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Atlantic City Gaming Win & Non-Gaming Revenue

Source: N.J. Division of Gaming Enforcement

Month of April (\$ In Thousands)	April 2017	Change from Prior Year	April 2016
Total Gaming Win (includes Internet)	\$ 211,689	% -1.6	\$ 215,029
Internet Gaming Win	\$ 20,822	% 22.6	\$ 16,981

First Quarter Ended March 2017 & 2016 (Current Operators, \$ In Thousands)	Q1 - 2017	Change from Prior Year	Q1 - 2016
Total Revenue (Gaming & Non-Gaming)	\$ 816,724	% 8.6	\$ 751,985

For the Three Months Ended March 2017 & 2016 (Current Operators, \$ In Thousands)	March 31, 2017	Change from Prior Year	March 31, 2016
Casino Licensees:			
Casino	\$ 606,297	% 11.1	\$ 545,635
Rooms	\$ 83,766	% 4.2	\$ 80,401
Food & Beverage	\$ 93,628	% -1.0	\$ 94,606
Entertainment & Other	\$ 33,033	% 5.4	\$ 31,343
Casino Licensees Total Revenue	\$ 816,724	% 8.6	\$ 751,985
Third Party Business Sales	\$ 40,926	% 3.1	\$ 39,709
Combined Sales	\$ 857,650	% 8.3	\$ 791,694

Atlantic City Statistical Transportation Data

Source: South Jersey Transportation Authority

Travel Mode	Jan-April 2017	Change from Prior Year	Jan-April 2016
AC Expressway			
Total Toll-Paying Traffic Pleasantville Toll Plaza	5,532,475	-3.2%	5,714,188
AC Airport			
Scheduled Service Passengers	346,951	-13.7%	401,784
Charter Passengers	31,727	57.7%	20,116
Total Air Passengers	378,678	-10.3%	421,900
Casino Buses			
Casino Buses to A.C.	17,941	-8.1%	19,516
Casino Bus Passengers	280,337	-12.0%	318,438
NJ Transit Rail Service to A.C.			
Rail Passengers	308,511	-11.5%	348,418

Atlantic City Information

Atlantic Club back on the market - According to **The Press of Atlantic City**, R&R Development Group, LLC, has backed out of its deal to purchase the Atlantic Club and convert it into a family entertainment complex including an indoor water park. The development company based in Ventnor cited failure to obtain the necessary funding as the reason for abandoning the project. TJM Properties Inc., current owners of the shuttered casino, remained optimistic, telling **The Press** they were “excited by the amount of interest” in the property which was being scouted by “multiple groups.”

CRDA Presents 20th Annual Host Awards - As reported by **The Press of Atlantic City**, on May 3 the Casino Reinvestment Development Authority (CRDA) presented the 2017 Atlantic City Host Awards and Spirit of Hospitality Award. More than 200 people attended the event, which honored the local hospitality industry. Winners were announced in 27 categories including Best Heart/Back of House, Best Concierge/Guest Services, and Best Host/Hostess. Atlantic City Tourism District Commander Tom Gilbert was the 2017 recipient of the Spirit of Hospitality award.

Dectrinity LLC Proposes “Bungalow Biergarten” - According to **The Press of Atlantic City**, a developer has applied to the CRDA for permission to build a 322-seat, open-air restaurant and beer garden at a site adjacent to the Boardwalk between South California and South Iowa avenues. The CRDA board of directors voted to approve the plan at a May 16 meeting. Representatives for Dectrinity LLC anticipate that the new restaurant and bar will open around July 4, 2017.

Dune Construction and Beach Replenishment Project Moves Forward - As reported by **The Press of Atlantic City**, the Department of Environmental Protection (DEP) and the Army Corp of Engineers began the \$63 million Absecon Island beach-replenishment project this month. The project, beginning in Atlantic City, will work its way south throughout the summer. Work is scheduled to begin in Ventnor on June 8 and in Longport on September 20. An estimated 3.8 million cubic yards of sand will be dredged to construct and replenish 8.1 miles of dunes. In Atlantic City a 15-foot dune and 200-foot-wide berm will be constructed. In Ventnor, Margate, and Longport 13-foot dunes and 100-foot-wide berms will be created. The project also includes public beach access points and repairs/extensions to the existing stormwater outfalls and drainage systems.

Groundbreaking for the Stockton Aviation Research & Technology Park - As reported by **NJBIZ.com**, on May 15 representatives from the Atlantic County Improvement Authority, Federal Aviation Administration and Stockton University broke ground for the first building to be constructed at the 58-acre Stockton Aviation Research & Technology Park LLC. The Atlantic County Improvement Authority has selected the Marlton-based Hessert Construction Group to construct this first building, a \$17.2 million project. Construction is expected to be completed by mid-2018.

IEP Morris LLC Acquires Chelsea Hotel - According to **The Press of Atlantic City**, IEP Morris LLC, a subsidiary of Icahn Enterprises, has acquired the mortgage for the Chelsea Hotel from the Cape May-based Cape Resorts Group. The 331-room property, which opened in 2008 as Atlantic City’s first true boutique hotel, has been closed since December. The hotel’s location on Morris Avenue, across the street from the Icahn-owned Tropicana Atlantic City, makes it ideal to accommodate summer season overflow.

Miss America HQ Moves in to Boardwalk Hall - According to **The Press of Atlantic City**, the Miss America Organization has moved its national headquarters to an 1,800-square-foot space in Boardwalk Hall, Atlantic City. A ceremonial ribbon-cutting on May 10 celebrated the organization’s homecoming to the historic

birthplace of the competition. After spending eight years in Las Vegas, the Miss America Competition returned to the shore resort in 2013. The organization's offices were previously located at the Claridge Hotel.

State Privatizes City Trash Collection - According to [The Press of Atlantic City](#), on May 15 state officials authorized a three-year, \$7.2 million contract to outsource Atlantic City's trash and recycling collections. City administration officials claim that the contract will save the city \$1.1 million per year without requiring layoffs. Representatives of City Council have questioned the administration's savings calculations and take issue with the state bypassing City Council's vote. Councilman Frank Gilliam told [The Press](#) that he was "opposed to privatization of anything without being able to analyze what those numbers are." In explaining why the contract approval could not have waited for the endorsement of City Council, state administrator Jeffrey Chiesa said the city "needs to start saving money on the trash contract as soon as possible... We took the action that we did to continue the progress that we started to make on behalf of the city."

Trump Administration announces cuts to federal environmental funding, and reversal of ban on offshore drilling - As reported by [Philly.com](#), President Trump's April 28 announcements could have a long-term impact on New Jersey's tourism and fishing industries by eliminating testing procedures and other safeguards which protect the region's beaches and oceans. According to [Newsworks.org](#), an affiliate of WHYY, the New Jersey Tourism Industry Association (NJTIA) is one of several local interest groups that have spoken out against the Trump Administration's proposed changes. A letter sent by NJTIA President Vicki Clark to U.S. Department of the Interior Secretary Ryan Zinke references the economic impact of the Atlantic coastal fishing, tourism and recreation industries. These industries, which support nearly 1.4 million jobs and \$95 billion in revenue annually, rely on clean water and the environmental health of the region, which could potentially be threatened by the proposed changes. Rummy Pandit, Executive Director of LIGHT, told [Philly.com](#) that he did not anticipate any short-term impact on the region's tourism industry as visitors to the Jersey Shore have a high level of confidence in the safety and cleanliness of its beaches.

Local Gaming News

Casino Control Commission Approves Restructuring of Caesars Entertainment Operating Co. - According to [The Press of Atlantic City](#), the New Jersey Casino Control Commission (CCC) has approved Caesars Entertainment Operating Co.'s plan to restructure the company as part of a Chapter 11 bankruptcy reorganization. The company, which operates the Bally's and Caesars casinos in Atlantic City, was split into an operating company and a real estate trust as part of the initial reorganization. The real estate trust will now be able to lease operations to a newly created company. Matthew B. Levinson, chairman and CEO of the CCC, told [The Press](#) that this is the first of several required approvals for the plan, which will also be reviewed by the N.J. Division of Gaming Enforcement. Once the reorganization is complete, Levinson expressed hope that Caesars and Bally's will become financially stable casinos able to focus on growing their business just as other local operators have done.

Congressman Appeals to Acting Solicitor General to Endorse Supreme Court Review of N.J. Sports Betting Case - As reported by [ESPN](#) on May 16, Congressman Frank Pallone, D-N.J. has written a letter to Acting Solicitor General Jeff Wall urging him to endorse a U.S. Supreme Court review of New Jersey's petition to repeal or revise the Professional and Amateur Sports Protection Act of 1992. In the letter, Pallone writes, "New Jersey should have the same opportunity to proceed with sports betting that has been allowed in other states," and "Without the Supreme Court's review and a decision on this appeal, these areas of disagreement and conflict will inevitably grow and lead to more confusion." New Jersey has sought to legalize sports betting since August 2012.

MGM to Launch N.J. Online Gambling - According to [OnlinePokerReport.com](#), MGM Resorts International will be the next company to enter New Jersey's iGaming market. On May 3, MGM and business partner GVC Holdings, announced their intent to launch an online casino under the Play MGM brand. Launch is expected for late 2017.

New Jersey Senators Appeal to National Collegiate Athletic Association (NCAA) - According to [NJ.com](#), New Jersey's U.S. Senators Robert Menendez and Cory Booker have formally asked the NCAA to reconsider its decisions both to block legal sports betting in the state, and to ban New Jersey from hosting any major college championship contests (including March Madness). In a letter dated April 25, the senators urged the NCAA board of directors to consider that the prohibition on legal sports betting has led "people to wager through high-risk and unregulated means" and does not protect the integrity of the game. The letter comes after the NCAA's announcement of 600 host sites for various sporting events scheduled for late 2017 through 2022.

NorthJersey.com reported that only two of these events (2019 Division III men's volleyball at Kean University and 2020 Division III women's field hockey at Montclair State) were scheduled for New Jersey.

Resorts to Launch New Product-FastPick - According to [LegalSportsReport.com](#), Resorts Casino Atlantic City is preparing to launch a product said to be the closest thing to sports betting available outside of Nevada. FastPick, described as a house-banked fantasy sports parlay game, allows players to choose the winners (based on number of fantasy points earned) in three to 10 heads-up matches determined by FastPick. While in traditional Daily Fantasy Sports, the final accumulated fantasy points determine the winner, with FastPick players must correctly choose the winning player for every match-up in order to win. FastPick complies with the fantasy sports exemption in the 2006 Unlawful Internet Gaming Enforcement Act, by basing a winning outcome not on the individual performance of one athlete but on the individual performance of multiple athletes. **LegalSportsReports'** sources suggest that FastPick and/or "virtual sports" wagering may be available to players by the end of this month. FastPick will initially be released as a stand-alone website, however Resorts plans to incorporate the game into the Resorts Online Casino and Land-Based iGaming Lounge pending N.J. Division of Gaming Enforcement approval.

National Gaming News

Maryland - According to [CalvinAyre.com](#), April was the second highest revenue month on record for Maryland's gaming industry. Figures released by the Maryland Lottery and Gaming Agency show that the state's six casino operators generated \$135.7 million in revenue, a 30.6 percent increase over April 2016. The opening of MGM's National Harbor, December 2016, has had a significant impact on neighboring casinos. When compared with their performance in April 2016, the other five casino operators experienced a total revenue decline of 17.4 percent.

Massachusetts - As reported by the [Boston Globe](#), half of new employees hired to fill positions at Massachusetts' first casino, Plainridge Park, were unemployed or working part-time at the time of their hire. A survey conducted by the UMass Donahue Institute revealed that 86 percent of Plainridge Park's new hires had no casino experience when they started and 93 percent did not move in order to take their job. New hires listed career advancement, better wages and improved benefits as major reasons for seeking work at the casino. Stephen Crosby, chairman of the Massachusetts Gaming Commission, told the **Boston Globe** that "the [Massachusetts] Legislature made broad-based economic development a key focus of the Gaming Act, with a particular focus on local employment for those underemployed and unemployed," and the study "demonstrates that legislative intent is being achieved." Two additional casinos, to be located in Everett and Springfield, are planned for the state.

New York - According to [OnlinePokerReport.com](#), the New York Senate Finance Committee passed an online poker bill (#S3898) without discussion or debate on May 9. The bill will now be considered by the full Senate. A similar bill which passed the senate last year by a 53-5 margin, was not offered for consideration in the New York Assembly. New York Senate Bill #S3898 (Bonacic) allows certain interactive poker games to be considered games

of skill rather than games of luck; includes definitions, authorization, required safeguards and minimum standards; the scope of licensing review and state tax implications; makes corresponding penal law amendments.

Pennsylvania - Members of the Pennsylvania House Gaming Oversight Committee unanimously passed House Bill 519 on April 25. According to **LegalSportsReport.com**, the bill would legalize sports betting in Pennsylvania in the event the federal ban (PASPA) is lifted.

According to **OnlinePokerReport.com**, Pennsylvania casino operators experienced the seventh consecutive month of declines in year-over-year slot revenue. Despite the decline in slots revenue, industry-wide revenue was up by 1.4 percent due to double-digit growth in table-gaming revenue, 10.2 percent.

Hospitality News

FDA Delays Menu Labeling Rule - According to the **Nation's Restaurant News**, the Food and Drug Administration plans to extend the deadline for new menu labeling regulations, which was set to take effect on May 5. In addition to other transparency measures, the new regulation would require restaurant chains and "similar retail food establishments" to post calorie counts for food items on menus and menu boards. The National Restaurant Association opposes the delay in implementing the law which offers a federal standard for labeling, replacing "patchwork" laws which have been passed at city, county and state levels. The delay comes at the request of the National Grocers Association and the Association for Convenience & Fuel Retailing, whose representatives argue that the federal regulation does not recognize the operational differences "between big-chain restaurants, convenience stores, grocery stores and delivery operations such as pizza chains."

Online Reviews Level the Playing Field for Independent Hotels - According to a study shared by **The Wall Street Journal**, online reviews may be "leveling the playing field" between independent hotels and large chain hotels. Before websites such as TripAdvisor gained popularity, guests chose accommodations on the bases of word-of-mouth and published travel advice. For many, choosing a branded hotel was the only assurance of quality accommodation. With reviews available for a range of hotels (both branded and independent) brand recognition and loyalty is of less importance. The revenue gap between independent and branded hotels is narrowing. In 2000 branded hotels led independent hotels by 32 percent in revenue; in 2015 they led by 19 percent. The impact of online reviews varied in degree depending on the market size and target demographics. Luxury hotels in denser urban areas saw the least amount of change while economy/mid-level brands in small or suburban markets saw the largest shift.

Stop Online Booking Scams Act - According to **LodgingMagazine.com**, U.S. Senators Steve Daines (R-MT), Bill Nelson (D-FL), Deb Fischer (R-NE), and Amy Klobuchar (D-MN), and U.S. Representatives Ileana Ros-Lehtinen (R-FL), Lois Frankel (D-FL), and Peter Welch (D-VT) introduced the *Stop Online Booking Scams Act* at the American Hotel & Lodging Association (AHLA)/Asian American Hotel Owners Association (AAHOA) annual Legislative Action Summit on May 17-18. If adopted, the act would require unaffiliated third-party booking sites to disclose that they are not affiliated with the hotel before processing customer transactions. Failure to comply with the disclosure requirements could result in civil action against third-party booking sites on the grounds that failure to disclose their affiliation would be considered an unfair or deceptive act under the Federal Trade Commission Act.

The New Jersey Tourism Industry Association (NJTIA) has reached an agreement with DigitalTown Inc. -

According to **MarketWired.com**, NJTIA and DigitalTown have entered into an agreement to launch the DigitalTown-Smart Tourism platform statewide. NJTIA and DigitalTown will be working with New Jersey Destination Marketing Organizations (DMOs) to design and implement Smart Tourism sites for each city. These sites will connect DMOs and local stakeholders in an "intuitive, personalized, and secure" network united under one login and providing access to both public and private sector services. DigitalTown presented its Smart Tourism platform at the March 9 NJTIA conference.