

Gaming 20/20

A vision of success

How it all began

On a scorching August Saturday in 1992, thousands of sweating locals and tourists waited for hours under a broiling sun in east Biloxi for the chance to be part of the city's first legalized embrace of gambling. Two compact riverboats comprising the Isle of Capri Casino could handle only a few hundred guests each, causing lines that stretched more than a football field.

"That's when we first realized how important gaming was going to be for Biloxi," said longtime Mayor A.J. Holloway, who was then a member of the City Council. "To see that many people waiting outside for hours on August 1st, just for the chance to get inside and play a \$5 blackjack hand or pull on a 25-cent slot machine, was eye-opening."

And the scene repeated itself in growing numbers two weeks later, when the President Casino opened at the legendary Broadwater property in west Biloxi, and again two weeks later when the Biloxi Belle took over the deteriorating Buena Vista hotel site downtown.

"Most of us thought gaming would bring in a few dollars and attract a few more tourists, but no one expected tens of thousands of people to come here every day to gamble on converted riverboats," Holloway said. "No one envisioned the scope, or the impact gaming would have on Biloxi and the Mississippi Coast for the next 20 years."

From that uncertain beginning, gaming has progressed to a billion dollar-a-year industry that has allowed the city to invest tens of millions of dollars in public education and public safety, keep property taxes in check for 20 years, and generally reduce user fees for residents while expanding and enhancing their day-to-day city services.

Welcome to what many call the Mississippi Miracle. In a city long dormant, casino gaming brought more than \$6 billion in construction, at its peak build-out added 15,000 direct jobs, increased the number of visitors from one million a year to between 8 and 10 million, and more than doubled Biloxi's hotel room inventory to more than 9,200 rooms – totaling nearly 18,000 on the entire Mississippi Gulf Coast.

Today, on the occasion of the 20th anniversary of gaming, Biloxi looks back at where it was 20 years before gaming, in 1972, to where it was in 1992 and where it is today, in 2012.



"People ask what have you done with the millions and millions of dollars in casino tax revenue. The answer is easy, I tell them. It's three words: 'Just look around.' The best-paid, best-trained and best-equipped police and fire departments, expanded city services and multi-million-dollar facilities, and we've maintained our small town charm and sense of place."



– A.J. Holloway
Mayor of Biloxi

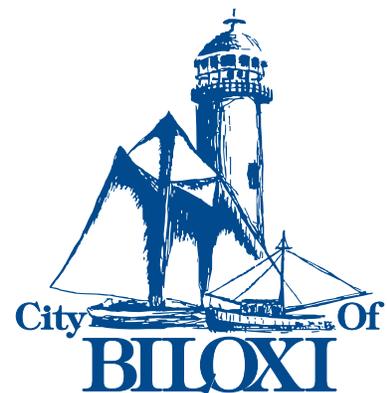
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Mayor A.J. Holloway and the Biloxi City Council

George Lawrence • William "Bill" Stallworth • Lucy Denton
Clark Griffith • Tom Wall • Edward "Ed" Gemmill • David Fayard



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The Point Cadet area of east Biloxi, which before Katrina was also known as Casino Row.



Ingenuity of local builders

Dockside gaming – as it’s still called in Mississippi regulatory statutes – quickly resurrected Biloxi’s long-downtrodden tourism. The riverboats were soon replaced by dressed up barges that resembled land-based parlors.

“Some of our local engineers like Mark Seymour Sr. deserve a lot of praise for designing barges that met the regulatory requirements for vessels, but actually looked like Las Vegas casinos,” explained Biloxi native Michael F. Cavanaugh, considered the leading gaming attorney on the Mississippi Coast.

“If we had kept boats to gamble on, the market never would have grown to what it has become today, a collection of first-class resorts.”

More casinos moved to Biloxi. Some included new or renovated hotel

rooms. Others invested hundreds of millions in full-scale, four-star amenities, ratcheting up Biloxi’s resort quotient regionally and nationally. Biloxi finally was a premier resort, eventually boasting nine casinos.

It was quite a change – especially a legal one – from Biloxi’s past when backdoor gambling and bootleg booze established the city as a tourism beachhead in the Gulf South.

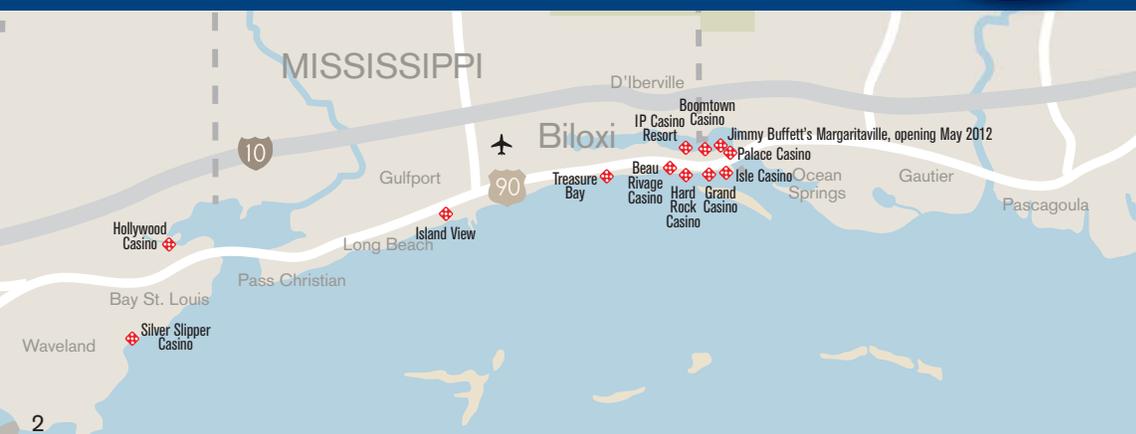


“We worked toward getting legislation passed to allow gaming 20 years ago and considering the challenges of Mother Nature and other influences, the growth of our destination is unprecedented.”

– Beth Carriere,
Executive Director,
Mississippi Gulf Coast
Convention and
Visitors Bureau



Mississippi Gulf Coast Casino Locations



“Back in 1992, the economic development authorities said the ‘dockside gaming’ industry on the Mississippi Gulf Coast could support a total of three paddlewheeler-type operations that would create a total of 3,000 jobs. No one could have imagined the success that we’ve seen: A \$6 billion investment in Biloxi alone, with three times as many jobs as predicted, with three times as many casinos as predicted.”

– Vincent Creel
Public Affairs Manager
City of Biloxi

How we evolved from the '60s to the '90s

From the early 1900s through the mid-'60s, Biloxi was the wink-and-nod getaway of choice for tourists from Louisiana to Tennessee to Florida. Biloxi enjoyed its place as a Gulf Coast playground until illegal gambling was finally swept out in the late '60s, just ahead of the Coastwide house cleaning delivered by Hurricane Camille in 1969.

Without gambling, and without the aging beachfront resorts and mom-n-pop motels blown away by Camille, Biloxi quickly lost its cache, ushering in two decades of inextricable economic struggle.

As tourism faded, Biloxi's economy tanked. From the 1970s to the 1990s, Biloxi's leaders maxed out city credit facilities as sales and property taxes nosedived.

Just before gaming, Biloxi stood on the precipice of bankruptcy. City leaders lamented a lack of business diversity, which was forcing many college graduates to immigrate to opportunities in other states.

“A lot of people will tell you that we never really started to recover from Hurricane Camille until 1992,” said Biloxi Mayor A.J. Holloway. “Gaming gave us back our tourism and helped redefine Biloxi as a first-class resort destination. It brought us back to life, and for the past 20 years, it has become our leading industry and an exemplary corporate citizen.”

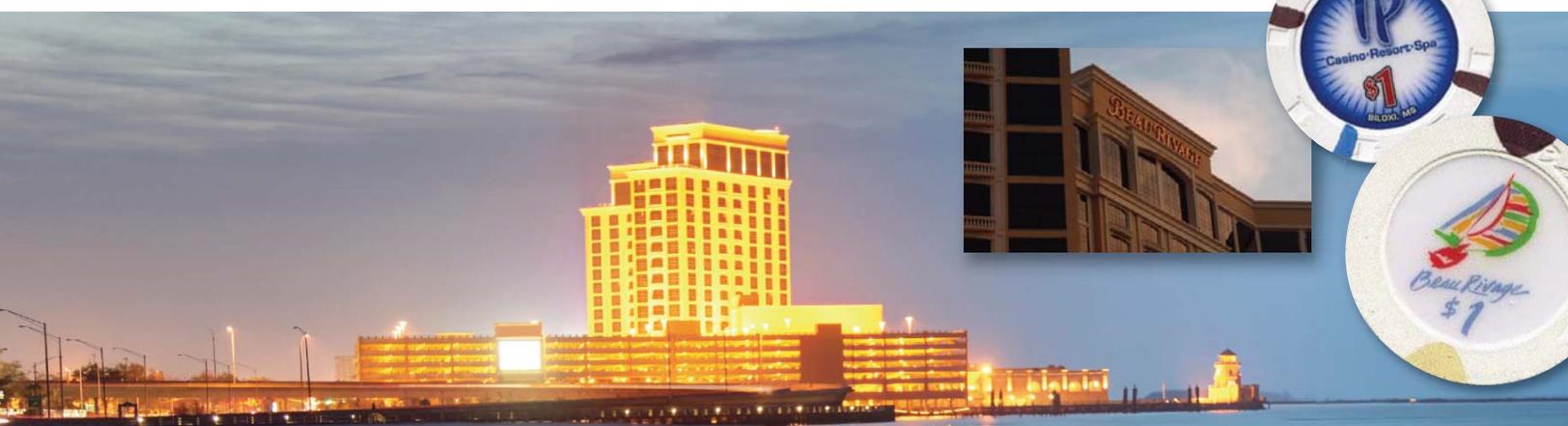
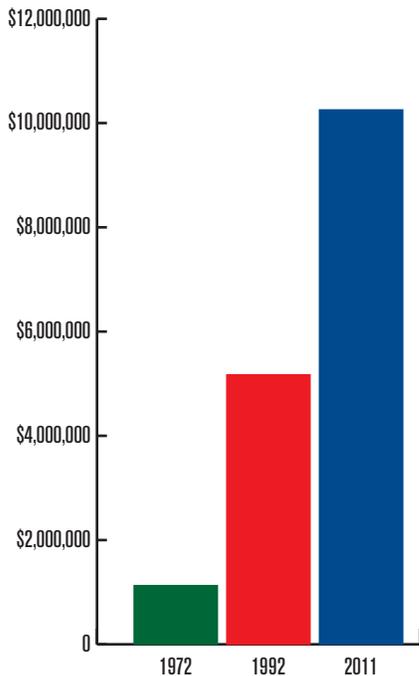
At its height prior to Hurricane Katrina in 2005, the Biloxi casino industry provided 15,000 direct jobs and thousands more for businesses that serviced it. The unemployment rate was 4 percent, more than half what it was prior to gaming. Anyone who really wanted a job could find one.

The city's tourism infrastructure underwent a complete makeover. Biloxi had about 4,000 hotel rooms before gaming and the great majority of them were aging properties. Casinos added 6,300 hotel rooms in Biloxi and spent millions more on entertainment venues and golf courses. The Gulfport-Biloxi International Airport expanded its terminal and increased its boarding capacity from thousands of passengers each year to being able to accommodate up to 1.2 million passengers each year.

Topping off Biloxi's gaming Reformation, Grand Casinos, IP and Beau Rivage added class and elegance to the mix with properties that rivaled the Vegas standard and elevated the market to national prominence.



Biloxi's portion of sales tax collections



No issues with crime; education flourishes

Interestingly, as the casinos and Biloxi flourished, crime did not. “We thought when gaming started, overnight we would be inundated with every kind of crime you could imagine,” said Police Chief John Miller, who was a patrolman in 1992.

“It just never happened. Not only that, but we’ve actually been able to lower the crime rate because casino taxes have put a lot more money into our public safety budget, giving us the best equipment and training in the state.”

Gaming taxes also bolstered Biloxi education, which added new school buildings, new specialized instruction and improved accreditation.

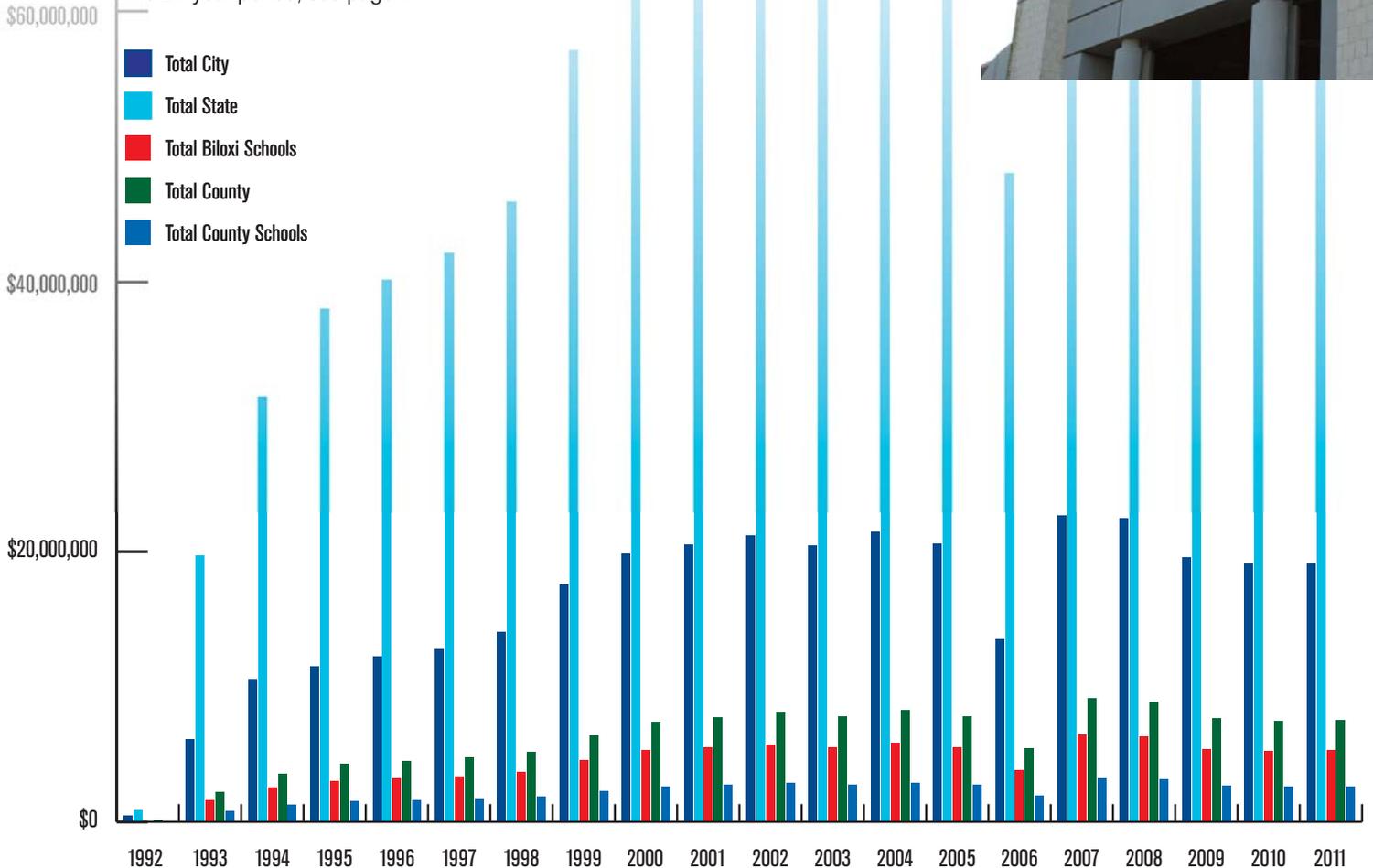
In fact, Biloxi had not built a new school between 1960 and 1992, but in the first decade of legalized gaming, Biloxi invested more than \$80 million in public education, constructing a \$35 million state-of-the-art high school on a new 90-acre campus that included a new sports complex; three new elementary schools; and improvements in virtually all of the schools in the Biloxi Public School District.

The investments are paying off in the classroom. Biloxi has been recognized by the U.S. Department of Education as having three national Blue Ribbon schools, and the district has won multiple awards for academic achievements. Each year, the graduating senior class averages \$6.5 million in scholarships.



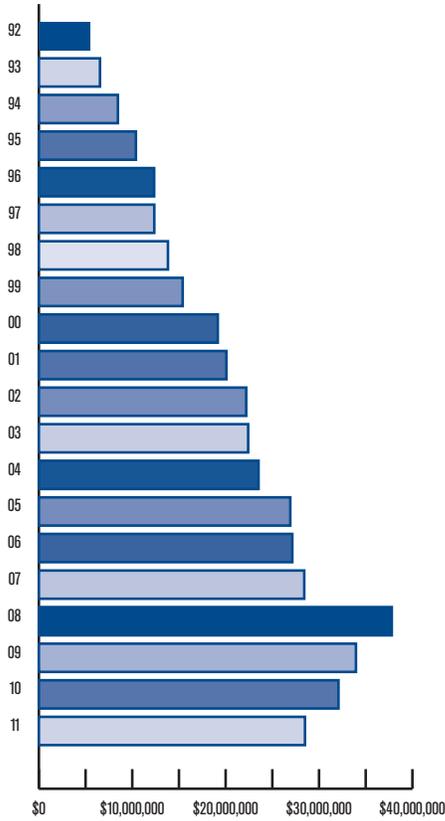
Gaming taxes

The state taxes casinos at 12 percent. This chart shows the growth of the industry over 20 years. To see the total numbers for the 20-year period, see page 6.



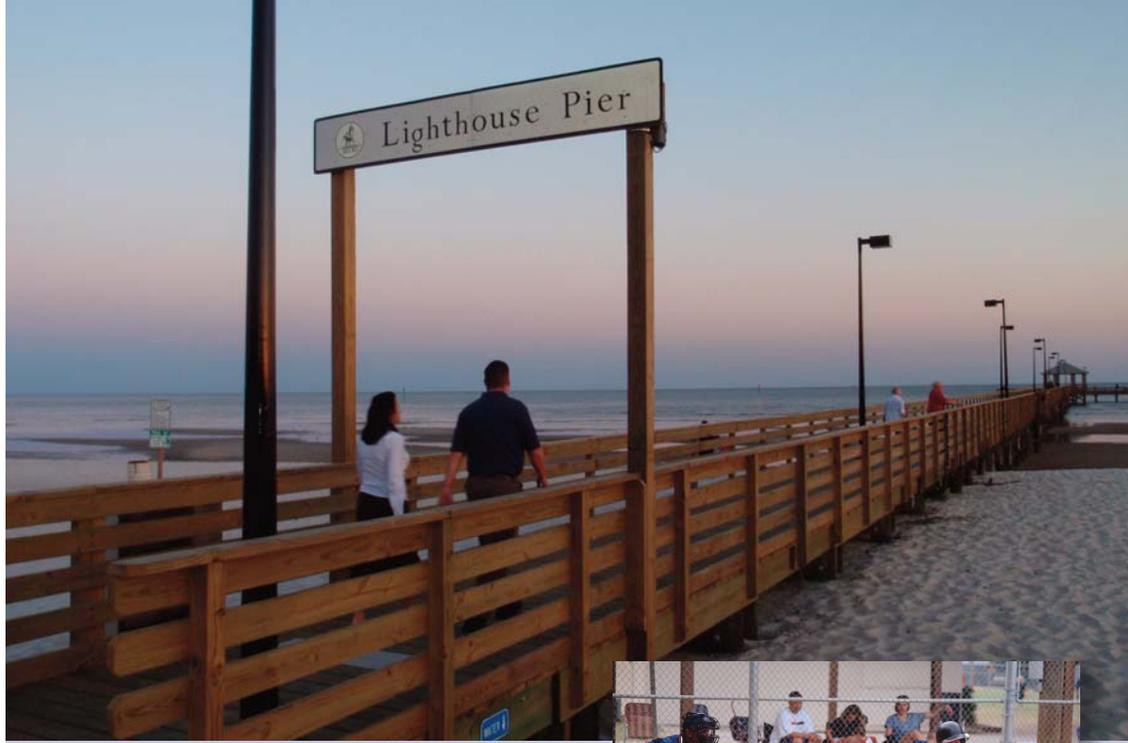
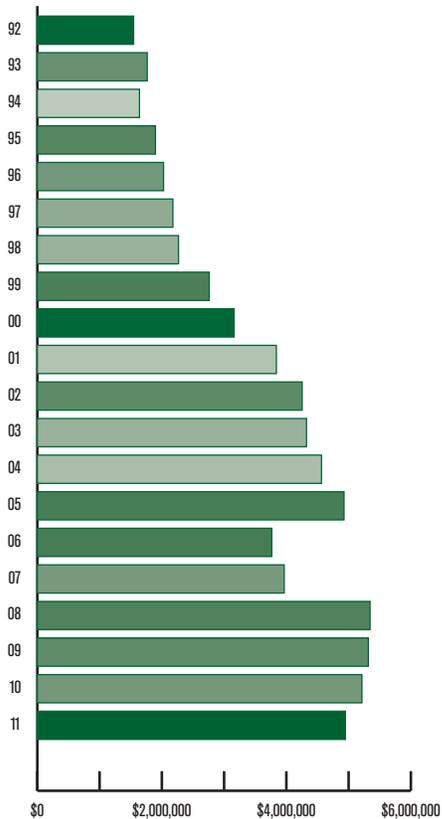
Public Safety Expenditures

Being pro-active in public safety has kept crime from being an issue.



Parks & Recreation Expenditures

For years, Biloxi was able to abolish all fees for youth leagues. Today, only nominal fees are charged.



Quality of life improvements abound

“Across the board, gaming has been instrumental in improving our quality of life,” said Mayor Holloway. “We’ve grown tremendously because of gaming’s jobs, its tax dollars and its investment in our community.”



Casinos have become the leading contributors to city charities, investing millions each year, enabling Biloxi’s social services organizations to expand their offerings and their reach.

And although Hurricane Katrina, a national Recession and the BP Oil Spill combined to stifle the growth of the Biloxi casino market in recent years, it still has vitality as underscored by the recent additions of Boyd Gaming, Landry’s and Margaritaville.

“The days of opening the doors to mega-resorts may be over,” Cavanaugh acknowledged, “but the Biloxi market remains strong. What we’ll see are projects that will be phased in, to become mega-resorts. For the past 20 years, Biloxi has proven that it is capable of overcoming virtually any challenge of man or nature.”



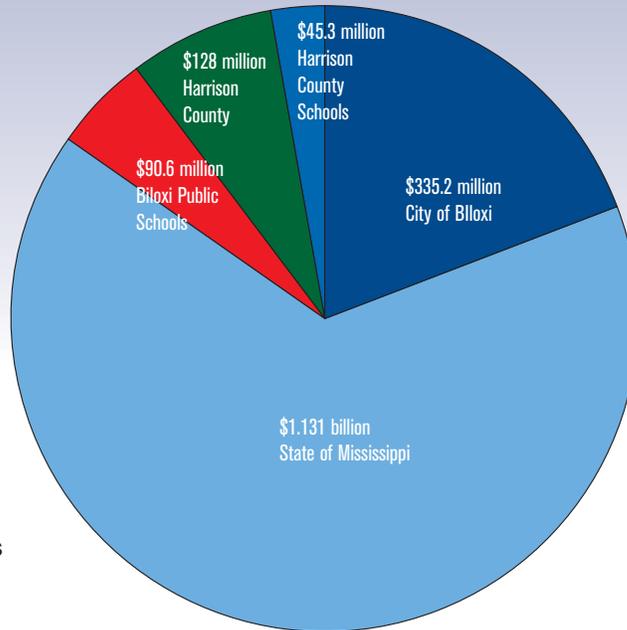
Economic transformation

In the two decades since it was legalized, gaming has become the leading industry in Biloxi, creating 15,000 direct jobs and thousands of indirect jobs prior to landscape-changing Hurricane Katrina in 2005. It is generally acknowledged that without gaming, Biloxi might not have survived Katrina's devastation.

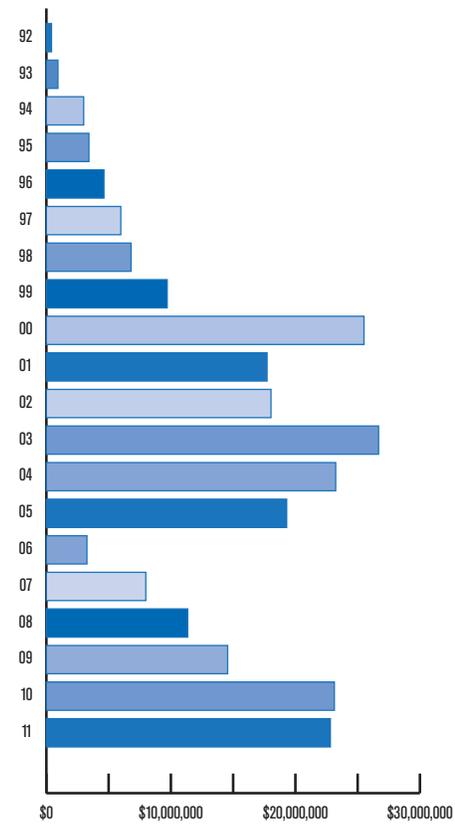
Biloxi's operating budget has more than doubled since 1992 with gaming-related taxes accounting for as much as 40% of annual revenues. From Public Schools to Public Safety, the quality and quantity of public services has improved dramatically since gaming's arrival, while property tax rates have been reduced. Tourism and civic growth have walked hand in hand down the gaming corridor.

Sales tax collections have grown tremendously in Biloxi, while employment was reduced to 4% prior to the triple blows of Katrina, the Recession and the Oil Spill. Average median income jumped as other businesses scrambled to match the casino salaries that attracted the best employees. Anyone who wanted a job in Biloxi could find one.

Over its 20-year period, Biloxi's casino industry has generated more than \$14.1 billion in gaming revenue, which at a 12 percent tax rate has produced more than \$1.7 billion in taxes. Under the state's taxing structure, the bulk of the revenue – 8 percent – goes to the state of Mississippi, where legislators can use the funding the positively impact myriad state programs. About 4 percent of the tax revenue is shared among local communities where the casinos are located.

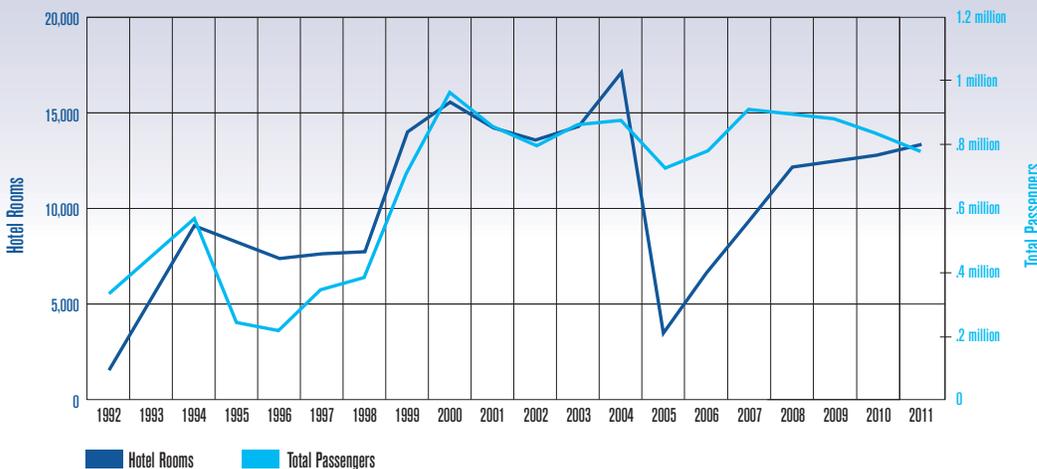


Major projects spending

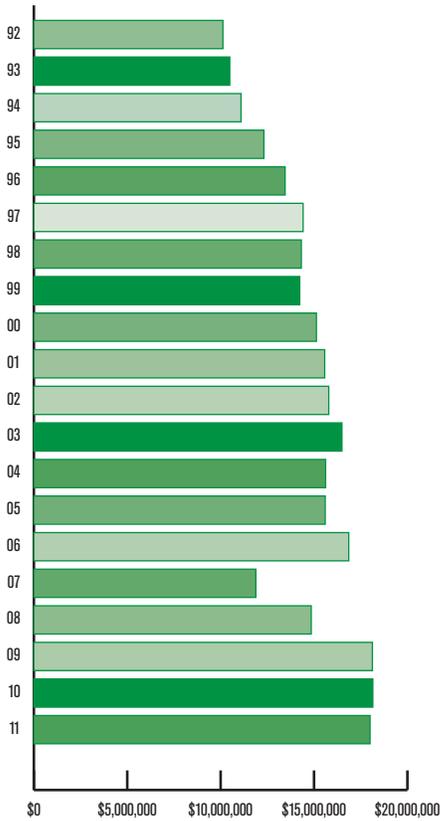


The year before gaming, Biloxi's lone capital project was to construct a public gymnasium in east Biloxi, and the project, known as the O'Hanlon Gym, was financed with about \$400,000 in federal money. Over the next 20 years, Biloxi used gaming money to fund an average of \$16 million in major projects a year. Those projects included millions to construct new roadways or repair old ones that had suffered from years of neglect; construction of a new public safety center, a new community center in west Biloxi, and improvements to libraries and city-owned historic structures used for community gatherings.

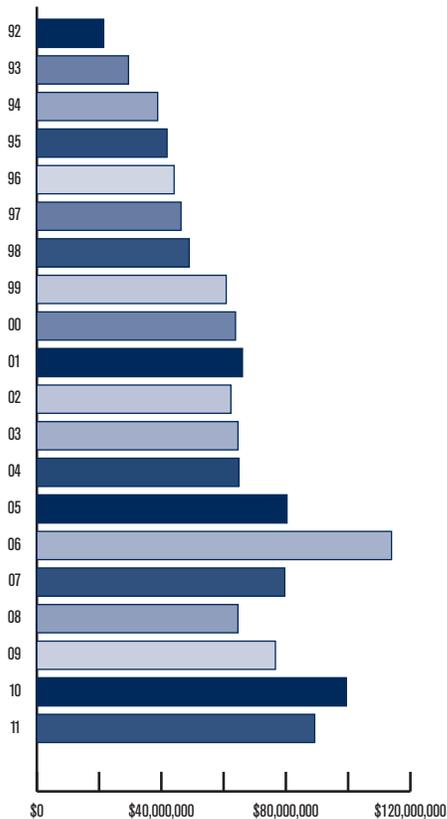
Hotel & Airport Traffic



Property Taxes – Revenues



Total Revenue



About this report

This report is designed to give an overview of the tremendous impact of casino gaming on the City of Biloxi over a 20-year period, since Aug. 1, 1992, when the Isle of Capri Casino first opened on Biloxi's Point Cadet.

For individual interviews, from Biloxi natives who can provide historical context:

- **Mayor A.J. Holloway**, City Councilman from 1989 to 1992, mayor since 1993. (228-435-6254, mayor@biloxi.ms.us)
- **F. Cliff Kirkland**, city's Chief Administrative Officer when gaming was legalized, and a former casino executive in Biloxi and Las Vegas. (228-365-0212, fckjr@aol.com)
- **Michael Cavanaugh**, considered by many as a leading gaming attorney on the Mississippi Gulf Coast. (228-374-2247, mcavana106@aol.com)
- **Beth Carriere**, executive director of Mississippi Gulf Coast Convention and Visitors Bureau. Has worked in tourism in Harrison and Hancock counties. (228-896-6699, beth@gulfcoast.org)
- **Linda Hornsby**, director of Mississippi Hotel and Lodging Association, Biloxi. Can discuss growth of hotel room inventory and occupancy rate over years. (228-374-8611, mshotel@aol.com)
- **Bobby Mahoney**, longtime Biloxi restaurateur, one of the early advocates of casino gaming. (228-374-0163, bobbybirdie04@aol.com)
- **Chevis C. Swetman**, longtime Biloxi banker whose Peoples Bank customers include seven of Biloxi's nine casinos. (228-435-8205, cwetman@thepeoples.com)
- **M. David Staehling**, Biloxi's director of administration who served as Biloxi's Community Development director in the 1990s, overseeing the initial construction of the casino industry. (228-435-6314, dstaehling@biloxi.ms.us)
- **Vincent Creel**, Public Affairs Manager, City of Biloxi. (228-435-6368, vcreel@biloxi.ms.us)

"We have a lot to offer other than casinos, but it is the casinos that bring most people here. Once they're here, we then have the opportunity to promote our culture, our beaches, our outdoor recreation and our history. In many ways, we're still very laid back in Biloxi. But the casinos give us an edge and ratchet up the excitement level. And they are always promoting Biloxi with their own dollar."

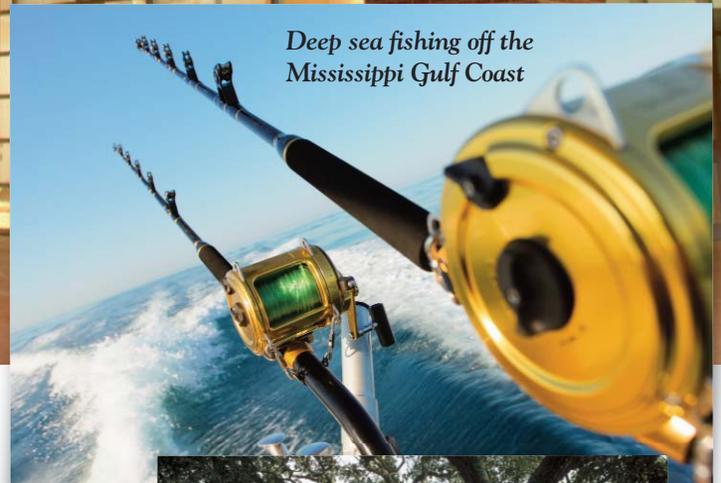
– David Staehling
Biloxi's Director of Administration

Ohr-O'Keefe
Museum of Art

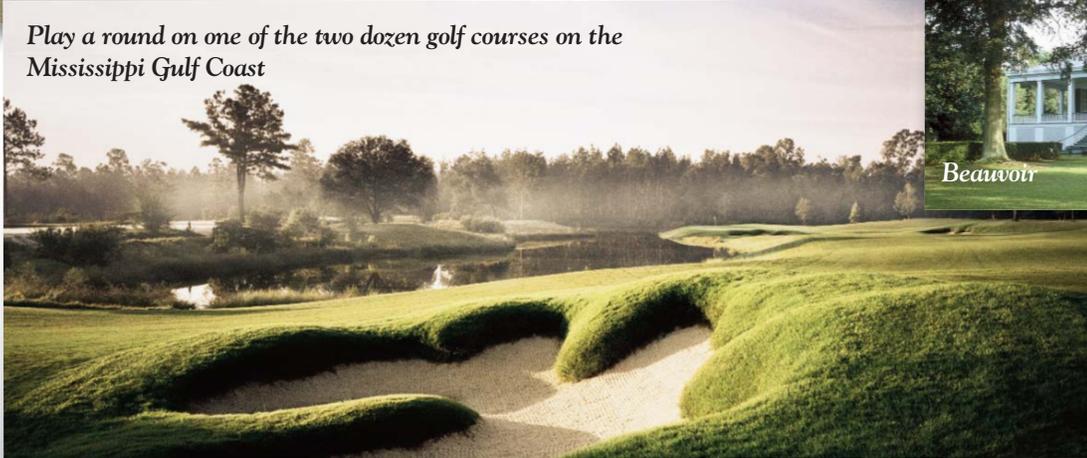
A day at the beach



Deep sea fishing off the Mississippi Gulf Coast



Play a round on one of the two dozen golf courses on the Mississippi Gulf Coast



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