 (iv) Out of the aggregate payments to local units of govern-
8 ment, each local unit of government shall receive no less than an
9 amount equivalent to its share of ad valorem property taxes that
10 would otherwise be attributed to the Class III Gaming Facility if
11 that site were subject to such taxation.

12 (v) Out of the aggregate payments to local units of govern-
13 ment, after deducting the payment provided in subparagraphs (iii)
14 and (iv), the Board shall allocate an additional portion of such
15 payments to local units of government to offset the actual costs
16 incurred by such local units of government as a result of the
17 development of a Class III gaming facility in the vicinity. The
18 balance of such payments remaining after reimbursement of such
19 actual costs may be utilized for any other lawful local govern-
20 ment purposes.

21 (vi) As used in this subsection, "net win" means the total
22 amount wagered on each electronic game of chance, minus the total
23 amount paid to players for winning wagers at such machines.

24 (vii) For purposes of these payments, all calculations of
25 amounts due shall be based upon a fiscal year beginning October 1
26 and ending September 30 of the following calendar year, unless
27 the parties agree on a different fiscal year, and all payments

1 due the local units of government pursuant to the terms of this
2 Section shall be paid no later than 60 days after October 1 and
3 March 31 of each year. Any payments due and owing from the Tribe
4 in the year this Compact is approved, or the final year the
5 Compact is in force, shall reflect the actual net win only for
6 the portion of the year the Compact is in effect.

7 Sec. 3. The compact between the Little River Band of Ottawa
8 Indians and the state of Michigan providing for the conduct of
9 tribal class III gaming by the Little River Band of Ottawa
10 Indians is hereby ratified and enacted into law and entered into
11 by this state as a party pursuant to section 11 of the compact
12 and is legally joined therein in form substantially as follows:

13 A COMPACT BETWEEN
14 THE LITTLE RIVER BAND OF OTTAWA INDIANS
15 AND
16 THE STATE OF MICHIGAN
17 PROVIDING FOR THE CONDUCT OF TRIBAL CLASS III GAMING
18 BY THE
19 LITTLE RIVER BAND OF OTTAWA INDIANS

20
21 THIS COMPACT is made and entered into this 29th day of
22 January, 1997, by and between the Little River Band of Ottawa
23 Indians (hereinafter referred to as "Tribe") and the STATE OF
24 MICHIGAN (hereinafter referred to as "State").

25 RECITALS

26 WHEREAS, the State of Michigan is a sovereign State of the
27 United States of America, having been admitted to the Union

1 pursuant to the Act of January 26, ch. 6, 1837, 5 Stat. 144 and
2 is authorized by its constitution to enter into contracts and
3 agreements, including this agreement with the Tribe; and

4 WHEREAS, the Tribe is a federally recognized Indian Tribe
5 and its governing body, the Tribal Council, is authorized by the
6 tribal constitution to enter into contracts and agreements of
7 every description, including this agreement with the State; and

8 WHEREAS, the Congress of the United States has enacted the
9 Indian Gaming Regulatory Act of 1988, Public Law 100-497, 102
10 Stat. 2467, (hereinafter "IGRA"), which permits Indian tribes to
11 operate Class III gaming activities on Indian reservations pursu-
12 ant to a tribal-state compact entered into for that purpose; and

13 WHEREAS, the Tribe proposes to operate a Class III gaming
14 establishment on eligible Indian lands in the State of Michigan,
15 and by Tribal Council Resolution and Tribal Ordinance will adopt
16 rules and regulations governing the games played and related
17 activities at the Class III gaming establishment; and

18 WHEREAS, the State presently permits and regulates various
19 types of gaming within the State (but outside Indian lands),
20 including casino style charitable gaming such as craps, roulette,
21 and banking card games, as well as a lottery operating instant
22 scratch games, and "pick number" games, most of which would be
23 Class III games if conducted by the Tribe; and

24 WHEREAS, the Michigan Supreme Court in Automatic Music &
25 Vending Corp. v. Liquor Control Comm., 426 Mich 452, 396 NW2d
26 204 (1986); appeal dismissed, 481 U.S. 1009 (1987), and the
27 Michigan Court of Appeals in Primages Int'l of Michigan v.

1 Michigan, 199 Mich App 252, 501 NW2d 268 (1993), have held that
2 the statutory exception found at MCL 750.303(2) allows for the
3 play of electronic gaming devices, which includes computerized or
4 electronic games of chance, albeit subject to specified restric-
5 tions regarding the mode of play; and

6 WHEREAS, said casino style table games and electronic gaming
7 devices are, therefore, permitted "for any purpose by any person,
8 organization or entity," within the meaning of IGRA, 25
9 U.S.C. 2710(d)(1)(B); and

10 WHEREAS, at the general election held on November 5, 1996,
11 the electors adopted an initiated law which provides for a
12 licensing and regulatory system under which casino gambling may
13 be operated in the City of Detroit; and

14 WHEREAS, the State and 7 other federally-recognized Indian
15 tribes in the State have previously entered into substantially
16 similar Compacts for the conduct of Class III games; and

17 WHEREAS, a compact between the Tribe and the State for the
18 conduct of Class III gaming satisfies the prerequisite, imposed
19 by the United States Congress by enactment of IGRA, for the oper-
20 ation of lawful Class III gaming by the Tribe on eligible Indian
21 lands in Michigan; and

22 WHEREAS, the State and the Tribe, in recognition of the sov-
23 ereign rights of each party and in a spirit of cooperation in the
24 interests of the citizens of the State and the members of the
25 Tribe, have engaged in good faith negotiations recognizing and
26 respecting the interests of each party and have agreed to this
27 Compact.

1 NOW THEREFORE, the Tribe and the State agree as follows:

2 **SECTION 1. Purpose and Objectives.**

3 The purpose and objectives of the Tribe and State in making
4 this Compact are as follows:

5 (A) To evidence the good will and cooperative spirit between
6 the State and the Tribe;

7 (B) To continue the development of effective working rela-
8 tionships between the State and tribal governments;

9 (C) To compact for Class III gaming on eligible Indian lands
10 of the Tribe in Michigan as authorized by IGRA;

11 (D) To fulfill the purpose and intent of IGRA by providing
12 for tribal gaming as a means of generating tribal revenues,
13 thereby promoting tribal economic development, tribal
14 self-sufficiency and strong tribal government;

15 (E) To provide tribal revenues to fund tribal government
16 operations or programs, to provide for the general welfare of the
17 Tribe and its members and for other purposes allowed under IGRA;

18 (F) To provide for the operation of Class III gaming in
19 which, except as provided in 25 U.S.C. 2710(b)(4) and (d)(2)(A)
20 of IGRA, the Tribe shall have the sole proprietary interest and
21 be the primary beneficiary of the Tribe's gaming enterprise;

22 (G) To recognize the State's interest in the establishment
23 by the Tribe of rules for the regulation of Class III gaming
24 operated by the Tribe on eligible Indian lands;

25 (H) To recognize the State's interest in the establishment
26 by the Tribe of rules and procedures for ensuring the Class III
27 gaming is conducted fairly and honestly by the owners, operators,

1 and employees and by the patrons of any Class III gaming
2 enterprise of the Tribe; and

3 (I) To establish procedures to notify the patrons of the
4 Tribe's Class III gaming establishment that the establishment is
5 not regulated by the State of Michigan and that patrons must look
6 to the tribal government or to the federal government to resolve
7 any issues or disputes with respect to the operations of the
8 establishment.

9 **SECTION 2. Definitions.**

10 For purposes of this Compact, the following definitions
11 pertain:

12 (A) "Class III gaming" means all forms of gaming authorized
13 by this Compact, which are neither Class I nor Class II gaming,
14 as such terms are defined in 2703(6) and (7) of IGRA. Only those
15 Class III games authorized by this Compact may be played by the
16 Tribe.

17 (B)(1) "Eligible Indian Lands" means reservation lands
18 acquired under applicable federal law. A total of 1 tribal Class
19 III gaming facility may be located on Eligible Indian Lands;
20 Provided However, If any tribe which attains federal recognition
21 subsequent to the date of this Compact is granted the right,
22 under a valid Compact with the State of Michigan, to operate more
23 than 1 Class III gaming facility on its Indian lands, the Tribe
24 shall be afforded the same right subject to the same terms and
25 conditions imposed on such newly recognized tribe.

1 (2) Nothing in subsection 2(B) shall be construed to limit
2 the Tribe's ability to change the location of the Tribe's Class
3 III gaming facility within "Eligible Indian Lands".

4 (C) "Tribal Chairperson" means the duly elected Chairperson
5 of the Board of Directors or Tribal Council of the Tribe.

6 (D) "Person" means a business, individual, proprietorship,
7 firm, partnership, joint venture, syndicate, trust, labor organi-
8 zation, company, corporation, association, committee, state,
9 local government, government instrumentality or entity, or any
10 other organization or group of persons acting jointly.

11 **SECTION 3. Authorized Class III Games.**

12 (A) The Tribe may lawfully conduct the following Class III
13 games on eligible Indian lands:

14 (1) Craps and related dice games;

15 (2) Wheel games, including "Big Wheel" and related games;

16 (3) Roulette;

17 (4) Banking card games that are not otherwise treated as
18 Class II gaming in Michigan pursuant to 25 U.S.C. 2703(7)(C), and
19 non-banking card games played by any Michigan tribe on or before
20 May 1, 1988;

21 (5) Electronic games of chance featuring coin drop and
22 payout as well as printed tabulations, whereby the software of
23 the device predetermines the presence or lack of a winning combi-
24 nation and payout. Electronic games of chance are defined as a
25 microprocessor-controlled electronic device which allows a player
26 to play games of chance, which may be affected by an element of
27 skill, activated by the insertion of a coin or currency, or by

1 the use of a credit, and awards game credits, cash, tokens, or
2 replays, or a written statement of the player's accumulated cred-
3 its, which written statements are redeemable for cash;

4 (6) Keno;

5 (7) Any other Class III game that lawfully may be operated
6 by a person licensed to operate a casino pursuant to the Michigan
7 gaming control and revenue act, Initiated Law of 1996, MCL
8 432.201 to 432.226; and

9 (8) Games that lawfully may be conducted pursuant to sec-
10 tions 303a and 310a of the Michigan penal code, 1931 PA 328, MCL
11 750.303a and 750.310a.

12 This Compact shall apply to card games that are considered
13 to be Class II games pursuant to 25 U.S.C. 2703(7)(C) only if
14 those games are expanded beyond their "nature and scope" as it
15 existed before May 1, 1988, and only to the extent of such
16 expansion. The term "nature and scope" shall be interpreted con-
17 sistent with IGRA, the legislative history of IGRA, any applica-
18 ble decisions of the courts of the United States and any applica-
19 ble regulations of the National Indian Gaming Commission.

20 Any limitations on the number of games operated or played,
21 their location within eligible Indian lands as defined under this
22 Compact, hours or period of operation, limits on wagers or pot
23 size, or other such limitations shall be determined by duly
24 enacted tribal law or regulation. Any state law restrictions,
25 limitations or regulation of such gaming shall not apply to Class
26 III games conducted by the Tribe pursuant to this Compact.

1 (B) Additional Class III games may be lawfully conducted by
2 mutual agreement of the Tribe and the State as follows:

3 (1) The Tribe shall request additional games by letter from
4 the tribal Chairperson on behalf of the Tribe to the Governor on
5 behalf of the State. The request shall identify the additional
6 proposed gaming activities with specificity and any proposed
7 amendments to the Tribe's regulatory ordinance.

8 (2) The state acting through the Governor shall take action
9 on the Tribe's request within 90 days after receipt. The
10 Governor's action shall be based on the following:

11 (a) Whether the proposed gaming activities are permitted in
12 the State of Michigan for any purpose by any person, organization
13 or entity; and

14 (b) Whether the provisions of this Compact are adequate to
15 fulfill the policies and purposes set forth in the IGRA with
16 respect to such additional games.

17 **SECTION 4. Regulation of Class III Gaming.**

18 (A) Prior to permitting the initiation of any Class III
19 gaming on eligible Indian lands, the Tribe will enact a compre-
20 hensive gaming regulatory ordinance governing all aspects of the
21 Tribe's gaming enterprise. The requirements of this Section 4
22 are intended to supplement, rather than conflict with the provi-
23 sions of the Tribe's ordinance. To the extent any regulatory
24 requirement of this Compact is more stringent or restrictive than
25 a parallel provision of the Tribe's ordinance, as now or hereaf-
26 ter amended, this Compact shall control.

1 (B) The regulatory requirements of this Section 4 shall
2 apply to the conduct of all Class III gaming authorized by the
3 Compact. At all times in which it conducts any Class III gaming
4 under this Compact, the Tribe shall maintain, as part of its law-
5 fully enacted ordinances, requirements at least as restrictive as
6 those set forth herein.

7 (C) The Tribe shall license, operate, and regulate all Class
8 III gaming activities pursuant to this Compact, tribal law, IGRA,
9 and all other applicable federal law. This shall include but not
10 be limited to the licensing of consultants (except legal
11 counsel), primary management officials, and key officials of each
12 Class III gaming activity or operation. Any violation of this
13 Compact, tribal law, IGRA, or other applicable federal law shall
14 be corrected immediately by the Tribe.

15 (D) The Tribe may not license, hire, or employ as a key
16 employee or primary management official as those terms are
17 defined at 25 CFR 502.14 and 502.19, in connection with Class III
18 gaming, any person who:

19 (1) Is under the age of 18; or

20 (2) Has been convicted of or entered a plea of guilty or no
21 contest to a gambling-related offense, fraud or misrepresenta-
22 tion; or

23 (3) Has been convicted of or entered a plea of guilty or no
24 contest to any offense not specified in subparagraph (2) within
25 the immediately preceding 5 years; this provision shall not apply
26 if that person has been pardoned by the Governor of the State
27 where the conviction occurred or, if a tribal member, has been

1 determined by the Tribe to be a person who is not likely again to
2 engage in any offensive or criminal course of conduct and the
3 public good does not require that the applicant be denied a
4 license as a key employee or primary management official; or

5 (4) Is determined by the Tribe to have participated in orga-
6 nized crime or unlawful gambling or whose prior activities, crim-
7 inal records, reputation, habits, and/or associations pose a
8 threat to the public interest or to the effective regulation and
9 control of gaming, or create or enhance the dangers of unsuit-
10 able, unfair, or illegal practices, methods and activities in the
11 conduct of gaming or to the carrying on of the business and
12 financial arrangements incidental to the conduct of gaming.

13 (E) The terms "fraud or misrepresentation," as used in
14 subsection (D)(2), shall mean a criminal offense committed in
15 Michigan or any other jurisdiction, involving, theft, fraud or
16 misrepresentation, which is a felony or would be a felony if com-
17 mitted in Michigan, and which was committed as an adult or prose-
18 cuted as an adult offense, and which has not been effectively
19 removed from the employee's criminal record by executive pardon,
20 state court order, or operation of law.

21 (F) The term "any offense," as used in subsection (D)(3),
22 shall mean any criminal offense not described in
23 subsection (D)(2), whether committed in this state or any other
24 jurisdiction, that is, or would be, a crime under the provisions
25 of the Michigan penal code, 1931 PA 328, MCL 750.1 to 750.568, or
26 the controlled substance provisions of the public health code,
27 1978 PA 368, MCL 333.7101 to 333.7545, or any other criminal

1 offense not specified in subparagraph (2) involving theft,
2 dishonesty, fraud or misrepresentation arising under the law of
3 Michigan or another state or jurisdiction, that was committed as
4 an adult or prosecuted as an adult offense, and which has not
5 been effectively removed from the employee's criminal record by
6 executive pardon, state court order, or operation of law.

7 (G) All management contracts entered into by the Tribe
8 regarding its gaming enterprise operated pursuant to this Compact
9 shall conform to all the requirements of IGRA, including 25
10 U.S.C. 2711, and tribal law. If the Tribe enters into a manage-
11 ment contract for the operation of any Class III gaming or compo-
12 nent thereof, the State shall be given 14 days' prior written
13 notice of such contract.

14 (H) All accounting records shall be kept on a double entry
15 system of accounting, maintaining detailed, supporting, subsid-
16 iary records. The Tribe shall maintain the following records for
17 not less than 3 years:

18 (1) Revenues, expenses, assets, liabilities and equity for
19 the location at which Class III gaming is conducted;

20 (2) Daily cash transactions for each Class III game at the
21 location at which gaming is conducted, including but not limited
22 to transactions relating to each gaming table bank, game drop box
23 and gaming room bank;

24 (3) All markers, IOUs, returned checks, hold checks or other
25 similar credit instruments;

26 (4) Individual and statistical game records (except card
27 games) to reflect statistical drop and statistical win; for

1 electronic, computer, or other technologically assisted games,
2 analytic reports which show the total amount of cash wagered and
3 the total amount of prizes won;

4 (5) Contracts, correspondence and other transaction docu-
5 ments relating to all vendors and contractors;

6 (6) Records of all tribal gaming enforcement activities;

7 (7) Audits prepared by or on behalf of the Tribe; and

8 (8) Personnel information on all Class III gaming employees
9 or agents, including rotation sheets, hours worked, employee pro-
10 files and background checks.

11 (I) No person under the age of 18 may participate in any
12 Class III game.

13 (J) The Tribe shall not conduct any Class III gaming outside
14 of eligible Indian lands.

15 (K) The rules of each Class III card game shall be posted in
16 a prominent place in each card room and must designate:

17 (1) The maximum rake-off percentage, time buy-in or other
18 fee charged;

19 (2) The number of raises allowed;

20 (3) The monetary limit of each raise;

21 (4) The amount of ante; and

22 (5) Other rules as may be necessary.

23 (L) Upon the request of the State, the Tribe will provide to
24 the State the background information compiled by the Tribe on all
25 consultants (except legal counsel), management personnel, suppli-
26 ers and employees required to be licensed under 25 CFR Part 556
27 or the Tribe's gaming ordinance to allow the State to verify the

1 Tribe's background information and to make an independent
2 determination as to suitability of these individuals, consistent
3 with the standards set forth in 4(D) herein.

4 (M) The regulatory requirements set forth in this section of
5 this Compact shall be administered and enforced as follows:

6 (1) The Tribe shall have responsibility to administer and
7 enforce the regulatory requirements.

8 (2) A representative authorized in writing by the Governor
9 of the State shall have the following right to inspect all tribal
10 Class III gaming facilities and all tribal records related to
11 Class III gaming, including those records set forth in 4(H)
12 herein, subject to the following conditions:

13 (a) With respect to public areas, at any time without prior
14 notice;

15 (b) With respect to private areas not accessible to the
16 public, at any time during normal business hours, with 12 hours
17 prior written notice; and

18 (c) With respect to inspection and copying of all tribal
19 records relating to Class III gaming, with 48 hours' prior writ-
20 ten notice, not including weekends.

21 (3) Except as otherwise provided by law or as also allowed
22 by the exceptions defined below, the State agrees to maintain in
23 confidence and never to disclose to any third party any financial
24 information, proprietary ideas, plans, methods, data, develop-
25 ment, inventions or other proprietary information regarding the
26 gambling enterprise of the Tribe, games conducted by the Tribe,
27 or the operation thereof which is provided to the State by the

1 Tribe without the prior written approval of a duly authorized
2 representative of the Tribe, provided that the information is
3 marked as confidential information when received by the State.
4 Nothing contained in this 4(M)(3) shall be construed to
5 prohibit:

6 (a) The furnishing of any information to a law enforcement
7 or regulatory agency of the United States or State government
8 pursuant to a lawful request of such agency;

9 (b) The State from making known the names of persons, firms
10 or corporations conducting Class III gaming activities pursuant
11 to the terms of this Compact, locations at which such activities
12 are conducted or the dates on which such activities are con-
13 ducted;

14 (c) Publishing the terms of this Compact;

15 (d) Disclosing information as necessary to audit, investi-
16 gate, prosecute, or arbitrate violations of this Compact;

17 (e) Complying with any law, subpoena or court order. The
18 State shall immediately notify the Tribe of any request or demand
19 for the release of confidential information under this subsection
20 4(M)(3)(e) to allow the Tribe to initiate proceedings under
21 Section 7 of this Compact or other applicable law to resolve any
22 dispute regarding the State's intention to disclose such
23 information.

24 (4) The Tribe shall have the right to inspect State records
25 concerning all Class III gaming conducted by the Tribe consistent
26 with Michigan's Freedom of Information Act.

1 (5) The Tribe shall reimburse the State for the actual costs
2 the State incurs in carrying out any functions authorized by the
3 terms of this Compact, in an amount not to exceed \$50,000.00 per
4 annum, adjusted annually in accordance with the consumer price
5 index annual inflation index. All calculations of amounts due
6 shall be based upon a fiscal year beginning October 1, and ending
7 September 30, unless the parties select a different fiscal year.
8 Payments due the State shall be made no later than 60 days after
9 the beginning of each fiscal year. Payments due the State during
10 any partial fiscal year this Compact is in effect shall be
11 adjusted to reflect only that portion of the fiscal year. Within
12 60 days after each fiscal year in which this Compact is in
13 effect, the State shall submit to the Tribe an accounting of
14 actual costs incurred in carrying out any functions authorized by
15 the terms of this Compact. Any amount of said sums paid to the
16 State which are not expended by the State on said actual costs
17 shall be returned to the Tribe by the State within 60 days after
18 the fiscal year or treated as a pre-payment of the Tribe's obli-
19 gation during the subsequent fiscal year.

20 (6) In the event the State believes that the Tribe is not
21 administering and enforcing the regulatory requirements set forth
22 herein, it may invoke the procedures set forth in Section 7 of
23 this Compact.

24 (N) The Tribe shall comply with all applicable provisions of
25 the Bank Secrecy Act, P.L. 91-508, October 26, 1970, 31
26 U.S.C. 5311-5314.

1 **SECTION 5. Employee Benefits.**

2 The Tribe shall provide to any employee who is employed in
3 conjunction with the operation of any gaming establishment at
4 which Class III gaming activities are operated pursuant to this
5 compact, such benefits to which the employee would be entitled by
6 virtue of the Michigan employment security act, 1936 (Ex Sess) PA
7 1, MCL 421.1 to 421.75, and the worker's disability compensation
8 act of 1969, 1969 PA 317, MCL 418.101 to 418.941, if his or her
9 employment services were provided to an employer engaged in a
10 business enterprise which is subject to, and covered by, the
11 respective Public Acts.

12 **SECTION 6. Providers of Class III Gaming Equipment or**
13 **Supplies.**

14 (A) No Class III games of chance, gaming equipment or sup-
15 plies may be purchased, leased or otherwise acquired by the Tribe
16 unless the Class III equipment or supplies meet the technical
17 equipment standards of either the State of Nevada or the State of
18 New Jersey.

19 (B) Prior to entering into any lease or purchase agreement,
20 the Tribe shall obtain sufficient information and identification
21 from the proposed seller or lessor and all persons holding any
22 direct or indirect financial interest in the lessor or the
23 lease/purchase agreement to permit the Tribe to conduct a back-
24 ground check on those persons. The Tribe shall not enter into
25 any lease or purchase agreement for Class III gaming equipment or
26 supplies with any person or entity if the lessor, seller, or any
27 manager or person holding direct or indirect financial interest

1 in the lessor/seller or the proposed lease/purchase agreement, is
2 determined to have participated in or have involvement with orga-
3 nized crime or has been convicted of or entered a plea of guilty
4 or no contest to a gambling-related offense, fraud or misrepre-
5 sentation, or has been convicted of or entered a plea of guilty
6 or no contest to any other felony offense within the immediately
7 preceding 5 years, unless that person has been pardoned.

8 (C) The seller, lessor, manufacturer, or distributor shall
9 provide, assemble and install all Class III games of chance,
10 gaming equipment, and supplies in a manner approved and licensed
11 by the Tribe.

12 **SECTION 7. Dispute Resolution.**

13 (A) In the event either party believes that the other party
14 has failed to comply with or has otherwise breached any provision
15 of this Compact, such party may invoke the following procedure:

16 (1) The party asserting noncompliance shall serve written
17 notice on the other party. The notice shall identify the spe-
18 cific Compact provision alleged to have been violated and shall
19 specify the factual and legal basis for the alleged
20 noncompliance. The notice shall specifically identify the type
21 of game or games, their location, and the date and time of the
22 alleged noncompliance. Representatives of the State and Tribe
23 shall thereafter meet within 30 days in an effort to resolve the
24 dispute.

25 (2) In the event an allegation by the State is not resolved
26 to the satisfaction of the State within 90 days after service of
27 the notice set forth in section 7(A)(1), the party may serve upon

1 the office of the tribal Chairperson a notice to cease conduct of
2 the particular game(s) or activities alleged by the State to be
3 in noncompliance. Upon receipt of such notice, the Tribe may
4 elect to stop the game(s) or activities specified in the notice
5 or invoke arbitration and continue the game(s) or activities
6 pending the results of arbitration. The Tribe shall act upon one
7 of the foregoing options within 30 days of receipt of notice from
8 the State. Any arbitration under this authority shall be con-
9 ducted under the Commercial Arbitration rules of the American
10 Arbitration Association except that the arbitrators shall be
11 attorneys who are licensed members of the State Bar of Michigan,
12 or of the bar of another state, in good standing, and will be
13 selected by the State picking 1 arbitrator, the Tribe a second
14 arbitrator, and the 2 so chosen shall pick a third arbitrator.
15 If the third arbitrator is not chosen in this manner within 10
16 days after the second arbitrator is picked, the third arbitrator
17 will be chosen in accordance with the rules of the American
18 Arbitration Association. In the event an allegation by the Tribe
19 is not resolved to the satisfaction of the Tribe within 90 days
20 after service of the notice set forth in Section 7(A)(1), the
21 Tribe may invoke arbitration as specified above.

22 (3) All parties shall bear their own costs of arbitration
23 and attorney fees.

24 (B) Nothing in Section 7(A) shall be construed to waive,
25 limit or restrict any remedy which is otherwise available to
26 either party to enforce or resolve disputes concerning the
27 provisions of this Compact. Nothing in this Compact shall be

1 the sale and regulation of alcoholic beverages encompassing the
2 following areas: sale to a minor; sale to a visibly intoxicated
3 individual; sale of adulterated or misbranded liquor; hours of
4 operation; and similar substantive provisions. Said tribal laws,
5 which are defined by reference to the substantive areas of State
6 laws referred to above, shall apply to the tribal Class III
7 gaming establishment in the same manner and to the same extent as
8 such laws apply elsewhere in the State to off-reservation
9 transactions.

10 (B) The Tribe, for resale at its Class III gaming establish-
11 ment, shall purchase spirits from the Michigan liquor control
12 commission, and beer and wine from distributors licensed by the
13 Michigan liquor control commission, at the same price and on the
14 same basis that such beverages are purchased by Class C
15 licensees.

16 **SECTION 11. Effective Date.**

17 This Compact shall be effective immediately upon:

18 (A) Endorsement by the tribal chairperson and concurrence in
19 that endorsement by resolution of the Tribal Council;

20 (B) Endorsement by the Governor of the State and concurrence
21 in that endorsement or legislation of the Michigan Legislature;

22 (C) Approval by the Secretary of the Interior of the United
23 States; and

24 (D) Publication in the Federal Register.

25 **SECTION 12. Binding Effect, Duration, and Severability.**

26 (A) This Compact shall be binding upon the State and the
27 Tribe for a term of 20 years from the date it becomes effective

1 unless modified or terminated by written agreement of both
2 parties.

3 (B) At least 1 year prior to the expiration of 20 years
4 after the Compact becomes effective, and thereafter at least 1
5 year prior to the expiration of such subsequent 5-year period,
6 either party may serve written notice on the other of its right
7 to renegotiate this Compact. The parties agree that 25
8 U.S.C. <SS>2710(d)(3) through (8), or any successor provisions of
9 law, apply to successor compacts.

10 (C) In the event that either party gives written notice to
11 the other of its right to renegotiate this Compact pursuant to
12 subsection (B), the Tribe may, pursuant to the procedures of
13 IGRA, request the State to enter into negotiations for a succes-
14 sor compact governing the conduct of Class III gaming
15 activities. If the parties are unable to conclude a successor
16 compact, this Compact shall remain in full force and effect pend-
17 ing exhaustion of the administrative and judicial remedies set
18 forth in IGRA and/or any other applicable federal law.

19 (D) The Tribe may operate Class III gaming only while this
20 Compact or any renegotiated compact is in effect.

21 (E) In the event that any section or provision of this
22 Compact is disapproved by the Secretary of the Interior of the
23 United States or is held invalid by any court of competent juris-
24 diction, it is the intent of the parties that the remaining sec-
25 tions or provisions of this Compact, and any amendments thereto,
26 shall continue in full force and effect. This severability
27 provision does not apply to Sections 17 and 18 of this Compact.

1 **SECTION 13. Notice to Parties.**

2 Unless otherwise indicated, all notices, payments, requests,
 3 reports, information or demand which any party hereto may desire
 4 or may be required to give to the other party hereto, shall be in
 5 writing and shall be personally delivered or sent by first-class,
 6 certified or registered United States Mail, postage prepaid,
 7 return receipt requested, and sent to the other party at its
 8 address appearing below or such other address as any party shall
 9 hereinafter inform the other party hereto by written notice given
 10 as aforesaid:

11 Notice to the Tribe shall be sent to:

12 Chairperson

13 _____

14 Tribe

15 _____

16 Tribe address

17 Notice to the State shall be sent to:

18 Governor's Office	Office of Attorney
19 State of Michigan	General
20 P.O. Box 30013	Treasury Building
21 Lansing, MI 48909	First Floor
22 Lansing, MI 48922	Lansing, MI 48922

23
 24 Every notice, payment, request, report, information or
 25 demand so given shall be deemed effective upon receipt, or if
 26 mailed, upon receipt or the expiration of the third day following
 27 the day of mailing, whichever occurs first, except that any
 28 notice of change of address shall be effective only upon receipt
 29 by the party to whom said notice is addressed.

1 **SECTION 14. Entire Agreement.**

2 This Compact is the entire agreement between the parties and
3 supersedes all prior agreements, whether written or oral, with
4 respect to the subject matter hereof. Neither this Compact nor
5 any provision herein may be changed, waived, discharged, or ter-
6 minated orally, but only by an instrument in writing signed by
7 the Tribe and the State.

8 **SECTION 15. Filing of Compact with Secretary of State.**

9 Upon the effective date of this Compact, a certified copy
10 shall be filed by the Governor with the Michigan Secretary of
11 State and a copy shall be transmitted to each house of the
12 Michigan State Legislature and the Michigan Attorney General.
13 Any subsequent amendment or modification of this Compact shall be
14 filed with the Michigan Secretary of State.

15 **SECTION 16. Amendment.**

16 This Compact may be amended by mutual agreement between the
17 Tribe and the State as follows:

18 (A) The Tribe or the State may propose amendments to the
19 Compact by providing the other party with written notice of the
20 proposed amendment as follows:

21 (i) The Tribe shall propose amendments pursuant to the
22 notice provisions of this Compact by submitting the proposed
23 amendments to the Governor who shall act for the State.

24 (ii) The State, acting through the Governor, shall propose
25 amendments by submitting the proposed amendments to the Tribe
26 pursuant to the notice provisions of this Compact.

1 (B) The party receiving the proposed amendment shall advise
2 the requesting party within 30 days as follows:

3 (i) That the receiving party agrees to the proposed amend-
4 ment; or

5 (ii) That the receiving party rejects the proposed amendment
6 as submitted and agrees to meet concerning the subject of the
7 proposed amendment.

8 (C) Any amendment agreed to between the parties shall be
9 submitted to the Secretary of the Interior for approval pursuant
10 to the provisions of the IGRA.

11 (D) Upon the effective date of the amendment, a certified
12 copy shall be filed by the Governor with the Michigan Secretary
13 of State and a copy shall be transmitted to each house of the
14 Michigan Legislature and the Michigan Attorney General.

15 **SECTION 17. Tribal Payments to State for Economic Benefits**
16 **of Exclusivity.**

17 (A) The State and the Tribe have determined that it is in
18 the interests of the people of the State and the members of the
19 Tribe to maximize the economic benefits of Class III gaming for
20 the Tribe and to minimize the adverse effects of Class III gaming
21 by providing a mechanism to reduce the proliferation of Class III
22 gaming enterprises in the State in exchange for the Tribe provid-
23 ing important revenue to the State.

24 (B) So long as there is a binding Class III Compact in
25 effect between the State and Tribe and no change in State law is
26 enacted which is intended to permit or permits the operation of
27 electronic games of chance or commercial casino games by any

1 other person (except a person operating such games in the City of
2 Detroit pursuant to the Michigan gaming control and revenue act,
3 Initiated Law of 1996, MCL 432.201 to 432.226) and no other
4 person (except a federally-recognized Indian Tribe operating pur-
5 suant to a valid Compact under IGRA or a person operating in the
6 City of Detroit pursuant to the Michigan gaming control and reve-
7 nue act, Initiated Law of 1996, MCL 432.201 to 432.226) within
8 the State lawfully operates electronic games of chance or commer-
9 cial casino games, the Tribe shall make payments to the State as
10 provided in Subsection (C).

11 (C) From and after the effective date of this Compact (as
12 determined pursuant to Section 11 of this Compact), and so long
13 as the conditions set forth in Subsection (B) remain in effect,
14 the Tribe will make semi-annual payments to the State as
15 follows:

16 (i) Payment to the Michigan Strategic Fund, or its successor
17 as determined by State law, in amount equal to 8% of the net win
18 at the casino derived from all Class III electronic games of
19 chance, as those games are defined in this Compact.

20 (ii) As used in this subsection, "net win" means the total
21 amount wagered on each electronic game of chance, minus the total
22 amount paid to players for winning wagers at such machines.

23 (iii) For purposes of these payments, all calculations of
24 amounts due shall be based upon a fiscal year beginning October 1
25 and ending September 30 of the following calendar year, unless
26 the parties agree on a different fiscal year, and all payments
27 due the State pursuant to the terms of this Section shall be paid

1 no later than 60 days after October 1 and March 31 of each year.
2 Any payments due and owing from the Tribe in the year this
3 Compact is approved, or the final year the Compact is in force,
4 shall reflect the actual net win but only for the portion of the
5 year the Compact is in effect.

6 (D) The operation of electronic games of chance by persons
7 or entities other than federally-recognized Indian tribes pursu-
8 ant to a valid Compact under IGRA shall not violate the tribe's
9 exclusive right to operate such machines so long as such
10 machines:

11 (i) Reward a player only with the right to replay the device
12 at no additional costs;

13 (ii) Do not permit the accumulation of more than 15 replays
14 at any 1 time;

15 (iii) Allow the accumulated free replays to be discharged
16 only by activating the device for 1 additional play for each
17 accumulated free replay; and

18 (iv) Make no permanent record, directly or indirectly, of
19 the free replays awarded.

20 **SECTION 18. Tribal Payments to Local Governments.**

21 (A) From and after the effective date of this Compact (as
22 determined pursuant to Section 11 of this Compact), the Tribe
23 will make semi-annual payments to the treasurer for the county
24 described in paragraph (ii)(1) of this subsection 18(A) to be
25 held by said treasurer for and on behalf of the local revenue
26 sharing board described below, as follows:

1 (i) Payment in the aggregate amount equal to 2% of the net
2 win at each casino derived from all Class III electronic games of
3 chance, as those games are defined in this Compact. The county
4 treasurer shall disburse the payments received as specified by
5 lawful vote of the local revenue sharing board.

6 (ii) It is the State's intent, in this and its other
7 Compacts with federally recognized tribes, that the payments to
8 local governments provided for in this section provide financial
9 resources to those political subdivisions of the State which
10 actually experience increased operating costs associated with the
11 operation of the Class III gaming facility. To this end, a local
12 revenue sharing board shall be created by those local governments
13 in the vicinity of the Class III gaming facility to receive and
14 disburse the semi-annual payments from the Tribe as described
15 below. Representatives of local governments in the vicinity of
16 the Class III gaming facility shall be appointed by their respec-
17 tive elected body and shall serve at the pleasure of such elected
18 body. The local revenue sharing board shall consist of represen-
19 tatives from each of the following jurisdictions:

20 (1) One representative from the county in which the Class
21 III gaming facility is located;

22 (2) One representative from the village, city, or township
23 in which the Class III gaming facility is located;

24 (3) One representative from a third local unit of government
25 determined by the representatives identified in sub-paragraphs
26 (1) and (2), above, to be most impacted by the Class III gaming
27 facility.

1 The procedures for the functioning of the local revenue
2 sharing board, guidelines for establishments of criteria or a
3 formula for the distribution of revenues, and all other matters
4 not specified in this Compact, shall be determined by the local
5 revenue sharing board. Decisions of the local revenue sharing
6 board concerning the distribution of revenues shall require the
7 unanimous vote of the 3 representatives. The local revenue shar-
8 ing board's sole function shall be to determine and make alloca-
9 tions of the tribal payments for the purposes described and
10 subject to the limitations in subparagraphs (iii) to (v) below.

11 (iii) Of the payments made to local units of government, not
12 less than 1/8 of the aggregate payment described in subparagraph
13 (i) shall be paid to local public safety organizations for public
14 safety purposes.

15 (iv) Out of the aggregate payments to local units of govern-
16 ment, each local unit of government shall receive no less than an
17 amount equivalent to its share of ad valorem property taxes that
18 would otherwise be attributed to the Class III Gaming Facility if
19 that site were subject to such taxation.

20 (v) Out of the aggregate payments to local units of govern-
21 ment, after deducting the payment provided in subparagraphs (iii)
22 and (iv), the Board shall allocate an additional portion of such
23 payments to local units of government to offset the actual costs
24 incurred by such local units of government as a result of the
25 development of a Class III gaming facility in the vicinity. The
26 balance of such payments remaining after reimbursement of such

1 actual costs may be utilized for any other lawful local
2 government purposes.

3 (vi) As used in this subsection, "net win" means the total
4 amount wagered on each electronic game of chance, minus the total
5 amount paid to players for winning wagers at such machines.

6 (vii) For purposes of these payments, all calculations of
7 amounts due shall be based upon a fiscal year beginning October 1
8 and ending September 30 of the following calendar year, unless
9 the parties agree on a different fiscal year, and all payments
10 due the local units of government pursuant to the terms of this
11 Section shall be paid no later than 60 days after October 1 and
12 March 31 of each year. Any payments due and owing from the Tribe
13 in the year this Compact is approved, or the final year the
14 Compact is in force, shall reflect the actual net win only for
15 the portion of the year the Compact is in effect.

16 Sec. 4. The compact between the Pokagon Band of Potawatomi
17 Indians and the state of Michigan providing for the conduct of
18 tribal class III gaming by the Pokagon Band of Potawatomi Indians
19 is hereby ratified and enacted into law and entered into by this
20 state as a party pursuant to section 11 of the compact and is
21 legally joined therein in form substantially as follows:

22 A COMPACT BETWEEN
23 THE POKAGON BAND OF POTAWATOMI INDIANS
24 AND
25 THE STATE OF MICHIGAN
26 PROVIDING FOR THE CONDUCT OF TRIBAL CLASS III GAMING

1 BY THE

2 POKAGON BAND OF POTAWATOMI INDIANS

3

4 THIS COMPACT is made and entered into this 29th day of
5 January, 1997, by and between the Pokagon Band of Potawatomi
6 Indians (hereinafter referred to as "Tribe") and the STATE OF
7 MICHIGAN (hereinafter referred to as "State").

8

RECITALS

9 WHEREAS, the State of Michigan is a sovereign State of the
10 United States of America, having been admitted to the Union pur-
11 suant to the Act of January 26, ch. 6, 1837, 5 Stat. 144 and is
12 authorized by its constitution to enter into contracts and agree-
13 ments, including this agreement with the Tribe; and

14 WHEREAS, the Tribe is a federally recognized Indian Tribe
15 and its governing body, the Tribal Council, is authorized by the
16 tribal constitution to enter into contracts and agreements of
17 every description, including this agreement with the State; and

18 WHEREAS, the Congress of the United States has enacted the
19 Indian Gaming Regulatory Act of 1988, Public Law 100-497, 102
20 Stat. 2467, (hereinafter "IGRA"), which permits Indian tribes to
21 operate Class III gaming activities on Indian reservations pursu-
22 ant to a tribal-state compact entered into for that purpose; and

23 WHEREAS, the Tribe proposes to operate a Class III gaming
24 establishment on eligible Indian lands in the State of Michigan,
25 and by Tribal Council Resolution and Tribal Ordinance will adopt
26 rules and regulations governing the games played and related
27 activities at the Class III gaming establishment; and

1 WHEREAS, the State presently permits and regulates various
2 types of gaming within the State (but outside Indian lands),
3 including casino style charitable gaming such as craps, roulette,
4 and banking card games, as well as a lottery operating instant
5 scratch games, and "pick number" games, most of which would be
6 Class III games if conducted by the Tribe; and

7 WHEREAS, the Michigan Supreme Court in Automatic Music &
8 Vending Corp. v. Liquor Control Comm., 426 Mich 452, 396 NW2d
9 204 (1986); appeal dismissed, 481 U.S. 1009 (1987), and the
10 Michigan Court of Appeals in Primages Int'l of Michigan v.
11 Michigan, 199 Mich App 252, 501 NW2d 268 (1993), have held that
12 the statutory exception found at MCL 750.303(2) allows for the
13 play of electronic gaming devices, which includes computerized or
14 electronic games of chance, albeit subject to specified restric-
15 tions regarding the mode of play; and

16 WHEREAS, said casino style table games and electronic gaming
17 devices are, therefore, permitted "for any purpose by any person,
18 organization or entity," within the meaning of IGRA, 25
19 U.S.C. 2710(d)(1)(B); and

20 WHEREAS, at the general election held on November 5, 1996,
21 the electors adopted an initiated law which provides for a
22 licensing and regulatory system under which casino gambling may
23 be operated in the City of Detroit; and

24 WHEREAS, the State and 7 other federally-recognized Indian
25 tribes in the State have previously entered into substantially
26 similar Compacts for the conduct of Class III games; and

1 WHEREAS, a compact between the Tribe and the State for the
2 conduct of Class III gaming satisfies the prerequisite, imposed
3 by the United States Congress by enactment of IGRA, for the oper-
4 ation of lawful Class III gaming by the Tribe on eligible Indian
5 lands in Michigan; and

6 WHEREAS, the State and the Tribe, in recognition of the sov-
7 ereign rights of each party and in a spirit of cooperation in the
8 interests of the citizens of the State and the members of the
9 Tribe, have engaged in good faith negotiations recognizing and
10 respecting the interests of each party and have agreed to this
11 Compact.

12 NOW THEREFORE, the Tribe and the State agree as follows:

13 **SECTION 1. Purpose and Objectives.**

14 The purpose and objectives of the Tribe and State in making
15 this Compact are as follows:

16 (A) To evidence the good will and cooperative spirit between
17 the State and the Tribe;

18 (B) To continue the development of effective working rela-
19 tionships between the State and tribal governments;

20 (C) To compact for Class III gaming on eligible Indian lands
21 of the Tribe in Michigan as authorized by IGRA;

22 (D) To fulfill the purpose and intent of IGRA by providing
23 for tribal gaming as a means of generating tribal revenues,
24 thereby promoting tribal economic development, tribal
25 self-sufficiency and strong tribal government;

1 (E) To provide tribal revenues to fund tribal government
2 operations or programs, to provide for the general welfare of the
3 Tribe and its members and for other purposes allowed under IGRA;

4 (F) To provide for the operation of Class III gaming in
5 which, except as provided in 25 U.S.C. 2710(b)(4) and (d)(2)(A)
6 of IGRA, the Tribe shall have the sole proprietary interest and
7 be the primary beneficiary of the Tribe's gaming enterprise;

8 (G) To recognize the State's interest in the establishment
9 by the Tribe of rules for the regulation of Class III gaming
10 operated by the Tribe on eligible Indian lands;

11 (H) To recognize the State's interest in the establishment
12 by the Tribe of rules and procedures for ensuring the Class III
13 gaming is conducted fairly and honestly by the owners, operators,
14 and employees and by the patrons of any Class III gaming enter-
15 prise of the Tribe; and

16 (I) To establish procedures to notify the patrons of the
17 Tribe's Class III gaming establishment that the establishment is
18 not regulated by the State of Michigan and that patrons must look
19 to the tribal government or to the federal government to resolve
20 any issues or disputes with respect to the operations of the
21 establishment.

22 **SECTION 2. Definitions.**

23 For purposes of this Compact, the following definitions
24 pertain:

25 (A) "Class III gaming" means all forms of gaming authorized
26 by this Compact, which are neither Class I nor Class II gaming,
27 as such terms are defined in 2703(6) and (7) of IGRA. Only those

1 Class III games authorized by this Compact may be played by the
2 Tribe.

3 (B)(1) "Eligible Indian Lands" means reservation lands
4 acquired under applicable federal law. A total of 1 tribal Class
5 III gaming facility may be located on Eligible Indian Lands;
6 Provided However, If any tribe which attains federal recognition
7 subsequent to the date of this Compact is granted the right,
8 under a valid Compact with the State of Michigan, to operate more
9 than 1 Class III gaming facility on its Indian lands, the Tribe
10 shall be afforded the same right subject to the same terms and
11 conditions imposed on such newly recognized tribe.

12 (2) Nothing in subsection 2(B) shall be construed to limit
13 the Tribe's ability to change the location of the Tribe's Class
14 III gaming facility within "Eligible Indian Lands".

15 (C) "Tribal Chairperson" means the duly elected Chairperson
16 of the Board of Directors or Tribal Council of the Tribe.

17 (D) "Person" means a business, individual, proprietorship,
18 firm, partnership, joint venture, syndicate, trust, labor organi-
19 zation, company, corporation, association, committee, state,
20 local government, government instrumentality or entity, or any
21 other organization or group of persons acting jointly.

22 **SECTION 3. Authorized Class III Games.**

23 (A) The Tribe may lawfully conduct the following Class III
24 games on eligible Indian lands:

25 (1) Craps and related dice games;

26 (2) Wheel games, including "Big Wheel" and related games;

1 (3) Roulette;

2 (4) Banking card games that are not otherwise treated as
3 Class II gaming in Michigan pursuant to 25 U.S.C. 2703(7)(C), and
4 non-banking card games played by any Michigan tribe on or before
5 May 1, 1988;

6 (5) Electronic games of chance featuring coin drop and
7 payout as well as printed tabulations, whereby the software of
8 the device predetermines the presence or lack of a winning combi-
9 nation and payout. Electronic games of chance are defined as a
10 microprocessor-controlled electronic device which allows a player
11 to play games of chance, which may be affected by an element of
12 skill, activated by the insertion of a coin or currency, or by
13 the use of a credit, and awards game credits, cash, tokens, or
14 replays, or a written statement of the player's accumulated cred-
15 its, which written statements are redeemable for cash;

16 (6) Keno;

17 (7) Any other Class III game that lawfully may be operated
18 by a person licensed to operate a casino pursuant to the Michigan
19 gaming control and revenue act, Initiated Law of 1996, MCL
20 432.201 to 432.226; and

21 (8) Games that lawfully may be conducted pursuant to sec-
22 tions 303a and 310a of the Michigan penal code, 1931 PA 328, MCL
23 750.303a and 750.310a.

24 This Compact shall apply to card games that are considered
25 to be Class II games pursuant to 25 U.S.C. 2703(7)(C) only if
26 those games are expanded beyond their "nature and scope" as it
27 existed before May 1, 1988, and only to the extent of such

1 expansion. The term "nature and scope" shall be interpreted
2 consistent with IGRA, the legislative history of IGRA, any appli-
3 cable decisions of the courts of the United States and any appli-
4 cable regulations of the National Indian Gaming Commission.

5 Any limitations on the number of games operated or played,
6 their location within eligible Indian lands as defined under this
7 Compact, hours or period of operation, limits on wagers or pot
8 size, or other such limitations shall be determined by duly
9 enacted tribal law or regulation. Any state law restrictions,
10 limitations or regulation of such gaming shall not apply to Class
11 III games conducted by the Tribe pursuant to this Compact.

12 (B) Additional Class III games may be lawfully conducted by
13 mutual agreement of the Tribe and the State as follows:

14 (1) The Tribe shall request additional games by letter from
15 the tribal Chairperson on behalf of the Tribe to the Governor on
16 behalf of the State. The request shall identify the additional
17 proposed gaming activities with specificity and any proposed
18 amendments to the Tribe's regulatory ordinance.

19 (2) The state acting through the Governor shall take action
20 on the Tribe's request within 90 days after receipt. The
21 Governor's action shall be based on the following:

22 (a) Whether the proposed gaming activities are permitted in
23 the State of Michigan for any purpose by any person, organization
24 or entity; and

25 (b) Whether the provisions of this Compact are adequate to
26 fulfill the policies and purposes set forth in the IGRA with
27 respect to such additional games.

1 **SECTION 4. Regulation of Class III Gaming.**

2 (A) Prior to permitting the initiation of any Class III
3 gaming on eligible Indian lands, the Tribe will enact a compre-
4 hensive gaming regulatory ordinance governing all aspects of the
5 Tribe's gaming enterprise. The requirements of this Section 4
6 are intended to supplement, rather than conflict with the provi-
7 sions of the Tribe's ordinance. To the extent any regulatory
8 requirement of this Compact is more stringent or restrictive than
9 a parallel provision of the Tribe's ordinance, as now or hereaf-
10 ter amended, this Compact shall control.

11 (B) The regulatory requirements of this Section 4 shall
12 apply to the conduct of all Class III gaming authorized by the
13 Compact. At all times in which it conducts any Class III gaming
14 under this Compact, the Tribe shall maintain, as part of its law-
15 fully enacted ordinances, requirements at least as restrictive as
16 those set forth herein.

17 (C) The Tribe shall license, operate, and regulate all Class
18 III gaming activities pursuant to this Compact, tribal law, IGRA,
19 and all other applicable federal law. This shall include but not
20 be limited to the licensing of consultants (except legal
21 counsel), primary management officials, and key officials of each
22 Class III gaming activity or operation. Any violation of this
23 Compact, tribal law, IGRA, or other applicable federal law shall
24 be corrected immediately by the Tribe.

25 (D) The Tribe may not license, hire, or employ as a key
26 employee or primary management official as those terms are

1 defined at 25 CFR 502.14 and 502.19, in connection with Class III
2 gaming, any person who:

3 (1) Is under the age of 18; or

4 (2) Has been convicted of or entered a plea of guilty or no
5 contest to a gambling-related offense, fraud or misrepresenta-
6 tion; or

7 (3) Has been convicted of or entered a plea of guilty or no
8 contest to any offense not specified in subparagraph (2) within
9 the immediately preceding 5 years; this provision shall not apply
10 if that person has been pardoned by the Governor of the State
11 where the conviction occurred or, if a tribal member, has been
12 determined by the Tribe to be a person who is not likely again to
13 engage in any offensive or criminal course of conduct and the
14 public good does not require that the applicant be denied a
15 license as a key employee or primary management official; or

16 (4) Is determined by the Tribe to have participated in orga-
17 nized crime or unlawful gambling or whose prior activities, crim-
18 inal records, reputation, habits, and/or associations pose a
19 threat to the public interest or to the effective regulation and
20 control of gaming, or create or enhance the dangers of unsuit-
21 able, unfair, or illegal practices, methods and activities in the
22 conduct of gaming or to the carrying on of the business and
23 financial arrangements incidental to the conduct of gaming.

24 (E) The terms "fraud or misrepresentation," as used in
25 subsection (D)(2), shall mean a criminal offense committed in
26 Michigan or any other jurisdiction, involving, theft, fraud or
27 misrepresentation, which is a felony or would be a felony if

1 committed in Michigan, and which was committed as an adult or
2 prosecuted as an adult offense, and which has not been effec-
3 tively removed from the employee's criminal record by executive
4 pardon, state court order, or operation of law.

5 (F) The term "any offense," as used in subsection (D)(3),
6 shall mean any criminal offense not described in
7 subsection (D)(2), whether committed in this state or any other
8 jurisdiction, that is, or would be, a crime under the provisions
9 of the Michigan penal code, 1931 PA 328, MCL 750.1 to 750.568, or
10 the controlled substance provisions of the public health code,
11 1978 PA 368, MCL 333.7101 to 333.7545, or any other criminal
12 offense not specified in subparagraph (2) involving theft, dis-
13 honesty, fraud or misrepresentation arising under the law of
14 Michigan or another state or jurisdiction, that was committed as
15 an adult or prosecuted as an adult offense, and which has not
16 been effectively removed from the employee's criminal record by
17 executive pardon, state court order, or operation of law.

18 (G) All management contracts entered into by the Tribe
19 regarding its gaming enterprise operated pursuant to this Compact
20 shall conform to all the requirements of IGRA, including 25
21 U.S.C. 2711, and tribal law. If the Tribe enters into a manage-
22 ment contract for the operation of any Class III gaming or compo-
23 nent thereof, the State shall be given 14 days' prior written
24 notice of such contract.

25 (H) All accounting records shall be kept on a double entry
26 system of accounting, maintaining detailed, supporting,

1 subsidiary records. The Tribe shall maintain the following
2 records for not less than 3 years:

3 (1) Revenues, expenses, assets, liabilities and equity for
4 the location at which Class III gaming is conducted;

5 (2) Daily cash transactions for each Class III game at the
6 location at which gaming is conducted, including but not limited
7 to transactions relating to each gaming table bank, game drop box
8 and gaming room bank;

9 (3) All markers, IOUs, returned checks, hold checks or other
10 similar credit instruments;

11 (4) Individual and statistical game records (except card
12 games) to reflect statistical drop and statistical win; for elec-
13 tronic, computer, or other technologically assisted games, ana-
14 lytic reports which show the total amount of cash wagered and the
15 total amount of prizes won;

16 (5) Contracts, correspondence and other transaction docu-
17 ments relating to all vendors and contractors;

18 (6) Records of all tribal gaming enforcement activities;

19 (7) Audits prepared by or on behalf of the Tribe; and

20 (8) Personnel information on all Class III gaming employees
21 or agents, including rotation sheets, hours worked, employee pro-
22 files and background checks.

23 (I) No person under the age of 18 may participate in any
24 Class III game.

25 (J) The Tribe shall not conduct any Class III gaming outside
26 of eligible Indian lands.

1 (K) The rules of each Class III card game shall be posted in
2 a prominent place in each card room and must designate:

3 (1) The maximum rake-off percentage, time buy-in or other
4 fee charged;

5 (2) The number of raises allowed;

6 (3) The monetary limit of each raise;

7 (4) The amount of ante; and

8 (5) Other rules as may be necessary.

9 (L) Upon the request of the State, the Tribe will provide to
10 the State the background information compiled by the Tribe on all
11 consultants (except legal counsel), management personnel, suppli-
12 ers and employees required to be licensed under 25 CFR Part 556
13 or the Tribe's gaming ordinance to allow the State to verify the
14 Tribe's background information and to make an independent deter-
15 mination as to suitability of these individuals, consistent with
16 the standards set forth in 4(D) herein.

17 (M) The regulatory requirements set forth in this section of
18 this Compact shall be administered and enforced as follows:

19 (1) The Tribe shall have responsibility to administer and
20 enforce the regulatory requirements.

21 (2) A representative authorized in writing by the Governor
22 of the State shall have the following right to inspect all tribal
23 Class III gaming facilities and all tribal records related to
24 Class III gaming, including those records set forth in 4(H)
25 herein, subject to the following conditions:

26 (a) With respect to public areas, at any time without prior
27 notice;

1 (b) With respect to private areas not accessible to the
2 public, at any time during normal business hours, with 12 hours
3 prior written notice; and

4 (c) With respect to inspection and copying of all tribal
5 records relating to Class III gaming, with 48 hours' prior writ-
6 ten notice, not including weekends.

7 (3) Except as otherwise provided by law or as also allowed
8 by the exceptions defined below, the State agrees to maintain in
9 confidence and never to disclose to any third party any financial
10 information, proprietary ideas, plans, methods, data, develop-
11 ment, inventions or other proprietary information regarding the
12 gambling enterprise of the Tribe, games conducted by the Tribe,
13 or the operation thereof which is provided to the State by the
14 Tribe without the prior written approval of a duly authorized
15 representative of the Tribe, provided that the information is
16 marked as confidential information when received by the State.
17 Nothing contained in this 4(M)(3) shall be construed to
18 prohibit:

19 (a) The furnishing of any information to a law enforcement
20 or regulatory agency of the United States or State government
21 pursuant to a lawful request of such agency;

22 (b) The State from making known the names of persons, firms
23 or corporations conducting Class III gaming activities pursuant
24 to the terms of this Compact, locations at which such activities
25 are conducted or the dates on which such activities are con-
26 ducted;

1 (c) Publishing the terms of this Compact;

2 (d) Disclosing information as necessary to audit,
3 investigate, prosecute, or arbitrate violations of this Compact;

4 (e) Complying with any law, subpoena or court order. The
5 State shall immediately notify the Tribe of any request or demand
6 for the release of confidential information under this subsection
7 4(M)(3)(e) to allow the Tribe to initiate proceedings under
8 Section 7 of this Compact or other applicable law to resolve any
9 dispute regarding the State's intention to disclose such
10 information.

11 (4) The Tribe shall have the right to inspect State records
12 concerning all Class III gaming conducted by the Tribe consistent
13 with Michigan's Freedom of Information Act.

14 (5) The Tribe shall reimburse the State for the actual costs
15 the State incurs in carrying out any functions authorized by the
16 terms of this Compact, in an amount not to exceed \$50,000.00 per
17 annum, adjusted annually in accordance with the consumer price
18 index annual inflation index. All calculations of amounts due
19 shall be based upon a fiscal year beginning October 1, and ending
20 September 30, unless the parties select a different fiscal year.
21 Payments due the State shall be made no later than 60 days after
22 the beginning of each fiscal year. Payments due the State during
23 any partial fiscal year this Compact is in effect shall be
24 adjusted to reflect only that portion of the fiscal year. Within
25 60 days after each fiscal year in which this Compact is in
26 effect, the State shall submit to the Tribe an accounting of
27 actual costs incurred in carrying out any functions authorized by

1 the terms of this Compact. Any amount of said sums paid to the
2 State which are not expended by the State on said actual costs
3 shall be returned to the Tribe by the State within 60 days after
4 the fiscal year or treated as a pre-payment of the Tribe's obli-
5 gation during the subsequent fiscal year.

6 (6) In the event the State believes that the Tribe is not
7 administering and enforcing the regulatory requirements set forth
8 herein, it may invoke the procedures set forth in Section 7 of
9 this Compact.

10 (N) The Tribe shall comply with all applicable provisions of
11 the Bank Secrecy Act, P.L. 91-508, October 26, 1970, 31
12 U.S.C. 5311-5314.

13 **SECTION 5. Employee Benefits.**

14 The Tribe shall provide to any employee who is employed in
15 conjunction with the operation of any gaming establishment at
16 which Class III gaming activities are operated pursuant to this
17 compact, such benefits to which the employee would be entitled by
18 virtue of the Michigan employment security act, 1936 (Ex Sess) PA
19 1, MCL 421.1 to 421.75, and the worker's disability compensation
20 act of 1969, 1969 PA 317, MCL 418.101 to 418.941, if his or her
21 employment services were provided to an employer engaged in a
22 business enterprise which is subject to, and covered by, the
23 respective Public Acts.

24 **SECTION 6. Providers of Class III Gaming Equipment or**
25 **Supplies.**

26 (A) No Class III games of chance, gaming equipment or
27 supplies may be purchased, leased or otherwise acquired by the

1 Tribe unless the Class III equipment or supplies meet the
2 technical equipment standards of either the State of Nevada or
3 the State of New Jersey.

4 (B) Prior to entering into any lease or purchase agreement,
5 the Tribe shall obtain sufficient information and identification
6 from the proposed seller or lessor and all persons holding any
7 direct or indirect financial interest in the lessor or the
8 lease/purchase agreement to permit the Tribe to conduct a back-
9 ground check on those persons. The Tribe shall not enter into
10 any lease or purchase agreement for Class III gaming equipment or
11 supplies with any person or entity if the lessor, seller, or any
12 manager or person holding direct or indirect financial interest
13 in the lessor/seller or the proposed lease/purchase agreement, is
14 determined to have participated in or have involvement with orga-
15 nized crime or has been convicted of or entered a plea of guilty
16 or no contest to a gambling-related offense, fraud or misrepresen-
17 tation, or has been convicted of or entered a plea of guilty
18 or no contest to any other felony offense within the immediately
19 preceding 5 years, unless that person has been pardoned.

20 (C) The seller, lessor, manufacturer, or distributor shall
21 provide, assemble and install all Class III games of chance,
22 gaming equipment, and supplies in a manner approved and licensed
23 by the Tribe.

24 **SECTION 7. Dispute Resolution.**

25 (A) In the event either party believes that the other party
26 has failed to comply with or has otherwise breached any provision
27 of this Compact, such party may invoke the following procedure:

1 (1) The party asserting noncompliance shall serve written
2 notice on the other party. The notice shall identify the spe-
3 cific Compact provision alleged to have been violated and shall
4 specify the factual and legal basis for the alleged
5 noncompliance. The notice shall specifically identify the type
6 of game or games, their location, and the date and time of the
7 alleged noncompliance. Representatives of the State and Tribe
8 shall thereafter meet within 30 days in an effort to resolve the
9 dispute.

10 (2) In the event an allegation by the State is not resolved
11 to the satisfaction of the State within 90 days after service of
12 the notice set forth in section 7(A)(1), the party may serve upon
13 the office of the tribal Chairperson a notice to cease conduct of
14 the particular game(s) or activities alleged by the State to be
15 in noncompliance. Upon receipt of such notice, the Tribe may
16 elect to stop the game(s) or activities specified in the notice
17 or invoke arbitration and continue the game(s) or activities
18 pending the results of arbitration. The Tribe shall act upon one
19 of the foregoing options within 30 days of receipt of notice from
20 the State. Any arbitration under this authority shall be con-
21 ducted under the Commercial Arbitration rules of the American
22 Arbitration Association except that the arbitrators shall be
23 attorneys who are licensed members of the State Bar of Michigan,
24 or of the bar of another state, in good standing, and will be
25 selected by the State picking 1 arbitrator, the Tribe a second
26 arbitrator, and the 2 so chosen shall pick a third arbitrator.
27 If the third arbitrator is not chosen in this manner within 10

1 days after the second arbitrator is picked, the third arbitrator
2 will be chosen in accordance with the rules of the American
3 Arbitration Association. In the event an allegation by the Tribe
4 is not resolved to the satisfaction of the Tribe within 90 days
5 after service of the notice set forth in Section 7(A)(1), the
6 Tribe may invoke arbitration as specified above.

7 (3) All parties shall bear their own costs of arbitration
8 and attorney fees.

9 (B) Nothing in Section 7(A) shall be construed to waive,
10 limit or restrict any remedy which is otherwise available to
11 either party to enforce or resolve disputes concerning the provi-
12 sions of this Compact. Nothing in this Compact shall be deemed a
13 waiver of the Tribe's sovereign immunity. Nothing in this
14 Compact shall be deemed a waiver of the State's sovereign
15 immunity.

16 **SECTION 8. Notice to Patrons.**

17 In the facility of the Tribe where Class III gaming is con-
18 ducted the Tribe shall post in a prominent position a Notice to
19 patrons at least 2 feet by 3 feet in dimension with the following
20 language:

21 **NOTICE**
22 **THIS FACILITY IS REGULATED BY ONE OR MORE OF THE FOLLOWING: THE**
23 **NATIONAL INDIAN GAMING COMMISSION, BUREAU OF INDIAN AFFAIRS OF**
24 **THE U.S. DEPARTMENT OF THE INTERIOR AND THE GOVERNMENT OF THE**
25 **(Indian tribe) _____.**
26 **THIS FACILITY IS NOT REGULATED BY THE STATE OF MICHIGAN.**

1 **SECTION 9. Gaming Outside of Eligible Indian Lands.**

2 An application to take land in trust for gaming purposes
3 outside of eligible Indian lands, as defined in Section 2(B) of
4 this Compact, shall not be submitted to the Secretary of the
5 Interior in the absence of a prior written agreement between the
6 Tribe and the State's other federally recognized Indian Tribes
7 that provides for each of the other Tribes to share in the reve-
8 nue of any gaming facility that is the subject of the application
9 to take lands in trust for gaming purposes outside of eligible
10 Indian lands.

11 **SECTION 10. Regulation of the Sale of Alcoholic Beverages.**

12 (A) The Tribe hereby adopts and applies to its Class III
13 gaming establishment as tribal law those State laws, relating to
14 the sale and regulation of alcoholic beverages encompassing the
15 following areas: sale to a minor; sale to a visibly intoxicated
16 individual; sale of adulterated or misbranded liquor; hours of
17 operation; and similar substantive provisions. Said tribal laws,
18 which are defined by reference to the substantive areas of State
19 laws referred to above, shall apply to the tribal Class III
20 gaming establishment in the same manner and to the same extent as
21 such laws apply elsewhere in the State to off-reservation
22 transactions.

23 (B) The Tribe, for resale at its Class III gaming establish-
24 ment, shall purchase spirits from the Michigan liquor control
25 commission, and beer and wine from distributors licensed by the
26 Michigan liquor control commission, at the same price and on the

1 same basis that such beverages are purchased by Class C
2 licensees.

3 **SECTION 11. Effective Date.**

4 This Compact shall be effective immediately upon:

5 (A) Endorsement by the tribal chairperson and concurrence in
6 that endorsement by resolution of the Tribal Council;

7 (B) Endorsement by the Governor of the State and concurrence
8 in that endorsement or legislation of the Michigan Legislature;

9 (C) Approval by the Secretary of the Interior of the United
10 States; and

11 (D) Publication in the Federal Register.

12 **SECTION 12. Binding Effect, Duration, and Severability.**

13 (A) This Compact shall be binding upon the State and the
14 Tribe for a term of 20 years from the date it becomes effective
15 unless modified or terminated by written agreement of both
16 parties.

17 (B) At least 1 year prior to the expiration of 20 years
18 after the Compact becomes effective, and thereafter at least 1
19 year prior to the expiration of such subsequent 5-year period,
20 either party may serve written notice on the other of its right
21 to renegotiate this Compact. The parties agree that 25
22 U.S.C. <SS>2710(d)(3) through (8), or any successor provisions of
23 law, apply to successor compacts.

24 (C) In the event that either party gives written notice to
25 the other of its right to renegotiate this Compact pursuant to
26 subsection (B), the Tribe may, pursuant to the procedures of
27 IGRA, request the State to enter into negotiations for a

1 successor compact governing the conduct of Class III gaming
2 activities. If the parties are unable to conclude a successor
3 compact, this Compact shall remain in full force and effect pend-
4 ing exhaustion of the administrative and judicial remedies set
5 forth in IGRA and/or any other applicable federal law.

6 (D) The Tribe may operate Class III gaming only while this
7 Compact or any renegotiated compact is in effect.

8 (E) In the event that any section or provision of this
9 Compact is disapproved by the Secretary of the Interior of the
10 United States or is held invalid by any court of competent juris-
11 diction, it is the intent of the parties that the remaining sec-
12 tions or provisions of this Compact, and any amendments thereto,
13 shall continue in full force and effect. This severability pro-
14 vision does not apply to Sections 17 and 18 of this Compact.

15 **SECTION 13. Notice to Parties.**

16 Unless otherwise indicated, all notices, payments, requests,
17 reports, information or demand which any party hereto may desire
18 or may be required to give to the other party hereto, shall be in
19 writing and shall be personally delivered or sent by first-class,
20 certified or registered United States Mail, postage prepaid,
21 return receipt requested, and sent to the other party at its
22 address appearing below or such other address as any party shall
23 hereinafter inform the other party hereto by written notice given
24 as aforesaid:

25 Notice to the Tribe shall be sent to:

26 Chairperson

1

2 Tribe

3

4 Tribe address

5 Notice to the State shall be sent to:

6 Governor's Office

Office of Attorney

7

General

8

State of Michigan

Treasury Building

9

P.O. Box 30013

First Floor

10

Lansing, MI 48909

Lansing, MI 48922

11

12

Every notice, payment, request, report, information or

13

demand so given shall be deemed effective upon receipt, or if

14

mailed, upon receipt or the expiration of the third day following

15

the day of mailing, whichever occurs first, except that any

16

notice of change of address shall be effective only upon receipt

17

by the party to whom said notice is addressed.

18

SECTION 14. Entire Agreement.

19

This Compact is the entire agreement between the parties and

20

supersedes all prior agreements, whether written or oral, with

21

respect to the subject matter hereof. Neither this Compact nor

22

any provision herein may be changed, waived, discharged, or ter-

23

minated orally, but only by an instrument in writing signed by

24

the Tribe and the State.

25

SECTION 15. Filing of Compact with Secretary of State.

26

Upon the effective date of this Compact, a certified copy

27

shall be filed by the Governor with the Michigan Secretary of

28

State and a copy shall be transmitted to each house of the

29

Michigan State Legislature and the Michigan Attorney General.

1 Any subsequent amendment or modification of this Compact shall be
2 filed with the Michigan Secretary of State.

3 **SECTION 16. Amendment.**

4 This Compact may be amended by mutual agreement between the
5 Tribe and the State as follows:

6 (A) The Tribe or the State may propose amendments to the
7 Compact by providing the other party with written notice of the
8 proposed amendment as follows:

9 (i) The Tribe shall propose amendments pursuant to the
10 notice provisions of this Compact by submitting the proposed
11 amendments to the Governor who shall act for the State.

12 (ii) The State, acting through the Governor, shall propose
13 amendments by submitting the proposed amendments to the Tribe
14 pursuant to the notice provisions of this Compact.

15 (B) The party receiving the proposed amendment shall advise
16 the requesting party within 30 days as follows:

17 (i) That the receiving party agrees to the proposed amend-
18 ment; or

19 (ii) That the receiving party rejects the proposed amendment
20 as submitted and agrees to meet concerning the subject of the
21 proposed amendment.

22 (C) Any amendment agreed to between the parties shall be
23 submitted to the Secretary of the Interior for approval pursuant
24 to the provisions of the IGRA.

25 (D) Upon the effective date of the amendment, a certified
26 copy shall be filed by the Governor with the Michigan Secretary

1 of State and a copy shall be transmitted to each house of the
2 Michigan Legislature and the Michigan Attorney General.

3 **SECTION 17. Tribal Payments to State for Economic Benefits**
4 **of Exclusivity.**

5 (A) The State and the Tribe have determined that it is in
6 the interests of the people of the State and the members of the
7 Tribe to maximize the economic benefits of Class III gaming for
8 the Tribe and to minimize the adverse effects of Class III gaming
9 by providing a mechanism to reduce the proliferation of Class III
10 gaming enterprises in the State in exchange for the Tribe provid-
11 ing important revenue to the State.

12 (B) So long as there is a binding Class III Compact in
13 effect between the State and Tribe and no change in State law is
14 enacted which is intended to permit or permits the operation of
15 electronic games of chance or commercial casino games by any
16 other person (except a person operating such games in the City of
17 Detroit pursuant to the Michigan gaming control and revenue act,
18 Initiated Law of 1996, MCL 432.201 to 432.226) and no other
19 person (except a federally-recognized Indian Tribe operating pur-
20 suant to a valid Compact under IGRA or a person operating in the
21 City of Detroit pursuant to the Michigan gaming control and reve-
22 nue act, Initiated Law of 1996, MCL 432.201 to 432.226) within
23 the State lawfully operates electronic games of chance or commer-
24 cial casino games, the Tribe shall make payments to the State as
25 provided in Subsection (C).

26 (C) From and after the effective date of this Compact (as
27 determined pursuant to Section 11 of this Compact), and so long

1 as the conditions set forth in Subsection (B) remain in effect,
2 the Tribe will make semi-annual payments to the State as
3 follows:

4 (i) Payment to the Michigan Strategic Fund, or its successor
5 as determined by State law, in amount equal to 8% of the net win
6 at the casino derived from all Class III electronic games of
7 chance, as those games are defined in this Compact.

8 (ii) As used in this subsection, "net win" means the total
9 amount wagered on each electronic game of chance, minus the total
10 amount paid to players for winning wagers at such machines.

11 (iii) For purposes of these payments, all calculations of
12 amounts due shall be based upon a fiscal year beginning October 1
13 and ending September 30 of the following calendar year, unless
14 the parties agree on a different fiscal year, and all payments
15 due the State pursuant to the terms of this Section shall be paid
16 no later than 60 days after October 1 and March 31 of each year.
17 Any payments due and owing from the Tribe in the year this
18 Compact is approved, or the final year the Compact is in force,
19 shall reflect the actual net win but only for the portion of the
20 year the Compact is in effect.

21 (D) The operation of electronic games of chance by persons
22 or entities other than federally-recognized Indian tribes pursu-
23 ant to a valid Compact under IGRA shall not violate the tribe's
24 exclusive right to operate such machines so long as such
25 machines:

26 (i) Reward a player only with the right to replay the device
27 at no additional costs;

1 (ii) Do not permit the accumulation of more than 15 replays
2 at any 1 time;

3 (iii) Allow the accumulated free replays to be discharged
4 only by activating the device for 1 additional play for each
5 accumulated free replay; and

6 (iv) Make no permanent record, directly or indirectly, of
7 the free replays awarded.

8 **SECTION 18. Tribal Payments to Local Governments.**

9 (A) From and after the effective date of this Compact (as
10 determined pursuant to Section 11 of this Compact), the Tribe
11 will make semi-annual payments to the treasurer for the county
12 described in paragraph (ii)(1) of this subsection 18(A) to be
13 held by said treasurer for and on behalf of the local revenue
14 sharing board described below, as follows:

15 (i) Payment in the aggregate amount equal to 2% of the net
16 win at each casino derived from all Class III electronic games of
17 chance, as those games are defined in this Compact. The county
18 treasurer shall disburse the payments received as specified by
19 lawful vote of the local revenue sharing board.

20 (ii) It is the State's intent, in this and its other
21 Compacts with federally recognized tribes, that the payments to
22 local governments provided for in this section provide financial
23 resources to those political subdivisions of the State which
24 actually experience increased operating costs associated with the
25 operation of the Class III gaming facility. To this end, a local
26 revenue sharing board shall be created by those local governments
27 in the vicinity of the Class III gaming facility to receive and

1 disburse the semi-annual payments from the Tribe as described
2 below. Representatives of local governments in the vicinity of
3 the Class III gaming facility shall be appointed by their respec-
4 tive elected body and shall serve at the pleasure of such elected
5 body. The local revenue sharing board shall consist of represen-
6 tatives from each of the following jurisdictions:

7 (1) One representative from the county in which the Class
8 III gaming facility is located;

9 (2) One representative from the village, city, or township
10 in which the Class III gaming facility is located;

11 (3) One representative from a third local unit of government
12 determined by the representatives identified in sub-paragraphs
13 (1) and (2), above, to be most impacted by the Class III gaming
14 facility.

15 The procedures for the functioning of the local revenue
16 sharing board, guidelines for establishments of criteria or a
17 formula for the distribution of revenues, and all other matters
18 not specified in this Compact, shall be determined by the local
19 revenue sharing board. Decisions of the local revenue sharing
20 board concerning the distribution of revenues shall require the
21 unanimous vote of the 3 representatives. The local revenue shar-
22 ing board's sole function shall be to determine and make alloca-
23 tions of the tribal payments for the purposes described and
24 subject to the limitations in subparagraphs (iii) to (v) below.

25 (iii) Of the payments made to local units of government, not
26 less than 1/8 of the aggregate payment described in subparagraph

1 (i) shall be paid to local public safety organizations for public
2 safety purposes.

3 (iv) Out of the aggregate payments to local units of govern-
4 ment, each local unit of government shall receive no less than an
5 amount equivalent to its share of ad valorem property taxes that
6 would otherwise be attributed to the Class III Gaming Facility if
7 that site were subject to such taxation.

8 (v) Out of the aggregate payments to local units of govern-
9 ment, after deducting the payment provided in subparagraphs (iii)
10 and (iv), the Board shall allocate an additional portion of such
11 payments to local units of government to offset the actual costs
12 incurred by such local units of government as a result of the
13 development of a Class III gaming facility in the vicinity. The
14 balance of such payments remaining after reimbursement of such
15 actual costs may be utilized for any other lawful local govern-
16 ment purposes.

17 (vi) As used in this subsection, "net win" means the total
18 amount wagered on each electronic game of chance, minus the total
19 amount paid to players for winning wagers at such machines.

20 (vii) For purposes of these payments, all calculations of
21 amounts due shall be based upon a fiscal year beginning October 1
22 and ending September 30 of the following calendar year, unless
23 the parties agree on a different fiscal year, and all payments
24 due the local units of government pursuant to the terms of this
25 Section shall be paid no later than 60 days after October 1 and
26 March 31 of each year. Any payments due and owing from the Tribe
27 in the year this Compact is approved, or the final year the

1 Compact is in force, shall reflect the actual net win only for
2 the portion of the year the Compact is in effect.

3 Sec. 5. The compact between the Nottawaseppi Huron Band of
4 Potawatomi Indians and the state of Michigan providing for the
5 conduct of tribal class III gaming by the Nottawaseppi Huron Band
6 of Potawatomi Indians is hereby ratified and enacted into law and
7 entered into by this state as a party pursuant to section 11 of
8 the compact and is legally joined therein in form substantially
9 as follows:

10 A COMPACT BETWEEN
11 THE NOTTAWASEPPI HURON BAND OF POTAWATOMI INDIANS
12 AND
13 THE STATE OF MICHIGAN
14 PROVIDING FOR THE CONDUCT OF TRIBAL CLASS III GAMING
15 BY THE
16 NOTTAWASEPPI HURON BAND OF POTAWATOMI INDIANS
17

18 THIS COMPACT is made and entered into this 29th day of
19 January, 1997, by and between the Nottawaseppi Huron Band of
20 Potawatomi Indians (hereinafter referred to as "Tribe") and the
21 STATE OF MICHIGAN (hereinafter referred to as "State").

22 RECITALS

23 WHEREAS, the State of Michigan is a sovereign State of the
24 United States of America, having been admitted to the Union pur-
25 suant to the Act of January 26, ch. 6, 1837, 5 Stat. 144 and is
26 authorized by its constitution to enter into contracts and
27 agreements, including this agreement with the Tribe; and

1 WHEREAS, the Tribe is a federally recognized Indian Tribe
2 and its governing body, the Tribal Council, is authorized by the
3 tribal constitution to enter into contracts and agreements of
4 every description, including this agreement with the State; and

5 WHEREAS, the Congress of the United States has enacted the
6 Indian Gaming Regulatory Act of 1988, Public Law 100-497, 102
7 Stat. 2467, (hereinafter "IGRA"), which permits Indian tribes to
8 operate Class III gaming activities on Indian reservations pursu-
9 ant to a tribal-state compact entered into for that purpose; and

10 WHEREAS, the Tribe proposes to operate a Class III gaming
11 establishment on eligible Indian lands in the State of Michigan,
12 and by Tribal Council Resolution and Tribal Ordinance will adopt
13 rules and regulations governing the games played and related
14 activities at the Class III gaming establishment; and

15 WHEREAS, the State presently permits and regulates various
16 types of gaming within the State (but outside Indian lands),
17 including casino style charitable gaming such as craps, roulette,
18 and banking card games, as well as a lottery operating instant
19 scratch games, and "pick number" games, most of which would be
20 Class III games if conducted by the Tribe; and

21 WHEREAS, the Michigan Supreme Court in Automatic Music &
22 Vending Corp. v. Liquor Control Comm., 426 Mich 452, 396 NW2d
23 204 (1986); appeal dismissed, 481 U.S. 1009 (1987), and the
24 Michigan Court of Appeals in Primages Int'l of Michigan v.
25 Michigan, 199 Mich App 252, 501 NW2d 268 (1993), have held that
26 the statutory exception found at MCL 750.303(2) allows for the
27 play of electronic gaming devices, which includes computerized or

1 electronic games of chance, albeit subject to specified
2 restrictions regarding the mode of play; and

3 WHEREAS, said casino style table games and electronic gaming
4 devices are, therefore, permitted "for any purpose by any person,
5 organization or entity," within the meaning of IGRA, 25
6 U.S.C. 2710(d)(1)(B); and

7 WHEREAS, at the general election held on November 5, 1996,
8 the electors adopted an initiated law which provides for a
9 licensing and regulatory system under which casino gambling may
10 be operated in the City of Detroit; and

11 WHEREAS, the State and 7 other federally-recognized Indian
12 tribes in the State have previously entered into substantially
13 similar Compacts for the conduct of Class III games; and

14 WHEREAS, a compact between the Tribe and the State for the
15 conduct of Class III gaming satisfies the prerequisite, imposed
16 by the United States Congress by enactment of IGRA, for the oper-
17 ation of lawful Class III gaming by the Tribe on eligible Indian
18 lands in Michigan; and

19 WHEREAS, the State and the Tribe, in recognition of the sov-
20 ereign rights of each party and in a spirit of cooperation in the
21 interests of the citizens of the State and the members of the
22 Tribe, have engaged in good faith negotiations recognizing and
23 respecting the interests of each party and have agreed to this
24 Compact.

25 NOW THEREFORE, the Tribe and the State agree as follows:

26 **SECTION 1. Purpose and Objectives.**

1 The purpose and objectives of the Tribe and State in making
2 this Compact are as follows:

3 (A) To evidence the good will and cooperative spirit between
4 the State and the Tribe;

5 (B) To continue the development of effective working rela-
6 tionships between the State and tribal governments;

7 (C) To compact for Class III gaming on eligible Indian lands
8 of the Tribe in Michigan as authorized by IGRA;

9 (D) To fulfill the purpose and intent of IGRA by providing
10 for tribal gaming as a means of generating tribal revenues,
11 thereby promoting tribal economic development, tribal
12 self-sufficiency and strong tribal government;

13 (E) To provide tribal revenues to fund tribal government
14 operations or programs, to provide for the general welfare of the
15 Tribe and its members and for other purposes allowed under IGRA;

16 (F) To provide for the operation of Class III gaming in
17 which, except as provided in 25 U.S.C. 2710(b)(4) and (d)(2)(A)
18 of IGRA, the Tribe shall have the sole proprietary interest and
19 be the primary beneficiary of the Tribe's gaming enterprise;

20 (G) To recognize the State's interest in the establishment
21 by the Tribe of rules for the regulation of Class III gaming
22 operated by the Tribe on eligible Indian lands;

23 (H) To recognize the State's interest in the establishment
24 by the Tribe of rules and procedures for ensuring the Class III
25 gaming is conducted fairly and honestly by the owners, operators,
26 and employees and by the patrons of any Class III gaming
27 enterprise of the Tribe; and

1 (I) To establish procedures to notify the patrons of the
2 Tribe's Class III gaming establishment that the establishment is
3 not regulated by the State of Michigan and that patrons must look
4 to the tribal government or to the federal government to resolve
5 any issues or disputes with respect to the operations of the
6 establishment.

7 **SECTION 2. Definitions.**

8 For purposes of this Compact, the following definitions
9 pertain:

10 (A) "Class III gaming" means all forms of gaming authorized
11 by this Compact, which are neither Class I nor Class II gaming,
12 as such terms are defined in 2703(6) and (7) of IGRA. Only those
13 Class III games authorized by this Compact may be played by the
14 Tribe.

15 (B)(1) "Eligible Indian Lands" means reservation lands
16 acquired under applicable federal law. A total of 1 tribal Class
17 III gaming facility may be located on Eligible Indian Lands;
18 Provided However, If any tribe which attains federal recognition
19 subsequent to the date of this Compact is granted the right,
20 under a valid Compact with the State of Michigan, to operate more
21 than 1 Class III gaming facility on its Indian lands, the Tribe
22 shall be afforded the same right subject to the same terms and
23 conditions imposed on such newly recognized tribe.

24 (2) Nothing in subsection 2(B) shall be construed to limit
25 the Tribe's ability to change the location of the Tribe's Class
26 III gaming facility within "Eligible Indian Lands".

1 (C) "Tribal Chairperson" means the duly elected Chairperson
2 of the Board of Directors or Tribal Council of the Tribe.

3 (D) "Person" means a business, individual, proprietorship,
4 firm, partnership, joint venture, syndicate, trust, labor organi-
5 zation, company, corporation, association, committee, state,
6 local government, government instrumentality or entity, or any
7 other organization or group of persons acting jointly.

8 **SECTION 3. Authorized Class III Games.**

9 (A) The Tribe may lawfully conduct the following Class III
10 games on eligible Indian lands:

11 (1) Craps and related dice games;

12 (2) Wheel games, including "Big Wheel" and related games;

13 (3) Roulette;

14 (4) Banking card games that are not otherwise treated as
15 Class II gaming in Michigan pursuant to 25 U.S.C. 2703(7)(C), and
16 non-banking card games played by any Michigan tribe on or before
17 May 1, 1988;

18 (5) Electronic games of chance featuring coin drop and
19 payout as well as printed tabulations, whereby the software of
20 the device predetermines the presence or lack of a winning combi-
21 nation and payout. Electronic games of chance are defined as a
22 microprocessor-controlled electronic device which allows a player
23 to play games of chance, which may be affected by an element of
24 skill, activated by the insertion of a coin or currency, or by
25 the use of a credit, and awards game credits, cash, tokens, or
26 replays, or a written statement of the player's accumulated
27 credits, which written statements are redeemable for cash;

1 (6) Keno;

2 (7) Any other Class III game that lawfully may be operated
3 by a person licensed to operate a casino pursuant to the Michigan
4 gaming control and revenue act, Initiated Law of 1996, MCL
5 432.201 to 432.226; and

6 (8) Games that lawfully may be conducted pursuant to sec-
7 tions 303a and 310a of the Michigan penal code, 1931 PA 328, MCL
8 750.303a and 750.310a.

9 This Compact shall apply to card games that are considered
10 to be Class II games pursuant to 25 U.S.C. 2703(7)(C) only if
11 those games are expanded beyond their "nature and scope" as it
12 existed before May 1, 1988, and only to the extent of such
13 expansion. The term "nature and scope" shall be interpreted con-
14 sistent with IGRA, the legislative history of IGRA, any applica-
15 ble decisions of the courts of the United States and any applica-
16 ble regulations of the National Indian Gaming Commission.

17 Any limitations on the number of games operated or played,
18 their location within eligible Indian lands as defined under this
19 Compact, hours or period of operation, limits on wagers or pot
20 size, or other such limitations shall be determined by duly
21 enacted tribal law or regulation. Any state law restrictions,
22 limitations or regulation of such gaming shall not apply to Class
23 III games conducted by the Tribe pursuant to this Compact.

24 (B) Additional Class III games may be lawfully conducted by
25 mutual agreement of the Tribe and the State as follows:

26 (1) The Tribe shall request additional games by letter from
27 the tribal Chairperson on behalf of the Tribe to the Governor on

1 behalf of the State. The request shall identify the additional
2 proposed gaming activities with specificity and any proposed
3 amendments to the Tribe's regulatory ordinance.

4 (2) The state acting through the Governor shall take action
5 on the Tribe's request within 90 days after receipt. The
6 Governor's action shall be based on the following:

7 (a) Whether the proposed gaming activities are permitted in
8 the State of Michigan for any purpose by any person, organization
9 or entity; and

10 (b) Whether the provisions of this Compact are adequate to
11 fulfill the policies and purposes set forth in the IGRA with
12 respect to such additional games.

13 **SECTION 4. Regulation of Class III Gaming.**

14 (A) Prior to permitting the initiation of any Class III
15 gaming on eligible Indian lands, the Tribe will enact a compre-
16 hensive gaming regulatory ordinance governing all aspects of the
17 Tribe's gaming enterprise. The requirements of this Section 4
18 are intended to supplement, rather than conflict with the provi-
19 sions of the Tribe's ordinance. To the extent any regulatory
20 requirement of this Compact is more stringent or restrictive than
21 a parallel provision of the Tribe's ordinance, as now or hereaf-
22 ter amended, this Compact shall control.

23 (B) The regulatory requirements of this Section 4 shall
24 apply to the conduct of all Class III gaming authorized by the
25 Compact. At all times in which it conducts any Class III gaming
26 under this Compact, the Tribe shall maintain, as part of its

1 lawfully enacted ordinances, requirements at least as restrictive
2 as those set forth herein.

3 (C) The Tribe shall license, operate, and regulate all Class
4 III gaming activities pursuant to this Compact, tribal law, IGRA,
5 and all other applicable federal law. This shall include but not
6 be limited to the licensing of consultants (except legal
7 counsel), primary management officials, and key officials of each
8 Class III gaming activity or operation. Any violation of this
9 Compact, tribal law, IGRA, or other applicable federal law shall
10 be corrected immediately by the Tribe.

11 (D) The Tribe may not license, hire, or employ as a key
12 employee or primary management official as those terms are
13 defined at 25 CFR 502.14 and 502.19, in connection with Class III
14 gaming, any person who:

15 (1) Is under the age of 18; or

16 (2) Has been convicted of or entered a plea of guilty or no
17 contest to a gambling-related offense, fraud or misrepresenta-
18 tion; or

19 (3) Has been convicted of or entered a plea of guilty or no
20 contest to any offense not specified in subparagraph (2) within
21 the immediately preceding 5 years; this provision shall not apply
22 if that person has been pardoned by the Governor of the State
23 where the conviction occurred or, if a tribal member, has been
24 determined by the Tribe to be a person who is not likely again to
25 engage in any offensive or criminal course of conduct and the
26 public good does not require that the applicant be denied a
27 license as a key employee or primary management official; or

1 (4) Is determined by the Tribe to have participated in
2 organized crime or unlawful gambling or whose prior activities,
3 criminal records, reputation, habits, and/or associations pose a
4 threat to the public interest or to the effective regulation and
5 control of gaming, or create or enhance the dangers of unsuit-
6 able, unfair, or illegal practices, methods and activities in the
7 conduct of gaming or to the carrying on of the business and
8 financial arrangements incidental to the conduct of gaming.

9 (E) The terms "fraud or misrepresentation," as used in
10 subsection (D)(2), shall mean a criminal offense committed in
11 Michigan or any other jurisdiction, involving, theft, fraud or
12 misrepresentation, which is a felony or would be a felony if com-
13 mitted in Michigan, and which was committed as an adult or prose-
14 cuted as an adult offense, and which has not been effectively
15 removed from the employee's criminal record by executive pardon,
16 state court order, or operation of law.

17 (F) The term "any offense," as used in subsection (D)(3),
18 shall mean any criminal offense not described in
19 subsection (D)(2), whether committed in this state or any other
20 jurisdiction, that is, or would be, a crime under the provisions
21 of the Michigan penal code, 1931 PA 328, MCL 750.1 to 750.568, or
22 the controlled substance provisions of the public health code,
23 1978 PA 368, MCL 333.7101 to 333.7545, or any other criminal
24 offense not specified in subparagraph (2) involving theft, dis-
25 honesty, fraud or misrepresentation arising under the law of
26 Michigan or another state or jurisdiction, that was committed as
27 an adult or prosecuted as an adult offense, and which has not

1 been effectively removed from the employee's criminal record by
2 executive pardon, state court order, or operation of law.

3 (G) All management contracts entered into by the Tribe
4 regarding its gaming enterprise operated pursuant to this Compact
5 shall conform to all the requirements of IGRA, including 25
6 U.S.C. 2711, and tribal law. If the Tribe enters into a manage-
7 ment contract for the operation of any Class III gaming or compo-
8 nent thereof, the State shall be given 14 days' prior written
9 notice of such contract.

10 (H) All accounting records shall be kept on a double entry
11 system of accounting, maintaining detailed, supporting, subsid-
12 iary records. The Tribe shall maintain the following records for
13 not less than 3 years:

14 (1) Revenues, expenses, assets, liabilities and equity for
15 the location at which Class III gaming is conducted;

16 (2) Daily cash transactions for each Class III game at the
17 location at which gaming is conducted, including but not limited
18 to transactions relating to each gaming table bank, game drop box
19 and gaming room bank;

20 (3) All markers, IOUs, returned checks, hold checks or other
21 similar credit instruments;

22 (4) Individual and statistical game records (except card
23 games) to reflect statistical drop and statistical win; for elec-
24 tronic, computer, or other technologically assisted games, ana-
25 lytic reports which show the total amount of cash wagered and the
26 total amount of prizes won;

1 (5) Contracts, correspondence and other transaction
2 documents relating to all vendors and contractors;

3 (6) Records of all tribal gaming enforcement activities;

4 (7) Audits prepared by or on behalf of the Tribe; and

5 (8) Personnel information on all Class III gaming employees
6 or agents, including rotation sheets, hours worked, employee pro-
7 files and background checks.

8 (I) No person under the age of 18 may participate in any
9 Class III game.

10 (J) The Tribe shall not conduct any Class III gaming outside
11 of eligible Indian lands.

12 (K) The rules of each Class III card game shall be posted in
13 a prominent place in each card room and must designate:

14 (1) The maximum rake-off percentage, time buy-in or other
15 fee charged;

16 (2) The number of raises allowed;

17 (3) The monetary limit of each raise;

18 (4) The amount of ante; and

19 (5) Other rules as may be necessary.

20 (L) Upon the request of the State, the Tribe will provide to
21 the State the background information compiled by the Tribe on all
22 consultants (except legal counsel), management personnel, suppli-
23 ers and employees required to be licensed under 25 CFR Part 556
24 or the Tribe's gaming ordinance to allow the State to verify the
25 Tribe's background information and to make an independent deter-
26 mination as to suitability of these individuals, consistent with
27 the standards set forth in 4(D) herein.

1 (M) The regulatory requirements set forth in this section of
2 this Compact shall be administered and enforced as follows:

3 (1) The Tribe shall have responsibility to administer and
4 enforce the regulatory requirements.

5 (2) A representative authorized in writing by the Governor
6 of the State shall have the following right to inspect all tribal
7 Class III gaming facilities and all tribal records related to
8 Class III gaming, including those records set forth in 4(H)
9 herein, subject to the following conditions:

10 (a) With respect to public areas, at any time without prior
11 notice;

12 (b) With respect to private areas not accessible to the
13 public, at any time during normal business hours, with 12 hours
14 prior written notice; and

15 (c) With respect to inspection and copying of all tribal
16 records relating to Class III gaming, with 48 hours' prior writ-
17 ten notice, not including weekends.

18 (3) Except as otherwise provided by law or as also allowed
19 by the exceptions defined below, the State agrees to maintain in
20 confidence and never to disclose to any third party any financial
21 information, proprietary ideas, plans, methods, data, develop-
22 ment, inventions or other proprietary information regarding the
23 gambling enterprise of the Tribe, games conducted by the Tribe,
24 or the operation thereof which is provided to the State by the
25 Tribe without the prior written approval of a duly authorized
26 representative of the Tribe, provided that the information is
27 marked as confidential information when received by the State.

1 Nothing contained in this 4(M)(3) shall be construed to
2 prohibit:

3 (a) The furnishing of any information to a law enforcement
4 or regulatory agency of the United States or State government
5 pursuant to a lawful request of such agency;

6 (b) The State from making known the names of persons, firms
7 or corporations conducting Class III gaming activities pursuant
8 to the terms of this Compact, locations at which such activities
9 are conducted or the dates on which such activities are con-
10 ducted;

11 (c) Publishing the terms of this Compact;

12 (d) Disclosing information as necessary to audit, investi-
13 gate, prosecute, or arbitrate violations of this Compact;

14 (e) Complying with any law, subpoena or court order. The
15 State shall immediately notify the Tribe of any request or demand
16 for the release of confidential information under this subsection
17 4(M)(3)(e) to allow the Tribe to initiate proceedings under
18 Section 7 of this Compact or other applicable law to resolve any
19 dispute regarding the State's intention to disclose such
20 information.

21 (4) The Tribe shall have the right to inspect State records
22 concerning all Class III gaming conducted by the Tribe consistent
23 with Michigan's Freedom of Information Act.

24 (5) The Tribe shall reimburse the State for the actual costs
25 the State incurs in carrying out any functions authorized by the
26 terms of this Compact, in an amount not to exceed \$50,000.00 per
27 annum, adjusted annually in accordance with the consumer price

1 index annual inflation index. All calculations of amounts due
2 shall be based upon a fiscal year beginning October 1, and ending
3 September 30, unless the parties select a different fiscal year.
4 Payments due the State shall be made no later than 60 days after
5 the beginning of each fiscal year. Payments due the State during
6 any partial fiscal year this Compact is in effect shall be
7 adjusted to reflect only that portion of the fiscal year. Within
8 60 days after each fiscal year in which this Compact is in
9 effect, the State shall submit to the Tribe an accounting of
10 actual costs incurred in carrying out any functions authorized by
11 the terms of this Compact. Any amount of said sums paid to the
12 State which are not expended by the State on said actual costs
13 shall be returned to the Tribe by the State within 60 days after
14 the fiscal year or treated as a pre-payment of the Tribe's obli-
15 gation during the subsequent fiscal year.

16 (6) In the event the State believes that the Tribe is not
17 administering and enforcing the regulatory requirements set forth
18 herein, it may invoke the procedures set forth in Section 7 of
19 this Compact.

20 (N) The Tribe shall comply with all applicable provisions of
21 the Bank Secrecy Act, P.L. 91-508, October 26, 1970, 31
22 U.S.C. 5311-5314.

23 **SECTION 5. Employee Benefits.**

24 The Tribe shall provide to any employee who is employed in
25 conjunction with the operation of any gaming establishment at
26 which Class III gaming activities are operated pursuant to this
27 compact, such benefits to which the employee would be entitled by

1 virtue of the Michigan employment security act, 1936 (Ex Sess) PA
2 1, MCL 421.1 to 421.75, and the worker's disability compensation
3 act of 1969, 1969 PA 317, MCL 418.101 to 418.941, if his or her
4 employment services were provided to an employer engaged in a
5 business enterprise which is subject to, and covered by, the
6 respective Public Acts.

7 **SECTION 6. Providers of Class III Gaming Equipment or**
8 **Supplies.**

9 (A) No Class III games of chance, gaming equipment or sup-
10 plies may be purchased, leased or otherwise acquired by the Tribe
11 unless the Class III equipment or supplies meet the technical
12 equipment standards of either the State of Nevada or the State of
13 New Jersey.

14 (B) Prior to entering into any lease or purchase agreement,
15 the Tribe shall obtain sufficient information and identification
16 from the proposed seller or lessor and all persons holding any
17 direct or indirect financial interest in the lessor or the
18 lease/purchase agreement to permit the Tribe to conduct a back-
19 ground check on those persons. The Tribe shall not enter into
20 any lease or purchase agreement for Class III gaming equipment or
21 supplies with any person or entity if the lessor, seller, or any
22 manager or person holding direct or indirect financial interest
23 in the lessor/seller or the proposed lease/purchase agreement, is
24 determined to have participated in or have involvement with orga-
25 nized crime or has been convicted of or entered a plea of guilty
26 or no contest to a gambling-related offense, fraud or
27 misrepresentation, or has been convicted of or entered a plea of

1 guilty or no contest to any other felony offense within the
2 immediately preceding 5 years, unless that person has been
3 pardoned.

4 (C) The seller, lessor, manufacturer, or distributor shall
5 provide, assemble and install all Class III games of chance,
6 gaming equipment, and supplies in a manner approved and licensed
7 by the Tribe.

8 **SECTION 7. Dispute Resolution.**

9 (A) In the event either party believes that the other party
10 has failed to comply with or has otherwise breached any provision
11 of this Compact, such party may invoke the following procedure:

12 (1) The party asserting noncompliance shall serve written
13 notice on the other party. The notice shall identify the spe-
14 cific Compact provision alleged to have been violated and shall
15 specify the factual and legal basis for the alleged
16 noncompliance. The notice shall specifically identify the type
17 of game or games, their location, and the date and time of the
18 alleged noncompliance. Representatives of the State and Tribe
19 shall thereafter meet within 30 days in an effort to resolve the
20 dispute.

21 (2) In the event an allegation by the State is not resolved
22 to the satisfaction of the State within 90 days after service of
23 the notice set forth in section 7(A)(1), the party may serve upon
24 the office of the tribal Chairperson a notice to cease conduct of
25 the particular game(s) or activities alleged by the State to be
26 in noncompliance. Upon receipt of such notice, the Tribe may
27 elect to stop the game(s) or activities specified in the notice

1 or invoke arbitration and continue the game(s) or activities
2 pending the results of arbitration. The Tribe shall act upon one
3 of the foregoing options within 30 days of receipt of notice from
4 the State. Any arbitration under this authority shall be con-
5 ducted under the Commercial Arbitration rules of the American
6 Arbitration Association except that the arbitrators shall be
7 attorneys who are licensed members of the State Bar of Michigan,
8 or of the bar of another state, in good standing, and will be
9 selected by the State picking 1 arbitrator, the Tribe a second
10 arbitrator, and the 2 so chosen shall pick a third arbitrator.
11 If the third arbitrator is not chosen in this manner within 10
12 days after the second arbitrator is picked, the third arbitrator
13 will be chosen in accordance with the rules of the American
14 Arbitration Association. In the event an allegation by the Tribe
15 is not resolved to the satisfaction of the Tribe within 90 days
16 after service of the notice set forth in Section 7(A)(1), the
17 Tribe may invoke arbitration as specified above.

18 (3) All parties shall bear their own costs of arbitration
19 and attorney fees.

20 (B) Nothing in Section 7(A) shall be construed to waive,
21 limit or restrict any remedy which is otherwise available to
22 either party to enforce or resolve disputes concerning the provi-
23 sions of this Compact. Nothing in this Compact shall be deemed a
24 waiver of the Tribe's sovereign immunity. Nothing in this
25 Compact shall be deemed a waiver of the State's sovereign
26 immunity.

1 operation; and similar substantive provisions. Said tribal laws,
2 which are defined by reference to the substantive areas of State
3 laws referred to above, shall apply to the tribal Class III
4 gaming establishment in the same manner and to the same extent as
5 such laws apply elsewhere in the State to off-reservation
6 transactions.

7 (B) The Tribe, for resale at its Class III gaming establish-
8 ment, shall purchase spirits from the Michigan liquor control
9 commission, and beer and wine from distributors licensed by the
10 Michigan liquor control commission, at the same price and on the
11 same basis that such beverages are purchased by Class C
12 licensees.

13 **SECTION 11. Effective Date.**

14 This Compact shall be effective immediately upon:

15 (A) Endorsement by the tribal chairperson and concurrence in
16 that endorsement by resolution of the Tribal Council;

17 (B) Endorsement by the Governor of the State and concurrence
18 in that endorsement or legislation of the Michigan Legislature;

19 (C) Approval by the Secretary of the Interior of the United
20 States; and

21 (D) Publication in the Federal Register.

22 **SECTION 12. Binding Effect, Duration, and Severability.**

23 (A) This Compact shall be binding upon the State and the
24 Tribe for a term of 20 years from the date it becomes effective
25 unless modified or terminated by written agreement of both
26 parties.

1 (B) At least 1 year prior to the expiration of 20 years
2 after the Compact becomes effective, and thereafter at least 1
3 year prior to the expiration of such subsequent 5-year period,
4 either party may serve written notice on the other of its right
5 to renegotiate this Compact. The parties agree that 25
6 U.S.C. <SS>2710(d)(3) through (8), or any successor provisions of
7 law, apply to successor compacts.

8 (C) In the event that either party gives written notice to
9 the other of its right to renegotiate this Compact pursuant to
10 subsection (B), the Tribe may, pursuant to the procedures of
11 IGRA, request the State to enter into negotiations for a succes-
12 sor compact governing the conduct of Class III gaming
13 activities. If the parties are unable to conclude a successor
14 compact, this Compact shall remain in full force and effect pend-
15 ing exhaustion of the administrative and judicial remedies set
16 forth in IGRA and/or any other applicable federal law.

17 (D) The Tribe may operate Class III gaming only while this
18 Compact or any renegotiated compact is in effect.

19 (E) In the event that any section or provision of this
20 Compact is disapproved by the Secretary of the Interior of the
21 United States or is held invalid by any court of competent juris-
22 diction, it is the intent of the parties that the remaining sec-
23 tions or provisions of this Compact, and any amendments thereto,
24 shall continue in full force and effect. This severability pro-
25 vision does not apply to Sections 17 and 18 of this Compact.

26 **SECTION 13. Notice to Parties.**

1 Unless otherwise indicated, all notices, payments, requests,
2 reports, information or demand which any party hereto may desire
3 or may be required to give to the other party hereto, shall be in
4 writing and shall be personally delivered or sent by first-class,
5 certified or registered United States Mail, postage prepaid,
6 return receipt requested, and sent to the other party at its
7 address appearing below or such other address as any party shall
8 hereinafter inform the other party hereto by written notice given
9 as aforesaid:

10 Notice to the Tribe shall be sent to:

11 Chairperson

12 _____

13 Tribe

14 _____

15 Tribe address

16 Notice to the State shall be sent to:

17 Governor's Office	Office of Attorney
18 State of Michigan	General
19 P.O. Box 30013	Treasury Building
20 Lansing, MI 48909	First Floor
21	Lansing, MI 48922

22
23 Every notice, payment, request, report, information or
24 demand so given shall be deemed effective upon receipt, or if
25 mailed, upon receipt or the expiration of the third day following
26 the day of mailing, whichever occurs first, except that any
27 notice of change of address shall be effective only upon receipt
28 by the party to whom said notice is addressed.

29 **SECTION 14. Entire Agreement.**

1 This Compact is the entire agreement between the parties and
2 supersedes all prior agreements, whether written or oral, with
3 respect to the subject matter hereof. Neither this Compact nor
4 any provision herein may be changed, waived, discharged, or ter-
5 minated orally, but only by an instrument in writing signed by
6 the Tribe and the State.

7 **SECTION 15. Filing of Compact with Secretary of State.**

8 Upon the effective date of this Compact, a certified copy
9 shall be filed by the Governor with the Michigan Secretary of
10 State and a copy shall be transmitted to each house of the
11 Michigan State Legislature and the Michigan Attorney General.
12 Any subsequent amendment or modification of this Compact shall be
13 filed with the Michigan Secretary of State.

14 **SECTION 16. Amendment.**

15 This Compact may be amended by mutual agreement between the
16 Tribe and the State as follows:

17 (A) The Tribe or the State may propose amendments to the
18 Compact by providing the other party with written notice of the
19 proposed amendment as follows:

20 (i) The Tribe shall propose amendments pursuant to the
21 notice provisions of this Compact by submitting the proposed
22 amendments to the Governor who shall act for the State.

23 (ii) The State, acting through the Governor, shall propose
24 amendments by submitting the proposed amendments to the Tribe
25 pursuant to the notice provisions of this Compact.

26 (B) The party receiving the proposed amendment shall advise
27 the requesting party within 30 days as follows:

1 (i) That the receiving party agrees to the proposed
2 amendment; or

3 (ii) That the receiving party rejects the proposed amendment
4 as submitted and agrees to meet concerning the subject of the
5 proposed amendment.

6 (C) Any amendment agreed to between the parties shall be
7 submitted to the Secretary of the Interior for approval pursuant
8 to the provisions of the IGRA.

9 (D) Upon the effective date of the amendment, a certified
10 copy shall be filed by the Governor with the Michigan Secretary
11 of State and a copy shall be transmitted to each house of the
12 Michigan Legislature and the Michigan Attorney General.

13 **SECTION 17. Tribal Payments to State for Economic Benefits**
14 **of Exclusivity.**

15 (A) The State and the Tribe have determined that it is in
16 the interests of the people of the State and the members of the
17 Tribe to maximize the economic benefits of Class III gaming for
18 the Tribe and to minimize the adverse effects of Class III gaming
19 by providing a mechanism to reduce the proliferation of Class III
20 gaming enterprises in the State in exchange for the Tribe provid-
21 ing important revenue to the State.

22 (B) So long as there is a binding Class III Compact in
23 effect between the State and Tribe and no change in State law is
24 enacted which is intended to permit or permits the operation of
25 electronic games of chance or commercial casino games by any
26 other person (except a person operating such games in the City of
27 Detroit pursuant to the Michigan gaming control and revenue act,

1 Initiated Law of 1996, MCL 432.201 to 432.226) and no other
2 person (except a federally-recognized Indian Tribe operating pur-
3 suant to a valid Compact under IGRA or a person operating in the
4 City of Detroit pursuant to the Michigan gaming control and reve-
5 nue act, Initiated Law of 1996, MCL 432.201 to 432.226) within
6 the State lawfully operates electronic games of chance or commer-
7 cial casino games, the Tribe shall make payments to the State as
8 provided in Subsection (C).

9 (C) From and after the effective date of this Compact (as
10 determined pursuant to Section 11 of this Compact), and so long
11 as the conditions set forth in Subsection (B) remain in effect,
12 the Tribe will make semi-annual payments to the State as
13 follows:

14 (i) Payment to the Michigan Strategic Fund, or its successor
15 as determined by State law, in amount equal to 8% of the net win
16 at the casino derived from all Class III electronic games of
17 chance, as those games are defined in this Compact.

18 (ii) As used in this subsection, "net win" means the total
19 amount wagered on each electronic game of chance, minus the total
20 amount paid to players for winning wagers at such machines.

21 (iii) For purposes of these payments, all calculations of
22 amounts due shall be based upon a fiscal year beginning October 1
23 and ending September 30 of the following calendar year, unless
24 the parties agree on a different fiscal year, and all payments
25 due the State pursuant to the terms of this Section shall be paid
26 no later than 60 days after October 1 and March 31 of each year.
27 Any payments due and owing from the Tribe in the year this

1 Compact is approved, or the final year the Compact is in force,
2 shall reflect the actual net win but only for the portion of the
3 year the Compact is in effect.

4 (D) The operation of electronic games of chance by persons
5 or entities other than federally-recognized Indian tribes pursu-
6 ant to a valid Compact under IGRA shall not violate the tribe's
7 exclusive right to operate such machines so long as such
8 machines:

9 (i) Reward a player only with the right to replay the device
10 at no additional costs;

11 (ii) Do not permit the accumulation of more than 15 replays
12 at any 1 time;

13 (iii) Allow the accumulated free replays to be discharged
14 only by activating the device for 1 additional play for each
15 accumulated free replay; and

16 (iv) Make no permanent record, directly or indirectly, of
17 the free replays awarded.

18 **SECTION 18. Tribal Payments to Local Governments.**

19 (A) From and after the effective date of this Compact (as
20 determined pursuant to Section 11 of this Compact), the Tribe
21 will make semi-annual payments to the treasurer for the county
22 described in paragraph (ii)(1) of this subsection 18(A) to be
23 held by said treasurer for and on behalf of the local revenue
24 sharing board described below, as follows:

25 (i) Payment in the aggregate amount equal to 2% of the net
26 win at each casino derived from all Class III electronic games of
27 chance, as those games are defined in this Compact. The county

1 treasurer shall disburse the payments received as specified by
2 lawful vote of the local revenue sharing board.

3 (ii) It is the State's intent, in this and its other
4 Compacts with federally recognized tribes, that the payments to
5 local governments provided for in this section provide financial
6 resources to those political subdivisions of the State which
7 actually experience increased operating costs associated with the
8 operation of the Class III gaming facility. To this end, a local
9 revenue sharing board shall be created by those local governments
10 in the vicinity of the Class III gaming facility to receive and
11 disburse the semi-annual payments from the Tribe as described
12 below. Representatives of local governments in the vicinity of
13 the Class III gaming facility shall be appointed by their respec-
14 tive elected body and shall serve at the pleasure of such elected
15 body. The local revenue sharing board shall consist of represen-
16 tatives from each of the following jurisdictions:

17 (1) One representative from the county in which the Class
18 III gaming facility is located;

19 (2) One representative from the village, city, or township
20 in which the Class III gaming facility is located;

21 (3) One representative from a third local unit of government
22 determined by the representatives identified in sub-paragraphs
23 (1) and (2), above, to be most impacted by the Class III gaming
24 facility.

25 The procedures for the functioning of the local revenue
26 sharing board, guidelines for establishments of criteria or a
27 formula for the distribution of revenues, and all other matters

1 not specified in this Compact, shall be determined by the local
2 revenue sharing board. Decisions of the local revenue sharing
3 board concerning the distribution of revenues shall require the
4 unanimous vote of the 3 representatives. The local revenue shar-
5 ing board's sole function shall be to determine and make alloca-
6 tions of the tribal payments for the purposes described and
7 subject to the limitations in subparagraphs (iii) to (v) below.

8 (iii) Of the payments made to local units of government, not
9 less than 1/8 of the aggregate payment described in subparagraph
10 (i) shall be paid to local public safety organizations for public
11 safety purposes.

12 (iv) Out of the aggregate payments to local units of govern-
13 ment, each local unit of government shall receive no less than an
14 amount equivalent to its share of ad valorem property taxes that
15 would otherwise be attributed to the Class III Gaming Facility if
16 that site were subject to such taxation.

17 (v) Out of the aggregate payments to local units of govern-
18 ment, after deducting the payment provided in subparagraphs (iii)
19 and (iv), the Board shall allocate an additional portion of such
20 payments to local units of government to offset the actual costs
21 incurred by such local units of government as a result of the
22 development of a Class III gaming facility in the vicinity. The
23 balance of such payments remaining after reimbursement of such
24 actual costs may be utilized for any other lawful local govern-
25 ment purposes.

1 (vi) As used in this subsection, "net win" means the total
2 amount wagered on each electronic game of chance, minus the total
3 amount paid to players for winning wagers at such machines.

4 (vii) For purposes of these payments, all calculations of
5 amounts due shall be based upon a fiscal year beginning October 1
6 and ending September 30 of the following calendar year, unless
7 the parties agree on a different fiscal year, and all payments
8 due the local units of government pursuant to the terms of this
9 Section shall be paid no later than 60 days after October 1 and
10 March 31 of each year. Any payments due and owing from the Tribe
11 in the year this Compact is approved, or the final year the
12 Compact is in force, shall reflect the actual net win only for
13 the portion of the year the Compact is in effect.