

**AMENDMENT TO
A COMPACT BETWEEN
THE POKAGON BAND OF POTAWATOMI INDIANS
AND
THE STATE OF MICHIGAN
PROVIDING FOR THE CONDUCT OF TRIBAL CLASS III GAMING
BY THE POKAGON BAND OF POTAWATOMI INDIANS**

The Compact made and entered on the 3rd day of December, 1998 by and between the POKAGON BAND OF POTAWATOMI INDIANS (hereinafter referred to as "Tribe") and the STATE OF MICHIGAN (hereinafter referred to as "State") approved by the Secretary of the Interior by publication in the Federal Register on February 18, 1999 at 64 Fed. Reg. 8111, is hereby amended in accordance with Section 16 of the Compact. All provisions of the Compact not explicitly added or amended herein shall remain in full force and effect.

Section 2(B) is amended to read as follows:

(B) (1) "Eligible Indian lands" means trust and reservation land acquired under 25 U.S.C. §1300j-6 within Allegan, Berrien, Van Buren, and Cass Counties, Michigan that is eligible for tribal gaming under § 20 of IGRA, 25 U.S.C. §2719.

(2) A total of three tribal Class III gaming facilities may be operated on eligible Indian lands as follows:

- a. one tribal Class III gaming facility may be operated on eligible Indian lands in Berrien County in the Township of New Buffalo;
- b. one satellite gaming facility, containing no more than 1,000 electronic games of chance, may be located on eligible Indian lands in Van Buren County in the City of Hartford, Hartford Township, or Bangor Township, provided that, prior to constructing this facility, the city, village, or township within which the facility is to be located indicates its consent to having the facility within its boundaries by a resolution of its governing body, a public referendum, or by other means satisfactory to the Governor; and
- c. one satellite gaming facility, containing no more than 1,000 electronic games of chance, may be located on eligible Indian lands in Cass County, in the City of Dowagiac, Pokagon Township, Silver Creek Township, LaGrange Township, or Wayne Township, provided that, prior to constructing this

facility, the city, village, or township within which the facility is to be located indicates its consent to having the facility within its boundaries by a resolution of its governing body, a public referendum, or by other means satisfactory to the Governor.

Section 2(E) is added and inserted to read as follows:

“New Buffalo Site” means the Class III gaming facility authorized by section 2(B)(2)(a) operated by the Tribe in Berrien County, Michigan, since August 1, 2007.

Section 2(F) is added and inserted to read as follows:

“Hartford Site” means the satellite Class III gaming facility authorized by section 2(B)(2)(b) in Van Buren County, Michigan.

Section 2(G) is added and inserted to read as follows:

“Dowagiac Site” means the satellite Class III gaming facility authorized by section 2(B)(2)(c) in Cass County, Michigan.

Section 3 (Authorized Class III Games) is amended by adding the following new language as subsection A(9):

(9) Lotteries, raffles, and similar games offered on the premises of the casino as a promotional activity designed to attract additional customers to the premises.

Section 4(M)(5) is amended to read as follows:

(5) The Tribe shall make an annual payment for each of its Class III gaming facilities in the amount of \$50,000 or .05% of the annual Net Win at each such Class III gaming facility, whichever amount is greater, to the Michigan Gaming Control Board, or to its successor as determined by law, to be applied by the State toward the costs it incurs in carrying out functions authorized by the terms of this Compact. Such payments shall be based on a twelve month fiscal period beginning on August 1 and ending on July 31. Any payment due and owing for that fiscal period shall be made within 45 days of the end of that fiscal period.

Section 12 (A) and 12 (B) is amended to read as follows:

(A) This Compact shall be binding upon the State and the Tribe until October 31, 2028 unless modified or terminated by written agreement of both parties.

(B) At least one year prior to the expiration of this Compact, and thereafter at least one year prior to the expiration of each subsequent five (5) year period, either party may serve written notice on the other of its right to renegotiate this Compact. The parties agree that 25 U.S.C. §2710(d)(3) through (8), or any successor provisions of law, apply to successor Compacts.

Section 17 is amended to revise the mailing address for the Office of Attorney General as follows:

Office of the Attorney General
P.O. Box 30212
Lansing, 48909

Section 17 is amended to read as follows:

Section 17. Economic Incentive Payments to State

(A) The State and the Tribe have determined that it is in their mutual best interests to maximize the economic benefits of Class III gaming for the Tribe and to work cooperatively toward that end. The Tribe has further determined that it is in the best interests of the Tribe to provide the State with an economic incentive intended to encourage the State to pursue economic policies and activities that promote and contribute to the success of the Tribe's Class III gaming business and to discourage the State from adopting economic policies or activities that are harmful to the Tribe's Class III gaming business.

(B) In furtherance of the determinations described in subsection (A) of this section, and as consideration for other valuable concessions contained in this agreement, the Tribe agrees that it shall make an annual payment of 6% of the Net Win at its New Buffalo Site to the Michigan Strategic Fund, or its successor as determined by State law, subject to all of the following conditions:

(1) Such payments shall be based on a twelve month fiscal period beginning on August 1 and ending on July 31 of each year. The first payment under this provision shall be for the period ending July 31, 2008 and shall be due and payable no later than September 30, 2008. Payments for each fiscal period thereafter shall be made within 60 days of the end of that fiscal period.

(2) Payments under this subsection are subject to the following adjustments:

(a) For the first full twelve-month fiscal period following the opening of the New Buffalo Site, and for any partial fiscal period preceding that first full twelve-month fiscal period, the Tribe shall make payments at the rate of 6% as specified above.

(b) For the second full twelve-month fiscal period following the opening of the New Buffalo Site, prior to making the payment described in this subsection, the Tribe may adjust its payment as follows: If the Net Win for the second full fiscal period is equal to or greater than the Net Win for the first full fiscal period, the Tribe shall make payment in full at the of 6% of Net Win as specified above. However, if the Net Win for the second full fiscal period is less than the Net Win for the first full fiscal period, the Tribe may calculate its payment, as follows:

The Tribe shall subtract the Net Win for the second full fiscal period from the Net Win for the first full fiscal period to determine the difference, shall calculate the ratio of that difference to the Net Win for the first full fiscal period to determine the percentage of reduction, and may reduce its payments for the second full fiscal period by twice that percentage.

By way of example, if the Net Win for the first full fiscal period is \$200 million, and the Net Win for the second full fiscal period falls to \$180 million, the difference would be \$20 million, the percentage difference would be 10%, and the Tribe may therefore reduce the payments otherwise due for the second full fiscal period by twice that rate or 20%.

(c) For the third full twelve-month fiscal period following the opening of the New Buffalo Site, prior to making the payments described in this subsection, the Tribe may adjust its payment as follows: Prior to making the payments described in this subsection, the Tribe may calculate the average annual Net Win for the first two full fiscal periods. If the Net Win for the third full fiscal period is equal to or greater than the average Net Win for the first two full fiscal periods, the Tribe shall make payment in full at the rate of 6% of Net Win as specified above. However, if the Net Win for the third full fiscal period is less than the average Net Win for the first two full fiscal periods, the Tribe may calculate its payment, as follows:

The Tribe shall subtract the Net Win for the third full fiscal period from the average annual Net Win for the first two full fiscal periods to determine the difference, shall calculate the ratio of that difference to the average annual Net Win for the first two full fiscal periods to determine the percentage of reduction, and may reduce its payments for the third full fiscal period by twice that percentage.

By way of example, if the average annual Net Win for the first two fiscal periods is \$200 million, and the Net Win for the third full fiscal period falls to \$180 million, the difference would be \$20 million, the percentage difference would be 10%, and the Tribe may therefore reduce the payments otherwise due for the third fiscal period by twice that rate or 20%.

(d) Beginning with the fourth complete one year fiscal period following the opening of the New Buffalo Site, the Tribe may thereafter adjust its payments under this section as follows: Prior to making the payments described in this section, the Tribe may calculate the average annual Net Win for the three fiscal periods immediately preceding

the fiscal period for which payment is due (the "Payment Period"). If the Net Win for the Payment Period is equal to or greater than the average Net Win for the preceding three fiscal periods that preceded the Payment Period, the Tribe shall make payment in full at the rate specified in this section. However, if the Net Win for the Payment Period is less than the average Net Win for the three fiscal periods that preceded it, the Tribe may calculate its payment, as follows:

The Tribe shall subtract the Net Win for the Payment Period from the average annual Net Win for the three fiscal periods that preceded the Payment Period to determine the difference, shall calculate the ratio of that difference to the average annual Net Win for the three fiscal periods that preceded the Payment Period to determine the percentage of reduction, and may reduce its payments otherwise due by twice that percentage.

By way of example, if the average annual Net Win for the preceding three years is \$200 million, and the Net Win for the preceding period falls to \$180 million, the difference would be \$20 million, the percentage difference would be 10%, and the Tribe may therefore reduce the payments otherwise due for that facility by twice that rate or 20%.

(C) In the event that the Tribe opens a satellite facility at the Hartford Site or the Dowagiac Site or at both sites as authorized under section 2(B)(2)(b) and 2(B)(2)(c) above, the Tribe agrees that it shall make an annual payment of 8% of the Net Win at each such site to the Michigan Strategic Fund, or its successor as determined by State law, subject to all of the following conditions:

(1) Such payments for each facility shall be based on a twelve month fiscal period beginning on August 1 and ending on July 31 of each year. Payments for each fiscal period shall be made within 60 days of the end of that fiscal period.

(2) Payments under this subsection are subject to adjustment in the manner provided in section 17(B)(2)(a)-(d) above except that the base payment rate shall be 8%.

(D) As used in this subsection, "Net Win" means the total amount wagered on each electronic game of chance, minus the total amount paid to players for winning wagers at such machines.

Section 18 is amended to read as follows:

Section 18. Tribal Payments to Local Units of Government

(A) In addition to the payments to the State in Section 17, the Tribe shall also make payments in the manner described in this section in an amount equal to two percent (2%) of the annual Net Win to the local units of government that are located in the immediate vicinity of each tribal casino site or that are otherwise directly affected by the operation

of the casino. It is the intent of the State and the Tribe that the payments to local units of government provided for in this section will be used primarily to provide financial resources to those political subdivisions of the State that actually experience increased operating costs associated with the operation of the Tribe's Class III gaming facility.

(B) Local Revenue Sharing Board.

(1) At each site where the Tribe operates a casino facility under this agreement, the local units of government that are in the immediate vicinity or are otherwise directly affected by the casino may, at their option, form a Local Revenue Sharing Board in conjunction with the Tribe in the manner described in this subsection. In that event, the Board shall receive and direct the disbursement of the payments required by this Section.

(2) Each Local Revenue Sharing Board shall be created pursuant to an inter-local agreement under the provisions of the Urban Cooperation Act of 1967, MCL 124.501 et seq., entered into between the Tribe and those local units of government that elect to participate. Each Inter-local Agreement shall provide that the Local Revenue Sharing Board shall be governed by a Board composed of the following individuals, provided that the specified unit of government has chosen to participate in the Agreement:

(a) For the New Buffalo Site:

(i) One (1) representative selected by the governing body of Berrien County;

(ii) One (1) representative selected by the governing body of New Buffalo Township;

(iii) One (1) representative selected by the governing body of the City of New Buffalo;

(iv) One (1) representative selected by the remaining units of local government that are parties to the Inter-local Agreement.

(v) One (1) representative selected by the Tribe.

(b) For the Hartford Site:

(i) One (1) representative selected by the governing body of Van Buren County;

(ii) One (1) representative selected by the governing body of township within which the facility is located;

(iii) One (1) representative selected by the governing body of the City of Hartford;

(iv) One (1) representative selected by the remaining units of local government that are parties to the Inter-local Agreement.

(v) One (1) representative selected by the Tribe.

(c) For the Dowagiac Site:

(i) One (1) representative selected by the governing body of Cass County;

(ii) One (1) representative selected by the governing body of the township within which the facility is located;

(iii) One (1) representative selected by the governing body of the City of Dowagiac;

(iv) One (1) representative selected by the remaining units of local government that are parties to the Inter-local Agreement.

(v) One (1) representative selected by the Tribe.

(3) The Tribe agrees that it shall not unreasonably obstruct or impede the formation of a Local Revenue Sharing Board which is amicably formed by the non-Tribal local units of government.

(4) Guidelines or bylaws establishing criteria or formulas for the distribution of revenues, and any actual disbursement of funds shall require a unanimous vote of the representatives comprising the Board. All other matters including bylaws or procedures for the general functioning of the Board and any other matters not specified in this compact shall be determined by a majority vote of the representatives comprising the Board in accordance with the Urban Cooperation Act.

(5) Funds paid by the Tribe to the Local Revenue Sharing Board shall be held in an interest bearing account and the available funds shall be disbursed by the Board consistent with the following priorities:

(a) Each unit of government shall first receive an amount equal to any specific actual costs incurred by that unit of government as the result of the development or operation of the Tribe's Class III gaming facility, including payment to local units of government for police, fire, and public safety services.

(b) Each unit of local government shall next receive an amount equivalent to the amount of ad valorem property taxes that the unit of government would have

received if the Tribe's Class III gaming facility were subject to ad valorem property taxes.

(c) The balance of such funds remaining after the disbursements described in subparagraphs (a) and (b) shall be allocated and disbursed by the Board to eligible local units of government (including, if determined by the Board, the Intermediate School district and the school district in which the Casino is located), to be used by those units of government for any lawful local government purpose.

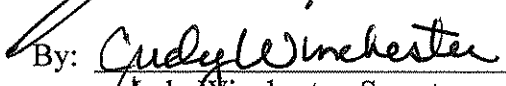
(7) For purposes of these payments, all calculations of amounts due shall be based upon a fiscal year beginning August 1 and ending July 31 of the following calendar year, unless the parties agree on a different fiscal year, and all payments due the local units of government pursuant to the terms of this Section shall be paid no later than sixty (60) days after the end of the fiscal year. Any payments due and owing from the Tribe in the year this Compact is approved, or the final year the Compact is in force, shall reflect the actual Net Win but only for the portion of the year the Compact is in effect.

(C) So long as at least two or more eligible local units of government have executed an interlocal agreement establishing a Local Revenue Sharing Board, the Tribe shall make timely payments to the Board as provided in this Compact. In the event that the eligible local units of government fail or decline to form a Local Revenue Sharing Board pursuant to subsection (B), the Tribe shall allocate and disburse the funds required by this section consistent with the priorities described in subsection (B)(5) until such time as the eligible local units of government act to establish a Local Revenue Sharing Board.

IN WITNESS WHEREOF, the Tribal Chairman and Tribal Secretary acting for the Pokagon Band of Potawatomi Indians and the Governor acting for the State of Michigan have signified their approval by their respective signatures.

By: 
John Miller, Chairman

By: 
Jennifer M. Granholm, Governor

By: 
Judy Winchester, Secretary

Dated: Aug. 14, 2008

Dated: Aug. 14, 2008