

MGHA Monthly Report



APRIL 2016



Message from Executive Director

Our news this month is mostly positive, but we have identified some challenges as well. We are seeing strong revenues and an overall increase in visits. On a state by state basis, unfortunately, we are seeing declines in visits from some key states. We have a tremendous opportunity to take advantage of the \$2.5M Economic Development & Infrastructure Fund to incentivize low cost air service. Also, addressed infra, daily fantasy sports is alive and well and will be studied over the summer. Finally, as we continue to see new development and hotel capacity grow, we thought it useful to include the most recent ADR, RevPAR and Occupancy statistics.

2nd Quarter Begins on Upward Swing

The 1st quarter was up overall, and the 2nd quarter began on an upward swing with the various regions all showing positive numbers in April 2016. The Tunica Region reported \$56.3 million compared to \$56 million in April 2015, the Central River Region reported \$27.2 million compared to \$26.5 million and the Coastal Region \$98.1 million compared to \$94.7 million. On a statewide basis, through the first four months of the year, Gross Gaming Revenues (GGR) are \$737.8 million versus \$721.3 million over the same period last year, a 2.3% increase in GGR.

Table 1: Mississippi Gaming Revenues

	Gulf Coast	River Counties	Overall
Apr 2016	98,119,615	83,467,923	181,587,538
Apr 2015	94,284,960	82,771,015	177,055,975
Apr 2014	84,544,909	79,805,756	164,350,665
Apr 2013	85,271,222	90,438,125	175,709,347
Apr 2012	93,377,702	93,706,743	187,084,446
2016 vs. 2015	4.1%	0.8%	2.6%

	Gulf Coast	River Counties	Overall
YTD 2016	406,677,702	331,103,578	737,781,280
YTD 2015	384,159,795	337,128,240	721,288,035
YTD 2014	360,196,356	354,180,231	714,376,587
YTD 2013	359,277,707	379,239,745	738,517,451
YTD 2012	381,162,634	417,480,830	798,643,464
2016 vs. 2015	5.9%	-1.8%	2.3%

Visitation By State— 1stQuarter Comparison

The 1st quarter visitation numbers show increases from out of state visits from Louisiana and Arkansas, while some states like Florida and Georgia declined. With the passage of the Economic Development & Infrastructure Fund, there is an opportunity to incentivize low cost air service to bring more visitors to our state. We will continue to track visitation throughout the year against the backdrop of efforts to increase air service and marketing efforts by our tourism partners.

	1Q (2015)	1Q (2016)
Louisiana	694505	882,649
Alabama	671958	637157
Florida	531171	414,917
Tennessee	485929	481,583
Arkansas	285804	319,263
Georgia	219878	177,023
Texas	96657	94,139
Other	244727	208,062
Missouri	67889	52,749
Illinois	74869	55,864
Michigan	64083	51,438
Indiana	37937	29,258
North Carolina	21389	21,358
Ohio	36512	28,724
South Carolina	16507	17,544
Oklahoma	11614	11,409
Kansas	3263	5,437
Out of State	3,568,249	3,493,012
Mississippi	2,042,700	2,305,221
Total Visitors	5,610,949	5,798,233

Regional Air Service Receives \$2.5 Million — (HB 1074 / SB 2924)

The **Economic Development & Infrastructure Fund** (EDI Fund) is in place and efforts are now being undertaken to create the necessary agreements that will allow regional airports in Mississippi to go after and, hopefully secure, low cost air carriers. The **Gulfport Biloxi International Airport** and the **Mid Delta Regional Airport in Greenville** are eligible to use the EDI Fund. Operators are beginning to formulate a strategy for taking advantage of the EDI Fund. The EDI Fund will be administered by MDA with \$2.5 million available to serve as a backstop for revenue guarantees, seat cost mitigation, marketing and other incentives to attract low cost air carriers to a regional airport. The EDI Fund comes at a very important time when Mississippi casinos are looking to increase visits and extend the stay of visitors. Notably, comparing the 2015 / 2016 1st quarter visitation numbers, we observe an increase in visitation from Louisiana and Arkansas. Unfortunately, there were declines in visits from Florida and Georgia. Offering travelers a low cost air service option along with casino, hotel, spa, golf, food & beverage packages, is attractive, but airport access is vital. The EDI fund will put Mississippi in a much better position to attract those looking to visit our premier tourism destinations at a reasonable price. Contact MGHA for more information about the EDI Fund.

Fantasy Sports Task Force — (SB 2541)

Daily fantasy sports (DFS) was made legal in Mississippi during the 2016 legislative session. The new law legalizing DFS operators such as Fan Duel and Draft Kings will extend until July 2017. The new law authorizes a task force, chaired by Rep. Richard Bennett, Chairman of House Gaming Committee. The task force will make recommendations as to regulations, fees, taxes and the like. The report is due by October 15. The Mississippi Gaming Commission (MGC) has recently published a registration form that DFS operators must complete. MGHA will follow the Fantasy Sports Task Force over the summer. We expect some form of regulatory oversight by the MGC, licensing fee(s) and some form of taxation. If additional legislation is not passed before July, 2017, then Daily Fantasy Sports would be deemed illegal. *Note: For those unfamiliar with DFS, a DFS league involves contestants drafting a team of players in sports such as baseball, basketball, football, and even golf (DFS Team). The DFS Team that performs best wins the prize (usually money). DFS differs from standard fantasy leagues, where in the case of the latter, contestants draft a team at the beginning of a season, make trades and changes to the line-up during the season, and a winner is determined based on wins/losses at the end of a season. DFS winners are determined in a single day or over a few day period, and in DFS, changes to the lineup and trades are not typically made.*

Hotel Room Capacity On the Rise along the Gulf Coast

Hotel room capacity is increasing along the Gulf Coast. The **Mississippi Hotel & Lodging Association** statistics show a total of 14,854 hotel rooms (including casino and non-casino) compared to 17,544 pre-Katrina. The opening of Margaritaville Resort Biloxi (a non-gaming facility) will add 373 hotel rooms will push the hotel volume along the Gulf Coast to 86.7% of pre-Katrina. On a statewide basis looking at casino-hotel volumes, for period ending April 30, 2016, the **Mississippi Gaming Commission**, recorded 6,641 casino hotel rooms along the Gulf Coast, 727 in the Central River Region and 4,178 in the Tunica Region for a total of 11,546 casino-hotel rooms in the state. The ADR is \$77.81, \$79.36 and \$55.55 respectively, and the Occupancy Rates are 91.39%, 63.82 % and 66.97% respectively. After the opening of Scarlet Pearl this past December, the Gulf Coast casino-hotel volume climbed to 6,641 casino hotel rooms or 85% of pre-Katrina volume. In terms of conference attendees and ticketed show attendees, the Gulf Coast operators reported 14,198 and 19,123 respectively, and the Tunica Region reported 3,232 and 2,933. The Central Region did not report any significant conference or show attendees. *Note: Compared to the national average, Mississippi casinos are above the average in terms of occupancy (80.82% compared to 62.5%), but below the national average in ADR (\$71.38 compared to \$121.66). The national average for RevPAR is \$76.08. Casinos do not report RevPAR, but can compare this number internally.*

MGHA News Updates

- IT'S OVER—Miss. Legis. Adjourns 2016 Session
- Miss. Makes \$415 million in Tax Cuts Over 12 Years
- Treasurer Fitch, Bond Bill Trouble for Credit Rating
- Restocked Historic Tax Credits Give New Life to Restoration Projects
- Global Gaming Women Bring Support to Coast
- Hearings Look Into How Gaming Operators Can Stay Competitive (PA)

More facts and news on



Associate Member Focus

As an associate member of MGHA, we are featuring **IGT** this month, and its Electronic Table Game (ETG) game offerings, which include baccarat and roulette. ETGs offer players the individualized experience of learning games in a more private setting, in the comfort of their own terminal, at their own pace, with relatively small minimum bets. Players also have multiple game options, such as side bets and multiple game bets.



Important Dates

MGHA Quarterly Board Meeting
(May 4 at Noon)
(Room L3—Gulf Coast Coliseum)
Biloxi

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

MGC June Meeting
(June 16 at 9 a.m.)
MGC Office in Jackson

MGHA Monthly Call
(June 10 at 2 p.m.)
MGHA Conference Line



Regional Statistics

Chart 1: April 2016 Gaming Revenue Data

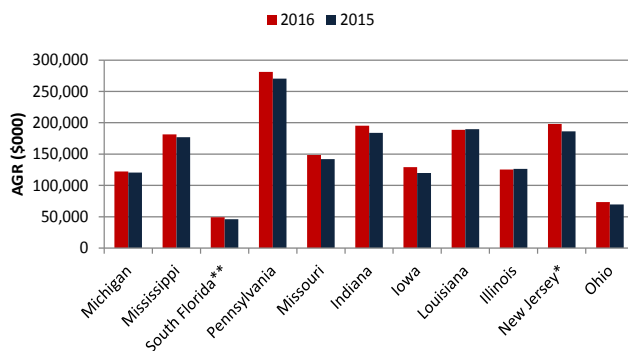


Table 2: AGR Summaries (\$000)

	Apr. '16	Apr. '15	Change	Trailing 3 Mos. Current	Trailing 3 Mos. Prior Yr.	Change
Iowa	129,127	119,798	7.8%	378,714	361,563	4.7%
South Florida**	49,063	46,077	6.5%	151,166	145,710	3.7%
New Jersey*	198,048	186,267	6.3%	575,479	545,021	5.6%
Indiana	195,160	183,855	6.1%	581,451	557,040	4.4%
Ohio	73,518	69,515	5.8%	219,337	209,909	4.5%
Missouri	148,666	142,019	4.7%	450,717	432,200	4.3%
Pennsylvania	281,206	270,579	3.9%	838,728	795,182	5.5%
Mississippi	181,588	177,056	2.6%	560,240	556,306	0.7%
Michigan	122,357	120,549	1.5%	363,707	358,875	1.3%
Louisiana	188,803	189,887	-0.6%	515,814	584,136	-11.7%
Illinois	125,358	126,518	-0.9%	367,435	366,102	0.4%

* Excludes \$16.9 million in online gaming revenue

**South Florida only includes slots at racetracks

Mississippi Gaming Statistics

April 2016 Table Game Analysis

Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	North River Summary	
North River	Win	7,030,934	2,014,912	576,246	562,624	1,484,257	Win	11,668,973
	WPUD	\$1,711	\$2,316	\$1,067	\$1,042	\$1,124	WPUD	\$1,581
	Units	137	29	18	18	44	Units	246
	Unit Mix	55.7%	11.8%	7.3%	7.3%	17.9%		
	Drop	26,007,990	14,153,484	2,437,811	1,774,701	5,375,643	Drop	49,749,629
	% of Drop	52.3%	28.4%	4.9%	3.6%	10.8%	As % Prior year	111.7%
Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	South River Summary	
South River	Win	1,377,267	563,914	185,055	248,925	266,257	Win	2,641,418
	WPUD	\$665	\$1,446	\$1,028	\$1,037	\$1,109	WPUD	\$847
	Units	69	13	6	8	8	Units	104
	Unit Mix	66.3%	12.5%	5.8%	7.7%	7.7%		
	Drop	7,876,994	2,601,863	683,089	565,972	768,979	Drop	12,496,897
	% of Drop	63.0%	20.8%	5.5%	4.5%	6.2%	As % Prior year	95.2%
Game Type		Twenty-One	Craps	Roulette	Three Card Poker	Other	Gulf Coast Summary	
Gulf Coast	Win	5,418,361	2,699,245	1,299,269	1,309,165	7,749,912	Win	18,475,952
	WPUD	\$789	\$2,368	\$1,312	\$1,505	\$2,370	WPUD	\$1,406
	Units	229	38	33	29	109	Units	438
	Unit Mix	52.3%	8.7%	7.5%	6.6%	24.9%		
	Drop	43,040,778	16,435,788	5,367,928	4,154,335	30,273,625	Drop	99,272,454
	% of Drop	43.4%	16.6%	5.4%	4.2%	30.5%	As % Prior year	112.0%

April 2016 Slot Analysis

Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	North River Summary	
North River	Win	29,464,982	697,653	3,480,883	6,880,466	3,183,020	Win	43,707,004
	WPUD	\$176	\$108	\$131	\$202	\$153	WPUD	\$171
	Units	5,595	215	886	1,134	694	Units	8,524
	Unit Mix	65.6%	2.5%	10.4%	13.3%	8.1%		
	Coin In	340,098,215	12,875,804	47,253,524	105,506,100	78,644,694	Coin In	584,378,337
	% of Coin in	58.2%	2.2%	8.1%	18.1%	13.5%	As % Prior year	104.8%
Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	South River Summary	
South River	Win	19,149,089	386,488	1,063,457	2,842,770	769,960	Win	24,211,764
	WPUD	\$174	\$84	\$90	\$142	\$185	WPUD	\$160
	Units	3,677	154	396	668	139	Units	5,034
	Unit Mix	73.0%	3.1%	7.9%	13.3%	2.8%		
	Coin In	213,236,359	8,547,124	15,629,479	48,582,472	16,827,134	Coin In	302,822,568
	% of Coin in	70.4%	2.8%	5.2%	16.0%	5.6%	As % Prior year	102.6%
Denomination		\$0.01	\$0.05	\$0.25	\$0.50 - \$2.00	High Limit/Other	Gulf Coast Summary	
Gulf Coast	Win	53,184,508	3,007,798	7,308,006	9,264,526	6,248,339	Win	79,013,177
	WPUD	\$176	\$152	\$140	\$193	\$340	WPUD	\$180
	Units	10,052	660	1,738	1,596	613	Units	14,659
	Unit Mix	68.6%	4.5%	11.9%	10.9%	4.2%		
	Coin In	648,313,976	56,959,119	143,761,402	155,723,556	100,668,903	Coin In	1,105,426,956
	% of Coin in	58.6%	5.2%	13.0%	14.1%	9.1%	As % Prior year	109.8%

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
- Scarlet Pearl Casino & Hotel, D'Iberville
- Silver Slipper Casino, Bay St Louis
- Treasure Bay Resort, Biloxi
- Trop Casino, Greenville

New Associate Members

We would like to welcome our newest associate member.



www.aruzegaming.com

*Thank you for being part
of MGHA*

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 or Deputy Director Mike Bruffey via email (lgregory@msgaming.org or mikebruffey@msgaming.org) or by phone 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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Ransomware on the Rise



Ransomware is a type of computer virus whose sole purpose is extortion. It often infects a company's computer systems through visits to infected websites or through targeted emails that appear legitimate, but contain infected links or attachments. The virus either locks down the user's computer or systematically encrypts all files on it. It also tries to infect all other networked computers or servers. The perpetrators of these schemes then contact the organization in an attempt to extort anonymous payment in exchange for unlocking the files. In February of this year, it was reported that Hollywood Presbyterian Medical Center paid approximately \$17,000, after it suffered a devastating ransomware attack. That's where it gets tricky.

If a business has a robust backup process that is unaffected, it may be able to restore its systems with minimal disruption. If not, it will either have hope that paying the ransom will work, or it will have to undertake the nearly impossible task of trying to unlock its files. For what it's worth, the FBI recommends against paying ransom, as it encourages these attacks to continue. Even so, it can potentially be the only option for a business's survival. While the typical amount of ransom is relatively small, the disruption to a business can be catastrophic. For more tips and suggestions, visit the FBI here: www.fbi.gov/about-us/investigate/cyber/ransomware-brochure

Patrick Zimmerman is an MGHA Associate Member and attorney-at-law. He welcomes your comments or suggestions at 601-376-9741 or pat@zimmermanlawfirm.ms