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 Rummy Pandit, L.P.D., M.B.A., C.H.A., Executive Director

Atlantic City Gaming Win & Non-Gaming Revenue

Source: N.J. Division of Gaming Enforcement

| Month of July (Current Operators, \$ In Thousands) | July 2017 | Change from Prior Year | July 2016 |
|---|------------|---------------------------|------------|
| Total Gaming Win (includes Internet) | \$ 267,853 | 3.9% | \$ 257,736 |
| Internet Gaming Win | \$ 20,586 | 18.5% | \$ 17,369 |

| Second Quarter Ended June 2017 & 2016 (Current Operators, \$ In Thousands) | Q2 - 2017 | Change from Prior Year | Q2 - 2016 |
|---|------------|---------------------------|------------|
| Total Revenue (Gaming & Non-Gaming) | \$ 876,655 | 7.3% | \$ 816,654 |

| For the Six Months Ended June 2017 & 2016 (Industry, \$ In Thousands) | June 30, 2017 | Change from Prior Year | June 30, 2016 |
|---|---------------------|---------------------------|---------------------|
| Casino Licensees: | | | |
| Casino | \$ 1,237,518 | 2.4% | \$ 1,208,618 |
| Rooms | \$ 183,871 | -5.0% | \$ 193,649 |
| Food & Beverage | \$ 200,808 | -4.6% | \$ 210,385 |
| Entertainment & Other | \$ 71,060 | -0.1% | \$ 71,146 |
| Casino Licensees Total Revenue | \$ 1,693,257 | 0.6% | \$ 1,683,798 |
| Third Party Business Sales | \$ 89,812 | -3.8% | \$ 93,381 |
| Combined Sales | \$ 1,783,069 | 0.3% | \$ 1,777,179 |

Atlantic City Statistical Transportation Data

Source: South Jersey Transportation Authority

| Travel Mode | Jan-July 2017 | Change from Prior Year | Jan-July 2016 |
|---|----------------|------------------------|----------------|
| AC Expressway | | | |
| Total Toll-Paying Traffic Pleasantville Toll Plaza | 10,869,673 | -1.3% | 11,010,604 |
| AC Airport | | | |
| Scheduled Service Passengers | 606,333 | -13.3% | 699,308 |
| Charter Passengers | 59,411 | 43.7% | 41,358 |
| Total Air Passengers | 665,744 | -10.1% | 740,666 |
| Casino Buses | | | |
| Casino Buses to A.C. | 34,349 | -7.2% | 37,023 |
| Casino Bus Passengers | 580,907 | -12% | 660,043 |
| NJ Transit Rail Service to A.C. | | | |
| Rail Passengers | 560,334 | -12.6% | 640,984 |

Legislative Update

New Jersey becomes 16th state to enact Daily Fantasy Sports (DFS) Regulatory Legislation: As reported by [The Press of Atlantic City](#), on August 24, Gov. Chris Christie signed into law a measure to regulate and tax daily fantasy sports. Revenue earned through the operation of DFS will be taxed at a rate of 10.5 percent compared to 15 percent for internet gaming and 8 percent for land-based gaming. State Regulated DFS is estimated to be worth \$6.6 million in tax revenue.

State Sen. Ray Lesniak pledges bill to expand New Jersey iGaming beyond state borders- As reported by [OnlinePokerReport.com](#), Sen. Lesniak told the [Associated Press](#) that he plans to introduce a bill that would allow players from other regulated online gambling markets to play poker and other casino games on regulated NJ websites. The bill would have the greatest impact on NJ online poker, which stands to benefit from an expanded player pool. Sen. Lesniak has also proposed removing the requirement that regulated NJ online casino operators have a server located in Atlantic City, which is currently the biggest barrier to pooling liquidity with international online poker operators as well as U. S. operators in Nevada and Delaware.

Atlantic City Information

Atlantic County Freeholders approve shared-services agreements- As reported by [The Press of Atlantic City](#), on August 8 the Atlantic County Freeholders agreed to enter into three shared-services agreements with Atlantic City which would save the city an estimated \$1 million. The city had budgeted \$2 million for these services which include transportation for seniors and the permanently disabled, home-delivered meals and public health services such as flu clinics, but will now pay the county \$936,431.

Beach replenishment project reaches Atlantic City- As reported by [The Press of Atlantic City](#), the U.S. Army Corps of Engineers started the replenishment of Atlantic City's beaches the week of August 7. The \$63.3 million project extends over eight miles of beach from Atlantic City to Longport.

City Council approves skyway between Tropicana and Chelsea Hotel- As reported by [The Press of Atlantic City](#), The Atlantic City Council has approved plans for the construction of a skyway connecting the Tropicana with the recently acquired Chelsea Hotel. The project, slated to begin in late 2017, should be complete by early 2018.

CRDA approves 2 years and \$3.7 million worth of repairs for Convention Center and Boardwalk Hall- As reported by [The Press of Atlantic City](#), the CRDA Board of Directors has approved several contracts for HVAC, plumbing, painting, concrete and structural engineering services. The capital investment is intended to bring both properties "up to date" and includes the renovation of eight out-of-service bathrooms in 90-year-old Boardwalk Hall.

Margate and U.S. Army Corps of Engineers clash over dunes project- as reported by [The Press of Atlantic City](#), following a special public meeting held on August 2, the Margate City Board of Commissioners agreed to pursue an injunction to halt the ongoing dune project. The dune project received sharp criticism from residents after a stagnant pool of water collected in a low lying area

between the newly built dunes and an existing bulkhead following a July 29 storm. By August 1 the stagnant water, which had not percolated down since the storm, became a public health concern prompting the U.S. Army Corps of Engineers and state Department of Environmental Protection to pump the contaminated water over the new dune so it could flow out to sea. On August 3 Atlantic County Superior Court Judge Julio Mendez, temporarily halted the dunes project, which later resumed following a ruling from the federal court. According to continuing coverage by [The Press of Atlantic City](#), Margate's request to stay the federal court's ruling was denied by the 3rd Circuit Court of Appeals on August 15.

Providence Atlantic City nightclub to close- As reported by [The Press of Atlantic City](#), operators of the Providence nightclub confirmed on August 15 that the club, located in the Quarter at Tropicana Atlantic City, would close after the Labor Day holiday. Tropicana's GM encouraged guests to patronize the property's other nightlife venues and to anticipate a new nightclub for Providence's space in the near future.

State settles remaining casino tax appeals- As reported by [The Press of Atlantic City](#) on August 2, the state settled tax appeals from 2014 through 2016 including appeals filed by Caesars Atlantic City, Bally Atlantic City, Harrah's Resort, and Golden Nugget. The settlements will be funded by an \$80 million bond which was approved by the City Council in July.

U.S. Sen. Bob Menendez visits Atlantic City Gateway Campus- As reported by [The Press of Atlantic City](#), on July 31, U.S. Sen. Bob Menendez toured the site of Stockton University's future campus in Atlantic City as part of his "Jersey Jobs Tour." In comments to the press, Sen. Menendez highlighted the importance of higher education and praised universities such as Stockton for making "human capital available for the skill sets that are necessary in an ever-challenging and ever-changing world."

Local Gaming News

Bill aims to stop lottery keno game-As reported by [The Press of Atlantic City](#), Assemblyman Vince Mazzeo, D-Atlantic, has filed legislation with the intent to prohibit the New Jersey Lottery commission from operating keno-style, Quick Draw games. In Mazzeo's opinion the games, which will soon be offered at 400 locations throughout the state, conflict with "the spirit of the 1970 State Lottery constitutional amendment" and effectively expand casino-style gaming beyond Atlantic City.

MGM launches playMGM online casino- As reported by [OnlinePokerReport.com](#), MGM Resorts International launched its playMGM online casino in New Jersey on August 1. The latest addition to online gaming in New Jersey uses the same GVC software as the Borgata online casino. Patrons using the platform, will be able to play slots, video poker, roulette, blackjack, craps and bingo for real money.

ScoresCasino.com goes live- As reported by [OnlinePokerReport.com](#), the strip club chain Scores went live with real-money online gambling on July 31. The new online casino, offered under Borgata's online gambling license, uses Pala Casino software. Slots, video poker, roulette, blackjack, craps and bingo games will all be offered for real money. Supporters of the new online casino hope that the Scores brand

will attract cross-over customers from the demographic of men who might visit gentleman's clubs and have access to disposable income.

National Gaming News

American Gaming Association (AGA) launches new Responsible Gaming Code of Conduct- In a July 31 [press release](#) to mark the start of Responsible Gaming Week, The AGA announced a partnership with the Leaders of the Association of Gaming Equipment Manufacturers (AGEM), the National Indian Gaming Association (NIGA) and the National Council on Problem Gambling (NCPG) to highlight the gaming industry's shared commitment to responsible gaming. As part of the launch of the new Responsible Gaming [Code of Conduct](#), which focuses on consumer protections, the transparency of games and specialized employee training programs, the AGA hosted a [round table discussion](#) on August 1 at Stockton University's Galloway campus.

Maine becomes 15th state to legalize DFS- As reported by [LegalSportsReport.com](#), Maine passed a law on August 2 declaring Daily Fantasy Sports (DFS) as a game of skill. The legislation provides for the oversight of DFS operators by the state's Gambling Control Unit and levies a licensing fee of \$2,500 and 10 percent gross revenue tax on operators with in-state revenues greater than \$100,000. As with neighboring states, the new law provides for consumer protections including a minimum age of 18 and a prohibition against wagers based on collegiate or other amateur events.

MGM National Harbor leads Maryland Casino revenue for July- As reported by [CalvinAyre.com](#), MGM National Harbor, which opened December 2016, currently leads the Maryland Gambling Industry generating over \$50 million in revenue for four of the last five months. Maryland's six casinos generated \$138.76 million in July 2017, 36 percent more than July 2016. However, when revenue from MGM National Harbor (\$50.8 million) is excluded, July 2017 gaming revenue decreased by 15.3 percent (\$15.9 million). Live!, Maryland's previous top casino, reported a revenue decline of 22.5 percent to \$45.85 million in July compared to the previous year. Caesars Entertainment's Horseshoe Casino Baltimore also saw a revenue decrease of 8 percent to \$22.9 million for the month.

National Indian Gaming Association (NIGA) joins Coalition on Sports Betting- As reported by [CalvinAyre.com](#), NIGA announced on July 31 that it would join the American Gaming Association's Coalition on Sports Betting to advocate for the repeal and replacement of the 1992 Professional and Amateur Sports Protection Act (PASPA). NIGA chairman Ernie Stevens Jr. confirmed that NIGA members are interested in offering legal sports betting "as part of their overall entertainment package and as an additional source of revenue for tribal governments."

New Hampshire to revisit online gambling legislation- As reported by [OnlinePokerReport.com](#), New Hampshire legislators will meet September 6 to discuss [HB 562](#), a 'placeholder' online gambling bill introduced last January. The current version of the bill proposes a 'white market' model similar to the UK, which would authorize international and out-of-state operators to offer gaming to New Hampshire residents. Passage of this bill would allow New Hampshire, which lacks the land-based gaming industry found in New Jersey and Pennsylvania, to source 'qualified online gambling operators' from other jurisdictions. The decision to revisit online gaming legislation comes after the state became the fifth in the nation to legalize online lottery sales.

New York Regulators propose limits on 2016 sports betting law- As reported by [LegalSportsReport.com](#), the New York State Gaming Commission is considering regulations which would place limits on 'fantasy contests that resemble proposition betting.' Sports betting which uses a salary-cap based wagering model, like DFS operators DraftKings and FanDuel, would not be affected by the proposed regulations. However, sports betting products like [Boom Fantasy](#) (predictions of player performance) and [FastPick](#) (parlay fantasy) could be limited. FastPick, which currently operates exclusively in New Jersey, was launched by Resorts Atlantic City on July 17.

New York Casinos show "below-than-expected gambling" revenues- According to [CalvinAyre.com](#), a report from Reuters shows that New York's three new commercial casinos returned less gambling revenue than the New York State Gaming Commission officials anticipated. The del Lago Resort & Casino reported \$63.1 million in gross revenue from its opening in February through June 30, Rivers Casino & Resort, which also opened in February, reported \$56 million in gross revenues through June 30 and the third casino, Resorts World, will open March of 2018.

Pennsylvania slots revenue declines for tenth consecutive month- As reported by [USPokerReport.com](#), Pennsylvania Slot revenues declined by 2.01 percent in July continuing a ten-month trend. Losses in slot machine revenue were offset by a 3.77 percent increase in table game revenue, however the industry's total gaming revenue was still down 0.51 percent for the month. Only four of the state's twelve casinos posted year-over-year increases with Mount Airy (13.62 percent increase) leading, Parx (4.69 percent increase), Rivers (1.82 percent increase), and Meadows (0.33 percent increase) casinos. Mohegan Sun Pocono experienced a year-over-year decline of 5.94 percent while Harrah's Philadelphia posted a 4.94 percent decline.

Hospitality News

Hotel News Now and Smith Travel Research (STR) co-host 2017 Hotel Data Conference- According to [HospitalityNet.org](#), the August 9-10 **event**, held at the Omni Nashville Hotel, sold out for the fourth consecutive year. Industry experts discussed travel industry demographics and micro trends. Among key data points discussed were the increase in international tourist arrivals, up 3 to 4 percent annually with 1.24 billion tourist arrivals in 2016, and the increasing share of senior households (42%) and their spending on lodging (45% in 2015). Also discussed were themes of market disruption and innovation.

STR posts monthly hotel report for July 2017- According to data from STR shared by [HotelNewsResource.com](#), the U.S. Hotel industry experienced 0.8 percent growth in revenue per available room (RevPAR) to \$96.62 in July 2017 compared to July 2016. Average daily rate (ADR) also increased by 1.4 percent to \$130.85, while occupancy declined by 0.5 percent to 73.8 percent.

U.S. Lodging industry sees significant slowing of revenue growth in 2016 offset by peak levels of occupancy, ADR, and overall profitability- As reported by [LodgingMagazine.com](#), 2016 lodging revenues experienced a significant slowdown compared to previous years. Despite the slowdown, total revenue for the industry reached a record high \$199 billion which, when adjusted for inflation, passed the all-time peak achieved in 2000. The 2016 'real profits' (\$76 billion) were the second highest in the past 27 years, just below the 2000 peak. The main difference between 2016 and 2000 profitability is the cost of labor. Labor expense represented 28.5 percent of total revenues in 2000 and 33 percent in 2016. Labor costs in the lodging industry have begun, and will likely continue, to increase due to a number of factors including new laws regulating minimum wage and overtime as well as a shortage of qualified workers. In recent years, revenue growth has offset growing labor costs however, as revenue growth slows, this will likely no longer be the case.