

MGHA Monthly Report



Message from Executive Director



Hello, once again, members. It is that time of month for us to share with you the news of our industry. We think you will see in reading this month's newsletter that there is a lot of positive news. At the same time, we face some challenges and questions ahead. With the positive trends in gaming revenue in the South River Region and along the Gulf Coast, here at MGHA, we are focused on doing what we can to reinforce these positive trends, and we are committed to doing what we can to turn the tide in the North River Region. Our door is open to all of you and we stand ready to work with you during the upcoming Legislative Session. As you head into the homestretch, we wish you all a very strong finish to 2015.

3rd Quarter Gaming Revenues Affirm Positive Trend

We have tracked and reported GGR for each month in each region. Almost every month, we have reported increases along the Coast and in the South River Region. Fortunately, the declines in the North have softened and on a year over year statewide basis we are up 2% compared to 2014. The charts below will allow you to see where we stand compared to 2013 as well. There is no doubt the Gulf Coast will exceed revenues in both 2013 and 2014, but it appears we are trending to fall just shy of 2013 totals on a statewide basis. With Scarlet Pearl opening in December, the possibility remains that revenues may push past 2013.

Table 1: Mississippi Gaming Revenues

	Gulf Coast	River Counties	Overall
Sept 2015	92,038,758	73,006,343	165,045,101
Sept 2014	88,453,583	71,647,624	160,101,207
Sept 2013	88,169,692	76,095,033	164,264,725
Sept 2012	86,707,396	91,235,631	177,943,027
Sept 2011	84,330,845	101,550,351	185,881,196
2015 vs. 2014	4.1%	1.9%	3.1%

	Gulf Coast	River Counties	Overall
YTD 2015	873,050,102	733,358,124	1,606,408,226
YTD 2014	821,081,639	757,811,943	1,578,893,581
YTD 2013	813,235,173	825,939,065	1,639,174,238
YTD 2012	840,566,098	892,914,421	1,733,480,519
YTD 2011	840,423,294	863,712,935	1,704,136,228
2015 vs. 2014	6.3%	-3.2%	1.7%

2013/2014 Totals Compared to 3rd Quarter 2015

	Year End 2014	Year End 2013
North River Region	\$687,683,015	\$748,905,815
South River Region	\$307,866,406	\$326,594,658
Gulf Coast Region	\$1,078,635,757	\$1,066,855,458
Total	\$2,074,185,178	\$2,142,355,931

Region	3 rd Quarter GGR 2015	v. 2014
North River Region	\$496,129,499	<5%
South River Region	\$238,615,780	2%
Coastal Region	\$875,842,655	7%
Total	\$1,610,578,934	2%

Access: The Value of Fly-In Customers

By: *Mike Bruffey*



One of the **Five Drivers of Visitation** that we talk about is “Access”, which includes keeping our roadways in good condition, providing gateways that are inviting and beautified with flowers and welcoming signage, as well as having convenient affordable air service to airports that are well maintained and easy to fly in and out of. Mississippi and other states have invested millions in their regional airports, but since 2008, most regional airports have seen steady declines in enplanements. This is primarily caused by the merger of the major air carriers, leaving 83% of all air service controlled by four airlines (see chart on page 3). There are approximately 7 smaller air service providers that handle the remaining 17% of the air service business, and regional airports, especially those that are in tourism markets, are vying for the business of these “low cost air carriers.” To give incentive to these carriers, regional markets have offered air carriers revenue guarantees, marketing dollars, reduced fees and other incentives to attract them to their airports. While in 2014, the MDA—Tourism Office reported an increase in out of state visitors (22 million up from 21.6 million in 2013), the MDA also reported a decline in spend in 2014 (\$6.09 billion down from \$6.2 billion) a reduction of \$110 million. In both gaming and tourism, the fly-in customer is invaluable. A recent study shows that fly-in customers spend \$717 per day and stay about 3 days versus a typical drive-in customer that spends \$478 per day and stays on average 1.8 days per trip. In terms of economic impact, adding one plane that carries 160 passengers, with 70% occupancy, that flies 3 days per week to one new city will produce approximately \$12 million in additional spend per year. This number increases in multiples as you add to the equation more cities and more days per week. As we look ahead to the 2016 legislative session, supporting air service initiatives is vital not only to adding visitors but to increasing spend.

Daily Fantasy Sports—Games of Skill?

By: *Mike Bruffey*

The topic of daily fantasy sports is important to the gaming industry as it forces states to consider whether it is gambling or not. Earlier this year, the AGA formed a task force to address illegal forms of gambling that undermine the regulated gaming industry, and recently the AGA indicated it will be “announcing a clearer, unified position on sports betting and daily fantasy sports” in coming weeks. In the mean time, as noted in articles posted in our Press Room, there is a difference of opinion on this topic. In New Jersey, they are seeking to regulate the games ([NJ Seeks to Regulate Daily Fantasy Sports](#)) whereas in Massachusetts, Governor Charlie Baker declared the games to be games of skill and not illegal, and beyond regulation in any case ([Mass. Gaming Commission Currently has ‘No Ability’ to Regulate Fantasy Sports](#)). New York Attorney General Eric Schneiderman, most recently announced that fantasy sports games played for cash prizes are illegal gambling under New York’s state laws and ordered DraftKings and New York-based FanDuel Inc. to shut down operations in the state. The companies remain active there and say they plan to challenge Schneiderman in court. The legal outcome of these games is based on the balancing analysis of skill versus chance. This is the same legal analysis mentioned in last month’s newsletter in the context of games operating in Arkansas as “electronic games of skill.” It will be important to follow the upcoming legal challenges to determine if these issues are decided by state law or federal law (or perhaps both).

MGHA Website Updates

Updates to the **Press Room** on our website:

- Tupelo Airport Board to Review 4 Bids for Service
- East Fremont Develop. helps downtown casinos boom
- Scarlet Pearl Set For December Opening
- NJ Seeks to Regulate Daily Fantasy Sports
- Judge Clears Sale of Shuttered Caesars Tunica Casino
- Mass. Gaming Commission Currently has 'No Ability' to Regulate Fantasy Sports
- Foundation Gaming Group to Buy DiamondJack's-Vicksburg Casino
- Cruisers pack up after record breaking event
- No fast track for skill-based slots
- Florida court reverses itself on slots
- Biloxi Makes Way for 9th Casino

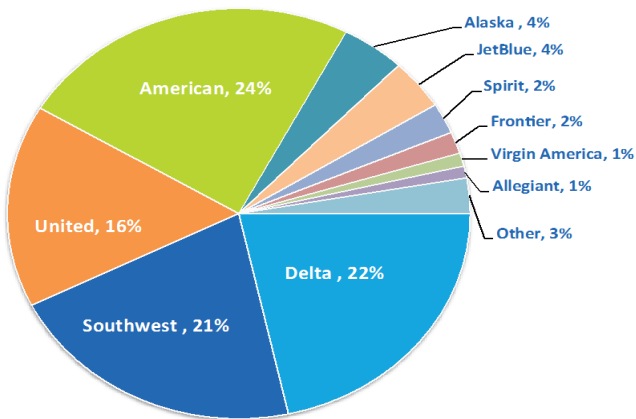
Important Dates

MGC November Meeting
(November 19 at 9 a.m.)
MGC Office in Jackson

Deadline to Submit Info for
2016 Annual Report
(December 7 at 5 p.m.)
Send via Email to MGHA

MGHA Quarterly Meeting
Legislative Reception
(January 27 at 1 p.m.)
MGHA Office in Jackson

U.S. Lower 48 Seat Share, September 2015



17%

Consolidation has changed the game.
With mergers of the big eight leaving just the big four controlling 83% of the market, between 2008-2014 enplanements at regional airports have decreased 30% or more.

Regional Statistics

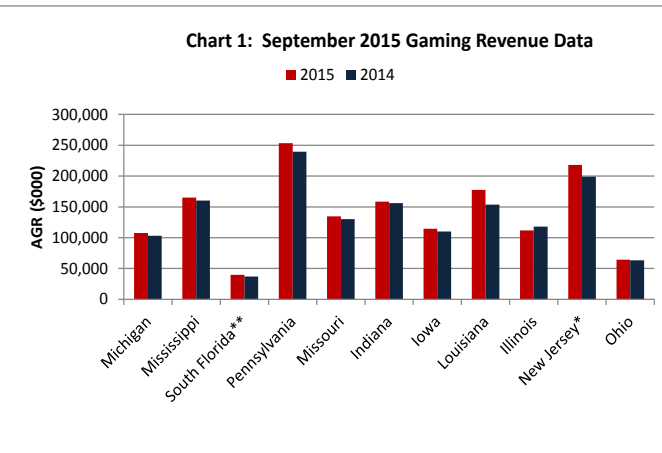


Table 2: AGR Summaries (\$000)

	Sept. '15	Sept. '14	Change	Trailing 3 Mos. Current	Trailing 3 Mos. Prior Yr.	Change
Louisiana	177,653	153,649	15.6%	578,681	517,625	11.8%
New Jersey*	218,099	199,149	9.5%	709,434	757,787	-6.4%
South Florida**	39,889	37,142	7.4%	123,249	117,415	5.0%
Pennsylvania	253,517	239,515	5.8%	806,271	778,487	3.6%
Michigan	107,556	103,112	4.3%	329,784	327,110	0.8%
Iowa	114,389	110,039	4.0%	362,998	281,998	28.7%
Missouri	134,744	130,086	3.6%	424,211	418,955	1.3%
Mississippi	165,045	160,101	3.1%	527,345	515,455	2.3%
Ohio	64,273	63,259	1.6%	200,070	202,089	-1.0%
Indiana	158,454	156,217	1.4%	515,191	509,066	1.2%
Illinois	111,719	118,153	-5.4%	357,835	370,839	-3.5%

* Excludes \$12.0 million in online gaming revenue
**South Florida only includes slots at racetracks

Mississippi Gaming Statistics

September 2015 Table Game Analysis

Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	<i>North River Summary</i>	
North River	Win	2,836,355	1,712,726	555,596	602,488	1,552,599	Win	7,259,764
	WPUD	\$602	\$2,039	\$1,029	\$873	\$1,056	WPUD	\$880
	Units	157	28	18	23	49	Units	275
	<i>Unit Mix</i>	57.1%	10.2%	6.5%	8.4%	17.8%		
	Drop	20,051,769	11,757,909	1,999,340	1,674,835	4,945,618	Drop	40,429,471
	<i>% of Drop</i>	49.6%	29.1%	4.9%	4.1%	12.2%	<i>As % Prior year</i>	95.7%
Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	<i>South River Summary</i>	
South River	Win	1,249,741	421,353	151,324	81,959	29,826	Win	1,934,203
	WPUD	\$631	\$1,080	\$721	\$304	\$142	WPUD	\$632
	Units	66	13	7	9	7	Units	102
	<i>Unit Mix</i>	64.7%	12.7%	6.9%	8.8%	6.9%		
	Drop	6,784,358	1,918,530	540,420	424,643	613,392	Drop	10,281,343
	<i>% of Drop</i>	66.0%	18.7%	5.3%	4.1%	6.0%	<i>As % Prior year</i>	103.2%
Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	<i>Gulf Coast Summary</i>	
Gulf Coast	Win	6,607,931	2,576,783	1,241,944	1,218,091	4,184,378	Win	15,829,127
	WPUD	\$933	\$2,386	\$1,335	\$1,562	\$1,453	WPUD	\$1,242
	Units	236	36	31	26	96	Units	425
	<i>Unit Mix</i>	55.5%	8.5%	7.3%	6.1%	22.6%		
	Drop	38,550,045	16,092,802	5,292,569	3,924,604	21,918,857	Drop	85,778,877
	<i>% of Drop</i>	44.9%	18.8%	6.2%	4.6%	25.6%	<i>As % Prior year</i>	110.7%

September 2015 Slot Analysis

Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	<i>North River Summary</i>	
North River	Win	26,808,279	735,725	3,558,538	6,575,746	4,471,199	Win	42,149,487
	WPUD	\$156	\$110	\$132	\$196	\$210	WPUD	\$162
	Units	5,722	223	901	1,121	711	Units	8,678
	<i>Unit Mix</i>	65.9%	2.6%	10.4%	12.9%	8.2%		
	Coin In	303,498,559	12,912,366	46,161,373	97,803,987	74,971,562	Coin In	535,347,847
	<i>% of Coin in</i>	56.7%	2.4%	8.6%	18.3%	14.0%	<i>As % Prior year</i>	91.4%
Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	<i>South River Summary</i>	
South River	Win	15,778,826	435,306	1,155,771	2,637,243	773,786	Win	20,780,932
	WPUD	\$125	\$83	\$76	\$120	\$163	WPUD	\$120
	Units	4,204	175	507	732	158	Units	5,776
	<i>Unit Mix</i>	72.8%	3.0%	8.8%	12.7%	2.7%		
	Coin In	175,284,512	9,316,694	16,134,433	44,116,513	14,018,398	Coin In	258,870,550
	<i>% of Coin in</i>	67.7%	3.6%	6.2%	17.0%	5.4%	<i>As % Prior year</i>	103.4%
Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	<i>Gulf Coast Summary</i>	
Gulf Coast	Win	51,394,566	2,553,743	7,127,338	9,782,355	5,379,871	Win	76,237,873
	WPUD	\$184	\$144	\$164	\$215	\$336	WPUD	\$190
	Units	9,292	590	1,446	1,515	534	Units	13,377
	<i>Unit Mix</i>	69.5%	4.4%	10.8%	11.3%	4.0%		
	Coin In	596,929,014	49,957,875	135,233,880	165,173,963	89,783,963	Coin In	1,037,078,695
	<i>% of Coin in</i>	57.6%	4.8%	13.0%	15.9%	8.7%	<i>As % Prior year</i>	106.9%

Member Directory

- Ameristar Casino Hotel, Vicksburg
- Bally's Casino, Tunica
- Beau Rivage Resort Casino, Biloxi
- Boomtown Casino, Biloxi
- DiamondJacks Casino & Hotel, Vicksburg
- Fitz Casino & Hotel, Tunica
- Golden Nugget Biloxi
- Gold Strike Casino Resort, Tunica
- Hard Rock Casino, Biloxi
- Harlow's Casino Resort, Greenville
- Harrah's Gulf Coast, Biloxi
- Hollywood Casino Gulf Coast
- Hollywood Casino, Tunica
- Horseshoe Casino, Tunica
- IP Casino Resort Spa, Biloxi
- Island View Casino Resort, Gulfport
- Isle of Capri, Lula
- Lady Luck Casino, Vicksburg
- Magnolia Bluffs Casino, Natchez
- Palace Casino Resort, Biloxi
- Resorts Tunica Hotel & Casino
- Riverwalk Casino Hotel, Vicksburg
- Roadhouse Casino, Tunica
- Sam's Town Hotel & Gambling Hall, Tunica
- Silver Slipper Casino, Bay St Louis
- Treasure Bay Resort, Biloxi
- Trop Casino, Greenville

Associate Member of Month

IGT/GTECH recently completed their merger and just posted 3rd quarter net profits of \$7.1 million. We are happy to report that IGT/GTECH will be exhibiting at Southern Gaming Summit. Congratulations on your success and thank you for being a member of MGHA. We look forward to seeing you in May.

The Mississippi Gaming & Hospitality Association (MGHA)* is a non-profit organization made up of casino operators and vendors whose mission it is to protect and enhance the reputation and success of the gaming industry within the State of Mississippi. We seek to accomplish our mission by:

- ◆ Cooperating with government officials in advancing the gaming industry's common goals and objectives;
- ◆ Promoting comprehensive and fair regulation of the gaming industry to insure integrity at all levels of operation;
- ◆ Advocating fair and reasonable taxation of the industry, which will permit operators to maximize employment opportunities and re-invest, expand and improve existing facilities;
- ◆ Promoting and participating in public education throughout Mississippi regarding the benefits of casino gaming, including job creation, economic development and how the industry can help the State in maximizing its tax revenues; and
- ◆ Supporting and enhancing responsible gaming programs and offering education and assistance to individuals with gambling problems

For questions about membership contact Executive Director Larry Gregory via email at lgregory@msgaming.org or by phone at 601-965-6992.

**The MGHA was originally chartered in 1993 as the Mississippi Casino Operators Association (MCOA). In March 2013, the Board of Directors voted to change the name of the association to better reflect its mission.*



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Protection from Construction Project Pitfalls



Harrah's Gulf Coast announced at the end of October that it is investing \$14 million to upgrade its hotel tower. When I read the good news of the renovations, one of the first things that came to mind was the legal issues that go into a construction project. While these can be overwhelming, there are ways to protect yourself.

In addition to having well-drafted contracts that set out specifics of the who, what, how, and when of work to be performed, goods to be provided, and provisions for various contingencies, there are other steps you can take to limit your risk. Any contractors and subcontractors should be required to maintain worker's compensation, commercial general liability, commercial auto, and other specialized insurance policies with substantial limits of

liability, depending on the size of the project. Workers' compensation coverage can be verified daily at the state's workers' compensation commission website, mwcc.state.ms.us. Contractors should also be bonded, which may mean a performance bond to guarantee performance of the work, payment bonds to guarantee the contractor will pay all subcontractors, maintenance bonds to warranty work for a certain amount of time after the work, and supply bonds to ensure that suppliers deliver. Certificates of insurance and bonds should be requested and verified periodically, directly with the issuing insurance agent, if possible.

Patrick Zimmerman is an MGHA Associate Member and attorney-at-law. He is the former Director of Investigations for the Mississippi Gaming Commission. He welcomes your comments or suggestions at 601-376-9741 or pat@zimmermanlawfirm.ms