

V. EXECUTIVE SUMMARY

We are Howe Caverns Resort and Casino LLC. We submit this Application to Develop and Operate a Gaming Facility in Region 2 of New York State. Michael J. Malik, Sr. is the proposed Owner. Full House Resorts is the proposed Manager.

We will purchase 110 of the 330 mountaintop acres on the iconic Howe Caverns site, in Cobleskill, New York – the State’s 2nd most visited natural attraction after Niagara Falls. We will immediately construct in a single phase, and then operate, an extensive destination, resort Gaming Facility from one of the most commanding vistas in the entire region, featuring:

Casino and Hotel with related amenities	Waterpark and Hotel with related amenities
<ul style="list-style-type: none"> • 1,200-1,500 Machines/35-60 Table games • 254 Room Hotel • 3 Full Service Restaurants • Significant Convention/Banquet Facilities • Pool and Spa 	<ul style="list-style-type: none"> • 55,000+ Sq. Ft. State-of-the-Art Indoor Waterpark • 250 Room Hotel with mostly Suites for Families • 1.25+ Acre Outdoor Seasonal Waterpark • Arcade, Game/Entertainment Park • 3 Full Service Restaurants

We will be the most transformative and lasting, regionally impactful project that the State envisioned under the PML, the Act and the RFA. Upon opening, and even before, our project, we will:

- Re-establish and expand the East Central New York / Leather-stocking region as a brand and captive destination, not just a “drive-through” to and from Cooperstown, and parts beyond; we will become a true Co-Anchor Tourism driving force to attract visitation to our region, not merely experience it accidentally;
- Change indefinitely our region’s economic paradigm; we will capitalize on our Agricultural roots, and morph, finally and intelligently, relative to our past industrial background; we will unlock some of our greatest latent assets – our countryside, our history and our people; and,
- Finish our re-emergence from devastating hardships inflicted by recent natural disasters including Hurricane Irene.

Our submission manifests an exceedingly close alignment with the criteria set forth in the PML, the Act, and the RFA.

ECONOMIC/BUSINESS DEVELOPMENT

Maximum Capital Investment.....	Over \$330mm (RFA def.) / \$450mm Total; Single Phase
Maximum State/Local Revenue Generation.....	Local only: Construction - \$400-\$500mm; Ongoing \$200-\$300mm/yr
Highest Number of Quality Jobs.....	Construction – 3,000+ Jobs / Ongoing 1,700 Jobs
High Caliber Facility; Numerous High Quality Amenities....	True multi-faceted Destination/Resort – 110 acres+ another 220
Valuable Gaming Market Steward for the Region.....	A must and our intent given stiff ongoing competitive forces
Notable Out of Market Draw potential.....	Triple the primary geographic market beyond Gaming alone
Fastest Plausible to Open Operations.....	SEQRA and Planned Development District already established
Financing Capability.....	Principal with demonstrated capacity to fund large gaming projects
Quality Gaming Experience – Development/Operation.....	Both proposed Owner and Manager with extensive, relevant projects

LOCAL IMPACT AND SITING

Minimum negative local impact.....	Independent studies conclude benign, easily manageable impacts
Plurality of Local Support.....	Community support has been swift, broad and deep
Partnership with regional tourism industry.....	Up to \$1mm seed fund, 2.5% resort fee to Regions’ Tourism
Existing Live Entertainment.....	First Region 2 project to sign with Fair Game

WORKFORCE ENHANCEMENT

Emphasis on Local Hiring, Training.....	Up to \$1mm seed fund, 2.5% resort fee to workforce development
Manage problem Gambling.....	Extensive and vigilant policies and programs
Sustainable Development.....	Programmed for LEED; will tap property’s Geo-Thermal resources
Organized Labor.....	Signed PLA in place

SPEED TO MARKET. Fastest to Ground Break – Fastest to Open. In an environment where the Board will be pummeled with puffed up claims that wear out the colloquial term “Shovel-Readiness”, there is no proposed Gaming Facility in the State that can be underway and built faster than ours.

With a vision on developing unsurpassed above ground land resource into an expanded and truly magnetic destination, Howe Caverns has already invested years of professional engineering efforts and \$4.5 million of its own capital. The result is not only a full, completed SEQRA approval accommodating our contemplated uses and impacts for the subject Project, but also a completion of the required improvements dictated by the accompanying study’s conclusions. In a pre-ordained demonstration of public support, the local government partners have already co-invested \$8 million in the required increases in water and sewer connectivity and capacity. Water availability was extended thousands of feet into the property, not merely to the site. The wastewater system awaits only a gravity sustained connective pipe from the targeted site on the property’s highest hill top. Required storm water basins have already been established. The substantial energy capacity requirements can be met by the local resources, though we intend to pursue significant efficiency undertakings in the project. No environmental disturbances with regard to species, wetlands, noise, etc. would change our SEQRA determinations. The only required, unfinished improvement is a benign \$2 million off site roadway project, with existing public funding, but nonetheless assumed funded within our own vertical project costs.

OURS IS A REGIONAL SUBMITTAL. Local Support and Transformational Opportunity is Un-matched. We believe that more than any other response to the RFA the board will receive, our initiative represents and reflects a transformative regional initiative. Our location next to the Schoharie Valley truly locates us in the geography of what is considered Leatherstocking/East Central New York, and extends into the eastern Mohawk Valley as both Interstates 88 and 90 connect us to the rest of the State and beyond. For too long, we have been an underperforming pocket of New York State. To our benefit, our sub-region is: substantial in size by itself; proximate to, yet not quite fully part of numerous larger and smaller MSA spheres of influence – Capital Region, Amsterdam, Utica; and, while rich in our own natural beauty, readily accessible to and from, but not quite part of, other areas of natural and protected splendor – notably the Adirondacks and Northern Catskills. To our detriment, portions of our economy have been based in heavy manufacturing oriented industry which have gone by the wayside, with limited means to meaningfully alter the resulting downward course.

This project represents an opportunity to affect a game-changing re-positioning of our entire sub-region. We see the Howe Caverns site as uniquely well positioned to form a critical dual anchor with Cooperstown as the one, significant existing and successful destination centerpiece in our sub-region. Yet, for too long the immediate area has had a more anonymous and struggling existence. As will be demonstrated in our submittal, our project will be the catalyst in more than doubling human visitation and throughput to our region. Our project will put the entire region on the psychological map of not just New Yorkers, but a target audience well beyond. Our project is the only property that will submit an RFA response as an existing destination which can be leveraged and expanded upon, rather than a project that is attempting to create a “destination” around a glorified “slots in a box” build-out. Our project will be the only RFA submittal with a realistic commitment to establish a true family destination attraction as a co featured vertical aspect of the project in the form of a destination quality and sized Waterpark Resort, which pairs up exceedingly well with other existing sub regional draws. Finally, and most importantly, our project will produce the outsized, net business development, local impact and workforce uptick that embodies the letter and spirit of The Upstate New York Gaming Economic Development Act of 2013, and the thrust of the Commission and Board’s related RFA.

To this end, we make some specific commitments, if granted the exclusive gaming license in Region 2:

1. We will deposit, within 6 months of the award, up to \$1 million into a fund to support a newly formed and staffed sub regional economic development initiative for the Leatherstocking/East Central/Eastern Mohawk Valley;
2. We will establish a resort fee = to up to 2.5% of all Room Charges on the initial 504 Hotel rooms within our project, and any additional future Hotel Rooms on the Site, to support the ongoing operations of this initiative; and,
3. We will call upon other institutions in the involved Counties to follow our lead in this investment to start, and complete, a regional transformation not just in name or brand, but in results.

DEVELOPMENT CONCEPT IS BEST NET GAIN FOR REGION/STATE – Gaming Gravitational Pull is uniquely expanded. The Board will now be regaled with data and analysis which extracts Newton’s laws of gravitational pull, applies them to modern human behavior, and spits out some conclusions and forecasts regarding prospective gaming revenues. Our concept is an extraordinary factor that will stretch the gravity model, if not turn it partially on its head. We are proposing to pair a Gaming element with a true Co-Anchor to our Resort in the form of a family-oriented, Destination sized and quality Waterpark Resort. The type of facility we have conceived will more than triple the geography of the primary market versus a plan with the resort centered around gaming alone. No earnest gaming study will assert an outsized magnetism from out of market, out of state patrons to a Region 2 site and we have been steadfast in retaining a realistic view of our gaming business proposition. We want to do something more. We need to do something more. The Destination Waterpark model still lacks a presence in our region. It is proven to pull significant visitation, from an affluent patron, out to a 180 mile radius from the site. This expands the mileage of the primary market by nearly 3 times, but, moreover, the population target audience by 40 times. It just makes mathematical sense. It just makes common sense. It just makes business sense, for ourselves and the State alike, to seek to do something more than a Casino, but that something must be a true and proven wider draw. We have the model and we are committed to carrying it out. Our substantive discussions with leading developers and operators of like facilities are met with unfettered enthusiasm.

LEAST CANNIBALISTIC PROPOSAL. Perhaps above all, our proposed Gaming element will, by far, least impact existing revenue streams in this vein. Saratoga Racino and Turning Stone are the only two facilities in our plausible sphere of influence. Gaming studies indicate that any impact on Turning Stone will be almost undetectable. Among competing Region 2 facilities pursuant to the current RFA, we likely exact half or less the impact of any other proposed facility on Saratoga. However, this is not the whole story. Our Gaming analyst was instructed to specifically assume a large, Springfield, Massachusetts facility is opened nearly coincidental to ours, so that our forecast reflects the most acute, even likely, competitive environment in the primary market. As important, then, as the least impact in the immediate area will be how neutralizing a project can realistically expect to be on any heightened reverse bleeding of gaming revenue to a new out of state venue.

EXISTING DESTINATION TO BUILD UPON. The fact is that upwards of 200,000 visitors per year flock to Howe Caverns and experience its underground wonder. However, the nature of this attraction has always had inherent limitations. This project is a unique opportunity to leverage and capitalize upon a New York State treasure, in a manner that has thus far been largely inconceivable. We can expand the site into a true resort, co-anchor it with both Gaming and Family oriented elements, all at the same time as building on a modest brand, but one with positive connotations, so as to create a BIG BRAND. Thus, we are not purporting to invent a destination where one does not exist, or to dress up a “slots in a box” facility in largely an urban setting. We are truly pulling people to where they might have otherwise thought of going, from farther away, with an expanded spectrum of entertainment alternatives, in one package, all of which exists on the base of an existing natural attraction. This is a rare and opportune proposition.

LOCAL IMPACTS ARE MAGNIFIED. Our commissioned studies indicate that we will not exact any strain on the local community. Rather, we will contribute mightily to its bottom line. Given the high unemployment rate and shrinking tax base in our immediate area, and entire sub-region, this project stands to deliver an extraordinarily outsized answer to both challenges. This is why our proposal has attained, and will continue to garner, widespread local community support.

BY THE NUMBERS – We are creating not merely a Casino, but a regional economic engine.

Resort Element	Visitation	Revenues (Yr. 1 of Operations)
Casino	1.265 mm Yr. 1	\$158 mm incl. Hotel, et al / \$131 mm Gross Gaming
Waterpark	0.256 mm Yr. 1	\$23 mm

WORLD CLASS OWNERSHIP AND OPERATIONS / MANAGEMENT

Mike Malik – Michael J. Malik, Sr. will lead the Development and Ownership of Howe Caverns Resort and Casino. Mike brings an impressive track record of developing successful gaming and expanded entertainment resort facilities. Being part of a pioneering process, such as that unfolding in New York, is nothing new to Mr. Malik as he helped spearhead gaming development in Michigan, and in a number of other jurisdictions. His portfolio projects have tended to be much broader based in nature than solely a gaming parlor. His Gateway legacy facilities have been universally transformative in their communities, many of them undertaken in conjunction with the Ilitch family - his long time partners. Their business interests together extend into other entertainment realms, including ownership of championship franchises in Major League Baseball – Detroit Tigers – and the National Hockey League – Detroit Red Wings.

Full House Resorts – FHR is uniquely well suited to be our Gaming Manager – Operator. FHR manages a number of facilities that are both outside any direct urban or gaming clustered environment, yet are built and run to a first class resort profile and standard. They include facilities in Southern Indiana, Central Michigan, Santa Fe and North Lake Tahoe. This is good company for Cobleskill, New York, but justified given what we are committed to building – a vision shared by FHR, and its highly experienced team, which includes board member and industrial icon Lee Iacocca.

REGIONALLY TRANSFORMATIVE AND EXTRAORDINARY NET ECONOMIC UP-TICK – Howe Caverns Resort and Casino will be a clear cut example of what the Act and the RFA process have featured. Our concept is balanced and real. We have the ability to change an entire region, to draw visitation and to drive incremental revenues on an amplified scale. We will be not just a Casino, or even a just a Project. We will be an enduring beacon and community partner for change.



With that, we invite you to review our RFA submittal and to further engage with us on the prospect of our Gaming Facility.