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MISSISSIPPI GAMING COMMISSION
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July 11, 2007

The Honorable A. J. Holloway
Mayor, City of Biloxi
Post Office Box 429
Biloxi, MS 39533

Mr. Mike Fitzpatrick
Biloxi City Council Ward 4
Post Office Box 429
Biloxi, MS 39533

Mr. George Lawrence
Biloxi City Council Ward 1
Post Office Box 429
Biloxi, MS 39533

Mr. Tom Wall
Biloxi City Council Ward 5
Post Office Box 429
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Mr. William Stallworth
Biloxi City Council Ward 2
Post Office Box 429
Biloxi, MS 39533

Mr. Edward Gemmill
President, Biloxi City Council Ward 6
Post Office Box 429
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Mr. Charles T. Harrison, Jr.
Biloxi City Council Ward 3
Post Office Box 429
Biloxi, MS 39533

Mr. David Fayard
Biloxi City Council Ward 7
Post Office Box 429
Biloxi, MS 39533

Dear Mayor Holloway and Council Members:

The Mississippi Gaming Commission has followed closely recent public reports of the proposed "Tivoli Resort" casino project and specifically the Biloxi City Council's request for the City Planning Commission to conduct public hearings concerning potential rezoning of the beach front property.

While no official submission for this project has come before the Mississippi Gaming Commission for review, the commission is concerned that there has developed an incorrect perception that a zoning change of this property will of itself establish the property as a legal gaming site or somehow determine the "water's edge" for the purpose of compliance with Mississippi Gaming laws and Mississippi Gaming Commission regulations.

Given the long history of the effective and successful working relationship between the Mississippi Gaming Commission and the City of Biloxi, which has produced billion of dollars of casino industry development, we are confident that you individually and as a public body are

familiar with the decision making process in determining legal gaming sites on the Coast. Others may not be as informed, which is why we offer the following information for clarity.

The Mississippi Gaming Commission is the sole authority in determining the legal and suitable status of gaming sites in Mississippi. Furthermore, the Mississippi State Legislature has given the commission full authority and complete discretion in making that determination, including defining the "water's edge". It must be understood that while proper zoning of a potential gaming site is a requirement, proper zoning does not constitute a legal gaming site.

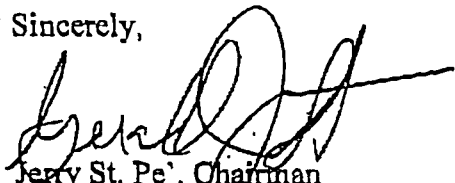
Clearly, in order for a property to be considered for gaming it must attach itself to the "water's edge" and the "water's edge" must become an integral part of the physical development of the property. Attachment to the "water's edge" was a critical and decisive component in the passage of House Bill 45 allowing casinos to move onshore in the wake of Hurricane Katrina. In establishing future gaming sites on the Coast, the Mississippi Gaming Commission serves as an unwavering steward of the public trust in determining the location of the "water's edge" and remains vigorous in its enforcement of requirements that the "water's edge" be a part of any casino development.

Finally, as it has from its inception, the commission, in considering future gaming sites, will be keenly sensitive to the importance of maintaining an open market and level playing field and has an obligation to ensure that those entities which have (and currently are) investing billions of dollars in Coast gaming development are not competitively disadvantaged.

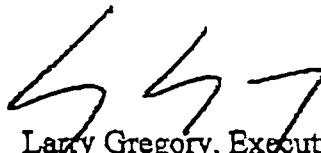
The Mississippi Gaming Commission is particularly sensitive to the importance of reinvestment and redevelopment along the Biloxi beachfront, particularly in East Biloxi. We recognize the burden the Mayor and City Council carry to sponsor activities which may lead to such development. At the same time, we must protect the overall well being of the industry and maintain public confidence.

The commission and the commission staff look forward to continuing its partnership with the City of Biloxi.

Sincerely,



Jerry St. Pe, Chairman
Mississippi Gaming Commission



Larry Gregory, Executive Director
Mississippi Gaming Commission